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## ORANGE JUICE

### USA

The USDA's forecast on production from Florida's 2022/23 orange crop is 20.0 million boxes, down 8.00 million boxes from the previous forecast. If realized, this will be 51% lower than last season's final production.

The forecast for non-Valencia production was lowered by 4.00 million boxes to 7.00 million boxes. Current fruit size is below average and is projected to be below average at harvest. Current droppage is expected to be above the maximum at harvest. The Navel forecast, included in the non-Valencia forecast, is 150 000 boxes, accounting for 2% of the non-Valencia total.

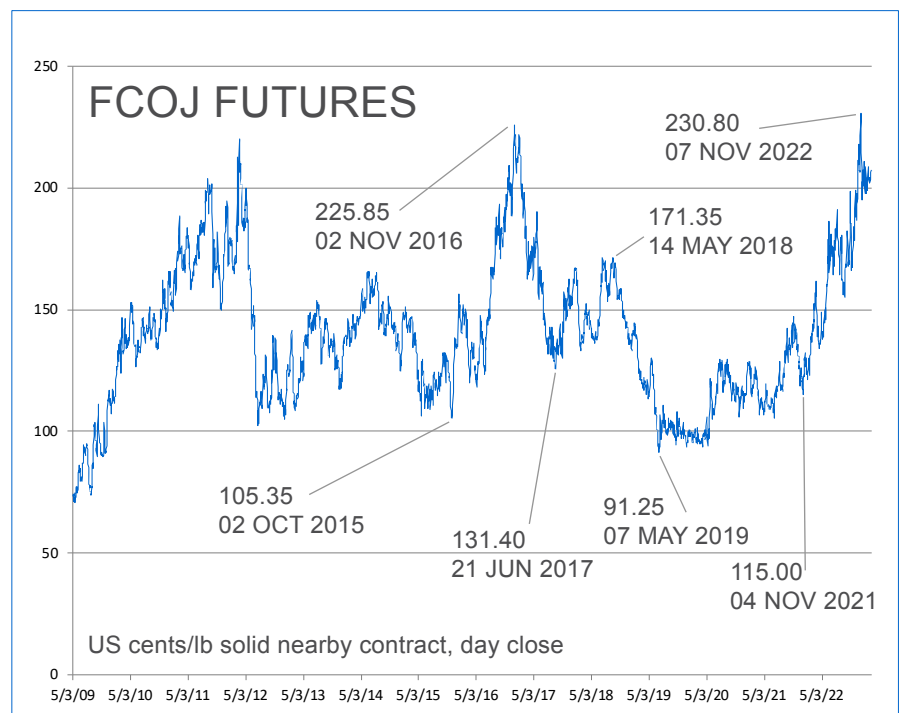
The forecast for Valencia production was lowered 4.00 million boxes to 13.0 million boxes. Current fruit size

is below the minimum and is projected to be below the minimum at harvest. Current droppage is projected to be above maximum at harvest.

### Industry opinion

The much smaller 2022/23 orange crop outlook in Florida is attributed to both Hurricane Ian, which hit the citrus belt at the end of September, and to a lesser extent a very diseased tree population.

Industry sources say the USDA initially dropped the figure to 18 million boxes last month, but issued a corrected report showing 20 million boxes. This was at the upper end of industry expectations following the hurricane, therefore the industry is sceptical that the number will stay at 20 million boxes (or higher). Most analysts suggest the accelerated fruit drop rate will see the USDA number fall lower, but maybe



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not as soon as the January report.

The initial report from the USDA in October of 28 million boxes did not include damage from the hurricane, therefore the department was already saying the crop would be 13 million boxes lower than last year. The hurricane has wiped off another 8 million boxes so far.

### Current climate

Florida has just experienced the coldest Christmas period in many years, with three nights of near freezing weather. However, the low temperatures are not expected to be an issue for the crop. As the cold front was moving in, the groves received some rain as well, so overall analysts suggest this event will actually help the trees conserve energy. The forecast is for the climate to return back to the normal mild weather expected at this time of year.

In terms of processing; juice ratios are at 14.5 against 16.1 last year and juice yields are at 5.7 gallons/box, compared with 5.6 gallons/box at the same time last year.

### Futures

The frozen concentrated orange juice (FCOJ) futures market continues to trade above the USD2.00/lb mark – the highest the market has traded in five years. Futures traders say the cold storage inventories are currently at the lowest level in at least 40 years. The small US crop and a lower crop in Mexico crop have really depleted stocks. In spite of the healthy crop in Brazil, stock levels there are also tight at the moment and so the Brazilian producers have not needed to store any excess juice in the US. Nevertheless, exports to the US from Brazil have started to ramp up and volumes from the Mexican crop will come on stream soon, so this will help

## BRAZILIAN ORANGE AND ORANGE JUICE PRODUCTION

The commercial area in the state of Sao Paulo and the western part of Minas Gerais should contribute 305 million boxes (12.44 million tonnes) in the forthcoming 2023/24 season, a drop of 3% compared with the current 2022/23 season (314 million boxes or 12.81 million tonnes).

Good weather conditions triggered a good first blossoming in August 2022 with excellent fruit setting in irrigated citrus groves and non-irrigated citrus groves, mainly in the southern part of the citrus belt in Sao Paulo. A broader and excellent second blossoming occurred in October in most of the citrus belt. However, weather conditions (warm temperatures) were not adequate to sustain a robust fruit setting, damaging the production potential from the second blossoming.

Production from other states is projected stable at 100 million boxes (4.08 million tonnes), similar to the 2022/23 season. Nevertheless, the USDA says it is still too early to project total orange production for the 2023/24 season and more accurate numbers will be available during the first quarter of 2023.

### Orange juice

Total Brazilian FCOJ (65 brix equivalent) production for 2023/24 is estimated at 1.12 million tonnes, a drop of 1% compared with output the previous season.

The Sao Paulo industry is expected to process 268 million boxes for orange juice production (180 million boxes for FCOJ and 88 million boxes for NFC production), accounting for 1.02 million tonnes of juice (680 000 tonnes of FCOJ and 343 000 tonnes of NFC converted to FCOJ equivalent). Other producing states should deliver 24 million boxes, accounting for 96 000 tonnes of juice.

The USDA estimates an increase of 10% in fruit for NFC processing for 2022/23 to supply the US market, given that hurricane Ian has largely devastated the Floridian crop. Total Brazilian FCOJ (65 brix equivalent) production estimate for 2022/23 has been revised downward to 1.13 million tonnes, a decrease of 4 000 tonnes

The USDA projects total Brazilian FCOJ exports for 2023/24 at 1.04 million tonnes, against 1.06 million tonnes the previous year.

### Orange juice stocks

Ending stocks for the 2022/23 crop are forecast at 13 000 tonnes (65 brix), an decrease of 1 000 tonnes compared with 2021/22 carryover stocks of 14 000 tonnes - one of the lowest stock levels ever reached by the citrus industry. The USDA stock figures only include stocks in the storage tanks of orange juice facilities (processing plants and port terminals) in Brazil. They do not include stocks owned by Brazilian companies abroad, e.g. in transit and port terminals in the US, Europe and Japan.

According to CitrusBR, global Brazilian orange juice inventories were at 143 104 tonnes (FCOJ equivalent) on 30 June 2022. CitrusBR forecasts carry-over stocks for 30 June 2023 at 140 000 tonnes. These figures include orange juice in storage tanks at processing plants and port terminals in Brazil and stocks abroad (vessels and port facilities worldwide).

Source: USDA

the extremely tight supply situation in the US.

If the US market receives regular imports from Mexico and Brazil, the futures market may start to slip, say analysts.

The supply of NFC to Europe could also be down due to production in Spain, where the crop is reportedly down by 20%. Spain usually augments NFC supplies to the European market.

Consumption is also a factor and there is some question whether the US will go into recession in 2023 – this would have negative effect on demand.

Other market-determining factors include the weather/freeze risk in Florida and crop updates for both Florida and Brazil. The USDA recently released a report on both the current 2022/23 crop and the next crop in Brazil. Analysts say it was interesting to note that the USDA forecast the 2023/24 crop in Brazil at 305 million boxes. Most industry sources were expecting a larger crop next season. Nevertheless, it is still very early to make estimates and it must be noted that the USDA calculates the figures by drawing data from an informal poll. While the accuracy of the figure is often incorrect, historically the USDA has usually got it right when making a prediction on whether the crop will be bigger or smaller.

Traders say the futures market is starting to lose energy at these recent highs and with no new news to support pricing the market could drift lower. The upside price would be in the USD2.20s/lb and the downside is seen around USD1.75/lb.

**Supply outlook**

In terms of US inventory and movement fundamentals; FCOJ movement is up 1%, inventory is down 43.5% and imports are up 168%. NFC imports are up 189%.

Imports of both FCOJ and NFC into

**BRAZIL ORANGE JUICE (65 brix equivalent) Tonnes**

Season	2020/21	2021/22	2022/23
Beginning stocks	151 000	15 000	14 000
Production	944 000	1 134 000	1 119 000
Exports	1 010 000	1 060 000	1 040 000
Dom. consumption	70 000	75 000	80 000
Ending stocks	15 000	14 000	13 000
<b>Total distribution</b>	<b>1 095 000</b>	<b>1 149 000</b>	<b>1 133 000</b>

Source: USDA

the US from Brazil have increased significantly as expected this season to augment the poor domestic supply. Between January and October 2022 the US imported 236 million single strength equivalent (SSE) gallons of orange juice from Brazil, compared with 187 million SSE gallons during the same period the year before. Of these imports, NFC deliveries from Brazil to the US accounted for 143 million gallons (Jan-Oct 2022), against 93 million gallons (Jan-Oct 2021).

US consumption has been declining at 4.3% on average. Looking at global consumption of FCOJ this year, given the inflation and higher prices for juice analysts expect consumers to cut back more than usual.

**Mexico**

Local industry sources in Mexico say that orange production from the current 2022/23 crop is down 20% on last season and that the volume of fruit going to the processing sector is down 40% on the previous season. The Mexican crop has delayed maturity due multiple blooms. The fruit is still small and green on the trees, but the industry started processing Valencia in the last week of December.

Fruit prices are expected to be two to three times more expensive than last year due to strong market demand and high futures pricing.

There are no new season prices for

FCOJ out of Mexico yet, processors say they will need to build stocks, evaluate inventory costs and then they will offer on the market. They add that buyers in all regions are beginning to ask for quotations on juice deliveries for 2023.

Mexican producers are also expecting a shortage of high ratio juice supplies this year.

**Brazil**

Fundecitrus has recently released a second forecast on production from the current 2022/23 crop in Brazil. The new projection is left virtually unchanged on the previous report at 314 million boxes. Industry sources say they agree with this number, but that there could be some later fruit droppage that could bring the forecast slightly lower. The next forecast from Fundecitrus will be released on 10 February 2023.

Juice ratios are still not high enough and therefore, as expected, average ratios for the season will be lower than last season. There is still a lot of fruit being processed with 11-13 ratio - it should be higher at this time of year.

High ratio supplies were already short going into the 2022/23 crop. Diseased trees produce a lower ratio and high ratio juice has been hard to find. The impatience of growers waiting for the fruit to mature is a factor as well. With limited supplies, processing started

earlier than it probably should have and high ratio juice is both limited and expensive.

Producers are mainly running Valencia oranges at the moment, but some are still crushing Pera.

The current crop will run for another two months due to the later bloom in 2021, but yields are now poor with more than 300 boxes required for one tonne of FCOJ.

Growing conditions are relatively favourable in Brazil with regular rains and warm temperatures. However, the delayed crop has meant that harvesting is occurring during the rainy season which is the reason behind the poor juice yields at present.

**Pricing**

Fruit pricing has climbed significantly over the past month. Raw materials are now changing hands for BRL34-41/box, which some industry sources suspect could be near an all-time record.

Trading has been limited over the Christmas period, as it usually is, and therefore offers for concentrate are similar to last month at USD2650-2700/tonne 66 brix FCA Europe.

Analysts say that buyers are not covered until the new crop and that there is a high level of enquiries for supplies, particularly high ratio (16+) supplies.

With the shorter crop and subsequent higher demand from the US, there are reportedly supply chain problems from Brazil to more distant regions such as Japan and Australia. In addition, there are media reports that a major US fast food chain in New Zealand is rationing orange juice due to supply chain problems.

**Next season**

The USDA recently released a report on Brazilian orange production, which

**MEXICAN ORANGE AND ORANGE JUICE PRODUCTION**

The USDA forecasts orange production in Mexico for 2022/23 (Nov-Oct) at 4.2 million tonnes 9% lower than the previous year due to prolonged drought in north-eastern Mexico that mainly affected the states of Tamaulipas and Nuevo Leon. Areas of Veracruz and San Luis Potosi also experienced prolonged drought and abnormally high temperatures.

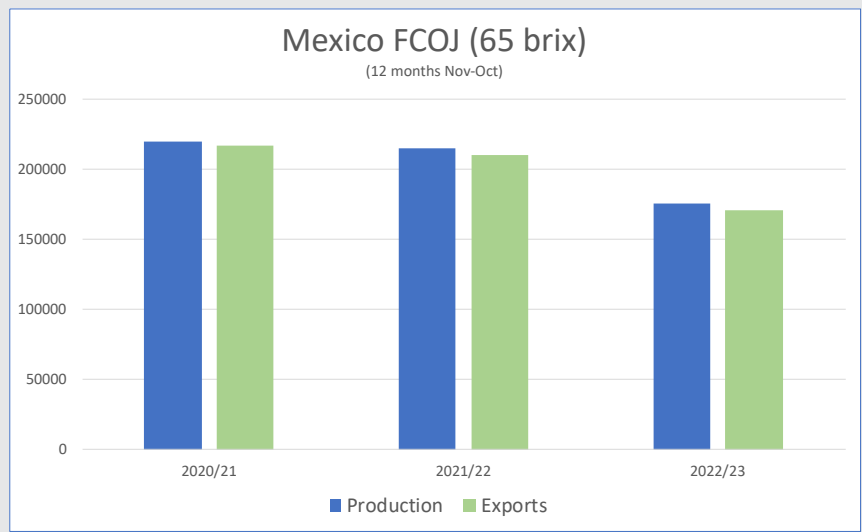
Mexico's 2021/22 orange production is estimated at 4.6 million tonnes based on available data. Mexico is estimated to be the fifth-largest orange producer in the world behind Brazil, China, India, and the US.

**Orange juice**

Mexican production of orange juice (FCOJ 65 brix) for 2022/23 is forecast at 176 000 tonnes, compared with 215 000 tonnes produced the previous year.

While exact proportions may vary from year to year based upon supply, Mexico generally sends around 40% of its orange production into juice processing.

Exports of FCOJ for 2022/23 are forecast at 171 000 tonnes, 19% lower than the previous year. The majority of Mexican FCOJ exports are delivered to the US, but Europe, Canada and Japan also import volumes.



Source: USDA

projected the next crop at 305 million boxes (see page 2). As mentioned, the industry was expecting a higher number.

Production will be mainly derived from one bloom that occurred earlier than blooms the previous season. Therefore, the quality of juice supplies in terms of ratios and yields should be good. The fruit set so far looks very

good and analysts say the outlook at this stage would be for a crop of similar size, or bigger, than the current crop.

The industry will be keeping a close eye on the weather there over the next five months in the hope that there will be enough rain to support the healthy-looking crop. The soil moisture levels are already favourable - high enough to support fruit growth for the near term.

## Outlook

The supply and demand equilibrium going forward is difficult to determine. For the next six months until the start of the new crop in Brazil, availability is going to be tight. It will then depend on both the size of the next Brazilian crop and how much inventory is sitting with the Brazilian operators. It is likely that there will be a near record low carry-over into the 2023/24 crop. Regardless of how big the 2023/24 will be, the market still requires surplus supplies to blend with the early new season low ratio juice, particularly with the expectations of continued lower crops from Florida in future.

The behaviour of consumers in the first half of this year will be a major focus - one analysts said that initial data regarding uptake over the Christmas period signalled that consumers were still spending.

Most industry sources do not expect price levels for juice to go down in the medium term. If consumption remains at 2022 levels then the market could be empty before the new crop and prices could move to higher ground between March and June, say analysts.

## APPLE JUICE

The apple juice concentrate market in Poland is relatively unchanged on last month. The factories were closed over the Christmas period and will re-open in the second week of January. The plants were closed due to unusually cold temperatures.

Offers for concentrate are on par with last month EUR1500-1600/tonne 2.5-3.0% acid 70 brix ex factory Poland.

Buyers still have open positions and are reportedly only covered until around March.

Offers from other European regions are also seen as stable on last month.

Over in Chile, producers are sold out. If buyers were able to source supplies

## BRAZILIAN ORANGE JUICE SUPPLY AND INVENTORY UPDATE

Despite the recovery in the orange production in Brazil for the current 2022/23 season, juice stocks going into the campaign were at very low levels, which resulted in increased demand from processors for raw materials

Between July and November 2022, the average price on the spot market was BRL31.22/box (40.8kg box harvested and delivered), 8% up in relation to the same period in 2021

Stock volumes by the end of the current 2022/23 crop may not recover - CitrusBR estimates that FCOJ equivalent inventory in June 2023 will be 140 000 tonnes. And exports are expected to increase, due to the higher juice demand from the US.

Orange juice shipments decreased 3% during the 2021/22 season (from July 2021 to June 2022) compared with the previous year. Exports to all destinations totalled slightly more than 1 million tonnes, according to Secex. The revenue amounted USD1.68 billion, 9% up on the previous year.

This is the second consecutive crop that shipments have decreased, and could be related to the lower orange production in São Paulo and Triângulo Mineiro over the previous two crops (2020/21 and 2021/22). The revenue increase, in turn, is linked to higher dollar prices, particularly from March 2022 onwards. From July 2022 to November 2022 exports have been increasing again, influenced by firm demand from the US.

The 2022/23 orange crop in Florida may be the lowest since 1936/37, due to the impact of greening reinforced by damage from hurricanes Ian and Nicole. In December, the USDA updated its production estimate to just 20 million boxes.

Source: Cepea

they could expect to pay USD2000-2100/tonne 1.6-1.8 acid FOB Chile – stable on last month.

Buyers are reportedly beginning to make enquiries about the next crop in Chile.

Growing conditions have been good so far and the season will begin in February/March.

## GRAPEFRUIT JUICE

The USDA forecast for grapefruit production in Florida for the 2022/23 season has been lowered by 200 000 boxes to 1.80 million boxes. If realized, this will be 46% lower than last season's final production. The red grapefruit forecast is 1.62 million

boxes - down 180 000 boxes. Fruit size of red grapefruit at harvest is projected to be below average, and droppage is projected to be above the maximum. The white grapefruit forecast is decreased by 20 000 boxes to 180 000 boxes. Projected fruit size of white grapefruit at harvest is below average and projected droppage is above average.

Local industry sources in Florida say that the crop forecast could go lower and that 1.5 million boxes is a real possibility.

Most of the grapefruit groves in Florida are situated on the east coast and so they missed the force of hurricane Ian in late September 2022 which ripped through the centre of the state laying waste to much of the orange groves.

However, hurricane Nicole followed in early November and while not as powerful as Ian, its path was through the grapefruit growing regions and industry sources suggest that there must have been an impact.

The volumes of grapefruit produced in Florida is expected to be split evenly between the fresh and processing industry again this season. Grapefruit growers are reportedly having issues with brix and juice ratios - there are minimum standards to meet the fresh market.

Grapefruit processing in Florida will be less than one million boxes this year, which some analyst say would make the region irrelevant as a world grapefruit juice supplier.

**Texas**

Producers in Texas say there was a hard cold front that hit the centre of the US over the Christmas weekend. Texas received very cold weather, but the coldest conditions were north of the citrus region and though temperatures were below freezing the wind helped to minimize the threat and it seems like there was no damage to the grapefruit crop.

Production started later than expected this year and volumes are still not as high as expected at this time in the year. Nevertheless, there is still about 80% of the crop to be harvested which indicates that deliveries to the juice facilities should increase next month.

The USDA has not altered the forecast for grapefruit production in Texas which stands at 2.0 million boxes. Local industry sources maintain that output will be higher at 2.5 million boxes, but are keen to point out that the crop is still cut back by around half of a regular crop and higher utilization from packing houses translates to less fruit coming to the juice plants. The fruit quality is reportedly excellent - flavour, brix and ratios are starting to rise with brix at

**WORLD APPLE PRODUCTION**

Global apple production for 2022/23 is forecast down 3.9 million tonnes to 78.8 million tonnes. A weather-affected crop in China more than offsets gains in the European Union and Turkey.

Production in China is forecast to be down 5.0 million tonnes to 41.0 million tonnes. High

temperatures during bloom reduced fruit set in the top producing provinces of Shaanxi and Shandong. Acreage is also contracting as low market returns and government encouragement of grain production prompts some farmers to cut down trees. Some growers are replacing older trees with new varieties, but output from these new plantings is not yet sufficient to offset declines stemming from tree removals.

EU production is forecast up 500 000 tonnes to 12.8 million tonnes. Output in France and Italy rebound from last year's frost damage and leading producer Poland continues to boost output.

US production is expected to rise 158 000 tonnes to 4.5 million tonnes - a slight reversal after back-to-back annual declines. A bumper crop in Michigan more than offset losses in Washington.

Source: USDA

10 and ratios at almost 10 as well.

Availability of grapefruit concentrate in Texas is very limited with production still focused on NFC which is offered at USD2.85/gallon bulk – similar to last month.

**Mexico**

The grapefruit crop in Mexico is now finished for all varieties. The pink and red varieties finished in the first week of December while the white grapefruit ran until the third week of last month. The volumes were limited due to a lower crop brought about by drought.

Local industry sources suggest that the pink and red grapefruit crop in Mexico is 30-40% down on an average output and the production of white grapefruit is 10-15% lower than average.

In addition to the lower supply, buoyant demand from the fresh market has resulted in the availability to the processing sector being further reduced.

Juice ratios were low, particularly for red and pink grapefruit, and juice yields were significantly lower than average.

Traders in Europe say that offers for red grapefruit concentrate from Mexico are at USD3300/tonne CFR Europe. White concentrate from South America is reportedly offered lower at USD3000/tonne CFR Europe.

The USDA has forecast grapefruit production for Mexico for 2022/23 (Nov 2022-Oct 2023) at 420 000 tonnes against 453 000 tonnes in 2021/22 and 491 000 tonnes 2020/21.

**GRAPE JUICE**

The vineyards in Argentina were hit by a hard freeze in November and local sources say the crop could be cut-back by 20-40%. An official report which should be released at the end of January will give a more accurate estimate. The vineyards there are also still not past the hailstorm period yet either.

As a result, price levels have increased by USD100/tonne from last month to USD1800-1900/tonne 58 brix FCA Europe.

Demand has remained relatively quiet, but has reportedly improved over the past two months.

The industry still has stocks to offer and will likely enter the 2023 crop in March with carry-in supplies. Nevertheless, these supplies will be useful to blend with new season juice, particularly now the crop looks like it will be below average.

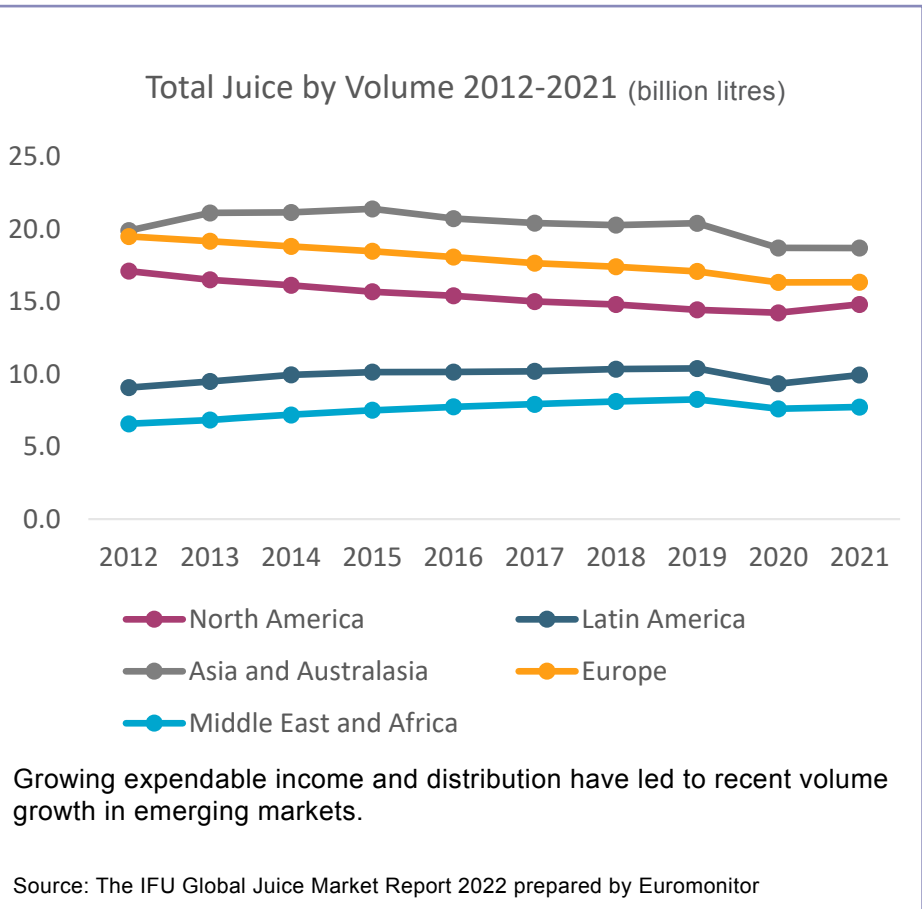
Argentina exported 73 600 tonnes of grape juice concentrate to the global market between January and November 2022, compared with 93 300 tonnes during the same period in 2021.

Global production of grapes for 2022/23 is forecast up 1.2 million tonnes to 27.4 million tonnes, reports the USDA. Favourable growing conditions in China and Turkey have boosted output from there, offsetting losses in Chile and India.

**LEMON JUICE**

The lemon processing plants in Argentina have been closed over the Christmas period. The 2023 crop will begin in March/April and growing conditions have been mixed. There have been some frosts and the Spring has also been dry there. Recent rainfall has allowed the situation to improve, but local producers suggest production in 2023 could be 10-20% lower than average. In addition, around 5 000 hectares of lemon groves were removed, and many others have reportedly not had adequate maintenance such as pruning and fertilization.

Lower production this season could help the slight over supply situation there and allow prices to appreciate. Producers are making losses with the



current pricing.

Asking prices are around USD1350-1400/tonne 400gpl cloudy FOB Buenos Aires – similar to last month. Demand remains fairly slow and price levels are not expected to fluctuate much ahead of the new crop. Buyers are covering for deliveries up to mid-2023.

There are still stocks unsold, however Argentina will start crop 2023 with a much lower carry over than in 2022.

Meanwhile, processors in Spain have reportedly been focussing on producing NFC supplies, because they know they would not be competitive with pricing out of Argentina for concentrate.

**PINEAPPLE JUICE**

The 2022 Winter pineapple crop in Thailand is now winding down and fruit

juice ratios have now dropped due to the cooler season. Producers expect less volumes from this month onwards until the Summer crop begins in April.

Raw material pricing is at THB7.50/kg – on par with the past two months.

Offers for concentrate out of Thailand are at USD2200-2400/tonne 60 brix FOB Bangkok, compared with USD2250-2500/tonne last month.

Traders say that buyers still have open positions and that they are receiving enquiries for cover for both the first and second quarter of 2023. This late demand reflects buyers expectations for lower pineapple juice prices. However, analysts suggest that price levels for both fruit and juice look firm in the near term. Negotiations on contracts for supplies from the Thai Summer crop are expected to start in February/March.

Producers in Costa Rica are back on the market, but it is difficult to pin

down pricing. There are reports of aggressive offers at USD2000-2200/tonne 60 brix frozen CFR Europe, but at the same time some traders say they are receiving much higher offers at USD2600/tonne Grade A 60 brix frozen FCA Europe.

Asking prices out of Kenya are at USD2450/tonne 60 brix aseptic FCA Europe.

Processors in Brazil are at USD2400/tonne 60 brix frozen CFR Europe.

## **MANGO JUICE**

### **Alphonso & Kesar**

Growing conditions for this year's Alphonso mango crop in India are reportedly good in Western India (Ratnagiri, Valsad and the Hubli-Dharwad region) and average in Southern India (Bangalore, Mysore, Krishnagiri the Chittoor region).

Current offers for 2022 season 100% Alphonso mango puree are at USD1700-1900/tonne for Western Indian puree FOB India and USD1600-1700/tonne for Southern puree on the same delivery basis.

Last month asking prices were between USD1700-2000/tonne Southern-Western puree FOB India. Local producers in India expect the market to trade in a narrow range until the next crop.

Demand has reportedly been slow over the past month, but almost all of the supplies from 2022 have now been allocated. Producers say they expect the market to be depleted by March 2023.

Offers for Kesar mango puree are at USD1800-1900/tonne FOB India – on par with last month. Again, demand has been slow.

### **Totapuri**

Growing conditions in the Totapuri

areas for next season are also favourable.

Authentic Totapuri puree from the 2022 crop is offered at USD1300-1350/tonne single strength FOB India, compared with USD1400-1500/tonne last month. Asking prices for authentic Totapuri concentrate are between USD2500-2600/tonne 28 brix FOB India, against USD2500-2700/tonne last month.

Demand for both products has been good over the past month and there are still supplies available in India.

### **Americas**

Growing and harvesting conditions for the Winter crop in Colombia are favourable. Producers say processing is stable and the juice quality is good in terms of yields and ratios. The harvest will run until mid- to late-January.

Production from the interim crop is predominantly NFC, but processors say they may run some supplies to concentrate this month.

Offers for mango concentrate remain expensive at USD2995-3100/tonne 28 brix FOB

Colombia – on par with the previous three months. The higher pricing is due to lower availability of supplies and producers say that price levels should “reset” once they begin quoting for supplies for the main Summer crop which will begin in April.

There is demand for mango juice, but many buyers have reportedly been stocking up over the past couple of months, everyone is eager to close deals from the upcoming main 2023 crop in order to secure volumes for the year.

Meanwhile, the mango juice market in Mexico is similar to last month and is likely to remain so until the new crop begins in March/April. Producers are reportedly totally sold out due to high demand.

## **PASSION FRUIT JUICE**

### **Ecuador**

Producers in Ecuador say that output in December was even lower than November and that climatical conditions continue to impact production. The Winter peak crop period is delayed and output will be lower than expected. Both the quality (juice yields and ratios) and quantity are expected to better in the second half of this year.

Raw material pricing is between USD0.63-0.65/kg, against USD0.65/kg last month.

There are no supplies of concentrate to offer out of Ecuador at the moment – producers are busy honouring contracts made last year. If buyers were able to locate supplies they could expect to pay USD12500/tonne 50 brix FCA Europe – on par with the theoretical prices from last month. NFC prices are also theoretical at USD3500/tonne FCA Europe.

Offers are expected to remain similar in the first quarter (Q1) of 2023. In Q2 there will be more supply, but if demand keeps absorbing volumes then prices will remain on similar levels, say producers, who add that buyers continue to ask for deliveries of contracted shipments.

There is no way to build up stocks and everything that is produced is shipped straight away.

While producers are offering supplies for full year 2023, buyers are only booking contracts for the first semester in the hope that prices will ease.

“Demand is too strong to manage. Buyers from the traditional markets are asking for more and more and there are buyers from new markets – since about mid-2021 – which we just can't supply at the moment,” say producers in Ecuador.

The higher pricing over the past two

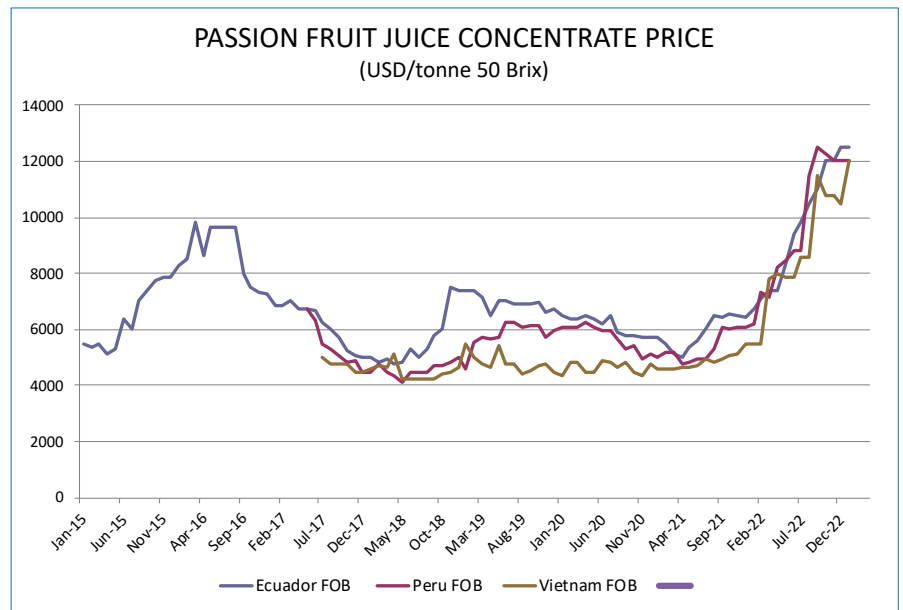


years has encouraged farmers to replant vines, but the main concern is the climate. Conditions have been extreme and volatile in most countries over the past few years and Ecuador is no exception. Producers say that the fluctuation between droughts and floods is causing serious problems with managing plantations. For this reason an increase in farmland, does not necessarily lead to an increase in fruit. Nonetheless, production in the second half of 2023 is expected to increase.

**Peru**

In the last quarter of 2022, there was no production of passion fruit concentrate from Peru.

Nevertheless, producers there have stated to run some fruit to NFC from the new 2023 crop. Offers are between USD3300-3600/tonne single strength FCA Europe, compared with the indications last month of USD3700/tonne. Processors reportedly still have contracts from last season to fulfil before they can fill new orders, say trader sin Europe.



**Vietnam**

Asking prices out of Vietnam have reportedly increased to USD11500-12500/tonne 50 brix FCA Europe, from USD9000-12000/tonne last month. This, say analysts, is unexpected.

Prices came down in November, and buyers were happy hoping it was the start of better times, but then prices rebounded. The crop output there, and

subsequently the volumes available for factories, fluctuates wildly. In addition, China continues to absorb large volumes of fresh fruit. Vietnam will continue to produce for the next ten days and then will close for two to three weeks for the Vietnamese Tet New Year. Domestic consumption of fruit during the festive period is strong and therefore producers are expected to begin the new crop with low carry in.

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