



The Hot Issue: Citrus Market Report

SPECIAL MARKET REPORT ON THE CRITICAL CITRUS SITUATION

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BREAKING NEWS of December 2015

Endemic citrus greening is affecting U.S. oranges crop and the Brazilian production, lower than previous years cannot cover the shortages!

The citrus situation in Florida is critical and dramatic. Forecasts were already negative in October 2015, and they got worst now, December 2015. The products affected include all oranges types, grapefruit, tangerine and all their derivatives. Florida all orange production is down 7%, with Florida non-Valencia Orange production accounting for a negative 3% and Florida Valencia Orange Production accounting for a negative 11%. Grapefruit is down 6% and Tangerine 3%.

The total crop of oranges in USA is forecasted to be for 2015-2016 at: 49.600 M boxes, with a drop of 28.992 M Boxes if compared to 2012-2013 (34 % less); and 12.710 Million Boxes less than year 2013-2014; and 9.316 million boxes less than last season 2014-2015 .

The executive VP/CEO of Florida Citrus Mutual, Mr. Michael Sparks stated, "The lower estimate is a reflection of the times and the challenges our growers face." The CEO declares that, even though everyone knew that this year's crop was going to be the lowest in years, they are very surprised by the dramatic situation.

The reason for this critical shortage is that Florida growers are battling citrus greening. It attacks the vascular system of a tree and can kill it within two years. Citrus greening is endemic to Florida and has reduced production more than 50% over the past decade.

The current crop in Brazil for current crop 2015- 2016 ending December 2015, should show very limited quantity of processed oranges. It is estimated that the crop will be of 220 Million boxes versus 264 Million boxes of crop 2014-2015.

Oranges – Florida

On December 9, 2015, the U.S. Department of Agriculture has published the crop forecast: estimations of the 2015-2016 Florida orange crop lowered by 3% for what concern Non-Valencia Orange! The Valencia Oranges scenario is even worst. USDA expected 37 million boxes in October 2015, now this expectation has lowered to 33 million boxes only!

The U.S. Department of Agriculture has declared that the 2015-2016 Florida orange crop is 4 million boxes inferior compared to what was expected in October 2015. In October, the Florida crop forecast stood at 40 million boxes, meanwhile now, in December 2015, it stands at 36 million boxes!

One of the three world largest producer is out of the market eventually already sold out. Orange oil prices are heading rapidly to surpass record high levels; the shortage will persist very likely over the next 8- 9 months.

We strongly suggest contacting us quickly before we remain without material. Only this week we received three times the demand we usually have in this period!

The prices for all orange derivatives such as orange oil, folded oils, orange oil phases, orange terpenes etc. are reaching record high levels. Orange oil with ald. 1,20 % min., with FCC specifications, is reported to be very short and prices his week are ranging between 8 to 9 USD/kg. at the origins, **if available** .Orange d-limonene and terpenes are becoming unavailable below 7,5 USD/kg. We record pressure from major sources that indicate a heading forward to 8 USD/kg. There has been also a problem of delay in shipping from Brazilian port in December 2015 that have generated additional panic in the demand for prompt material in Europe.

Grapefruit - Florida

The USDA's estimate of the 2015-2016 for white Florida grapefruit crop is set at 2,8 Million boxes with decreased of 50% percent if compared to crop 2012- 2013. The forecasts are 30% less, if compared to crop 2013-2014, and 20 % less if compared to crop 2014-2015 . The prices for white grapefruit oil are currently reaching level over the 50 usd / kg. for grapefruit oil with low Nootkatone, and over 60 \$ / kg. for 0,20 %NTK min. The pink grapefruit is more available and prices for the oil are about 20 % cheaper than the white oil.

We have limited stock and we strongly suggest advance coverage for the next period requirements as prices could reach record high level.

Lemon oil, lemon terpenes, Lime cold pressed

Prices have soften during summer. Although the downtrend seems to have ended, and prices expectations and availability to should remain stable over the next term, we do have stock available of very good qualities with low agricultural residues and high citral content. Contact us for updated offers.

Distilled lime oil prices are stable and on the high side. The hurricane Patricia of late September 2015, have made landfall in the area of productions of Colima in Mexico. The potential damages caused have not been assessed yet to our knowledge.

Look into official data:

http://www.nass.usda.gov/Statistics_by_State/Florida/Publications/Citrus/cit/2015-16/cit1015.pdf

http://www.nass.usda.gov/Statistics_by_State/Florida/Publications/Citrus/cit/2015-16/cit1215.pdf

Best regards,

Anthony Moellhausen

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