

July 2022

Fruits & Vegetables

2022 Q2 Recap

North America



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Part. I

Quarterly Issues

Weather

- Droughts in large potato-producing US states such as Colorado and Idaho continue to decrease production by about 9% this year. The forecast for this year's production has been reduced to a further 8% YoY.
- Early-season spell of hot and dry weather has promoted an acceleration of crops like watermelon, melon, and cucurbits in the US Southern Plains and the Great Lakes region.
- Tornadoes and hurricane Agatha across the Mexican Atlantic Coast have affected banana and citrus plantations in Oaxaca state.

Trade Regulation

- Increasing trends in US Fruit Imports from Mexico, Peru, and Chile is increasing US prices. In 2021, US imports of fresh fruits reached USD 22.23 billion for a 15% YoY increase. Table grapes, blueberries, avocados, strawberries, mangoes, watermelons, and blackberries, are all products in which the US has significantly increased imports.
- The US has been granted access to export potatoes beyond the 26 km border zone. The estimated market potential is USD 250million per year.

Price Trends

- Melon and watermelon production in Central America faces severe challenges due to the skyrocketing costs of production inputs and logistics fees. Guatemalan melon prices have seen a 95% YoY increase, while Hondurans have seen a 52% YoY increase.
- Banana producers in the Veracruz Mexican state, are facing a serious marketing crisis as they are seeing historically low prices. With the price of fertilizers increasing by 200 to 300% YoY, production costs range between USD 2.50 and 3.00 pesos per kilo, and the product is sold on the market for USD 0.80 cents.
- Prices of Mexican table grapes have started the 2021/22 season with a 58% YoY increase for Seedless varieties and 17% for Red Globe. The increase is due to rising input and packing costs and also the early arrival in the US market.
- Increasing imports of Mexican broccoli have led to lower US prices. On Apr-22, the upward trend of the price of broccoli took a sudden 40% WoW decrease and remained on a downward trend.
- As the Mexican tomato export season is winding down, US tomato supply transitions to domestic production supporting volatile prices in the market. The price for Bola and Roma varieties had a 28.5% MoM increase in Apr-22, while the price for cherry tomatoes had a -12% YoY decrease.
- Bell Pepper Prices in the US spiked in May-22 to an 84% MoM increase in W3 of May-22 and a 38% YoY increase. Volatile prices are due to a high US demand and a strong dependency on Mexican bell pepper while US supply is still not in the market.

Part. II

Quarterly Summary

II.I Fruits

- Avocado
- Watermelon
- Strawberry

II.II Veggies

- Tomato
- Asparagus
- Bell Pepper
- Broccoli

Avocado

Mexico

Due to the tree recovery season, Mexican avocado production for MY 2021/22 is still forecasted at an 8% low. In May-22, avocado prices in Mexico reached a historical high with a 19% MoM increase from Apr-22 due to higher fertilizer costs and supply chain disruptions have continued to affect the fruit. Economic inflation in the country has also kept affecting the price. However, in Jun-22, prices have started to stabilize as decreases have started to register in Michoacan. Mexican avocado exports are estimated to have an 8% to 10% YoY growth in volume in 2022 despite the decrease in production, driven by a continuous increase in demand in the US.

Peru

June marks the start of larger volumes of Hass avocado from Peru to the US. For 2022, Peruvian exports to the US project growth in the volume of up to 25% YoY, while a 14.3% YoY growth is expected globally reaching 515 thousand mt. However, the expected growth has been overshadowed by high shipping rates. Peruvian avocado exporters are facing a 100% YoY increase in the cost of shipping rates.

Kenya

As of 1 June-22, Kenya had finally gained market access to China for fresh avocado exports after meeting the stipulated phytosanitary protocols. China is expected to import 40% of Kenya's avocados, which would make China the largest international market for Kenyan avocados. However, China is not currently in a position to absorb 40% of the Kenyan avocado production, which totaled 129 thousand mt in 2021, as it only imported 36.8 thousand mt of avocados in 2021 primarily from Peru, Mexico, and Chile.

Ecuador

On the 30th of May-22, Ecuadorian avocados of all varieties secured access to the US market. The approval comes amid pressure from the US industry to increase the number of foreign avocado-supplying countries available to the US. For Ecuador, US market access could lead to a significant increase in avocado production by considerably expanding their planting area.

Colombia

Over the course of the last decade, Colombia's avocado production and exports have grown rapidly. In 2021, Colombia exported 2.3 thousand mt of avocados to the US; the country plans to increase export volumes by 30% this year. Colombia is emerging as the world's third-largest producer of avocados, after Mexico and the Dominican Republic.

Chile: Price Entry of Fresh Avocado from Chile in Chile / Mexico: Price Entry of Fresh Avocado from Mexico in Mexico / Peru: Price Entry of Fresh Avocado in Peru

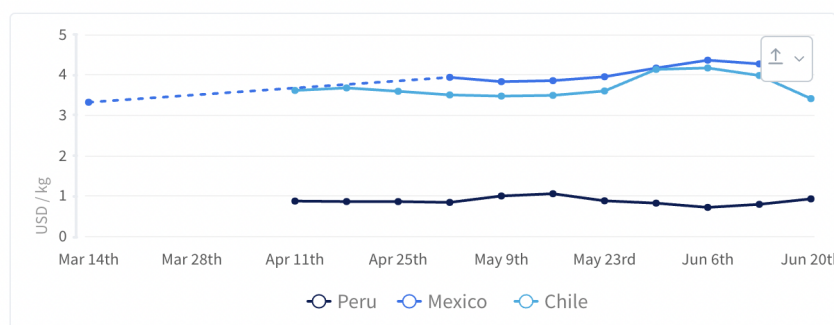


Figure 1.
Source: Tridge

Outlook

Prices of all avocado origins have increased this year and for Q2 all origins have had a significant YoY increase in price. It is expected that starting from Jun-22, Mexican avocados prices will slightly increase due to larger supplies from the pick harvest season. However, increasing cost of fertilizers and the country's continued inflation will keep prices in high levels. The US is increasing the number of foreign avocado-supplying countries in order to curb prices. However, Peru, Colombia, Chile and now Ecuador will be able to ship to the US until August when their harvest season kicks off.

Watermelon

Mexico

Mexican watermelon prices are going down because some important areas from Sonora and Sinaloa keep sending products to Nogales, Arizona, and McAllen, Texas while domestic production is already on the market. The price of seedless Mexican watermelon in the US has plummeted to 64% YoY. Additionally, production in Mexico has been substantially impacted due to the increasing cost of agricultural inputs, particularly from fertilizers, which have registered a 130% YoY increase in some producing areas.

Spain

The high prices of the Spanish watermelon mark the beginning of the 2022 campaign. A 40.26% YoY increase in the price of fresh watermelon shows a solid start to this season. The watermelon season in Spain has started and will last until mid-September. The first watermelons that reached the market in W2 of April 2022 got a price of USD 1.54/kg. In addition, heavy rain affected farmers in Spain, especially in the Murcia region, which caused a lack of supply before the Easter holidays. Combined with the higher input cost of production, prices are estimated to remain high.

Central America

Watermelon production in Guatemala, Honduras, and Costa Rica face severe challenges due to skyrocketing costs of production and logistics fees. In Honduras, high production costs have led to a decline in production in favor of more profitable crops. In Guatemala, the export price of watermelon registered a 23% YoY increase, and Costa Rica has reduced its watermelon planting area. Additionally to the increase in input, freight brokers in Central America have reported a demand increase of up to 95% for contracts in Q2-22.

United States

The price of seedless Mexican watermelon in the US has plummeted to a 64% YoY due to the oversupply of Mexican products at the border and the arrival of strong supplies of seedless watermelon in South Florida, South Carolina, and North Carolina that have started to arrive on the market. For the 2022 campaign, which just started in June, high production volumes are expected from the main producing regions. Therefore, watermelon prices for non-US origins have plummeted considerably after remaining high since the beginning of the year.

Mexican Origin Watermelon in the US Price Trend



Figure 2.
Source: Tridge

Outlook

US watermelon imports have skyrocketed in recent years due to the continuous increase in demand particularly in the summertime. However, unlike many other crops, where the US is highly dependent on imports, domestic production will still control the watermelon market as its domestic production has been growing. Therefore, prices in the US are estimated to remain stable all through the season, which causes important concern for Mexican and Central American suppliers as their production cost has kept increasing considerably.

Strawberry

Spain

Unstable weather has influenced Spanish strawberry prices. The wholesale price of fresh strawberries in Spain plummeted by 33.89% YoY to USD 2.16/kg in W2 of April 2022 when the previous year was at USD 3.27/kg. The decrease was due to heavy rain and frost that negatively affected the open field production, causing the lower quality of fresh strawberries, which contributed to the price decrease. With better weather and high demand from Germany and France, prices are expected to increase.

Greece

Strawberry exports from Greece decreased in the first semester of 2022 after a successful 2021. In 2021, exports had a 40% YoY increase reaching USD 136.13 million. However, for 2022, exports have declined by 22% YoY for the first six months of the year. The decrease is due to lower yields expected for this year at about 30% due to low winter temperatures that have led to low-quality strawberry seedlings. Furthermore, rising costs in production have also supported less export volume.

Mexico

Exports this season have reached nearly 50 million boxes, representing around 13 thousand mt, a 28% increase compared to the previous season. As of week 19, strawberry shipments continue to cross the border with production from Baja California in high demand while the season in central Mexico is over. The adoption of protected agriculture in berries has impacted the production yield in Mexico very positively and has made possible a more extended season that used to finish by May.

United States

US Strawberry prices have improved after periods of disruptions thanks to the production and shipment back to normal again after heavy snow and recent road blocking storms delayed the shipping. The wholesale price of US strawberry fell by -58% MoM to USD 3.75/kg in W3 Mar-22. The price then has recovered due to heavy supplies out of California starting May-22, which have contributed to generally greater volumes of strawberries compared to last year with good size and quality reported which have supported the price.

Price Trend of Spanish Strawberry

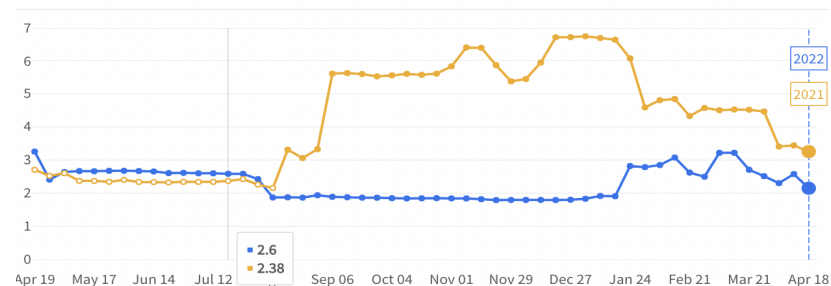


Figure 3.
Source: Tridge

PRICE ENTRY	APR W4, 2022		APR W4, 2021	% OF YOY PRICE CHANGE
Fresh Strawberry / Fortuna	\$≈ 2.16		\$≈ 3.27	≈
Spain (Catalonia) / Wholesale	USD / kg, Apr		USD / kg, Apr	-33.89%

Outlook

Larger supplies of strawberries are expected in South Africa and North America as the weather heats up, along with strong demand in the European Union with the arrival of the summer. The market is expected to be filled with larger volumes from the Netherlands, Belgium, Germany, and the United Kingdom due to the excellent weather that has led to an abundant domestic supply. Greece and Spain are therefore expected to have further decreases in their exports due to their damaged harvest.

Tomato

United States

Mexican tomato supply transition supports volatile prices in the US market. As the Mexican tomato export season is winding down, US tomato supply transitions to domestic production supporting volatile prices in the market. The price for Bola and Roma varieties had a 28.5% MoM increase in Apr-22, while the price for cherry tomatoes had a -12% YoY decrease, as high production volumes are reported in Florida. The US produces both of these varieties in Florida. US supplies of these tomatoes, however, are still highly dependent on Mexico's tomato production.

Canada

Prices of Canadian tomatoes continue to fall due to an oversupply in the market. The price of tomatoes in the Canadian wholesale market has shown an 18% MoM decline and 25% YoY. Production of tomatoes in Canada is at its prime, making prices go down because of a saturated market. At the same time, the greenhouse Canadian tomato has registered a 25% YoY decrease by My-22. Additionally, the main harvest area in Mexico for tomatoes is Sonora, Sinaloa, and Baja California are still sending tomatoes to Canada, making it even harder for prices to go up.

Turkey

Tomato prices in Turkey are on the rise due to lower supply and high production costs. Vine tomato prices in Turkey have increased by +69.11% YoY to USD 0.23/kg in W23 2022. High production costs led Turkish tomato producers to be unable to plant enough tomatoes, which led to a tight supply and allowed the price to hike up. The production cost reported in 2021 reached TRY 0.30/kg (USD 0.018/kg) and is expected to increase to TRY 1.5/kg (0.091/kg) in 2022.

Morocco

Morocco continues to gain market share in the UK import of fresh tomatoes. Exports to the UK increased by 24.98% YoY to 110.8 thousand mt which placed Morocco as the second-largest tomato supplier to the UK. Induced by Brexit, extra regulations, customs controls, and taxes have influenced imports from the EU into the UK with a clear trend for non-European product preference.

United Kingdom

British tomatoes have also been affected by increasing production costs. Price increased by +59.4% YoY to USD 3.45/kg in W2-Apr 2022. High input costs such as energy prices made the price increase in April 2022, as the cost of running greenhouses in the UK has risen a great deal.

Price Trend of UK Tomato Price



Figure 5.
Source: Tridge

Outlook

Due to higher production costs in Spain and the Netherlands, more non-European supply is expected in the EU market mainly from Egypt and Morocco with a slight price increase. Once the California harvest picks up in volume, prices will stabilize in the US and will be more similar to Mexican supply prices, which are expected to remain 30% above last year's prices due to a rise in input costs.

Asparagus

Spain

High input costs have kept the price of asparagus in Spain high. Price significantly rose by +157.31% YoY to USD 3.13/kg in W3 May-22. Higher input costs such as fertilizer, energy, and packaging expenses contribute to the expensive price of Spanish asparagus in May 2022. The high price of Spanish asparagus in Feb-22 was due to extreme weather that froze crops. After this, most other fresh goods have their prices gradually dropped, but the Spanish asparagus price remained high. Spanish asparagus production is estimated to increase by +2.3% YoY to 44,000 tons in 2022.

United States

After months of price hikes, US asparagus prices are finally loosening up. Wholesale prices from Mexico and Peru origin have shown a considerable decrease in the W2 of April-22 due to more product availability in the market as Mexican production recovers and Peruvian production starts its picking season. By May-22, the price of fresh Peruvian asparagus in the US has further decreased by -17.39% from USD 9.22/kg on W5 of May-21 to USD 7.62/kg on W4 of May-22 due to rising supply from Peru. Mexico has kept its volume and also domestic supply has arrived in the market.

Germany

German asparagus season in 2022 faces labor shortage and low demand. The harvest of fresh asparagus was impacted by the labor shortage and low demand in the Easter holiday season. The price on W4 of April plummeted 53.52% WoW at USD 3.76/kg. A combination of weaker than usual demand for fresh asparagus during the Easter Holidays, high supply due to an increase in production, and the discount offered by major retailers have also supported the decrease. Demand and prices are expected to recover by the second semester of the year.

United Kingdom

The UK asparagus harvest had a slow start this season, due to the cold weather experienced in April. By the first week of May, production had caught up and was back on schedule with production already in the market. The biggest challenges that growers face are the increasing costs, one of which is labor which is also scarce because of delays in the visa process. The UK government has also introduced an increase in the minimum wage for seasonal workers this season which has seen wage bills increase by 20-30%.

Top 5 Importers of Asparagus

Flow: Import · Dimension: Value · HS Code: Asparagus - fresh or chilled (HS Code 070920) · Exporter: All · Year: 2020

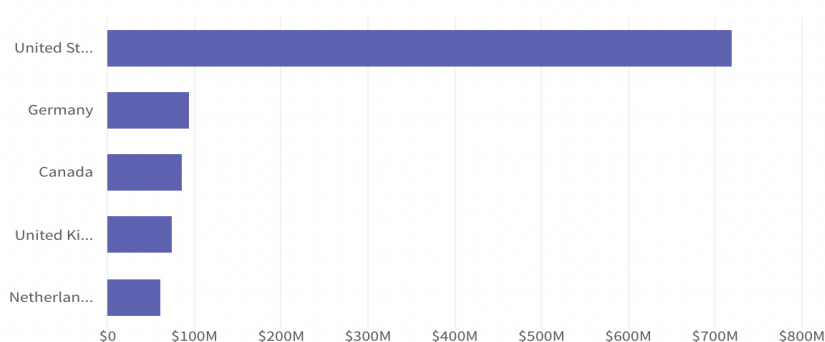


Figure 6.
Source: Tridge

Outlook

Due to cold weather during the spring growing season in both Europe and North America, there has been a delay in production, as well as lower volumes in many countries. This has not been good for prices, as demand is lower than usual. The delays to earlier growing regions mean that once they came into production at the same time as many others, causing further price pressure on the global market. For which prices are expected to remain high for the rest of 2022, although with larger volumes in main importing markets.

Bell Pepper

Mexico

High demand for bell pepper and a strong dependency on Mexican bell pepper while US supply is still not in the market, has made US prices spike in May-22. Price for Mexican bell pepper in the US wholesale market registered with an 84% MoM increase in W3 of May-22 and a 38% YoY increase. Until May, open-pit supplies volume remained consistent as the production transitioned from North to Central Mexico, making for a steady supply to the US. Due to increasing demand in the US, Mexican exports are forecast to keep the upward trend in 2022.

Spain

Bell pepper price in Spain rose by +38.3% MoM to USD 2.24/kg in W3 May-22. The high price is driven by the high season of Spanish bell pepper and lesser supply due to weather anomalies in Q1-2022. The rise in the price came at the exact time during the high season of bell pepper in Spain, which is from May to October. This increase is a result of the previous cold snap that affected Spain in the first half of the year which is expected to drop harvest volume significantly.

United States

High demand for bell peppers in the US has led to an increase in Mexican bell pepper imports. As a result, prices in the US have become more dependent each year on Mexican supply to the point that the transition of Mexican production from north to central Mexico during May has caused US prices to spike. US imports of Mexican bell peppers have increased by 125% from 2011 to 2020. The accelerated growth has made US bell pepper producers repeatedly claim to be at an unfair market disadvantage.

Turkey

Turkish Bell Pepper prices are increasing from an improved global demand. Price in Turkey has skyrocketed by 161.08% YoY to USD 2.25/kg in W2 Apr-22. High input costs affected the Turkish bell pepper price. The ongoing Ukraine-Russia conflict lifted the bell pepper ban in April with Russia, creating a higher demand for Turkish peppers that along with lower production from Spain, has spiked the prices in Turkey.

Price Trend of Bell Pepper in Turkey



Figure 8.

Source: Tridge

Outlook

The price will continue a downward trend with recent prices at USD 1.59/kg as of W3 Mar-22, wherein prices from 2021 were at USD 0.59/kg. The increased cost of overall Mexican bell pepper production also triggered the price to surge. Demand for Bell Peppers in the EU keeps increasing and there is a strong presence of Moroccan and Egyptian bell peppers in the market, which has kept the price stable.

Broccoli

Spain

Spanish broccoli prices increase due to adverse weather conditions. Price has increased by 26.22% YoY due to lower supply as heavy rain, frost, and sand haze during production caused a decrease in the yield and quality of fresh cauliflower and broccoli. Farmers and traders also face the strike in Spain, where harvested quantities have difficulty reaching customers. Broccoli production in 2022 is expected to decrease in yield and quality due to the excessive rain experienced.

Mexico

Strong volumes of Mexican broccoli pull US prices to all-time low levels. Previously in 2021, the demand for broccoli in the US was higher than the supply from California and Mexico together, so an increase in prices was witnessed and the trend remained for Q1-2022. However, by Q2, the Mexican harvest came in large volumes, and shipments to the US have increased considerably which has made the price of US broccoli remain low.

United States

Increasing imports of Mexican broccoli has led to lower US prices. Since Apr-22, the upward trend of the price of broccoli took a sudden 40% WoW decrease and has remained on a downward trend due to the increase in Mexican broccoli imports. Mexican supply has come in large volumes since the beginning of Apr-22, not allowing prices to recover. The broccoli production in California, where 90% of the domestic output is produced, faces significant challenges due to water shortages, which, combined with rising temperatures, has caused the broccoli supply to decrease significantly.

Canada

High inflation has pushed up Broccoli prices in Canada. Prices have shown a higher price trend in 2022 than in 2021 due to lower supply and high inflation. Currently, the broccoli price stands at 1.76/kg in May 2022, showing a 5.71% YoY increase. Additionally, Canada faced the highest food inflation since 1981, reaching 9.7%, pushing up all food prices, including broccoli.

Trends of Top 10 Exporters of Cauliflowers And Headed Broccoli to United States

Flow: Import · Dimension: Value · HS Code: Cauliflowers and headed Broccoli - fresh or chilled (HS Code 070410) · Exporter: All · Importer: United States · Year: 2020

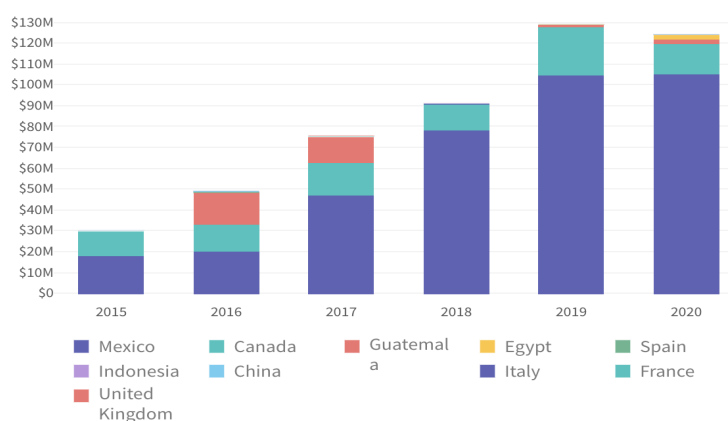


Figure 9.

Source: Tridge

Outlook

Spanish farmers are expecting high demand and a constant pace of growing consumption following the previous year's trend. Exports to the EU are expected to start at a fast pace by July-22. With the Mexican harvest fully recovered and strong demand in the US, prices will keep stabilized for the rest of the year with a slight increase expected.

July 2022

About Us

Tridge is a Global Trade Ecosystem in the food and agriculture industry that combines professional network and data intelligence and makes trustworthy and sustainable cross-border trades possible. We create and provide a very unique and powerful global-scale platform for buyers and suppliers to be connected and do business with each other more confidently and seamlessly.

Our mission is to become a go-to place for the ultimate sourcing solutions by creating a safe and reliable trade community. For Buyers, Tridge consistently provides extensive market trend data around the globe, creating opportunities in both untapped and existing markets and connecting them with credible suppliers. For Suppliers, we identify and develop sales opportunities from the regions they could not reach ever before. We combine state-of-the-art technology to make this happen.

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