

Eddy Kreukniet, Exsa Europe:

## "Paradox in orange market: no tightness despite low supply"

Another atypical South African citrus season. "It has not been an easy season climatically for South Africa. Oranges volumes are considerably less and the predicted growth in mandarin and lemon exports is also not materialising this year," says Eddy Kreukniet of Exsa Europe. "The supply of oranges is far below last year, some 30% less is coming in and this will not correct itself either. Prices are now at the same level as last year. This is strange, because last year we had an extremely good orange market. At the same time, we see that demand is okay, but there is no acute tightness."



"That seems illogical," Eddy continues. "We ourselves think it is due to a combination of factors. First, that a lot of people fled from northern Europe to southern Europe after the wet pre-summer this holiday, so there were simply fewer consumers. In addition, and we see this as the main reason, we think consumers are more likely to leave oranges on the shelf because of the rather

high price. Prices of 3.30 to 3.50 euros for 2 kilos of oranges seem nothing these days, but that is something from the last 2-3 years. Before that, 3 euros was something of a psychological barrier anyway. We didn't see this turnaround in the past two years, but this year we see that consumption among all types of customers we serve is slightly lower than last year. On top of that, there was an ample supply of soft fruit, which also affected the promotional space for citrus."

"In the mandarin market, we saw that after a reasonable seasonal start, there was a dip with the Clementines. Then the market recovered reasonably with the late varieties such as Nadorcott, Orri and Tango. For the coming weeks, volumes are increasing and prices are slightly under pressure, but fortunately we see that consumption always recovers in September. Spain, with its early varieties, is not yet qualitatively a competitor to overseas mandarins, so we expect to continue the South African season until the end of October. And citrus always remains a global market, so if something happens in North America, the Far East or the Middle East, the market situation could just turn around."

"The lemon market has not been bad all summer, but has exploded in recent weeks. This market is facing a hefty under supply and then you see that lemons are typically a product where there is always a base consumption. In fact, in recent weeks, the price has increased by two to three euros per box to the current level of 25-30 euros. This will also not correct itself before supplies from Turkey and Spain arrive, as supplies from both South Africa, Uruguay and Argentina are lagging sharply," Eddy says. "The grapefruit market, on the other hand, is facing a dull season. Sales were already tough at the start in a sinking market, although fortunately that changed in recent weeks to a level above cost price. But overall, grapefruit sales do not bode well. Less grapefruit is being consumed structurally and is also receiving relatively little promotional attention."



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Publication date: Fri 30 Aug 2024

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