Pineapple market in Europe and the USA

A new record in 2018?

Growth in pineapple consumption was confirmed, on both the European and US markets. After 2017 which was a record year in terms of worldwide supply, 2018 is set to be even better. Nonetheless, the fall in import prices since mid-2017 seems to be continuing, and could hinder the dynamic.

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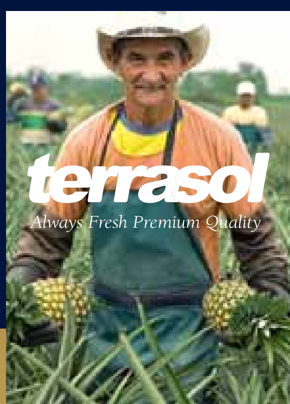
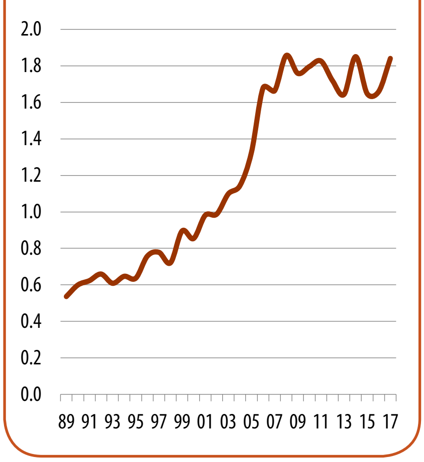


New European record

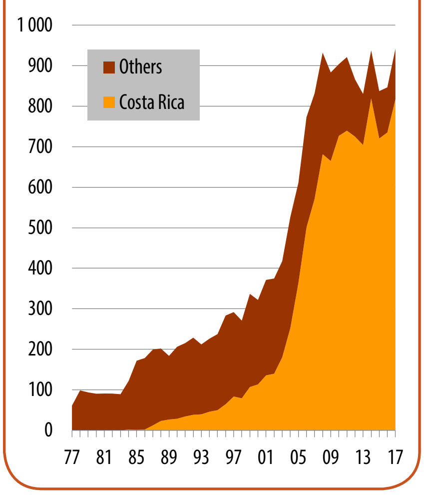
As the Customs statistics confirm, 2017 marked a new historic record for pineapple imports onto the European market: 942 000 tonnes, i.e. 11 % growth on 2016 and 4 000 tonnes more than the previous record from 2014. Such quantities are in excess of our already optimistic projections (see FruiTrop 252, October 2017). With 1.84 kg per capita, Europe would regain an apparent consumption very similar to 2014, which was 1.85 kg.

Costa Rica, the number one supplier to the European market with a stable market share of 90 %, rose to fuel this growth, after the fall in volumes in 2015 and 2016 following climate and economic profitability problems (low returns explained partially by the fluctuation in the euro/dollar exchange rate). Nearly 817 000 tonnes were imported from this origin in 2017, a level slightly below the historic record of 2014. The growth is also attributable to other market suppliers, such as Ecuador which consolidated its place as the number two supplier to the European market since 2015 and registered 24 % growth from the previous year, thereby exceeding 40 000 tonnes. Meanwhile the African origins regained better performances, especially Côte d'Ivoire, which after years of freefall, seems to be taking an upturn, back to similar levels to 2011.

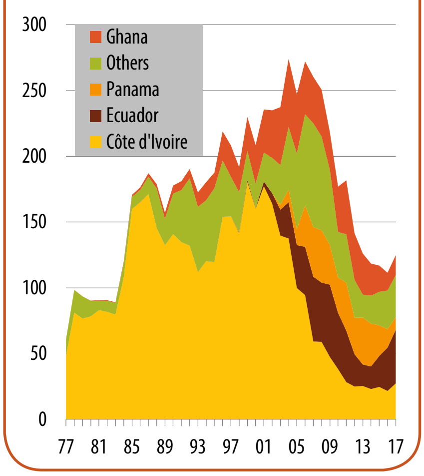
Fresh pineapple - EU - Consumption
Including EU enlargements
(in kg per capita / source: Eurostat)



Fresh pineapple - EU - Imports
(in 000 tonnes / source: Eurostat)



Fresh pineapple - EU
Imports excluding Costa Rica
(in 000 tonnes / source: Eurostat)

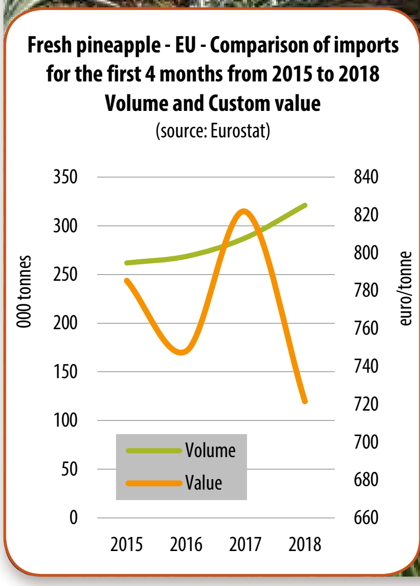


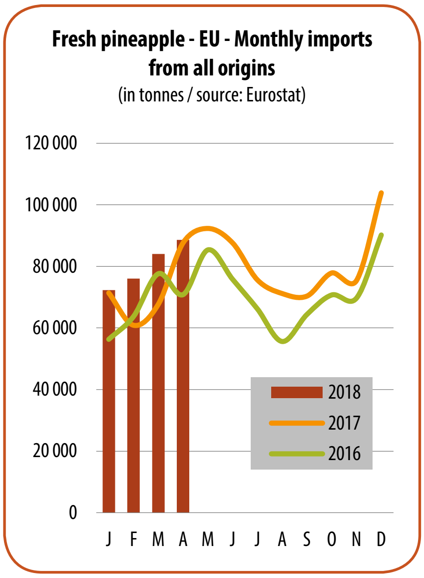
Price stability? Watch out for fake news!

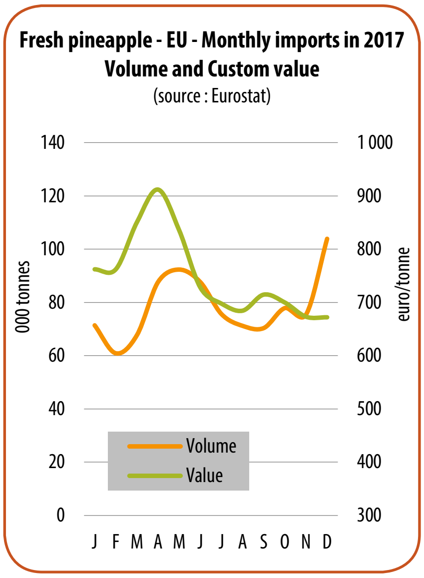
So it was predictable that this colossal supply would cause a drop in prices after their record level in 2015. Nonetheless, the fall seems less steep than we might have believed. The unit import values published by Eurostat for 2017 showed an average of 750 euros/tonne for all origins, a practically stable level from 2016 and just 2 % below the 2015 record (767 euros/t). This was a remarkable performance given the weight of the supply. The monthly analysis of the Customs value reveals the great inter-annual variability, with a 2017 first half when prices were still high at above 800 euros/tonne, followed by a second half when rates collapsed to below the 700 euros/tonne mark.

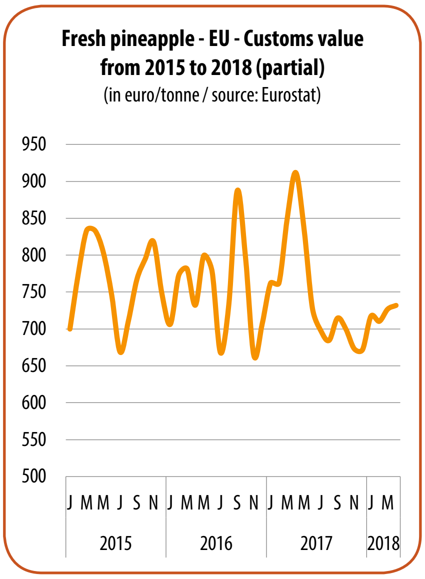
The trend continued in early 2018. Although Customs prices over the first four months of 2018 climbed to above 700 euros/tonne – a better result than the very difficult one from late 2017 – the start seems to have been one of the worst for the last four years. This did not augur well for the rest of 2018, the second half being even less lucrative than the first.

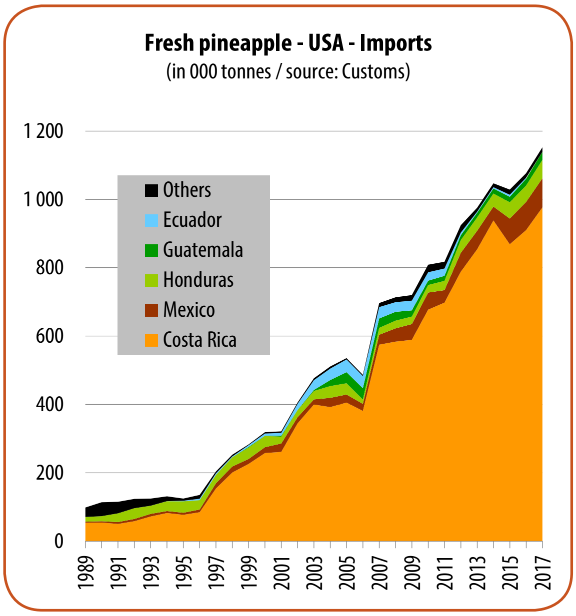
The supply actually continued to rise, with cumulative import values over the first four months of the year 12 % higher than for the same period in 2017. Costa Rica continued its breakthrough, with 14 % growth from last year. Conversely, unlike in 2017, growth from the number two European supplier, Ecuador, reached a standstill. Imports from this origin were down by 8 % over the period, probably because of the colder temperatures due to the La Niña phenomenon at the beginning of the year. A special mention goes to Colombia, asserting itself on the European market with a rise of 17 %.

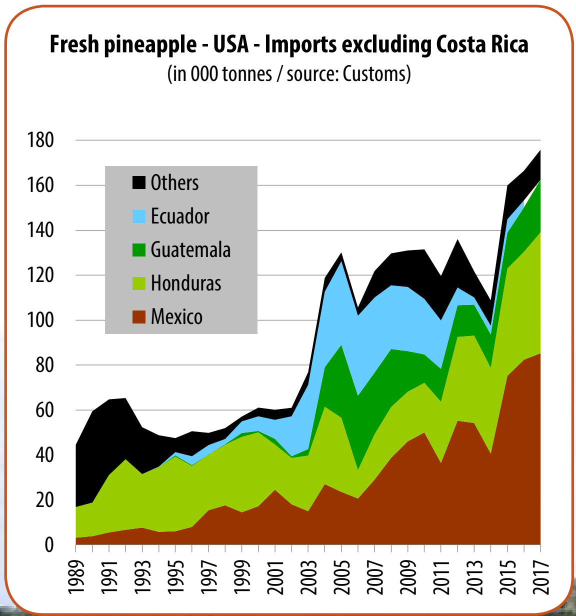










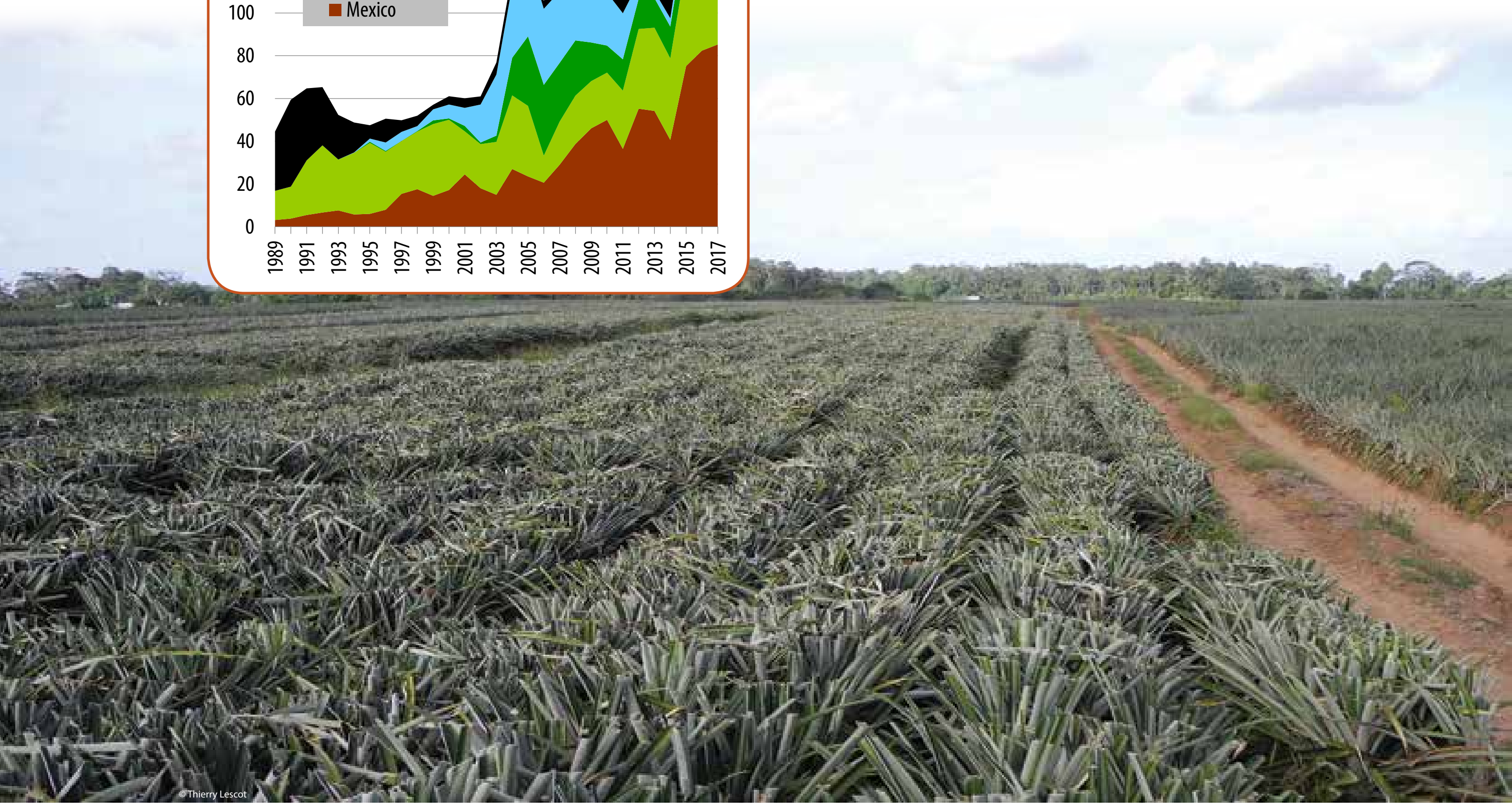


And in the USA: yes we can?

Supply records are also being observed on the other side of the Atlantic, where imports exceeded 1.1 million tonnes in 2017. There all the origins without exception registered positive performances. Costa Rica rose (910 000 tonnes), yet did not bear its 2014 record (938 000 t). The other suppliers also saw a surge. This was particularly true for Mexico, which exceeded 85 000 tonnes, and above all the Central American origins, Honduras and Guatemala, which exhibited fine vitality, with growth of 12 % and 18 % respectively from 2016.

This trend continued and indeed intensified in early 2018. Over the first four months of the year, imports increased by 9 % from the same period of 2017. This represented an even more dynamic growth rate than in 2016 and 2017 (+ 7 %), despite the steep downturn by Mexico (- 36 %), with a winter cold spell causing a production slowdown in early 2018. So growth for the period was driven by the highly dynamic Costa Rica, Guatemala and Honduras.

However, as on the European market, the price drop which had started in 2016 intensified in early 2018, with an average of 534 USD/tonne. We need to go back to 2005 to find such low Customs values on the US market.



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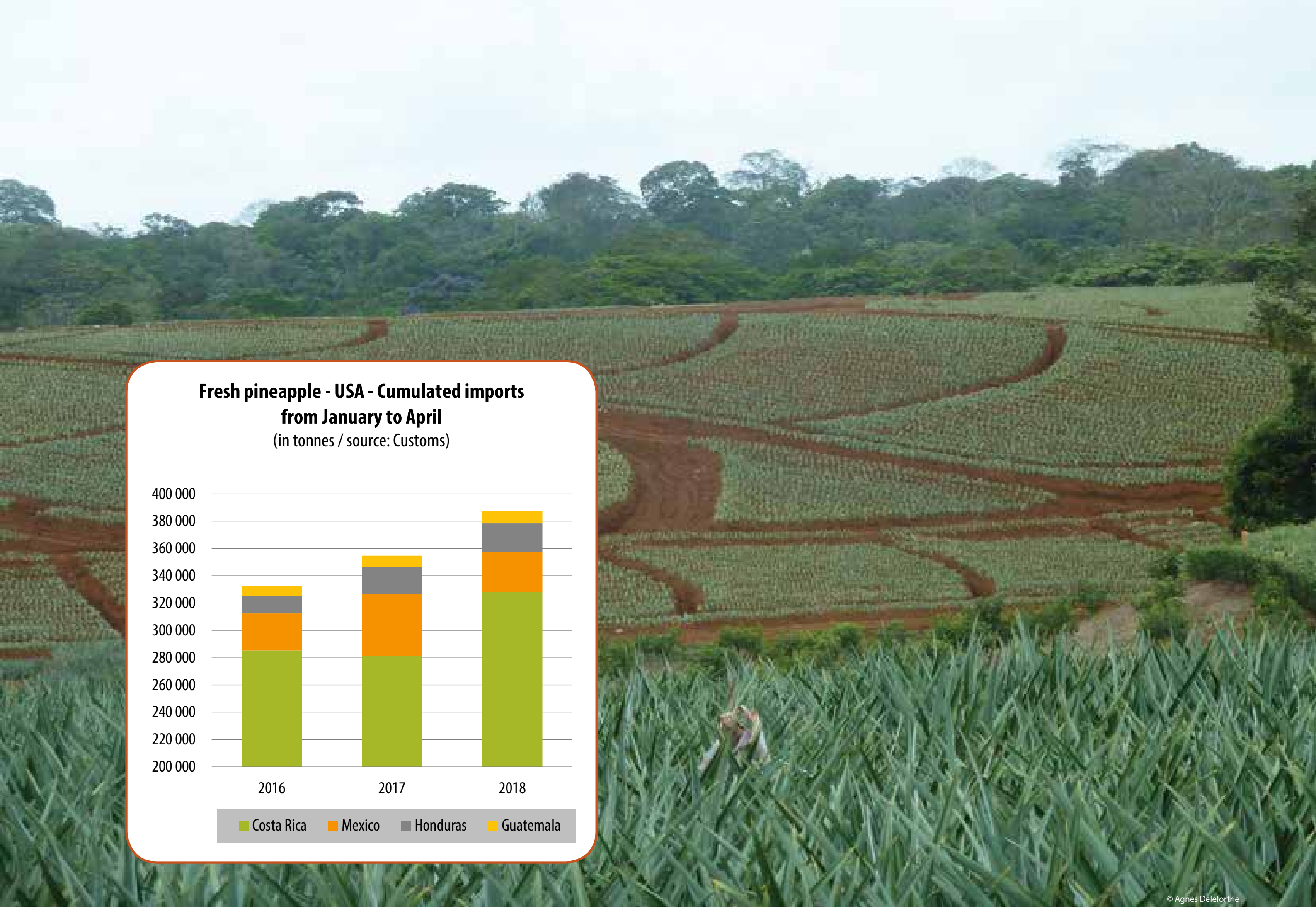
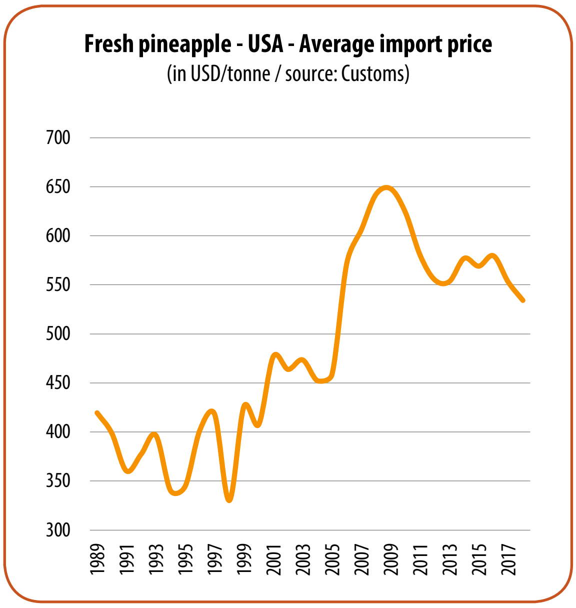


Whereas Costa Rica did not surpass its 2014 performance, the US and European Union markets beat absolute supply records. So their growth was fuelled by the increase from the other market suppliers. It is hard to say how 2018 will end. Production is set to beat new records, given the production growth by the world number one, Costa Rica. According to the Costa Rican Agriculture Ministry (MAG), there were 44 500 ha of pineapple in production in 2017, as opposed to 40 000 in 2015 and 2016. Bearing in mind that the weather remained set fair, the good dynamic in exports from the world number one MD2 supplier might not end in 2018. On the Mexican side, growth in the sector is also booming. SAGARPA estimates the 2018 export potential at around 100 000 tonnes. Given the rather short start to the year (cold), Mexican volumes had not yet reached their peak. Hence while the EU and USA might set a new record in terms of supply in 2018, the markets seem to have been caught again in the vicious spiral of destruction of value. Growth there may be, yet at what price? ■



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