

December 2016 / January 2017

Fresh produce continues to be in good supply, with many varieties of fruit and vegetables available just in time for the festive season. Christmas favourites such as apricots, mangoes and other stone fruit will become readily available as they hit peak season during the December to January period.

Slow supply of beef and lamb, combined with tough grazing conditions and warmer weather has continued to place upward pressure on pricing. Pressure is also increasing on exports as the AUS dollar responds to the strengthening US currency in the wake of the recent presidential election and impending political policies. As a result there has been a surge in demand for pork, as consumers continue to search for more convenient and cost effective protein sources.

Seafood is also under pressure with lower than anticipated catches and harvest rates effecting Norwegian Atlantic Salmon, Basa, bugs, roe-on and roe-off scallops, imported and local prawns, Hoki, Smooth Dory and Hake. Flathead in particular is in tight supply due to extremely poor weather delaying production.

In addition to this prices remain very high for most species of squid, with Argentinian Illex catch quantities down by 80% and Japanese Common continuing to be affected by rising water temperatures. This has placed pressure on processors to target alternative species such as Bartrami.

Despite this though, current oysters conditions are good and it is predicted the new season of Barramundi will offer top quality products at competitive prices.

## FRESH

### FRUIT

#### **Apricots**

Apricots have the shortest season of all the stone fruit available in Australia, however the good news is, their peak season is December and January. During this time, when most of the varieties are available, they are at their best in terms of flavour and affordability. An Aussie Christmas without apricots doesn't bear thinking about!

#### **Avocados**

After the disastrous summer season last year, the demand for avocados has dropped. However,

December and January are historically the months when demand peaks, as do prices. Ironically the highest volume of fruit is available March to October! In order to meet this demand suppliers will rely on the tail end of fruit from the Southern Queensland growing season, mid-season fruit from Northern NSW and WA, and also imported fruit from New Zealand. Hass is the most well-known and sought after avocado variety in Australia. It has a classic oval shape, distinctly pebbly skin and a creamy texture and taste.

December 2016 / January 2017

### Cherries

Cold and wet conditions during the growing season in South Eastern Australia has led to ineffective pollination. As a result there is less fruit on trees and therefore less cherries for us to enjoy over Christmas. In some regions yields will be down almost 40% on last years harvest. The only possible saving grace is Tasmania, whose season starts almost a month later, however expect to pay a premium for quality product.

### Other Stone Fruit

Despite having a much longer season than apricots; peaches, nectarines and plums are also at their peak in December and January. During this time there are many varieties of white and yellow flesh nectarines, white and yellow flesh peaches and multiple varieties of plums all hitting their straps.

### Grapes

New season Australian grapes are available in December – January with early season Menindee Seedless (green) and Flame Seedless (red) the first varieties to arrive. Midnight Beauty (black) start later than red and green, however they will be around in reasonable numbers by mid-December. In January we will start to receive Thompson Seedless (green), Crimson Seedless (red) and Black Muscat. Interestingly grapes were brought to Australia on the First Fleet by Captain Arthur Phillip who planted a small vineyard with cuttings from South America and South Africa.

### Figs

The local fig season gets underway in late December and runs through until late March, with most of the product coming from just outside the Greater Sydney Basin and inland areas of NSW. Originating in the Middle East a couple of thousand years BC, figs are now widely used in Australia, especially in summer salads.

### Lychee

The Lychee season starts in late October in Far North Queensland and ends in Northern NSW by about mid-to-late March, therefore theoretically December - January is peak mid-season. Approximately 3,000 tonnes of Lychees are grown in Australia annually, however almost one third of these (predominantly the premium product) are exported overseas.

### Mangoes

Mangoes are not only juicy and sweet, they are also very nutritious. A 200g serving of ripe mango provides up to three times the recommended daily dose of Vitamins A and C. December to January is peak season for mangoes including Kensington Pride, R2E2, Calypso and Honey Gold varieties. Lesser known, late season varieties such as Kent and Keitt will be available towards early-to-mid January.

### Melons

What better way to spend a beautiful Australian summer's day than to sit at the beach or by the pool and tuck in to a piece of juicy melon? Watermelon, rockmelon and honeydew are all available in good numbers throughout the summer months.

### Strawberries

Strawberries are in very high demand during December and January, and Victorian growers, and to lesser extent, NSW growers will be working like mad to meet this demand. Although Southern Queensland grows nearly half of all strawberries grown in Australia, they only do so from May to October. Strawberries are low in calories (32 cal/100g) and are an excellent source of Vitamin C (100 g provide 58.8 mg or about 98% of RDI). They also contain a large amount of minerals like potassium, manganese, fluorine, copper, iron and iodine.

December 2016 / January 2017

## VEGETABLES

### **Asparagus**

The bulk of the Australian asparagus available is almost only grown in and around Koo Wee Rup in Victoria. Although most asparagus is produced in the spring (between September and November) some growers set aside fields of new asparagus ferns for a summer cut, which will be available in December and January, along with some imported product, usually from Thailand and South America.

### **Cucumbers**

Another great salad vegetable readily available in December and January is cucumber. There two main types grown and marketed in Australia, Lebanese cucumber and the Telegraph or Continental cucumber. The third type is the Green or Field cucumber, however majority of these are used in the preparation of Asian soups.

Cucumbers are an extremely healthy food, not only do they provide water and electrolytes, they

are low in calories (only 15g/100g), contain no saturated fats or cholesterol and are high in Vitamin K. Their skin is also a good source of fibre, therefore it is best not peel them, simply slice and serve.

### **Hydroponic Lettuce**

Hydroponic lettuce is one of the more popular lines as it is available all year round and is generally grown in close proximity to the major Capital City Markets. This lettuce also presents good value as there is virtually no wastage. Other popular lines of lettuce include Baby Cos, Green and Red Coral, Green and Red Oak, Butter and Mignonette.

### **Tomatoes**

Tomatoes are in abundance in December and January, with many options available including Field Gourmet, Roma, Truss, Cherry Truss, Cherry, Mini Roma and Yellow Teardrop. Summer is also a good time to use some of the Heirloom varieties available to construct a colourful summer tomato salad.

## **MEAT**

### **Beef**

As 2016 approaches the tail end of the year, it is not uncommon to see a surge in cattle numbers involved in slaughter activity, especially with a peak in warmer weather. However, even with numbers predicted to remain steady over the coming months, it is likely that the Christmas season will see projected numbers and supply slow considerably, therefore placing further pressure on local stock availability. Exports could also feel the pressure with a competitive \$AUS dollar responding to a strengthening US currency, due to recent presidential elections and indications relating to impending political policies.

### **Lamb**

Supply continues to be the driving force in lamb and sheep-meat prices, with available numbers for slaughter predicted to remain tight. Producers are continuing to rebuild flocks to pre-drought numbers, but tough grazing conditions and warmer weather are affecting lambing percentages. A surge in the demand for mutton has helped ease pressure on the retention and selling of lambs, which indicators show could still obtain increased sale prices further into the New Year.

December 2016 / January 2017

**Pork**

Consumers are continuing to make price conscious decisions relating to protein sources, with pork menu options arguably more cost effective in comparison to beef and lamb. This additional popularity has encouraged the innovation and development of pork products for mainstream use, with dining outlets turning towards options which

are convenient with a competitive price point, yet still maintain a high eating quality. This surge in consumer demand, along with the run up to the festive season is predetermined to see a pork prices remain steady.

## SEAFOOD

**Salmon*****Norwegian Atlantic Salmon***

As a result of reduced supply and continuing global demand, Norwegian Salmon prices remain at record highs. Based on the latest information, including pricing forecasts for 2017, this trend is expected to continue globally until at least the fourth quarter of 2017.

**Barramundi*****Local Wild Caught***

The Gulf Barra season is now closed for 2016 and will re-open in February 2017. Once the fishery re-opens it is anticipated that there will be top quality product to offer at competitive prices. This is due to a favourable long range weather forecast predicting a good wet season for early 2017.

***Imported***

The majority of current inventory available to both domestic and international markets is in the 100/200 and 200/300 size range. Raw material for the processing of 300/500 and 500/800 will remain limited until at least the end of 2016.

Despite this though, pricing remains stable, and may soften a little in December, depending on the

movement of the US Dollar and the uncertainty of the current political situation in the US.

**Basa**

Basa supply is still less than demand, indicating Pangasius prices will be stable until at least the end of January 2017. It is hoped prices may soften a little in the first quarter of 2017.

**Flathead**

Extremely poor weather over the last 3 weeks has seen a slow start to the new season of flathead and production has been delayed as a result. Production resumed the 2nd week of November and stock is expected to be available in Australia mid-to-late January, given the 7 week transit time.

In general, stock will remain in tight supply given that raw material supports offers by nearby countries, and value added raw material for crumbed & beer battered flathead. A significant percentage of raw material is being diverted for value added products, so it is anticipated that the shortage to the Australian market will continue until at least the end of 2016.

A program is being put in place by major suppliers to alleviate this problem going forward for 2017

December 2016 / January 2017

to ensure constant supply. Prices are expected to firm a little in this time, before levelling off. Stability will be maintained provided exchange rates remain reasonably constant.

## Scallops

### Roe off

#### *Canadian - Frozen at sea*

Catch rates have continued to be low with limited supply of larger sizes resulting in increasing prices for these grades. The Canadian season will open in January 2017 with first unloads expected early February. Early season catches normally produce small counts with limited 10/20 and U/10 grades.

The US season begins on the 8th of March 2017, with first unloads reaching markets around May-June. As a result we don't expect to see any change to the current high prices until that time.

### Roe on

#### *China*

Prices have increased and remain high on both roe-on and roe-off scallops, with very little stock available to the market.

#### *Peru*

Peruvian scallops prices have recently dropped significantly from the 2016 highs, however, only small grades 40/60 count per kg are available.

#### *Japan*

The season is set to start in December 2016 and end February 2017. The first lots are traditionally sold to China for the live domestic market. There are no price indications as yet.

#### *Queensland*

The season opened in early November with steady catches. However the QLD State Government announced on the 18th November the main

spawning grounds and replenishment zones will be closed to commercial fishing. This was done as a result of predicted declining wild biomass, in an effort to protect long term supply. The full impact of this is yet to be seen, however it is predicted that there will be lower catches and continued high prices.

## Crab

### *Local Spanner*

Spanner crab catching has now ceased for 1 month due to the seasonal closure which starts on the 3rd week of November. Catch rates to this point have been encouraging and it is anticipated that market demands during this period will be met. Ongoing supply after the closure however, will be dependent on favourable weather conditions when the trawlers return to fishing late December.

## Prawns

### Imported

The main season for both Vannamei and Tiger prawns is now finished. Prices have increased and there has been some delays in container arrivals. It is expected this situation will remain until June-July 2017 when the main production season in Asia gets underway.

### Local

#### *East Coast Tiger Prawns*

Low catch rates combined with continued strong international demand has maintained record high prices for East Coast Tiger prawns.

#### *Gulf Banana Prawns*

The Gulf Banana season is now closed and will re-start in April 2017. Reports indicate the Gulf Banana prawn season was well down on previous seasons, with catches 30% lower than 2015.

December 2016 / January 2017

### **Eastern King**

Eastern King prawn catches continue to be poor and as a result prices are at record highs. The main catching season for 2017 will resume in February - March. Until then prices will remain high.

### **Bugs**

#### **Queensland**

Southern Queensland bug fishery opened 1st November, however, no significant landings have been reported. Prices are currently stable and are expected to firm up slightly leading up to Christmas and the New Year.

#### Imported

#### **Whole Round Slipper and Meat**

Good quality imported bugs continue to be scarce, especially in larger grades. Supply from Thailand is very limited with Vietnam only being offered product in small parcels mixed in containers with other marine species.

#### New Zealand Fish Supply

#### **Hoki**

Recent catches of skin-on & skin-off Hoki have seen an improvement in supply, with sizes tending to be more in the 6/8oz and 8/12oz range. Vessels currently fishing are due back in late December - early January.

#### **Smooth Dory**

Demand for Smooth Dory continues to outstrip supply due to the quota restrictions currently in place. These quota restrictions will remain in force for the rest of 2016 and into 2017 as part of sustainable seafood practices. Recent catches are mainly in the 4/6oz range.

#### **Orange Roughy**

There is currently stock available of NZ processed Orange Roughy across all sizes, with 8/12 being the

dominant size. In addition, Orange Roughy fillets continue to be processed in China.

#### **Hake**

Skin-on Hake continues to be in high demand and supply is limited. Recent catches have mainly produced sizing in the 4L range.

#### **NZ Mussels**

South Island mussel production commenced at the beginning of September, however, North Island started later than expected, towards the end of October and the start of November. As a result supply is short, however, it is hoped that production will catch up in the New Year. Condition and size of product seems to be reverting to the mean, with lesser volumes of large mussels being seen in the crop profile. The recent earth quake has affected production at top of the South Island, however the full impact of this is yet to be determined.

#### **NZ Oysters**

The main harvesting season for 2016 will come to a close in late November - early December with current oyster conditions remaining good. Demand remains strong for all markets, particularly, Hong Kong, Japan and the NZ domestic market.

As a result of reduced production from Tasmania, local Australian demand has increased despite higher prices, which is due to rising production costs and mortalities.

#### **Squid**

#### **Argentina Illex**

There has been no change to the 2016 season with continuing very poor catches. Overall catch quantities are down by approximately 80% on previous years. As a result prices remain very high.

#### **NZ Arrow**

New Zealand Arrow Squid is now out of season with

December 2016 / January 2017

some raw material in China still to be processed. The new 2017 season will start mid-January. The season catch updates are expected to be released around mid-to-late February 2017.

### **Japan Common (*Todarodes*)**

A very poor season has once again been experienced due to the failure of detecting squid bio-mass in the Sea of Okhotsk and the area off North Korea. This is being attributed to the significant increase in water temperature, up from 19 degrees Celsius, normal for the time of year, to 25 degrees Celsius. The squid were not present in these conditions resulting in very poor catching by fleets. Due to this prices continue to hold up.

## POTATO OUTLOOK

### **ANZ Agricultural Potato Crop Update**

Continuing weather conditions of rainfall events and water saturated soils in Australia delayed planting in Ballarat, Riverina, South Australia and Tasmania and caused delays to the planting schedule for Pea crops in Hastings NZ. Although early potatoes were planted to supply January raw, planting of the second early crop have been delayed and which could potentially cause a gap in supply after the first early crops are harvested in January 2017.

Australia is going through a potato famine at the moment, and although not nearly as devastating as the Irish Potato Famine in the 1850s it is causing huge turmoil in the industry. Substantial and prolonged flooding in major growing regions wiped out new crops and the subsequently wet ground has made it near impossible to plant more potatoes, meaning people have to pay a small fortune for the starchy vegetable until at least February. This will play havoc with the summer BBQ season as potato salad will be off the menu!

### ***Ommastrephes Bartrami***

Prices of *Ommastrephes Bartrami* are expected to increase even further, as product is very scarce with the majority being held to ensure value added squid raw material stocks are secure. Fishing efforts have been reduced due to poor landings, resulting in a more acute shortage. Catch rates of this species are usually low, and with the shortage of Japan Common and *Illex* squid, there has been increasing pressure as processors target this as an alternative species.

Timaru NZ is not experiencing any hold up with weather and potato planting is on time with 32% of the potato crop planted at September month end and 45% planted at time of writing on 12th October. Conditions in Canterbury NZ are dry and ideal for planting potatoes.

### **Global Crop Update**

The harvest conditions in Europe seem to be as tough as ever, in some regions the unusually warm September has resulted in a dire situation. Due to this prices are firming up. The weather in North and Central Europe can deteriorate very quickly and in some regions they are racing to get the potatoes out of the ground. Some processors in Germany are finding it already difficult to cover their raw material demand. It is expected that exports from Europe will ease up into Australia, and that they will ease a bit in South East Asia and the rest of Asia Pacific, where over the last few years they have taken away market share from North American exports.

December 2016 / January 2017

# WHEAT MARKET DEVELOPMENTS

## Wheat Market developments 7th November 2016

### Global

- FOB US Hard wheat firmed US\$2/T, French soft wheat was unchanged as were US Futures. ASX NSW January 2017 Futures eased
- A\$1/T to \$236 with better volume late in the week. The A\$ gained 1c against US\$ to 0.768. Little news globally, other than a large North African Durum purchase which spiked durum prices

### Domestic

- Harvest finally got some momentum in Qld, but nothing further south or in Kwinana (Perth) zone
- Increased reporting of H2 wheat being downgraded in Qld to AUH due to “blacktip”
- Old crop remains well supported though with small sales of old crop as Bulk handlers are having difficulties meeting outturn orders (euphemism for their stock book is short). This will cause a shorter than normal change over from old to new season wheat in mills and bakeries
- Numerous informed Aust. private crop analysts this week put the Australian wheat crop at between 30 and 33MMT (previous record 29.4MMT), despite frost losses in WA

*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.*