

Processed pineapple: a depressed market

by Denis Loeillet, from Cydope 2017

The processed pineapple segment has scarcely anything in common with the fresh pineapple market, but is relatively depressed. After reaching 5 million tonnes in 2011, it has dropped by 10 % to stabilize at around 4.5 million tonnes. Asia drives sales in this respect, with Thailand as the country of reference. The health of its productive and processing sector sets the tone for all the other sectors. After all, Thailand is not the only producing country. We also have the Philippines, Indonesia and even Vietnam, within the Asian sphere. Africa also takes a share of the global market thanks to Kenya, South Africa and Swaziland. We must remember, too, that Costa Rica, the global market leader for fresh pineapple, is also an important player on the plain juice and concentrated markets.

The Smooth Cayenne variety is fundamental to global pineapple supplies (as much in regard to juice as to the canned form of the fruit), except for Costa Rica, which produces MD-2. Two-thirds of exported pineapples in the world are processed. This represents a market, in fresh-fruit equivalent, of 4.6 million tonnes (the outcome for 2015). Single-strength juice, concentrated juice, and canned pineapple are available. Although pineapple slices represent the prime canned product, nothing is lost during processing. In fact, more or less large pieces (part-slices, diced pieces, chunks, and so on) also have a market. Our estimates would seem to show that juice outdoes the canned pineapple market in volume terms: 58 % for juice and 42 % for the canned fruit. The opposite is true in value terms. Pineapple juice is considered to be a by-product of the canned industry. In the juice segment, the Philippines is the leader, ahead of Thailand and Costa Rica. In the canned segment, Thailand is the leader, ahead of the Philippines and Indonesia. 89 % of the global supply is concentrated in these three countries. The crumbs, as it were, come from Kenya, Vietnam and China. With regard to all processed products combined, Thailand, Philippines and Indonesia provide 69 % of global processed-pineapple requirements.

The climate problems suffered by these three Asian providers shape the development of global prices. Price volatility depends on a gamut of factors: expectations, true-false rumours and uncertainties regarding stocks, acreages devoted to pineapple, production levels, the share of production directed to processing, fruit quality (more or less sweet), the El Niño effect, and so on. The market has been extremely stretched since 2014, as is evident from the soaring price of canned pineapple between April 2014 and the end of 2015, when it rose from 13 to 24 USD/carton fob Bangkok for the 'pieces'

category, and from 15.5 to 20 USD for the 'sliced' category.

Since then (the end of 2015), prices have stayed at these historic high levels. The advances in the price of 60°Brix concentrated pineapple have been even more outrageous, for it all but quadrupled between the beginning of 2013 and the end of 2015, and rose from 1 000 to 3 700 USD/tonne of Europe. At the beginning of 2017, the direction was blatantly downwards, for in one year it had lost some 1 200 USD to return to 2 500 USD. Of course this is still a particularly high price, which could scarcely encourage any rise in demand. Juice manufacturers are adapting their recipes to incorporate other juices, such as apple, which is a record breaker, but with descending prices (less than 1 000 USD/tonne EXW Poland). Yet juice producers still find the situation to be highly problematic, since orange juice has also reached an all-time high (3 500 USD/tonne of Europe). The Thai authorities tried to calm this development by reducing the maximum nitrate limits in juices (25 to 50 ppm). This certainly meant some additional volumes of juice and of canned fruit prohibited for sale, but the direct result has been a certain disquiet among customers. The discount for these 'non-compliant' juices is between 800 and 1 000 USD/tonne.

As usual on this market, it is difficult to predict when things will return to normal. The price paid to Thai pineapple producers for fruit intended for canning is an early indicator of a normalized supply. At the beginning of 2017, it was down at slightly over 8 THB/kg, as against 13 in May 2016. Accordingly, some commentators forecast a (probably slow) return to normal between now and the end of 2017. Here as elsewhere, the weather will decide the outcome.

Pineapple - Thailand - Concentrate world price

(60°Brix, cfr Rotterdam / in USD per tonne / source: Agra-net)

