

Indicators

May 2006

The main fruits	In shares by total volume and expenditure on fruits for the month in France		
	%	Volumes	Expenditure
	Strawberry	13	27
	Apple	28	21
Banana	17	13	

The trends for the main produce of the month significantly influence the overall situation of the fruit market. A column entitled 'Indicators' discussing these fruits precedes the pages devoted to a selection of exotic and citrus fruits.

	Pages
Banana	10
Avocado.....	12
Orange.....	13
Grapefruit.....	14
Litchi	15
Mango.....	16
Pineapple.....	17

May 2006 / May 2005			
Price	↗	Vol.	=

Strawberry The market has been fairly satisfactory. Competition has been limited. Firstly, the Spanish strawberry season finished early because of serious keeping problems. Secondly, the seasons in the rest of the northern hemisphere started late. Weather conditions were favourable for consumption and prices have been at a very good level.

May 2006 / May 2005			
Price	=↘	Vol.	=↗

Apple The end of this particularly difficult season was marked by a slight improvement. Sales of bicolour fruits were more fluid, especially as much smaller quantities of fruits arrived from the southern hemisphere than last year following the statistical control measures taken by Brussels. Prices increased but were still lower than average. The situation was similar for the last 'Golden Delicious'.

May 2006 / May 2005			
Price	↘↘	Vol.	↗

Banana Performance was satisfactory. The average quay price remained comparatively stable in comparison with the position in April and was slightly higher than the 2002/2004 average. Nevertheless, after four months of deficit, cumulated arrivals from Africa and the West Indies returned to an average level with an increase in volumes from Cameroon and Côte d'Ivoire. However, demand was healthy on both the domestic and export markets as supplies of dollar bananas were moderate.

	Page
Information on the situation and prices of sea freight	Sea freight..... 18

Sea freight The foundation for the resurgence of the reefer sector in the past three years has been the performance of the Spot market in the second quarter of the year. Although with the exception of 2006 Q1 Time Charter Equivalent (TCE) values have been successively higher each year since 2001 it has been the second peak in May that has provided the biggest difference in annual average returns. So what happened this year? Why should the May Spot market have returned so much less compared to the 2003-2005 period? What, if any, are the implications?

Notes concerning market appraisal methodology
The statistics on the following pages are estimates of quantities put on the market in France. They are only calculated for the main supplier countries and are drawn up using information on weekly arrivals or market release statements by representative operators. The past figures are kindly provided from the POMONA data base and processed by CIRAD. The figures in the 'Main fruits' section above are provided by the CTIFL, with SECODIP being the source. The data published in the French market pages are provided solely as a guide and CIRAD accepts no responsibility for their accuracy. The illustrations are reproduced with the kind permission of Fabrice Le Bellec (CIRAD-FLHOR).

Banana

MAY 2006

Monthly comparison: May 2006 / April 2006

Price	Volumes*
↘ - 5%	↗ + 24%

Annual comparison: May 2006 / May 2005

Price	Volumes*
↘ - 29%	↗ + 9%

* Arrivals from Africa/West Indies



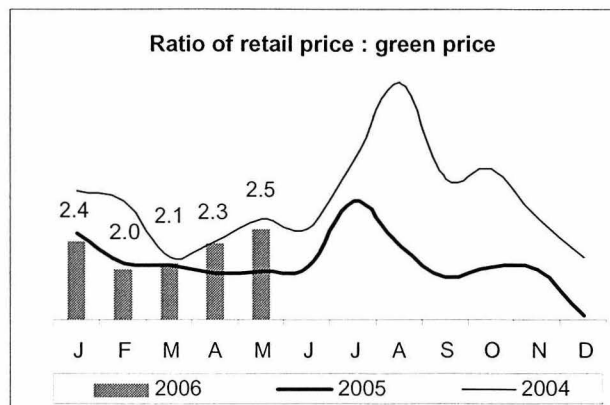
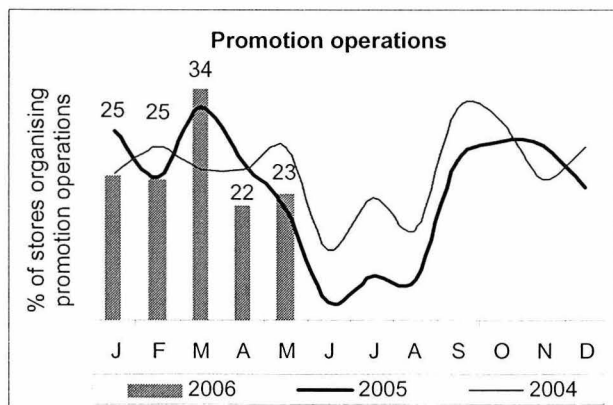
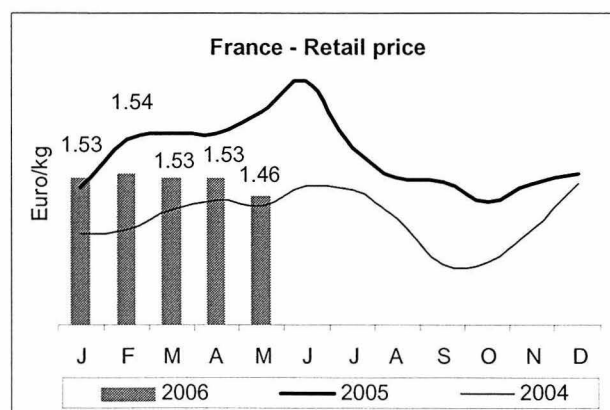
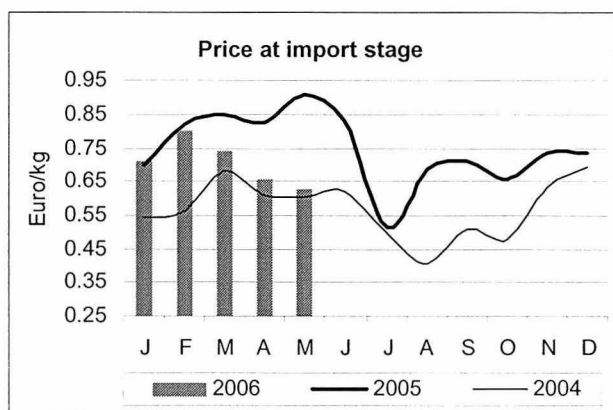
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After displaying a marked deficit since the beginning of the year, cumulated arrivals of fruits from Africa and the West Indies recovered to a slightly higher level than average as a result of a marked increase in the quantities arriving from Cameroon and Côte d'Ivoire. However, domestic demand remained fairly healthy. Few

supermarket promotion operations were run but retail prices were attractive as they were distinctly lower than average. In addition, export flows were more dynamic than in April, especially to northern Europe where deliveries of dollar bananas were moderate. Exports from Ecuador were average (FOB prices were high throughout the

month) while shipments from Colombia decreased strongly. Quay prices were fairly stable and firm throughout the month; they were slightly down on April levels and well below those of 2005. They nonetheless remained slightly higher than the 2002/2004 average.

French banana market — Indicators

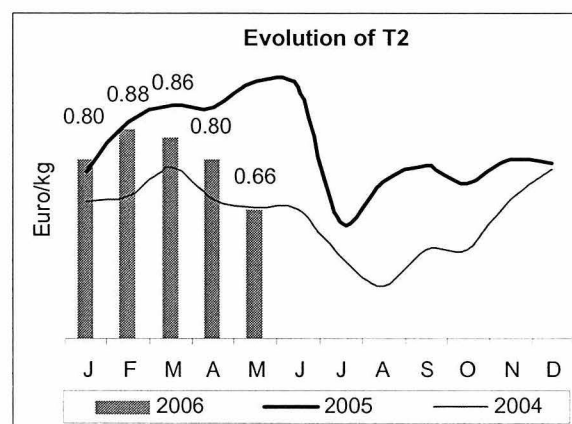
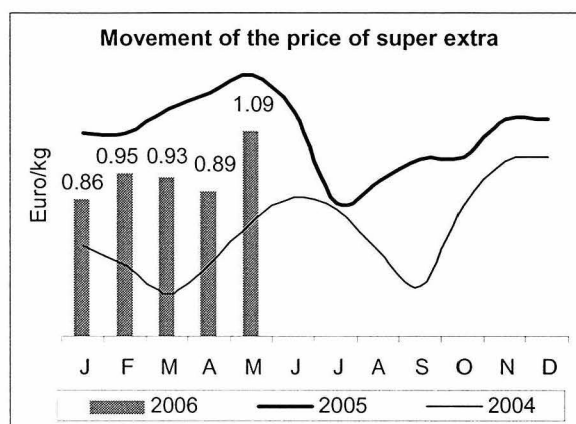


European banana market — Indicators

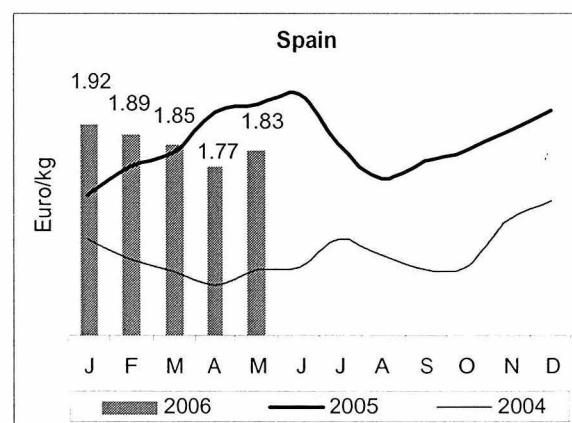
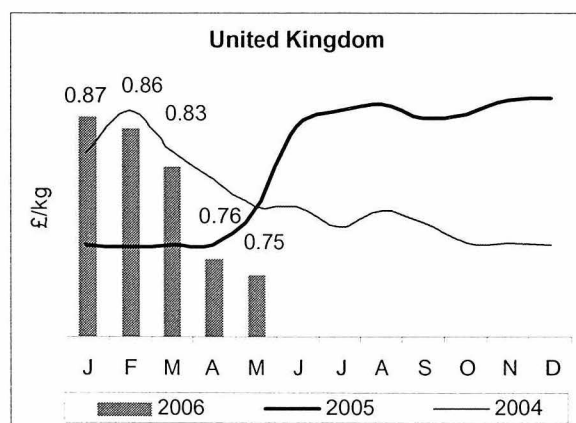
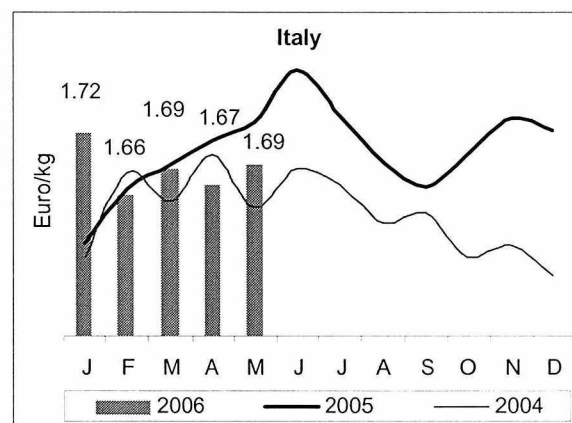
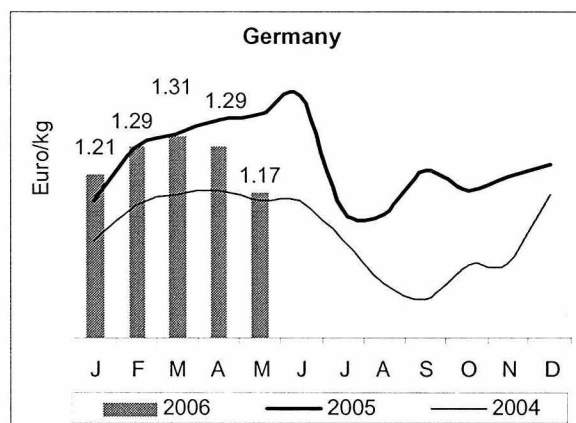
Main origins in Europe

Tonnes	April 2006	Comparisons (%)		Total season 2006	Season comparisons (%)	
		2006/2005	2006/2004		2006/2005	2006/2004
Martinique	16 328	- 20	- 23	72 313	- 17	- 29
Guadeloupe	3 383	- 16	- 44	15 901	- 24	- 50
Canaries	30 024	+ 2	- 15	149 807	+ 1	- 17
Côte d'Ivoire	20 628	+ 22	+ 17	93 742	+ 8	- 1
Cameroon	26 105	+ 21	+ 28	101 003	+ 1	- 15
Ghana	2 425	-	-	3 713	-	-

Green price in Europe



Retail price in Europe



Sources: Cirad, SNM, TW Marketing Consulting

Avocado

MAY 2006

Monthly comparison: May 2006 / April 2006

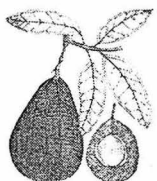
Price
↓ - 17%

Volumes
↑↑ + 36%

Annual comparison: May 2006 / May 2005

Price
↑ + 5%

Volumes
↓ - 11%



In spite of very large shipments of 'Hass' from Peru after several months of under-supply, the much-feared 2005 scenario was not repeated. On the one hand, the green avocado market displayed a strong supply deficit (shipments from South Africa were short and Israel was absent from the market) with supplies concentrated on the markets in the northern part of the EU. On the other hand, shipments of South African and Peruvian 'Hass' were distributed in both northern and southern markets and especially in Spain whose season ended early. Volumes and prices rose by 10% and 4%

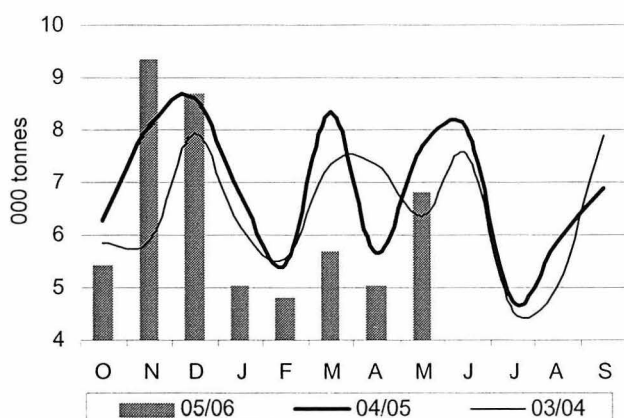
Announced with a potential of 7 million boxes, the Peruvian season's very strong start (with a total of 1.9 million boxes of 'Hass' shipped to Europe in May in comparison with 800 000 in 2005 and less than 400 000 in 2004) shook up the hitherto significantly short rate of supply. Peruvian 'Hass' consisted mainly of sizes 12, 14 and 16 and dominated a market on which there was finally little competition. On the one hand, the start of the South African season

was delayed and marked by a serious shortage of green varieties because of logistic problems and very wet weather (the quantities of 'Fuerte' received were 50% down on the three-year average). In addition, shipments of mainly small grade (20, 22 and 24) 'Hass' were distributed mainly in northern European markets. Only very moderate quantities of fruit were available from Spain as production was down to 35 000 tonnes because of the frosts in

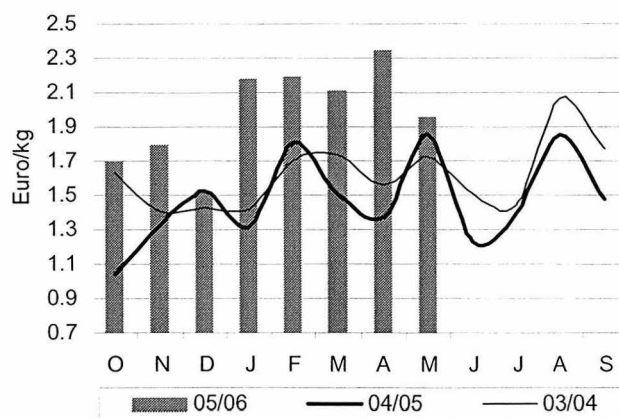
2005 and Spanish operators got their import season off to an early start, taking 30 to 40% of the shipments from Peru. Sales of 'Hass' were satisfactory overall thanks to the gradual adjustment of prices throughout the month and in spite of some difficulties with size 12 and 14 fruits. 'Fuerte' from Kenya performed well thanks to the shortage of green varieties and the high price of 'Hass' at the beginning of the month.

Estimated market releases in France

Volumes



Price at import stage



Estimated market releases in France by origin

Tonnes	May 2006	Comparisons (%)		Total season 2005/2006	Season comparisons (%)	
		2006/2005	2006/2004		05-06/04-05	05-06/03-04
Spain	1 576	- 20	- 52	13 599	- 16	- 38
Mexico	223	- 22	- 30	13 658	+ 2	- 3
Kenya	982	+ 9	+ 13	2 923	- 9	- 42
South Africa	1 173	- 26	+ 7	1 543	- 27	+ 10
Peru	2 860	+ 166	+ 283	3 321	+ 209	+ 277
Total	6 814	- 11	+ 8	35 044	- 3	- 19

Orange

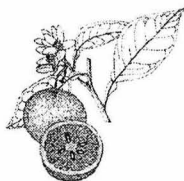
MAY 2006

Monthly comparison: May 2006 / April 2006

Price	Volumes
↘ - 3%	↘ - 28%

Annual comparison: May 2006 / May 2005

Price	Volumes
↘ - 2%	↗ + 10%



Spanish production continued to exert intense pressure with the 'Valencia Late' season starting about a month late, gradually taking over from 'Navelate'. After being disappointing at the beginning of the month, sales were above average at the end. However, both production and import prices remained very low. Other origins remained very limited in this context.

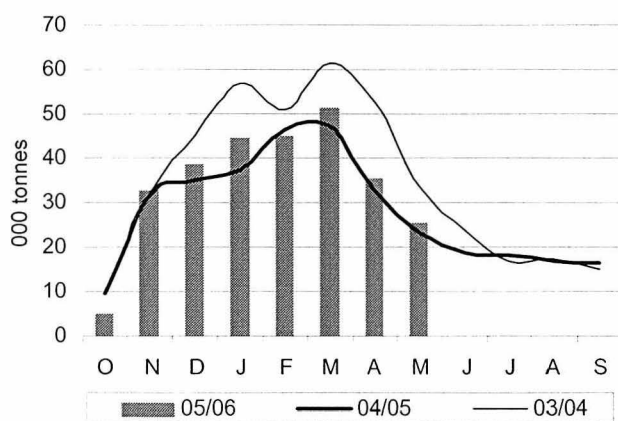
Performance was still disappointing. Large quantities of Spanish oranges were available at production at very competitive prices, thus concentrating demand that was disappointing at the beginning of the month and gradually livened with the switch from 'Navelate' to 'Valencia Late'. Lagging one month behind, 'Valencia Late' finally managed to open its season—a long one. Even though releases were at the seasonal level at the end

of the month, they were slower and falling in comparison with the preceding months when competition from the season's fruits was less fierce. Cumulated market releases of 'Valencia Late' in France at the end of the month were 40% down on the average. Furthermore, the situation at production was still catastrophic, with income 55 to 60% lower than in 2003 and 2004. Shipments from Morocco were very limited in this context and

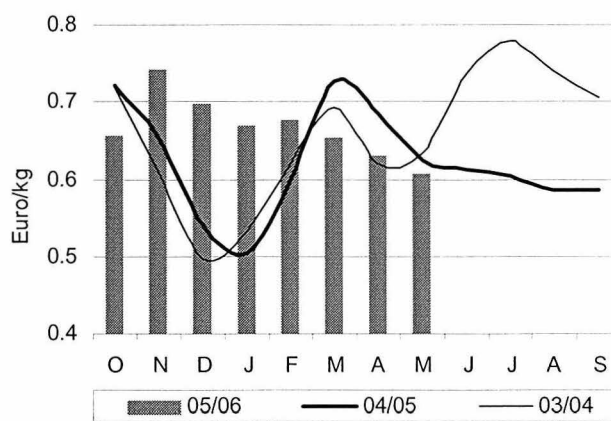
concerned mainly the German market. In addition, South African operators remained cautious and absent from the European market, given the strong pressure from Spain and the minimum price required. The prices of the last quantities of 'Navelate' tended to rise and remained at an average level. In contrast, 'Valencia Late' prices started lower and were nearly 30% below average.

Estimated market releases in France

Volumes



Price at import stage



Estimated market releases in France by origin

Tonnes	May 2006	Comparisons (%)		Total season 2005/2006	Season comparisons (%)	
		2006/2005	2006/2004		05-06/04-05	05-06/03-04
Spain	23 841	+ 10	- 16	245 707	+ 6	- 19
Morocco	1 679	+ 18	- 25	10 706	+ 21	+ 2
Total	25 520	+ 10	- 24	256 413	+ 6	- 19

Grapefruit

MAY 2006

Monthly comparison: May 2006 / April 2006

Price

↗ + 9%

Volumes

↗↗ + 35%

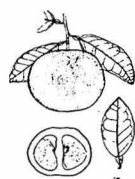
Annual comparison: May 2006 / May 2005

Price

↘ - 13%

Volumes

↘↘ - 44%



Performance was mediocre with a nearly 30% deficit in market releases and prices 10% down on the three-year average. With the southern hemisphere origins not starting to ship, the market was seriously under-supplied with goods consisting of very mixed quality Mediterranean origin shipments and stocks. Sales were satisfactory—but without enthusiasm—for these limited quantities.

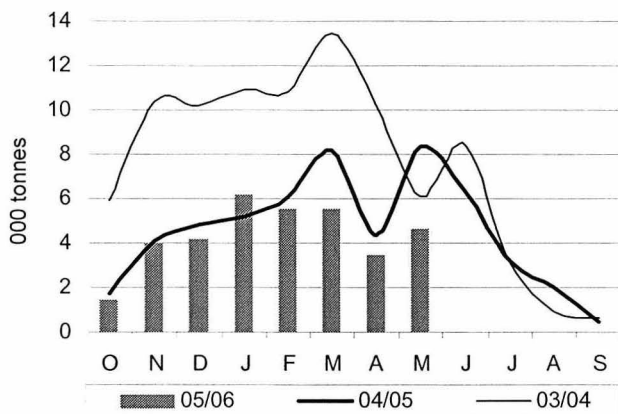
The balance for the change from winter to summer origins was disappointing. Affected by serious problems of canker, Argentinian shipments did not develop normally and remained sporadic, with volumes running 65% lower than average. Furthermore, the quantities arriving from South Africa remained limited, in particular as rainy weather limited the amount of quality fruits for

export to the benefit of the processing industry. Very high quality fruits were shipped to the very attractive Japanese market (fruits fetched up to EUR18 per box). In the absence of strong competition, Israel sales gathered momentum for the last arrivals. Cumulated exports reached an average level of 30 000 tonnes but the quantities reaching the French market were markedly

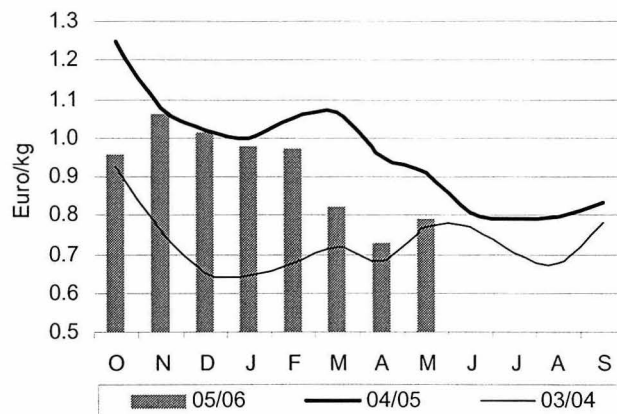
down. Turkey was very present with nearly 73 000 tonnes shipped to western Europe (a 126% increase in comparison with 2005 and 50% up on 2004). But prices were not very good because the batches were of uneven quality and some had been stored for several months.

Estimated market releases in France

Volumes



Price at import stage



Estimated market releases in France by origin

Tonnes	May 2006	Comparisons (%)		Total season 2005/2006	Season comparisons (%)	
		2006/2005	2006/2004		05-06/04-05	05-06/03-04
Israel	973	- 40	- 10	6 155	- 35	- 17
Turkey	990	-	+ 155	11 070	+ 118	+ 89
Argentina	862	- 70	- 47	883	- 73	- 49
South Africa	1 803	- 49	+ 10	1 803	- 49	+ 10
Florida	0	-	-	15 128	- 29	- 75
Total	4 628	- 44	- 24	35 040	- 18	- 55

Litchi



The Thai litchi marketing season continued in May on the main European Union markets. Shipments by air were gradually replaced by sea freight except for the French market for which both methods continued to be used in parallel. Prices decreased gradually as more fruits arrived in containers but remained at a fairly high level.

Thai litchis were shipped mainly to the Netherlands. The last batches exported by air were received by this market at the very beginning of May and sold at some EUR4.00-4.80 per kg, distinctly down on April prices as the sea export season had started. The first batches of sea litchi received in the last week of April were sold at EUR4.00-4.50 per kg until the middle of the month. Supplies increased in the second half of the month and prices weakened slightly to EUR3.75-4.00 per kg on a market that remained comparatively stable until the end of May.

The **Belgian** market was stable in May with prices at EUR4.00-5.00 per kg and then EUR5.00 per kg in the second and third weeks of the month before dropping to EUR4.00-4.50 per kg during the following week. This more attractive price increased sales a little with retail promotion operations. However, litchi is still sold in only small quantities at a time of year when supplies of the season's fruits are increasing.

A few batches of Thai litchi shipped by sea sold at EUR4.50 per kg on

the **German** market in the first half of May. In the second half of the month, the start of the season in the larger production zones in northern Thailand resulted in an increase in the volumes shipped and a decrease in price to between EUR3.25 and 3.50 per kg. Prices weakened further at the end of the month and settled at about EUR3.00-3.25 per kg.

On the **French** market, supplies shipped by air ran in parallel with sea shipments and a two-tier market became established with prices depending on the type of transport. The price of fruits shipped by air fell faster in the second half of the month as a result of the strong commercial pressure resulting from increased quantities on the one hand and from the development of Mexican competition on the other. Indeed, the French market started to take delivery of batches of non-treated litchi shipped from Mexico by air in the second week of May. Packed in 4-kg boxes, the quality and flavour of the fruits were satisfactory.

However, weak demand for litchi made it difficult to sell the quantities

received. The rapid deterioration of the fruits (oxidation and shell blemishes) meant that professionals had to make price concessions to clear the goods.

The prices mentioned above were thus those for sales of good quality fruits and should be lowered to allow for the losses resulting from worsening quality. Some batches were stored for too long and were unsaleable. This new attempt at selling Mexican litchi confirms the difficulty of selling this fruit at a not very favourable time of year.

The season's fruits form serious competition for this type of high value-added fruit. A few batches of litchi from China also changed hands at the end of the month for around EUR8.00-9.00 per kg for high-quality fruits. The French market also received fruits related to litchi such as longan and rambutan from Thailand. These were commonly sold at EUR 1.80-2.00 per kg (longan) and EUR6.00-8.00 per kg (rambutan) depending on the quality of the fruits proposed.

MAY 2006

Litchi from Thailand — Import prices

Euros	Min	Max
By air (kg)		
France	6.50	8.00
Netherlands	4.00	4.80
By sea (kg)		
Netherlands	3.50	6.00

Litchi — Import prices on the French market — Euros/kg

Weeks 2006	18	19	20	21	Average May 2006	Average May 2005
By air						
Thailand	7.00-7.50	7.00-8.00	6.50-7.00	5.00-8.00	6.35-7.60	6.00-7.00
Mexico	-	-	8.00-8.50	8.00	8.00-8.25	-
By sea						
Thailand	-	4.00	3.50-4.00	3.50-4.50	3.65-4.00	3.60-6.00

Mango



The trade context was difficult in May, as it had been in April. The large tonnages that arrived from Peru in the first third of the month were soon replaced by increasing shipments from Côte d'Ivoire, together with fruits from the other origins on the market (Burkina Faso, Mali, Guinea, Brazil, Guatemala, Costa Rica, etc.). Poor weather and the stepping up of sales of the season's fruits doubtless made mango increasingly difficult to sell. The price ranges broadened steadily, with the minimum falling.

The last containers from Peru weighed on an already over-supplied market at the beginning of the month. The strong decrease in shipments from Peru led supermarket chain purchase centres to switch definitively to supplies from Côte d'Ivoire. As a result, it was difficult to find takers for the last batches from Peru in spite of the attractive prices and still satisfactory quality. In fact, these goods weighed on transactions throughout the month until they were cleared completely. The sale of the last 'Amélie' mangoes from Côte d'Ivoire was also very difficult because of the dominance of 'Kent' in arrivals from Côte d'Ivoire. Distributors abandoned 'Amélie' and quickly transferred to 'Kent', a fruit better liked by consumers. Competition between Peruvian produce and 'Amélie' from Côte d'Ivoire continued in early May with competition between varieties from Côte d'Ivoire. It was all the more difficult to sell the last batches of 'Amélie' from West Africa as fruit quality deteriorated rapidly (softening and fungal

diseases). Supplies of 'Kent' from Côte d'Ivoire increased steadily reaching a fairly high rate at some 50 containers per week. To this were added arrivals from Mali and Burkina Faso totalling—with Côte d'Ivoire—60 to 80 containers per week. These plentiful supplies combined with waning demand or the focusing on increasingly present season's fruits led to the forming of stocks. Mangoes from Côte d'Ivoire consisted mainly of small sizes (9, 10 and 12) and sold slower than larger fruits. The proportion of 70% small fruits lasted for the first half of the month and then decreased gradually to about 50%. The price differences mentioned below take this size distribution into account, with small fruits selling at the lowest prices and large ones fetching more. Storage increased in the second half of the month as demand slowed, speeding up the deterioration of fruit quality. The market entered a period of slump once again, starting the cycle consisting of over-supply—storage—worsening quality—decreasing demand—poor sales—

fall in prices. Sales in other European countries were not large enough to counter the negative market trend. For example, exporters in Côte d'Ivoire with no Eurepgap certification did not have access to the German supermarket chains.

Like the sea mango market, the air mango market did not do well in May. Supplies were distinctly larger than French market capacity. There is little elasticity here as the other European countries sell only small amounts of mango shipped by air. Cumulated supplies from Côte d'Ivoire, Mali and, to a lesser degree, from Burkina Faso, saturated the market and led to the forming of stocks. In addition, uneven fruit quality and maturity also contributed to the downward movement and the broadening of price ranges. The air mango market reacted more rapidly because of the short transport times. The accumulation of produce had the same results as that of sea mango and some operators had to sell off their goods.

Mango — Weekly arrivals Estimates in tonnes				
	18	19	20	21
By air				
Mali	80	100	80	80
Burkina Faso	20	20	20	20
Côte d'Ivoire	100	100	60	50
By sea				
Peru	15	5	-	-
Brazil	50	50	50	55
Côte d'Ivoire	50	50	65	45
Burkina Faso	1	1	5	5
Mali	5	10	10	10

Mango — Import prices on the French market — Euros/kg

Weeks 2006		18	19	20	21	Average May 2006	Average May 2005
By air (kg)							
Burkina Faso	Kent	2.20-3.00	2.35-3.00	2.00-3.00	2.20-3.00	2.20-3.00	2.15-3.35
Mali	Amélie	2.00	-	1.80-2.10	1.80-2.10	1.85-2.05	2.15-2.40
Mali	Valencia	2.20-2.50	2.30-2.60	2.20-2.80	2.20-2.80	2.20-2.65	2.20-2.85
Mali	Kent	2.30-3.00	2.50-3.00	2.30-2.80	2.20-2.80	2.30-2.90	2.15-3.05
Côte d'Ivoire	Kent	3.00-3.80	3.00-3.50	2.50-3.50	2.50-3.00	2.75-3.45	3.95-4.45
By sea (box)							
Peru	Kent	2.50-3.50	2.50-4.00	2.00-2.50	-	2.30-3.30	-
Côte d'Ivoire	Kent	3.00-4.50	3.00-4.50	2.50-3.80	2.50-4.20	2.75-4.25	4.15-5.10
Burkina Faso	Kent	-	3.00-4.50	2.50-4.00	2.50-4.00	2.00-4.15	4.45-5.00
Mali	Kent/Keitt	-	-	-	2.50-4.00	2.50-4.00	3.50-3.80

Pineapple

MAY 2006

Pineapple — Import prices

Euros	Min	Max
By air (kg)		
Smooth Cayenne	1.70	1.90
Victoria	2.80	3.80
By sea (box)		
Smooth Cayenne	5.50	8.00
Sweet	5.00	8.50



The decrease in volumes that started in April continued in May. Less noticeable for 'Sweet' as quantities remained very large, it was considerable for 'Smooth Cayenne'. May was marked above all by a decrease in demand to the benefit of the season's fruits—with increased volumes and falling prices—marking the beginning of the quiet period for pineapple that should continue until at least the end of August. Although supplies of air pineapple continued to be limited, demand was steadier and more firm, allowing operators to make more fluid sales. The 'Victoria' market was seriously affected with the irregular quality of the fruits delivered.

Two fairly distinct periods were observed in pineapple sales in May. Supplies started to decrease, especially from the African origins, during the first half of the month. Sales remained fluid, helped by re-exports to the fairly dynamic southern markets. The supplies of 'Smooth Cayenne' were much more limited but sold well in spite of continued quality concerns related to lack of colour in the few batches available. Indeed, most of the 'Smooth Cayenne' fruits available displayed C1 or M1 colour. It is true that the quantities of 'Sweet' decreased during this period but this was not very noticeable on the markets as the volumes available were still large. The first two weeks of the month were both shortened by a day off. Fears that this would have a negative effect on sales were groundless. The market was more encumbered at the end of the

second week as a result of the decrease in demand for 'Sweet'. Both supply and demand continued to decrease during the last three weeks of May. The presence of ever-increasing volumes of the season's fruits available at low prices considerably hampered the sale of pineapples. The re-export markets that had hitherto maintained a degree of dynamism in the sector were now overloaded with the season's fruits and demand for pineapple had ceased. Prices fell, especially those of 'Sweet' which for a week sold on the same price basis as 'Smooth Cayenne'. The market was very tense at the end of the month; demand for 'Sweet' was small and prices low and it took 'Smooth Cayenne' with it into a downward movement. The market for this fruit became very difficult for both ends of the size range (A6 and C12).

The situation was fairly good as a whole throughout the month for the air pineapple market. Heavy rainfall in the producer countries seriously affected the volumes shipped to European markets. Supplies were limited and demand very strong except in the last week of the month. Operators hoped that prices would rise sharply but this did not happen. In contrast, sales were concluded at firmer prices even though the quality of the batches was far from perfect.

The market for 'Victoria' pineapple was hardly any better. Demand was weak throughout the month and quality left much to be desired, with fruits looking dull and greyish. Réunion had served as the reference for quality but now found it difficult to assemble uniform batches. This had a substantial impact on demand and, more particularly, on the origin.

Pineapple — Import prices on the French market — Main origins — Euros

Weeks 2006		18	19	20	21	22
		By air (kg)				
Smooth Cayenne	Benin	1.75-1.80	1.85	1.85-1.90	1.85	1.80-1.85
	Cameroon	1.70-1.80	1.70-1.80	1.80-1.90	1.75-1.85	1.75-1.85
	Côte d'Ivoire	1.75-1.80	1.75-1.85	1.85	1.75-1.80	1.80-1.85
	Ghana	1.70-1.80	1.85	1.80-1.85	1.75-1.85	1.70-1.80
Victoria	Côte d'Ivoire	2.80	3.50	2.80-3.00	2.80-3.00	2.80-3.00
	Ghana	2.80-3.00	3.50	2.80-3.00	2.80-3.00	2.80-3.00
	Réunion	3.50-3.80	3.50-3.80	3.50-3.80	3.50-3.80	3.50-3.80
	Mauritius	3.30-3.40	3.40-3.50	-	-	-
		By sea (box)				
Smooth Cayenne	Côte d'Ivoire	6.00-8.00	6.00-8.00	6.00-8.00	5.50-8.00	5.50-7.50
	Ghana	7.00-7.50	7.00-7.50	7.00-7.50	-	-
Sweet	Côte d'Ivoire	7.50-8.50	7.50-8.50	7.50-8.50	7.50-8.00	5.50-8.00
	Cameroon	7.50-8.50	7.50-8.50	7.50-8.50	7.50-8.00	5.50-8.00
	Ghana	7.50-8.50	7.50-8.50	7.50-8.50	7.50-8.00	5.00-7.00
	Costa Rica	6.50-8.00	6.50-8.00	7.50-8.50	7.50-8.00	6.50-7.50

Sea freight



The foundation for the resurgence of the reefer sector in the past three years has been the performance of the Spot market in the second quarter of the year. Although with the exception of 2006 Q1 Time Charter Equivalent (TCE) values have been successively higher each year since 2001 it has been the second peak in May that has provided the biggest difference in annual average returns. So what happened this year? Why should the May Spot market have returned so much less compared to the 2003-2005 period? What, if any, are the implications?

Before everyone points to bunkers at US\$330 per tonne for 380cSt, it is worth remembering that high bunkers were also a feature of the Q1 peak. However the speed of the decline from the Q1 peak left owners and operators contemplating May values not witnessed since 2001 and 2002, from which incidentally the market only recovered in mid January the following year, in both cases. Although the Q2 recovery in 2003 was assisted by 40 or so vessels in lay up, the 2004 and 2005 May peaks saw the fleet fully employed. Has there really been so much less reefer cargo shipped this year? And if not, has so much fruit really disappeared into reefer boxes? While it is certainly true that less seasonal fruit, poultry and beef was

shipped and that reefer boxes have grabbed a larger share of the trade, there wasn't a dramatic difference in mainstay banana volumes. While it is true that high bunkers perhaps took as much as 20-25c/cbft off the May average compared to last year it was arguably more worrying that the Open List stayed comfortably in double figures for the whole of the month.

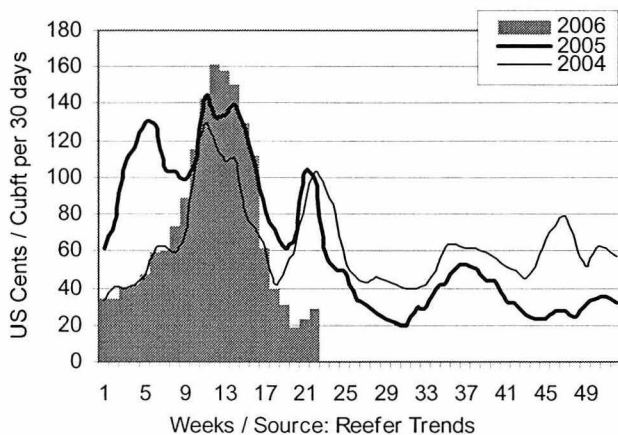
The other factor that had a negative impact on the Spot market in general has been the absence of Russian Spot cargoes. With requirements into St Petersburg or Novorossiysk now covered either by own tonnage or independent Baltic operators, Russian Spot chartering activity has been significantly reduced. It is also worth noting that the majority of

the vessels servicing the Baltic trades would otherwise have been prime candidates for retirement for the duration. Will the market recover? Current estimates suggest 20 vessels may disappear from the market into lay up, as owners of vintage tonnage are not prepared to gamble in such a high bunker environment. With weather affecting citrus production in South Africa, oversupplied markets delaying lemon shipments from Argentina, aggressively competitive box rates and a hurricane season forecast to be as strong as last year, budgeting on a worst-case scenario would seem wise. Whether this will be enough to tip the balance of the market in favour of the owners remains to be seen.

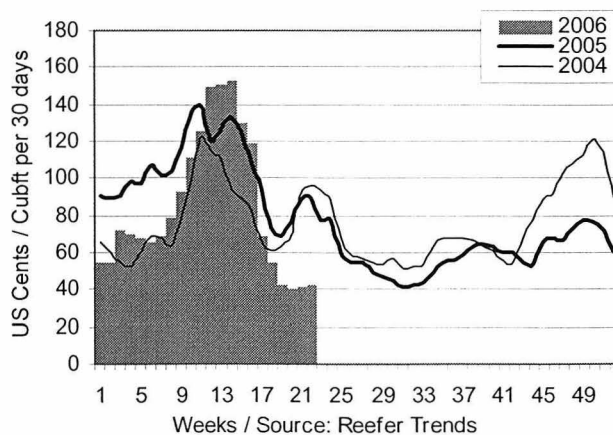
MAY 2006	Monthly spot averages		
	US\$cents cubic foot x 30 days	Large reefers	Small reefers
	May 2006	28	45
	May 2005	76	77
	May 2004	79	78

Weekly market movement

Large reefers (450 000 cuft)



Small reefers (330 000 cuft)



Web: www.reeferevents.com
 Tel: +44 (0) 1494 875550
 Email: info@reeferevents.com

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