

# CAPESPAN NORTH AMERICA




## MARKET REPORT

Vol.: 2018 Week 5

Friday, 02 February, 2018

\$1 U.S. Dollar Equal To:	
1.240	Canadian Dollars
0.805	Euros
0.709	British Pounds
12.065	South African Rands
603.7	Chilean Pesos
3.219	Peruvian Nuevo Sols
3.220	Brazilian Reals



WEATHER		
Philadelphia	Montréal	Bakersfield
		
Low -5° C	Low -20° C	Low 10° C
High -2° C	High -15° C	High 21° C

### Table Grapes:

Sadly, the table grape market on the USEC has remained lacklustre with uninspired sales while arrivals from Peru, Chile and South Africa continue unabated. The coolers on the Delaware River are filling up and incoming containers constitute the better part of the traffic in the warehouse yards. While there are trucks loading, general activity is woefully disproportionate to the volume of cargo that has arrived and is in storage.

Through Week 4, Chile has shipped 7.5 million cases (61 325 metric tons) of table grapes to the USEC as compared to 12.5 million (104 672 metric tons) last year over the same period. But with the table grape harvest in Chile's Central Valley now in full swing, departures are set to ramp up. Indeed, in Week 4 alone Chilean sources shipped 1.7 million cases (13 925 metric tons) of table grapes to the USEC. That fruit will begin to arrive at Delaware River gateways next week.

South Africa has also loaded a substantial volume to the east coast of North America with a primary focus on the more easily accessible Canadian market. Through Week 3, South Africa landed 120 600 cases of table grapes on the USEC. More significantly, Canada has received 1.3 million cases of South African table grapes with more on the way. While Chilean grape shippers and sellers may at first be inclined to dismiss this big South African volume arriving in Canada, the astute observer will appreciate that this fruit will divert Canadian demand away from Chilean table grapes - grapes that are usually sourced from the USEC and which now will need to be absorbed by the US market.

Peru has also continued to load fruit for the USEC. Through Week 4, Peru has loaded just over 9 million cases of seedless grapes to the USEC and a further 920 000 cases of Red Globes. In Weeks 6 and 7, we can expect Peru to contribute 1.5 million cases of seedless grapes to the USEC's incoming volume.

Continued...

## 2017-18 Chile Grape Arrivals - US East Coast

	Vessel	Approx. ETA	Perlette	Thompson	Flame	Sugarone	White Sdls	Red Sdls	Red Globe	Black	Other	Total
Week 5 Jan 28-Feb 03												
	Comoros Stream	30-Jan	-	180,743	181,100	70,984	59,316	84,281	-	70,345	-	646,769
	Polar Light	30-Jan	-	5,280	768	-	352	-	-	-	-	6,400
	MSC Agrigento	1-Feb	-	8,312	37,790	18,458	-	5,450	-	2,567	375	72,952
	Ditlev Reefer	2-Feb	-	102,184	328,873	7,003	29,159	34,378	480	42,903	204	545,184
	JPO Libra	2-Feb	-	-	1,958	-	-	-	-	-	-	1,958
Total for week 2017-18				296,519	550,489	96,445	88,827	124,109	480	115,815	579	1,273,263
<b>Year to Date 2017-18</b>			<b>672</b>	<b>878,214</b>	<b>2,980,173</b>	<b>882,780</b>	<b>586,534</b>	<b>206,933</b>	<b>576</b>	<b>246,554</b>	<b>1,923</b>	<b>5,784,359</b>
<b>% change from same week last year</b>			<b>---</b>	<b>-23%</b>	<b>-48%</b>	<b>-86%</b>	<b>67%</b>	<b>-1%</b>	<b>-89%</b>	<b>25%</b>	<b>-93%</b>	<b>-47%</b>
Total for week 2016-17			-	384,497	1,067,109	667,961	53,310	125,029	4,320	92,357	8,530	2,404,228
<b>Year to Date 2016-17</b>			<b>36,726</b>	<b>1,711,943</b>	<b>6,272,246</b>	<b>1,780,074</b>	<b>696,673</b>	<b>318,053</b>	<b>16,070</b>	<b>426,978</b>	<b>35,339</b>	<b>11,295,217</b>
<b>% change from last year ytd</b>			<b>---</b>	<b>-49%</b>	<b>-52%</b>	<b>-50%</b>	<b>-16%</b>	<b>-35%</b>	<b>-96%</b>	<b>-42%</b>	<b>-95%</b>	<b>-49%</b>

	Vessel	Approx. ETA	Perlette	Thompson	Flame	Sugarone	White Sdls	Red Sdls	Red Globe	Black	Other	Total
Week 6 Feb 04-Feb 10												
	Crown Ruby	5-Feb	-	71,058	177,833	13,120	1,408	20,434	96	10,394	600	294,943
	Nederland Reefer	7-Feb	-	122,057	137,330	54,675	57,849	102,868	1,518	76,551	-	552,848
	MSC Shuba B	8-Feb	-	10,070	34,840	22,354	-	3,422	-	17,089	600	88,375
	Ivar Reefer	9-Feb	-	9,038	198,364	103,750	1,632	13,842	-	6,276	1,764	334,666
	JPO Capricornus	9-Feb	-	1,700	2,160	-	-	-	2,160	-	-	6,020
	Swan Chacabuco	9-Feb	-	92,572	213,635	52,826	16,442	24,003	4,914	14,385	1,050	419,827
	Hellas Reefer	10-Feb	-	6,504	186,430	102,378	11,834	44,255	-	7,408	-	358,809
Total for week 2017-18				312,999	950,592	349,103	89,165	208,824	8,688	132,103	4,014	2,055,488
<b>Year to Date 2017-18</b>			<b>672</b>	<b>1,191,213</b>	<b>3,930,765</b>	<b>1,231,883</b>	<b>675,699</b>	<b>415,757</b>	<b>9,264</b>	<b>378,657</b>	<b>5,937</b>	<b>7,839,847</b>
<b>% change from same week last year</b>			<b>---</b>	<b>5%</b>	<b>167%</b>	<b>-1%</b>	<b>117%</b>	<b>56%</b>	<b>238%</b>	<b>214%</b>	<b>326%</b>	<b>67%</b>
Total for week 2016-17			96	298,431	355,570	351,958	41,074	133,951	2,568	42,127	942	1,231,571
<b>Year to Date 2016-17</b>			<b>36,822</b>	<b>2,010,374</b>	<b>6,627,816</b>	<b>2,132,032</b>	<b>737,747</b>	<b>452,004</b>	<b>18,638</b>	<b>469,105</b>	<b>36,281</b>	<b>12,526,788</b>
<b>% change from last year ytd</b>			<b>---</b>	<b>-41%</b>	<b>-41%</b>	<b>-42%</b>	<b>-8%</b>	<b>-8%</b>	<b>-50%</b>	<b>-19%</b>	<b>-84%</b>	<b>-37%</b>

In Week 5, 1.2 million cases of table grapes from Chile will arrive on the USEC, almost half of which will be Flames. In Week 6, another 2 million cases are set to arrive, a cargo also comprised principally of Flames. While the gap in Chilean grape loadings (as compared to last year) will not be filled, a lot of ground will be made up such that by the end of Week 6, Chilean table grape loadings to USEC will be down from last season by 37%. Given last year's peculiarly early and compressed grape harvest, Chilean grape shipping volumes to date are actually starting to look more "normal".

But movement in the market remains slow and this is getting worrisome. The weak arrival condition of much of the Flame inventory is adding to this anxiety especially when one appreciates that Flames comprise over 50% of Chilean grape arrivals on the USEC to date. The result of this abundance of product is low prices, wholesale markets that are flooded and retailers that are not generally focused on grapes.

Today, Chilean Flames on the USEC are selling at US\$ 12 - 14 for M (500), US\$ 14 - 18 on L (700) and US\$ 20 - 22 for XL (900).

Peruvian Crimsons are doing nominally better at US\$ 16 - 18 for M (500), US\$18 - 20 for L (700) and US\$ 22 - 24 for XL (900).

Chilean Sugarones and Thompsons are selling at US\$ 14 - 16 (mostly US\$ 16) for M (500), US\$ 18 - 20 for L (700) and US\$ 22 - 24 for XL (900). Peruvian Sugarones are selling generally at a US\$ 2 premium to their Chilean counterparts.

Continued...

Peruvian Red Globes are moving at US\$ 18 - 20 for L (700) and US\$ 20 - 22 for XL (900), a price range that is substantially lower than observed a week ago having been driven down by the softening red seedless price.

Growers in Chile and elsewhere are nervous - and for good reason. Increased volumes are set to depart Chile in the coming weeks and while shippers hope to see a turn in the market, there are very few indications that such a market shift is imminent. Chain stores are continuing to hold high retail prices in spite of softening FOB pricing. While there are grape promotions scheduled in the coming weeks, it will take an extraordinary effort to turn this market around. Matters for growers are not made any easier by a falling US dollar exchange rate against most major currencies including the Chilean Peso and the South African Rand.

It may be time for shippers to consider cutting back their US consignment shipments for a few weeks until inventories come back into line. To be sure, it's not easy to shift product away from a market as big and as easily accessible as the USEC, especially as the harvest is gaining steam. But that ease of access has this year come with the potential for losses and disappointment that must be considered in the calculus.

## Citrus:

The California citrus harvest continues to be slow with what seems like an effort by growers to maintain a high price for their products with the view to stretching a decidedly short crop into a somewhat longer one and getting the most value out of the lower yield.

Today, large size navel oranges (56's and larger) are selling at US\$ 18 - 20. Scarce smaller caliber 72's, 88's, 105's and 113's) are selling at US\$ 22 - 23. Shippers that entered into season long contracts for small or bagged fruit are getting hurt.

Mandarins remain a hot commodity and are selling at US\$ 28 - 30, FOB California point of loading.

## Next Week:

We will not be publishing our Market Report in Week 6 but will resume in Week 7.

**Mark Greenberg**

