

Early spanish Stone Fruits season.

Market analysis and determining factors in Spain and its conditionants

*Stone fruit sub-group Commission Market observatory
(Brussels, June 2st 2023)*

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1. Starting point

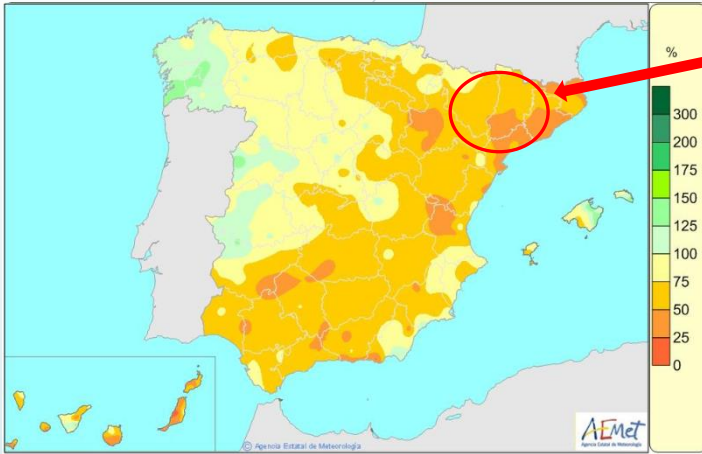
- Spanish production. Weather impact. North and South
- Russia's aggression impact: the effects over trade continues
- Cost's Crisis.
- Inflation

2. Market dynamics

- Offer and Consumption
- Prices evolution
- Distribution strategies
- Market's prices evolution
- Contrast of Profit or Looses with previous season forecast

3. Conclusions and improvement proposals

1. Spanish production. Weather impact. North



Accumulated precipitation in hydrological year vs. normal values
1/10/2022-23/5/2023 - AEMET



Cataluña's Urgel Canal

CATALUÑA AND ARAGON:

- Very little snow last winter in Pirineo (Main water reserve)
- Last year rains below 50%-25% in all production áreas.



- **Thousands** of hectares with very high risk of lose the production and trees in Aragón and Cataluña.
- All areas with very low sizes (sometimes out of market minimum standards) that reduces the productivity.

1. Spanish production. Weather effects. South


EARLY REGIONS

- Frost problems in Extremadura in early fruits
- Problems with Apricots pollinization in Murcia
- Beginning of season with low sizes under comercial standards



- Last two weeks: Huge problems with daily storms in Extremadura and Murcia. Dramatical cherries and apricot loses.

1. Starting point. Spanish's S.Fruit Volumes (Europech'23)



| PRODUCTO | 2022 | | | MEDIA 18/22 | VARIACION |
|-------------|-----------|---------|-------|-------------|-----------|
| MELOCOTON | 233.023 | 49 | | 287.468 | 4,17 |
| PARAGUAYO | 212.077 | 335.929 | | 264.439 | 27,03 |
| PAVIA | 207.900 | 292.150 | 53 | 291.801 | 0,12 |
| NECTARINA | 380.063 | 621 | 63,43 | 497.246 | 24,92 |
| ALBARICOQUE | 66.387 | 96 | 44,79 | 104.780 | -8,26 |
| CIRUELA | 156.095 | 166.033 | 6,37 | 144.005 | 15,30 |
| TOTAL | 1.255.545 | 1.810 | 44,23 | 1.589.739 | 13,91 |

→ The weather-related effects are reducing the forecasts: In early areas has been already lower

... Does'nt seem possible to achieve the forecasts

1. Starting Point: Russia's aggression impact persists

➡ DIRECT EFFECTS over TRADE CONTINUES

- Ukraine's war economy: low fruits imports
- Trade with Belarus doesn't exist.
- ... still effects of "Russian Veto"

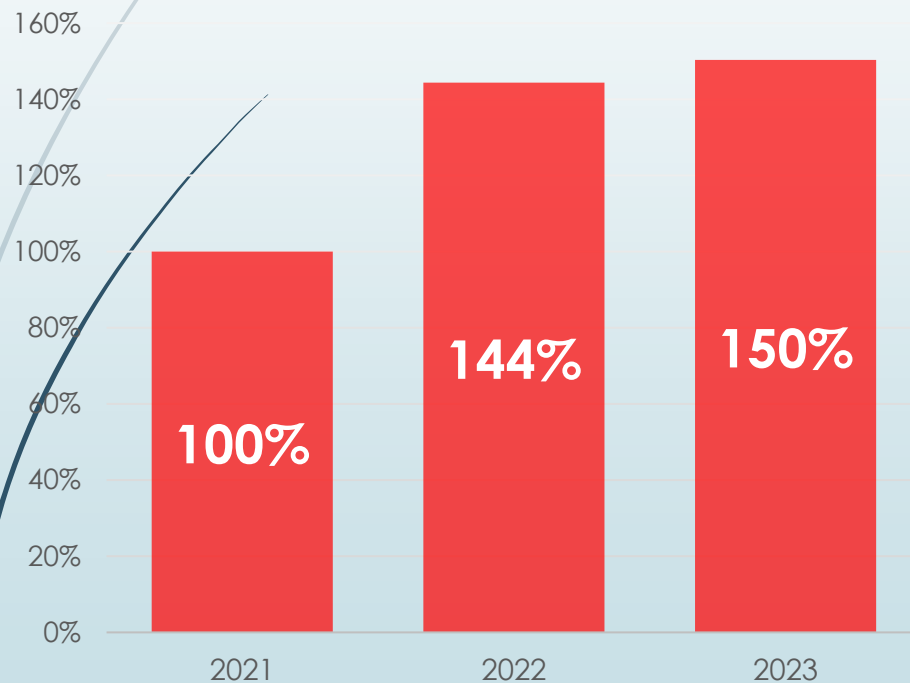


Smaller market for exportations UE and Extra UE

Pressure on Europe market continues

1. Starting Point: Costs's Crisis

GROWER'S LEVEL OF COSTS
EVOLUTION
(2023-2021)



| ACCOUNTING CONCEPT | 2022 | 2023 |
|-----------------------------|-------|-------|
| FERTILIZERS AND PHYTOS. | +122% | +6% |
| WATER (ENERGY +85% OF COST) | +160% | -40% |
| FUEL | +35% | -15% |
| REPARATIONS AND CONSERVATI. | +18% | +6% |
| LABOR | +6% | +8% |
| INSURANCES | +9% | 3% |
| ACCOUNTING DEPRECIATION | +5% | +4% |
| INTEREST RATE (1,1%-3,75%) | +57% | +345% |
| | | |

1. Starting Point: Costs's Crisis

- **Taxes to plastics** and use of new “Environmental friendly” packagings, more expensive.
- **Phytosanitary restrictions** reducing productivities
- **Rise of salaries** as a result of inflation.
- **Financing cost** and more difficult financing access.
- **New spanish payments law**, that oblies companies to pay to all suppliers in max. 30 days. It oblies companies to finance the export sales with longer recovery periods than 30 days (the most of them)

1. Starting Point: Inflation

↑ Inflation → ↑ ECB rises Interest rates



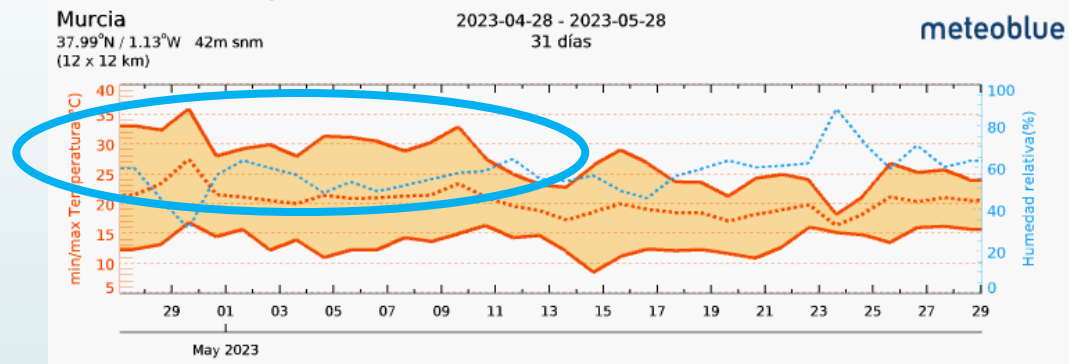
Inflation + Interest Rates Rising = consumer's high loss of purchasing power



High probability of Lower consumption

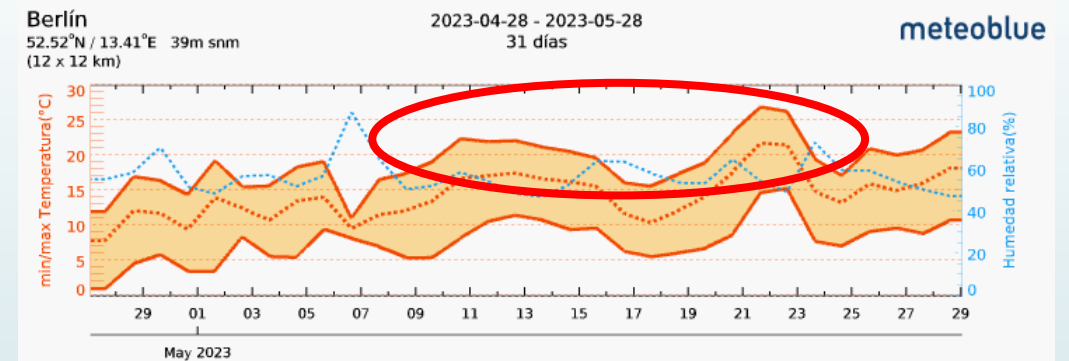
2. Market's dynamics: Offer and consumption

ORIGIN



- High temperatures at season's beginning
- Phased harvesting in most of products (except in apricots)
- **Best historical taste: +10°BRIX (APRIL'S END)**

COUNTRIES FOR EXPORTATIONS

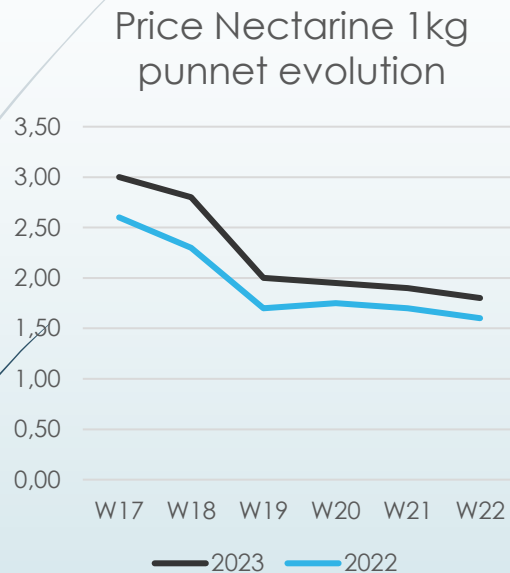


- Good temperatures after May's 10th



0 Stocks with Good consumption level

2. Market dynamics: Market's Prices evolution (prices of most of german supermarkets)



+15% of average price



+22% of average price

LOWER SIZES REDUCES MARKET VOLUMES AND PRODUCTIVITY IN 2023

HISTORICAL GOOD FLAVOUR AT SEASON'S BEGINING OPENING A BIGGER DEMAND

MORE PRICE WITH LESS PRODUCTIVITY AND MORE COSTS



WORSE GROWERS SITUATION THAN IN 2022

2. Market's dynamics: Distribution strategies



Aldi Germany peach promotion weeks: 20+21+22

➔ Aprox. 1,50€/Kg
Exworks

- Some supermarket presses down prices pushing to distribution to compete LOOKING FOR PRICES UNDER COSTS

3. Some conclusions...

Vulnerable sector “by nature”

- Highly perishable products
- Very sensitive to climate
- Financially weakened

Its “natural market” reduced

- Russian Veto
- Belarus
- Ukraine
- (“Brexit”)
- Domestic consumption decrease

Difficulties to manage the volumes:

- Fresh produce (very perishable)
- Difficulties to export
- Without sector management measures (product recalls, limited scope)

Competitivity loose

- Costs Rising: Energy, Phytos, packaging...
- Supply Chain imbalances, with too low prices pressure
- Higher requirements and costs: phytos restrictions, boxes and plastic prices,
- Small growers abandon sector
-

3. Some proposals: tasks for Stone fruit sector

- **Promotion of european domestic consumption:**

Sector and Institutions: *“Healthy & Environmentally friendly products”*

- **Structural Sector Improvement:** concentrating supply, Investments, Supply and Demand adaptation, R+D... → OPs of FVPOs

3. Some proposals: tasks for Stone fruit sector and for EU

- Promotion of european domestic consumption:

“BUENAS HASTA EL HUESO”: MAKETING CAMPAIGN FOR SPANISH CONSUMPTION IMPROVEMENT:



**BUENAS HASTA EL
HUESO**

FRUTA DE COOPERATIVA

<https://buenashastaelhueso.es>