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English edition



Close-up Avocado

**EU apples
& pears**

**Pips in focus
in 2014**

**Banana
market**

**Summer
round-up**

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European avocado market Forecast for the 2014-15 winter season

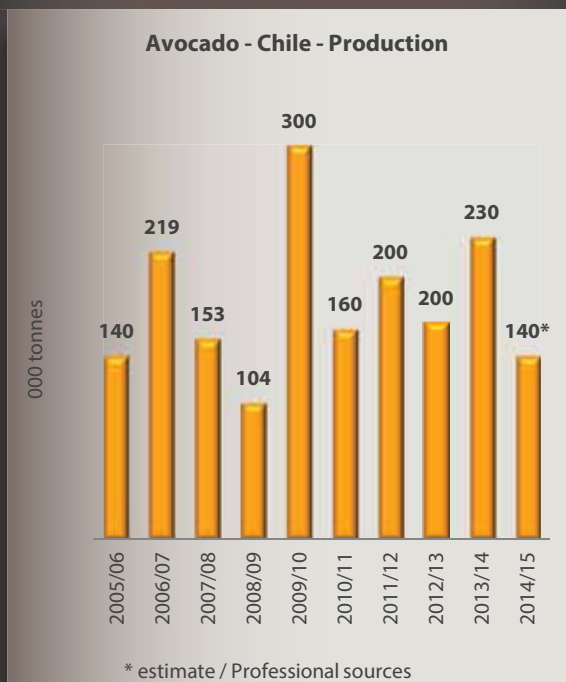
A season under tension



Each year follows the last, but they bear little resemblance! After a 2013-14 season when the supply level was sufficiently abundant to quench the thirst of the European market for the avocado, the 2014-15 season is now set to be under tension.

Chile dried up...

Indisputably, the major pendulum effect of Chilean volumes is the main point to take away from the start of this season. According to the latest information gathered, production should not exceed 140 000 tonnes, as opposed to nearly 230 000 t last season. This drastic fall puts the 2014-15 harvest among the lowest in recent years. It can be explained not only by the well-known alternating effect in production, but also by the persistent drought in certain parts of the country, and by the resulting abandonments of orchards. In this context overall exports should not exceed the 65 000-70 000 t mark, given the local consumption level, i.e. barely more than the volumes bound for the European Union alone in 2013-14. So Europe should receive between 30 000 and 40 000 t, if we assume a market share of between 40 and 60 % since Chile's strategic focus shift to the Old Continent implemented in 2012-13. The upper hypothesis of 40 000 t, based on the 2012-13 figures when the Chilean season was curtailed like this season, and the very high prices in Europe, is perhaps the most credible. In either scenario, there is a major supply shortfall in relation to the 63 000 t in 2013-14.



Avocado — Chile — Exports

tonnes	2009-10	2010-11	2011-12	2012-13	2013-14
Europe	52 174	25 762	32 929	42 571	64 247
USA	134 596	54 383	73 795	14 710	53 297
Central and South America	5 971	5 900	7 342	8 888	11 735
Japan and Asia	1 703	393	1 638	1 283	1 978
Total	194 444	86 439	115 703	67 452	131 257

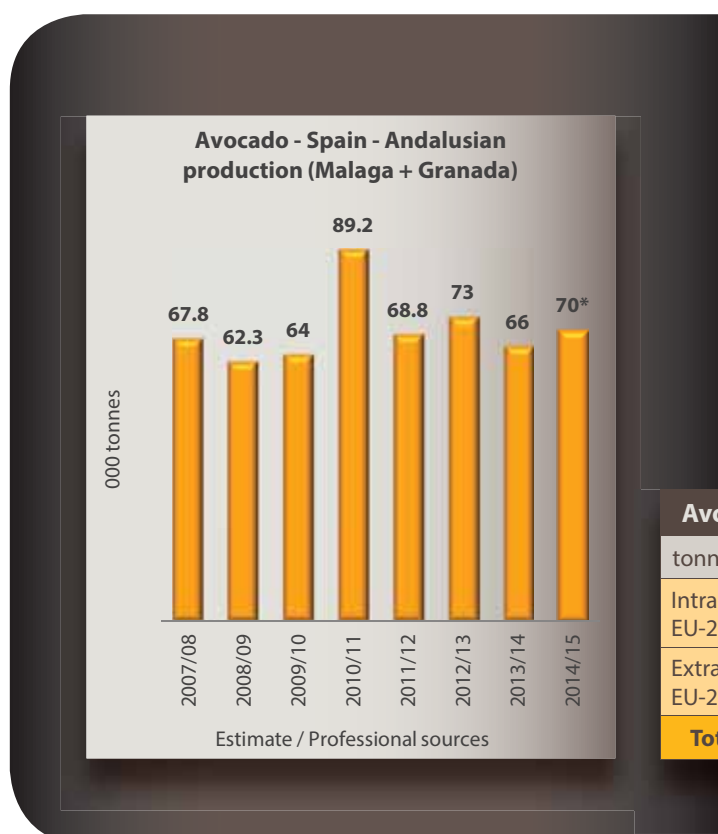
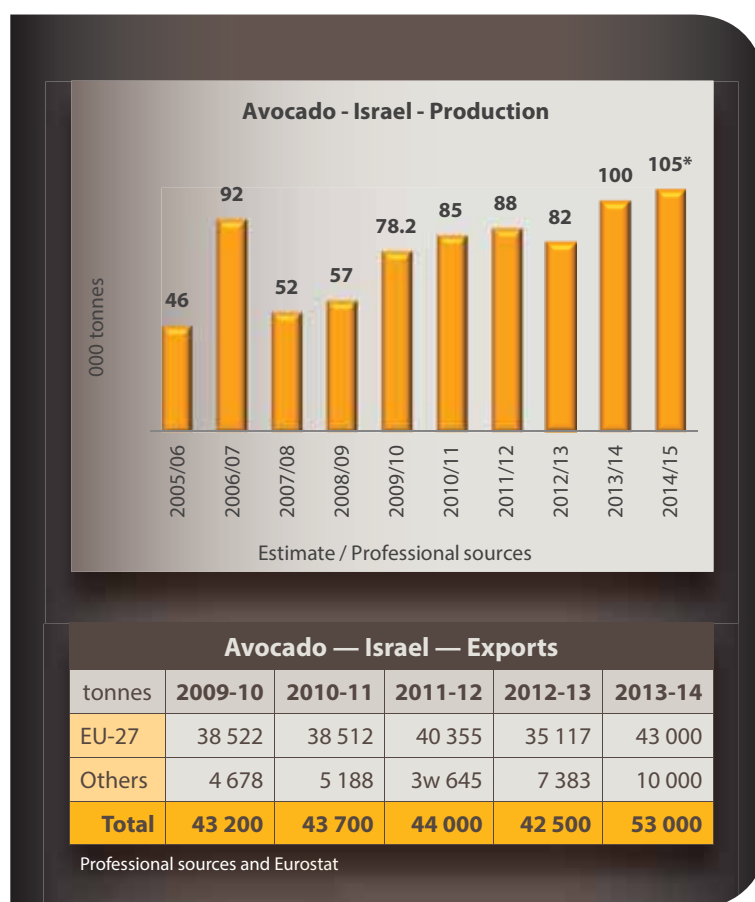
Source: Chilean Customs



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Production practically stable in Israel, though volumes earmarked for export up slightly?

The Mediterranean sources will clearly not be able to make up for the lack of Chilean Hass, despite a probable small rise in their exports. The climatic conditions were good throughout the cropping cycle in Israel. Hence production should at least maintain last season's high level, i.e. approximately 100 000 t. Certain sources even believe that a slight growth of 10 % is probable. The Hass volumes earmarked for export should register slight growth, with this variety representing an increasing proportion of production. Shipments of green varieties will depend on the market. While nearly all of the Pinkerton should be exported, the local market will come into competition with the international market for varieties such as Ettinger, Fuerte, Ardith and Arad. If, as we might assume, the tension on Hass is favourable for the green variety prices holding up, volumes earmarked for export could also be slightly up on last season.



A little more in Spain? Yes, but...

The Spanish harvest is also slightly bigger than last season. There seems to be a considerable increase among the green varieties, which represent approximately 25 % of production. However, this should be put into perspective given the scarcity of volumes seen in 2013-14. The increase in Hass could be around 10 to 15 %. However, this should not be taken as certain, because of high temperatures during the latter part of summer. Physiological dropping is still a possibility to fear. In addition, the size range now seems to be on the medium to small side.

Avocado — Spain — Exports (October to May or April)

tonnes	2009-10	2010-11	2011-12	2012-13	2013-14
Intra EU-27	31 420	44 461	33 272	42 039	41 292
Extra EU-27	4 980	1 804	4 750	7 717	3 148
Total	36 401	46 265	38 022	49 756	44 440

Source: Eurostat

Top-up Moroccan volumes shrinking, though Colombia continuing its rise to the fore

So what about the outsiders? A downturn in the harvest is taking shape in Morocco, despite the cultivation area still seeing considerable growth. Exports achieved an exceptional level of 4 500 t in 2013-14, after a steep upswing in production due to the frost which hit the previous season. They should be between 2 000 and 3 000 t in 2014-15. Conversely, shipments will primarily comprise big fruits, with the small ones being shifted toward the increasingly hungry local market. Morocco also imports increasingly significant volumes, which culminated at more than 9 000 t in 2013.

Unlike Morocco, Colombia will continue to increase its shipments. However, they will remain relatively moderate. According to professional sources, they should come close to 3 000 t, as opposed to just over 1 000 t in 2013-14. The acceleration will be much more significant by a few years' time, with the large surfaces areas set up recently entering into production.



A very open market for Mexico, though with conditions

The downturn in Chilean imports, combined with near-stability in Mediterranean volumes, should lead in a fall in the supply to the Community market, which might be estimated at 15 to 20 % from last season. So the context appears favourable for a decent level of top-up volumes from Mexico. The exporters will get what they need. Unsurprisingly, given the growth in surface areas over recent years, production should be greater than in 2013-14, where it already registered a colossal level of 1.3 million tonnes. The magnitude of the increase is still difficult to ascertain, and depending on the sources, ranges from moderate to + 20 %. It remains to be seen whether the conditions offered by exporters will be compatible with the requirements of the European market. Prices should be more attractive in October, with the harvest of fruits from the main flowering period coming to the fore. Conversely, the "prepaid" contract mode and the qualitative heterogeneity of certain brands could still be serious impediments. Mexican shipments into Europe have not exceeded the 10 000-t mark since 2008-09.



Avocado — Mexico — Exports					
tonnes	2009-10	2010-11	2011-12	2012-13	2013-14
United States	274 329	283 814	359 262	522 488	512 000
Japan	34 473	35 159	42 354	55 883	50 600
Canada	25 435	22 687	27 431	35 044	33 700
European Union	10 807	3 155	4 153	9 137	6 300
Others	25 883	19 642	29 537	34 893	34 700
Total	370 927	364 457	462 737	657 445	637 300

Source: Mexican Customs



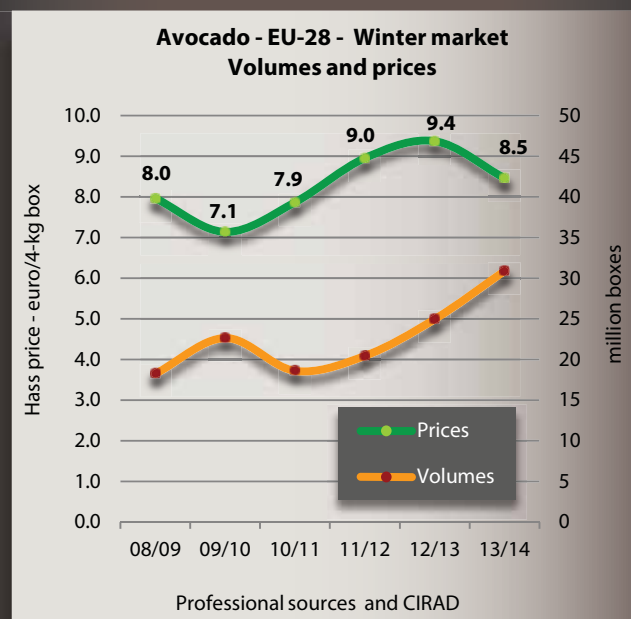
A market under tension, especially for the Easter promotions

Prices promise to be high overall, not only because of the downturn in supply mentioned above, but also because of the demand dynamic, which has been in excess of 15 % for the past two seasons. The 2012-13 season can probably be used as a reference (moderate Chilean supply, and similar Mediterranean exports). The market could be particularly tight at the start of 2015. In view of the volumes available, the Chilean season will not be able to extend over the record period seen in 2013-14 (last incoming shipments in early May!), although exporters too are seeking to tap into a market probably very buoyant at this time of year. The final batches were delivered in late February/early March, if we take previous seasons as a reference, when volumes were similar. So the supply should be small after this period, until Peruvian volumes take off in around early May. There should be high tension for the Easter promotions (early April in 2015). Will this context enable the green varieties to claw back more space on the shelves? We might think so, although specialists in these cultivars saw no auguries in September.

Beginning of the summer season under pressure?

Thereafter the market could have a turnaround in store for us, but it is giving nothing away. Unless there are major climatic problems, Peruvian production should again see very steep growth, with the entry into production of considerable new surface areas combining with the young orchards reaching their prime. Furthermore, the US market could be distinctly less open than in 2014, because of the upswing in Californian production. However, this scenario should still be taken as conditional, with the recurrent drought ravaging the south-west of the United States and the abnormally high temperature levels in Q2 potentially compromising this rise in volumes ■

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Avocado — Main exporting countries

tonnes	Production 2013-14	2014-15 trend vs. 2013-14	Exports 2013-14
Mexico	1 340 000	+ 5 % to + 20 %	637 000
Chile	230 000	- 40 %	131 000
Israel	100 000	0 % to + 10 %	53 000
Spain	66 000	0 % to + 15 %	44 400

Professional sources