Avocado

Winter 2019-2020 European market review

Mexico confounds the forecasts!

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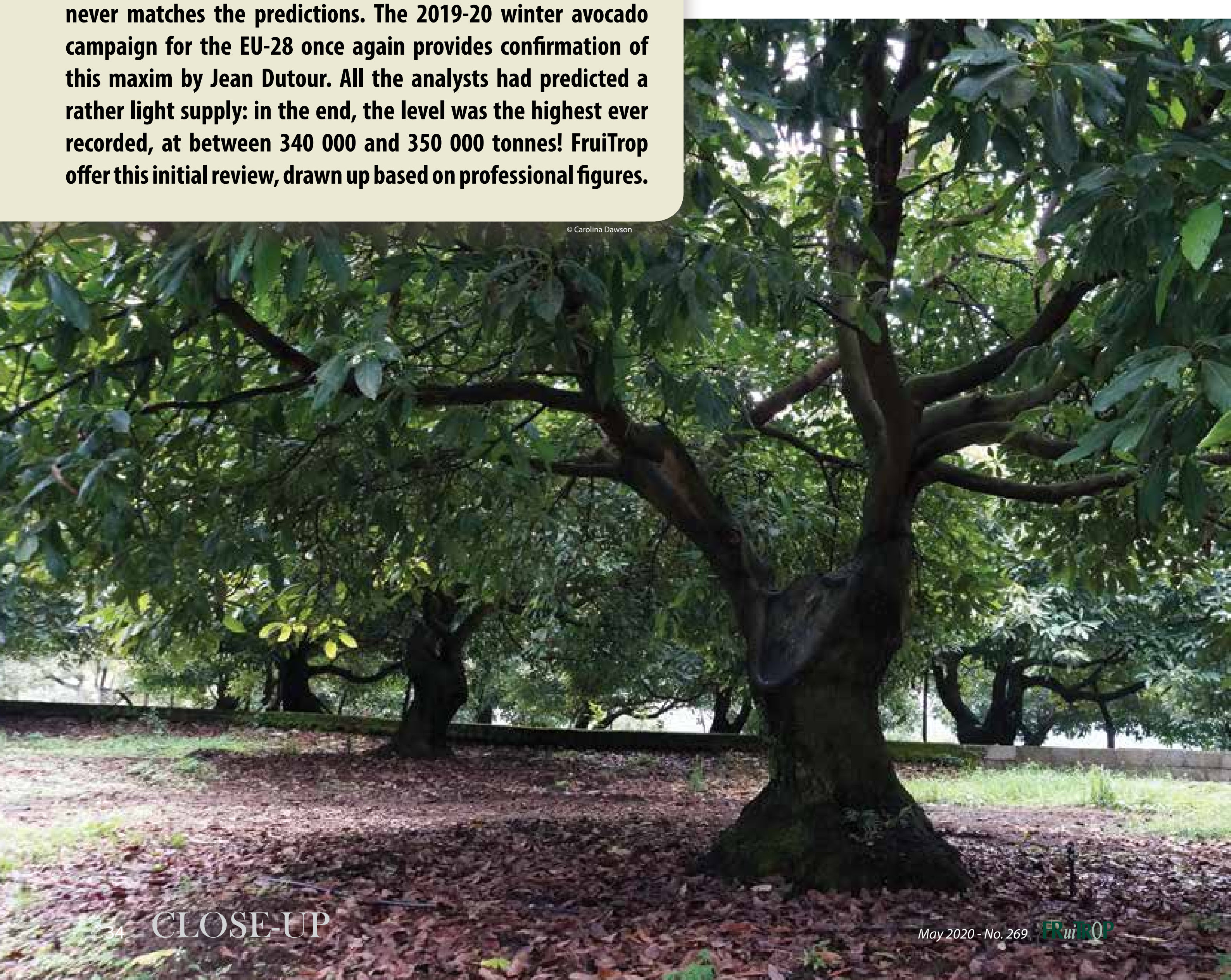
The only thing we can be sure of about the future, is that it never matches the predictions. The 2019-20 winter avocado campaign for the EU-28 once again provides confirmation of this maxim by Jean Dutour. All the analysts had predicted a rather light supply: in the end, the level was the highest ever recorded, at between 340 000 and 350 000 tonnes! FruiTrop offer this initial review, drawn up based on professional figures.



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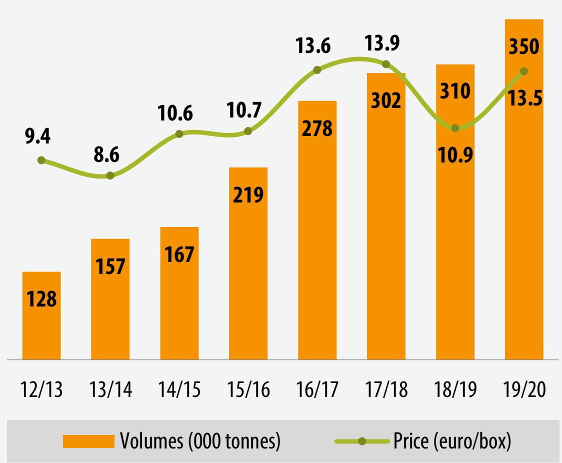
Mediterranean on the ebb, as predicted

It was not the Mediterranean suppliers which were behind the shock. With the alternate bearing phenomenon, after a record 2018-19 season, Israeli exports were down as predicted. The fall, which should be within a range of 25 to 30 % from the previous season, was more marked for the green varieties than for Hass (- 30 % as opposed to approximately - 20 %). The end of the campaign came early, with shipments into Europe subsiding from week 14. Similarly, the Spanish supply was down, probably by approximately 10 to 15 %. The incoming shipments peak was earlier than usual (February/March). Finally, the expected rise in Moroccan volumes did come to pass, after a very light 2018-19 season. It seems to have been much more abundant than predicted, with shipments to the European market potentially even smashing the 2017-18 record.

Avocado - EU-28 - Supply from main origins and average import price during winter season
(sources: Customs, CIRAD)



Colombian boom confirmed

The Colombian campaign promised to set a new record, and it did not disappoint! Its steady rise in exports to the EU-28 continued, with incoming shipments probably culminating at a level close to 50 000 t – reckoning on very limited fruit exports from the second flowering in May/June, due to the market context. An unknown back in 2014-15, this origin has in the space of just five seasons hoisted itself up to the number three supplier to the winter market, and has not finished growing. There was a major boom in volumes in early 2020, especially in February. While Europe was well supplied, shipments to the USA remained very sparse, with barely more than 500 t between September 2019 and February 2020, the last month for which US Customs data are available.

Chile beats the forecasts... to Europe

The Chilean production shortfall led to thoughts of a fall in shipments to the EU-28. Professional figures show that in the end they rose, to reach a historic figure of between 95 000 and 100 000 t. While the production shortfall did come to pass, shipments were more concentrated than predicted to the Old Continent. The European market proved highly favourable at the start of the season, while the USA proved highly competitive during the September/October period, now Chile's main trading window on that side of the Atlantic. Shipments to other markets saw little change, with a slight rise to South America, and a slight downturn to Asia.

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Mexican supply boom from October to December

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It was Mexico which created the shock, confounding the predictions. Shipments from the world's number one Hass exporter should probably approach 70 000 t, a figure up by nearly 50 % from 2018-19. They came crashing down onto the EC market from September to December, with volumes two or three times bigger than the previous season. Mexican shipments even exceeded 15 000 t in October and November, according to Customs! This rise should be attributed to Jalisco and Michoacán, which both contributed approximately 50 % to these shipments.

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Near-record prices, but...

What about prices in this ultimately heavily-laden market context? Our flagship indicator, based on sizes 16, 18 and 20, points to an excellent performance closing in on the 2017-18 historic record, with just over 13.5 euros/box. Nonetheless, this brilliant result should be put into perspective. On the one hand, this season's rollercoaster ride gave the operators cold sweats. The price smoothing trend over previous seasons struggled with the big leaps in volumes. By way of example, the market went from a historic – or hysterical – 18 euros per box in late October to less than 10 euros in late November. On the other hand, the picture was much less bright for small fruit. Again by way of example, the average price dropped below 7 euros for size 22 and 24 from mid-December to mid-January: a major black spot for Chile and Colombia, both with small-sized Hass in abundance this season. Finally, something we should remember for coming seasons, this winter campaign took advantage of the paucity of the supply during the summer season. The early end to incoming Peruvian and South African shipments helped the winter origins to take advantage of an additional trading month (starting in mid-September instead of mid-October). Hence the operators benefitted from a period of seven-and-a-half months instead of six-and-a-half months to market these large volumes (i.e. a 15 % wider trading window). This will now be an exceptional scenario in the coming years. If you need convincing, you need only read the article setting out the projected production for the Southern Hemisphere, later in this edition ■

Avocado – European Union – Imports from main winter season origins

in tonnes	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20*
Chile	41 074	62 968	42 797	78 244	90 138	92 467	87 571	96 000
Mexico	9 085	6 293	12 918	45 593	36 884	60 993	47 561	70 000
Colombia	486	1 142	3 740	11 189	24 024	29 752	38 123	61 000
Spain	38 500	36 700	50 600	37 700	55 200	48 600	57 000	50 000
Israel	35 175	42 844	46 086	34 995	56 600	41 567	60 101	43 000
Morocco	840	4 766	7 798	7 115	9 552	21 746	11 237	20 000
Dom. Rep.	2 503	1 810	3 034	4 445	5 527	7 345	8 657	10 000
Total	**127 663**	**156 523**	**166 973**	**219 281**	**277 925**	**302 470**	**310 250**	**350 000**

* Estimate | Source: Eurostat



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