Fresh Fruit and Vegetable prices have firmed and supply is predicted to be steady in the months leading to Christmas. Seasonal produce such as blueberries, carrots, mangoes, salad leaves, stone fruit and strawberries are in very good supply and excellent quality with some varieties flowering early. This increase in supply has led to prices to drop below average. Oversupply however, is not always a good thing as farmers are forced to decide whether to hold off supply, plough in or dump stock when prices fall below cost. This often leads to a gap in the market causing prices to spike and at times damages the market share of the product.

Due to the earlier drought, and more recent wild weather, beef and lamb continues to be under increasing supply and pricing pressure, with weather impacting transport and processing facilities. This along with growing export demand has seen the price of pork fluctuate, as customers continue to search for alternatives to red meat.

The seafood sector is also under increasing pressure with lower than predicted harvest rates and depleting stocks affecting basa, East Coast Tiger prawns, Eastern King prawns, Gulf Banana prawn, imported barramundi and Japanese and Peruvian scallops. Squid catch rates are also problematic as Sea Surface Temperature continue to be volatile in each fishery. These issues, along with increased demand are causing prices to rise.

Despite this though, New Zealand mussels and oysters are in good supply and prices remain stable. The New Zealand oysters in particular are excellent quality and stock levels forecasted to cover the summer demand.

**FRUIT**

**Avocados**
The rising cost of freight, together with unprecedented demand has caused prices of avocados to increase. Around this time of year Queensland stock usually diminishes, however Western Australia and New Zealand stock should soon become available.

**Berries**
Strawberries and blueberries are excellent quality and in surplus at the moment, causing prices to decrease considerably. Strawberry farmers, are feeling the pinch as they are selling below cost.

**Citrus**
Citrus fruits are mostly in good supply, with lemons and oranges maintaining good pricing. Limes however, traditionally increase in price at this time of year as people tend to stock-up for Melbourne Cup celebrations.
**Grapes**
The majority of grapes available have been imported from the United States as Australian grapes are low quality at the moment. Despite this, however, Australian Table Grapes should be available by late October – early November.

**Mangoes**
Northern Territory Mangoes have flowered early and the quality and volume is well above average for this time of year.

**Nectarines**
Nectarine trees have also fruited early in the season.

**Peaches**
Peaches have arrived early in the season.

**Pineapple**
The pineapple surplus has subsided, however, there is still well priced and great quality fruit available from Queensland.

**VEGETABLES**

**Asparagus**
The price of asparagus is slowly decreasing as Australian product starts to come into season.

**Beetroot**
Over the next few months beetroot will decrease in quality and increase in price. At the moment however, they are still in good supply.

**Broccoli**
Quality of broccoli will deteriorate as we enter the warmer months and as a result prices also increase.

**Brussel Spouts**
Despite being in good supply, brussel sprouts are set to lower in quality and increase in price over the next two months.

**Carrot**
Decreased demand, together with a ban on Russian imports and a larger than normal harvest has caused Australia’s biggest oversupply in 25 years. As a result farmers now face the decision to either reduce prices, find new markets or plough into the ground.

**Cauliflower**
Cauliflower are still in good supply, but will start to lower in quality and increase in price over the next two months.

**Onions**
All varieties of onions have risen in price as we are now in between seasons. In order to maintain supply, growers put quality product into cold stores to stop the onions from shooting. If the onions are not temperature controlled they will naturally form shoots which makes them more difficult to use and cheaper in price. If you find suppliers offering cheaper onions, be aware as the cost and effort to clean them and the wastage will far exceed the savings. New season Queensland stock will start in late October – early November.

**Salad Leaves**
Spinach, lettuce and other salad leaves are all in surplus supply and farmers are faced with the task of ploughing in excess stock, as the amount growing far outweighs demand.

**Tomatoes**
The quality and cost of tomatoes continue to be uncertain as a result of Cyclone Debbie earlier this year. Tomatoes have gone from extremely high prices and low quality as well as a complete stop in supply, to current unusually low prices and excellent quality.
FRUIT AND NUT MARKET REPORT SEPTEMBER 2017 ACCORDING TO SCALZO TRADING CO

**Apricot**
Prices of apricots are high due to delayed harvest and strong demand. There is also shortages in larger sizes with wide price differences between upper and lower limits and varying qualities available due to speckle damage caused by rain during the dry period. As a result, there is an abundance of industrial and diced material at attractive levels. Exports for August this year reached 7,426mt against 6,998mt same period last year.

**Figs**
The fig harvest was also late, with the tonnage estimated at 78 200mt, which is 10 – 20% higher than last year. Large figs are in short supply, however the quality of mountain figs this season is reported to be above average. The first export shipment date has been set for the 11th of October.

**Guar Gum**
Rainfall in the guar belt areas has boosted guar crops. Based on current conditions and provided that there is no issue with disease or infection, the crop size is estimated to be 10 million bags of guar seeds (100kg each). Carry forward stock of guar seed from the last season is expected to be approximately 12 million bags (100kg each). With the overall demand of guar is slow at the moment in oil well drilling Industries and other sectors it is anticipated that the total carry over stock will fulfil the demand for this year.

**Macadamias**
Domestic and international demand, particularly from China, is very high and as a result most crops are already committed with very little product left on offer. Despite this though, many farmers are hoping to create more stability in the marketable quantity and stabilize prices for a more sustainable long term growth in consumption.

**Pecans**
A global shortage in pecan supply is anticipated due to lower than average crop set in Mexico and the US. Weather forecasts indicate that the hurricane season in Georgia could be worse than normal and as a result South-Eastern United States crops are expected to be down by 15 – 20% this year. In addition to this major growing regions in Mexico are expecting less production. Due to these uncertainties, exporters are reluctant to offer new crops, causing prices to firm.

**Pepitas**
Many farmers faced significant losses from the 2016 crop and have planted alternative crops such as cotton and soya for 2017. As a result the total growing area in the three main growing regions of inner Mongolia, Xinjiang and Heilongjiang has dropped more than 50%. Despite this though, the 2017 crop is expected to be a strong green colour with minimal scuffing.

**Pine Nuts**
The Siberian pine nut market is expected to firm up significantly in the coming weeks due to low crop levels in Mongolia and Russia. Russia in particular is estimating a total crop of 10 000mt which is less than the countries consumption. In addition, the Chinese government has stopped imports from Northern Korea as a result of rising tension in the region.

**Pistachios**
The new Californian crop is expected to remain in the 250,000-300,000 metric tonne range, as opposed to 400,000 last year. As a result, pricing is anticipated to remain relatively stable, although some key players are refusing to offer any pistachios until the harvest is completed. The Iranians are expecting a
good crop in the vicinity of 200,000 metric tonnes. Iranian pricing is usually set in response to United States levels so we are unlikely to see offers until United States pricing becomes clearer.

**Tomatoes**
There is a major decline in the forecast in California, and minor drops in other regions. The latest forecast of the 2017 cropping output is now at 37.55 million MT, which is less than 500,000 tonnes compared to 2016. The reduction in forecast is the impact of the subsequent heat waves between June and August, and also contributed by the poorer quality of tomatoes in Italy and Turkey, which may result to lower than expected volume of the finished product. In addition to this, Portugal has had low farm yields with issues of whitefly resulting to lower harvested volumes. The season in China however, is progressing normally with good weather conditions. The total estimated forecast still remains 5.5 million tonnes, but it is still not certain since there are late plantings in Xinjiang, and the weather in September will be a crucial influence in the final output. Processing in the region has been affected by the Chinese government implementing stricter requirements and control on environment protection concerns. As a result, some factories in Xinjiang have been asked to stop production because they cannot conform to the standard requirement for disposing of waste water.

**Walnuts**
The overall crop in California looks healthy, however, extremely high temperatures continue to take its toll. Sunburn is visible on the tops of trees as well as on trees on the outside rows of orchards. Prices are anticipated to open significantly higher than last year due to the brisk selling rate of 2016. In China, the subjective walnut crop estimate is 880,000 metric tonnes. The crop is marginally below last year which was 900,000 metric tonnes.

**MEAT**

**BEEF**
Relentless wild weather has impacted beef production, with processing plants experiencing lower than average operating capacities. This, together with low stock numbers due to the earlier drought, is limiting processing schedules. Transport and processing continues to be delayed as weather restricts the capabilities of stock movement. It is expected that the cattle slaughter rate will decrease towards the end of the year, similar to 2016 trends.

**LAMB**
Similar to beef, weather conditions have disrupted the processing of lamb and mutton. With the loss of processing facilities, availability numbers have decreased. In addition, the supply in saleyards has been compromised causing a fluctuation in sale prices. This inflated pricing will no doubt be experienced further along the production line.

**PORK**
With growing demand amongst all markets and firm competition within the red meat sector, pork prices continue to fluctuate to meet rising demands. Available volumes are consistent, however, leg meat stock has firmed as we head into the traditional Christmas season.
SEAFISH

SALMON

Norwegian Atlantic Salmon
As predicted prices for raw material have been similar, and at times, lower than last year. Future pricing is expected to level off for a period, then increase as we head into the European Christmas period.

BARRAMUNDI

Local Wild Caught
The season for wild Australian barramundi wound down to closure out in mid-September. Although catch rates at the tail end of the season dropped off, inventory gathered at the height of the season will be sufficient to carry through until the new season starts in February 2018.

Imported
Harvesting for the 100/200 and 200/300 grades is underway, however, current yields are below average due to the arrested growth rates in recent months. The 300/500 and 500/800 sizes also remain in short supply with harvesting later in the year. These shortages, together with exchange rate fluctuations and along with a rise in production costs are causing prices to increase. Prices should soften when growth rates improve.

Raw Material for the processing of portions continues to be stable.

BASA

As predicted basa prices have increased due to a raw material shortage caused by a lack of suitable size fish for harvesting. Experts hope to see an improvement in raw material supply from early 2018.

FLATHEAD

Boats are now returning to the flathead fishery following the end of the Red prawn and Croker season. Supply however, remains tight due to the previous reduced fishing effort.

Production resumed mid to late September 2017 with shipments expected to flow through to the Australian market around November.

SCALLOPS

Roe off
Canadian – Frozen at Sea
Fishing is ongoing and expected to continue right to the end of the year. The pack mix has been normal for the time of year with good supplies of larger 10/20’s being secured. Despite this though, from September 2017 onwards and into the first few months of 2018, it is expected that the supply of 10/20’s will become very tight as catches of this size decrease.

As per normal, the supply of 20/30’s should be relatively balanced for the year. The market in the United States remains weak with increased landings, which have pushed the prices of some scallops down slightly. There is however, consistent demand in the European and Asian markets, especially on the larger counts.

Roe on
China
The market for Chinese scallops seems to be softening slightly, which could possibly be due to buyers having already secured sufficient stock for Christmas. There is mainly odd grade sizes remaining in the market, especially in the very large grades.
Peru
Stocks of Peruvian scallops are mostly depleted. Recent pricing remains high due to United States market interest as well as flooding 3 to 4 months ago. Supply is expected to remain limited for the next 18 months to 2 years, which is the approximate growth cycle.

Japan
Inventory of roe on scallops remain mostly depleted in Japan until next season. Due to this there are very few offers out of Japan and most of these are from the two European approved factories mainly produced for European buyers for sashimi grade 100% net roe on at extremely high price levels.

Queensland
The Queensland season is currently closed with trawlers resuming scalloping around October-November.

CRAB
Local Spanner
The main catching season for spanner crab begins towards the start of October. Catch rates over the winter months were down, however with catches recently improving it is expected there will be sufficient inventory of all spanner crab lines through until January 2018. This forecast however, will be subject to change depending on weather.

CANADIAN LOBSTER
It is predicted that there will not be any significant improvement in supply and prices of Canadian lobster until after Chinese New Year (approximately April to May 2018).

PRAWNS
Local
East Coast Tigers
East Coast Tiger fishing continues in the Northern fishing area however, pricing is on the move as demand increases and catch rates reduce. This trend is expected to continue into Christmas time.

Gulf Banana Prawns
The Gulf Banana Prawn season is now closed. Prices for any remaining inventory remain high due to increase demand for processing prawns for meat or cutlets, as a result of the import restrictions for uncooked prawns.

Eastern King
On the 20th September 2017, the Southern Fishery from Mackay to the Gold Coast closed for fishing and will remain closed until 1st November 2017. This will limit supply of the Eastern King Prawns and cause prices to remain high into 2018.

BUGS
Local Queensland
The Southern Fishery will re-open from the 1st of November this year and as a result bug catches are expected to improve.

Imported
Whole Round Slipper and meat
Imported bugs and associated products continue to be scarce, especially in the larger grades, as legislative changes for fishing fleets & fisheries in the countries of origin have caused shortages in supply. Supply from Thailand is very limited, furthermore Vietnam product is only being offered in small parcels, mixed in containers with other marine species. As a result, prices are very high, and there is little indication of any short-term change in the current situation.
NEW ZEALAND FISH SUPPLY

**Hoki**
Large hoki 16+oz is still the main catching size, however catches on small hoki are starting to improve and it is hoped this will continue into the coming months. Supply is still limited in 6-8oz and 8-12oz.

Inventory of small skinless hoki is extremely limited and is expected to remain so until late November this year.

**Smooth Dory**
Supply of smooth dory will continue to be limited as quota restrictions remain in the New Zealand fishery.

**Orange Roughy**
Supply of orange roughy is depleted in the normal grades and only cut down fillets from H&G fish are currently available.

**Hake**
High demand together with a bycatch has caused supply to be limited and as a result pricing has firmed. The main size available is 4L.

NEW ZEALAND MUSSELS

The New Zealand mussel season has re-opened and as a result supply is good and prices remain stable. Prior to this the waters had been closed for spawning.

NEW ZEALAND OYSTERS

The main harvest season for New Zealand oysters will finish up in six to eight weeks. Oyster conditions have been excellent and Bidfood’s processor is working hard to pack adequate stock to cover the summer demand. Due to this all orders are expected to be supplied on time.

Demand is strong, however, with good supply, prices remain stable.

SQUID

**All species**
Squid catches remain problematic with variations in each fishery. Sea Surface Temperatures (SST) continue to be volatile with the waters around the Falklands being much warmer than usual. The waters in the North Pacific, East China Sea and Japanese waters are much cooler than expected for this time of year. These temperatures are thought to be contributing the unusually low catches which are now becoming consistent.

**Argentina –Illex**
Illex catches, although starting well, have been consistently small in size across most fisheries. As a result, prices are at an all-time high.

**New Zealand Arrow**
Season in New Zealand remains closed and will resume in late November 2017.

**Japan Common (Todarodes)**
Japan’s common catch started with a lot of smaller squid being caught. Fishing also stopped for nearly two weeks due to the aggregation of the squid biomass becoming scarce. There were some landings mid-late September in other parts of the fishing zone, but prices remain high for the larger grades of tubes for the 3rd season running.

**Ommastrephes Bartrami**
Prices continue to be high with limited stock available. Replenishment should commence with the second season which started August -September, but catch volume continues to be below compared to last year quantities.
ANZ AGRICULTURAL POTATO CROP UPDATE SEPTEMBER 2017

Australian and New Zealand Calendar 2017 Crop Supply Status:
• By the 1st of July all ANZ potatoes, that is 204,000 tonnes, were in storage away from the winter weather, except for a few direct potatoes in Ballarat for specialty products or wedge production
• Overall ANZ remains slightly above pack plan requirements for potato volume from the 2017 crop
• Challenging weather conditions in Canterbury with frequent rainfall delayed harvesting for the Timaru New Zealand potato storage crop. Despite this though, all potatoes were safely stored by the month of June
• Ballarat and Tasmanian potato quality in storage is average to above average quality due to excellent potato harvesting conditions for the storage crop
• The 2017 ANZ potato seed crop for planting the 2018 commercial crop is also all harvested

GLOBAL CROP UPDATE FROM WORLD POTATO MARKETS NEWS 3RD OCTOBER 2017

Great Britain
• The Autumn harvest has been slower than normal due to wet weather, however there is minimised bruising levels
• Scottish growers had seen very good growing and lifting conditions, but rain in late September has impacted on the crop, with concerns that soil is sticking to seed crops in particular, which can cause problems especially in export batches
• Despite free-buy returns being lower than last season, growers are keen to complete the harvest, load into stores and fulfil contract commitments and there was a £2.86/tonne increase in the AHDB all-average price to £139.01/tonne. This increase reflects a higher proportion of contracted material in the calculation than in previous weeks
• The dominance of contracted material has also put pressure on free-buy sales, with growers also reluctant to sell on the open market in the expectation (or hope) of higher prices later in the season

Continental Europe
Belgium
• The latest price quotations are reflecting the greater supply of free-buy potatoes. The PCA/Fiwap quote for Bintje on Tuesday October 3rd was an average of €35/tonne, in a range of between €30 to €40/tonne. The organisations were quoting €50/tonne for Challenger and Fontane, which represents a €5/tonne drop for Fontane in the week, although Challenger values have held steady
• According to the PCA/Fiwap there is demand for good quality Bintje, however growers are reluctant to offer anything but poorer quality material as it has to be moved before it deteriorates
• In late September Belgapom’s free-buy Bintje quote remained at €40/tonne, but there was a €10 drop in the price of Fontane and Challenger to €50/tonne. Therefore free-buy prices are around €50 to €60 below contract values
• A small export market is growing for Belgian potatoes in North Africa and Eastern Europe, but
at the moment this is having little impact on either demand or supply in the country.

**Netherlands**
- Harvesting is slow with only one-third of the area in the Polders being cleared so far. Progress along the coast is worse due to heavy rain in September.
- Dutch prices are unchanged, with the fry quotation held at €40-60/tonne at the Goes regional market in early October.

**Canada and America**
- According to the *North American Potato Market News* this year’s United States autumn potato harvest is forecast at only 17.669 million tonnes, 4.2% less than last year, and the Canadian crop at 4.684 million tonnes, 1.8% down.
- The low harvesting levels are due to poor yields in two of the main growing areas, namely; Idaho and Washington. This puts the United States processors in a less secure position for the coming storage season, especially in comparison to the past 4 years.
- Changes in forecasts have reduced estimates of raw product supplies that will be available for French Fry production. Wisconsin’s crop is short and supply will also be tight in the Columbian Basin. Despite this though, Fryers remain confident that they can find enough raw product to keep PNW plants running until the 2018 crop is available.

**WHEAT MARKET DEVELOPMENTS**

**WHEAT MARKET DEVELOPMENTS 1ST OCTOBER 2017 ACCORDING TO MAURIANZ**

**Global**
- FOB United States Hard eased US$3 per tonne, French soft was unchanged. United States Wheat Futures slipped US$2 per tonne, ASX East coast Jan 18 fell A$11 per tonne to A$282, again with reasonable volumes. The A$ eased 1c against US$ to 0.785.
- The European and Former Soviet Union wheat harvest commencing, with better than expected yields reported in France and Russia.
- The monthly International Grains Council report increased global supply courtesy of record Russian crop, but stocks held by price determining major exporters are down 10% on last year, similar to 2014 and 2015.
- Black Sea grain value are slowly strengthening leading into the winter when there is usually logistic supply difficulty. This could mean that the global market will continue to appreciate in coming months.
- The global wheat market volatility is usually at its lowest from November to February, once Northern hemisphere sowing is completed. So far there has been no significant hindrance to sowing.

**Domestic**
- The Queensland harvest has commenced. Good rainfall was recorded in parts of Queensland, but of no value for any current crop. As always, weather conditions in spring will shape the size and quality of the crop. Timely rainfall will be needed given prior rainfall deficits.
DAIRY

BUTTER MARKET DEVELOPMENTS ACCORDING TO THE FONTERRA CO-OPERATIVE GROUP

The price of butter continues to increase due to a rise in consumption which has strained supply. Approximately another 2.1 million MT supply of butter is required annually by 2025 to meet the demand of new and developing markets, such as China. Despite this though global milk production has declined. This, together with high returns for cheese products is discouraging additional butter production. As a result an ease in prices is unlikely this year.

REFERENCES


All information provided is correct at time of publication and is subject to change due to unpredictable circumstances. Adverse weather conditions, currency fluctuations and other market influences which are difficult to predict accurately can impact pricing and supply.