



Supply Update

WEEK 4 – 5 REPORT

Pricing is for the current sales period. Prices may not always accurately reflect your returns as stock may be held over pending sale or as the market dictates. Where no price is recorded, sales have not been made in the report period. Prices are subject to change based on daily market conditions. Packing/Packaging costs should be deducted from these prices.

Size 16	\$6 - \$8
Size 18	\$8 - \$10
Size 20	\$9 - \$11
Size 24	\$12 - \$14
Size 28	\$14 - \$16

Sometimes in our career we have to put our hands up and admit we got something wrong. This is one of those occasions for me.

It is now very clear that the domestic market will not hold values at the level we predicted prior to Christmas - and just last week.

The current situation is disappointing particularly for Zeafruit suppliers who are observing sustainable returns disappear.

In two days I have seen 35% to 50% of current coolstore-door values erased from returns as those exporters still shipping continue to pack highly mature fruit in large volumes with extremely low export packouts. The non-exportable stock is effectively being dumped into the domestic market. In general, these exporters have spent most of the season trying to avoid having anything to do with the New Zealand market and have actively promoted to growers' late season high-values available as 'par-for-the-course'.

What disappoints the most is the lack of communication. The Local Market Group forecasted its mid-December to end of January figures in the first week of December. From this estimate local marketers plan their pricing and volume strategies. This information is communicated to both customers and suppliers. There has been a lack of communication from the exporters involved and there hasn't been a word from their respective local marketing representatives.

The net result is the collapse of sustainable values and customers left scratching their heads knowing that the industry is grossly over-supplied but also aware that in four weeks we are likely to be grossly under-supplied.

Late last week Zeafruit initiated through the AIC a local-market discussion about this issue; not because we have any date/age or supply volume pressure, but because we could see what was happening and wanted to initiate some direction as an industry. What transpired was not what we had expected as certain members didn't want to publicise the potential outcomes that we were anticipating.

I have discussed this situation thoroughly with the Zeafruit avocado team over the last few days and we cannot hide the reality from our suppliers nor build expectation that will not eventuate. Regretfully the values listed above are in effect from today.

Looking forward we have the following points to make:

- Heavy export packing will be maintained by those exporters still supplying the Australian market. We predict heavy stock volumes in the New Zealand market until week commencing 11th February - maybe longer if more export fruit is diverted into the New Zealand market.
- Our late season programme with domestic only suppliers will be pushed back as far as practical subject to fruit-loss versus profitability. Our team will liaise with you on this.
- We anticipate a market rebound from week commencing 11th February subject to retail demand. We expect to see values lift from this date.
- Values should again lift strongly across late February into March as late retained fruit is not likely to be plentifully available as has been the case in previous seasons.