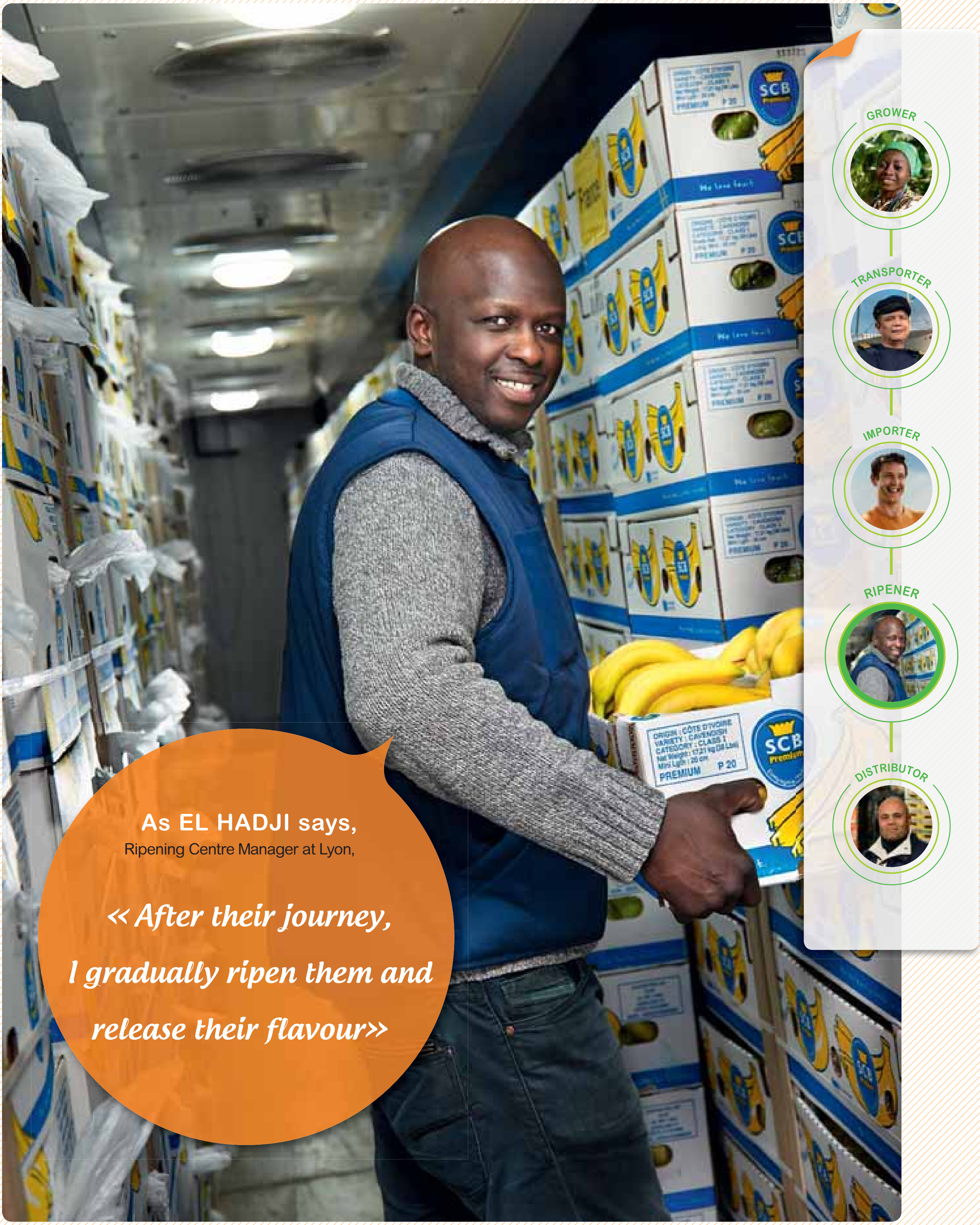

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We love fruit. Les fruits, on les aime.

A report by
Denis Loeillet

Banana

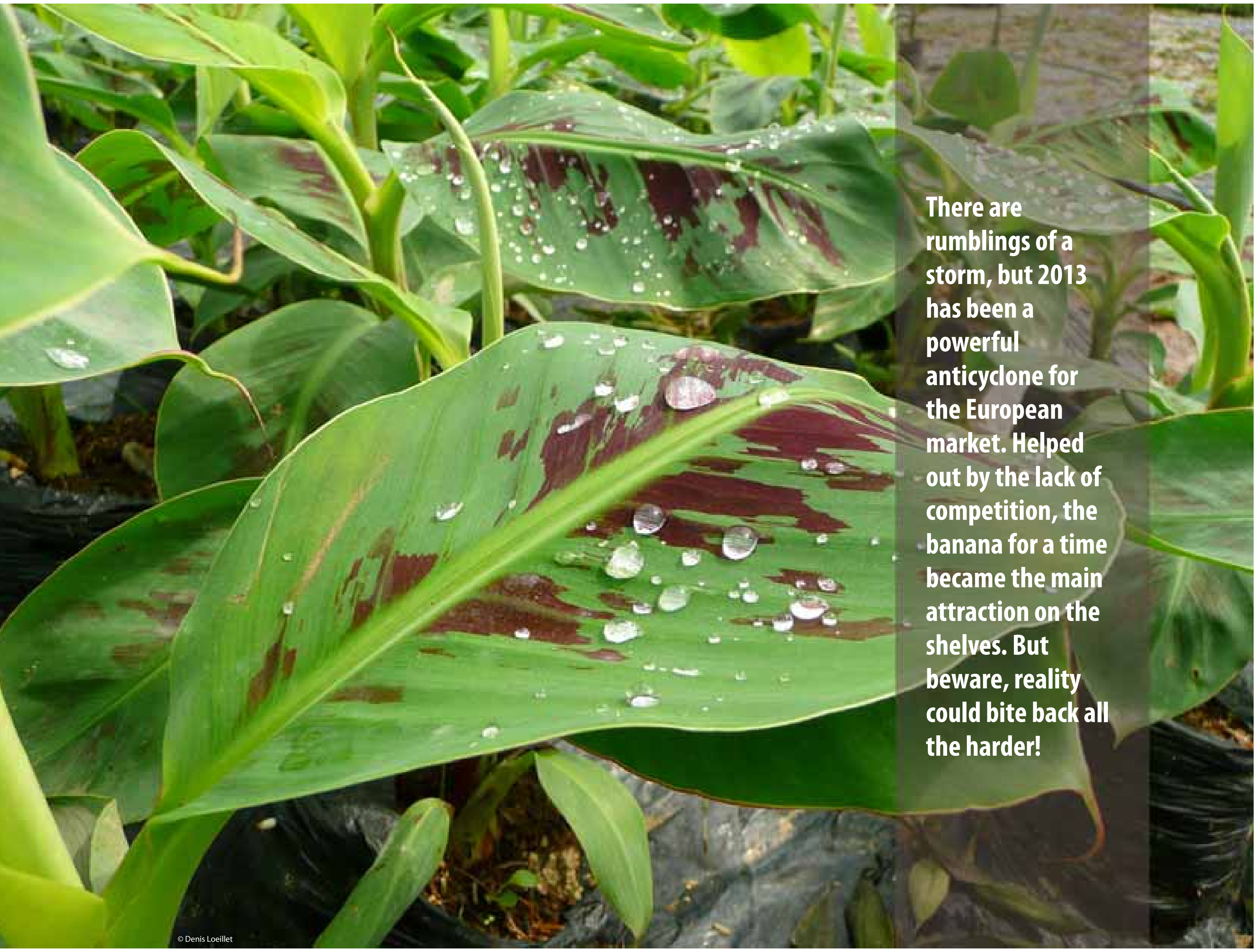
Prices in 2013

Contents

The illusion would have been perfect if October had not gone and rained on the parade. However, nothing in how the European banana market has gone in 2013 can provide any grounds for optimism for the foreseeable future. For its part, the United States is continuing down its chosen path, with a Fort Knox style set-up. The only common point between these two big world markets is increasing consumption. And that is not such a bad thing with things the way they are for the banana industry...

European banana market in 2013

The banana bubble!



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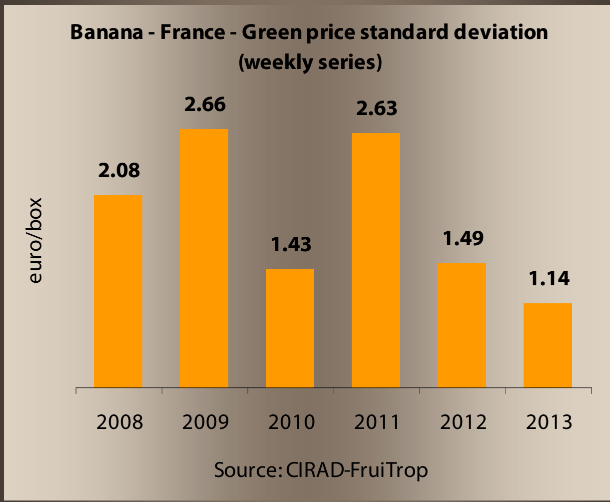
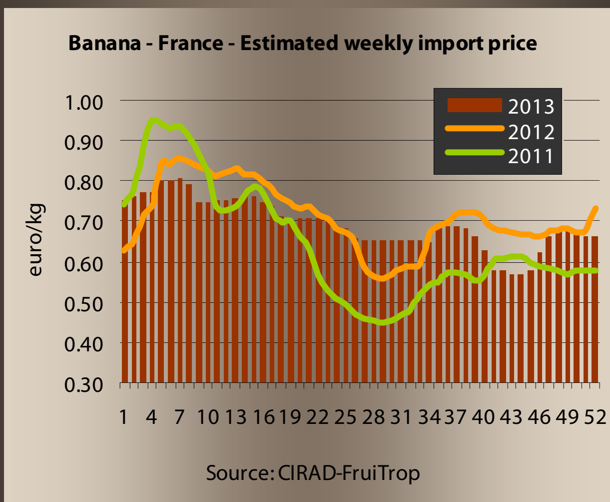
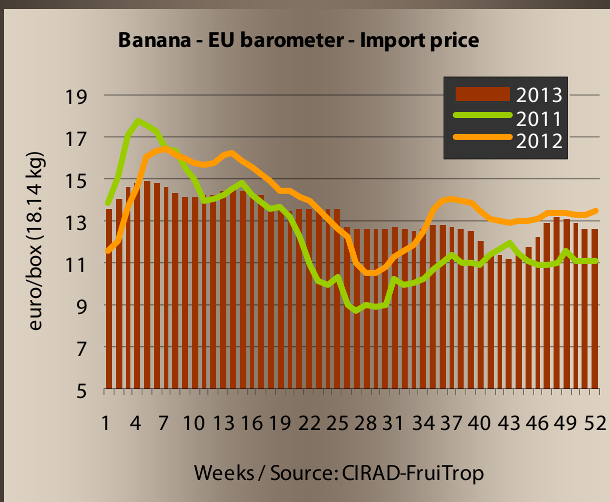
There are rumblings of a storm, but 2013 has been a powerful anticyclone for the European market. Helped out by the lack of competition, the banana for a time became the main attraction on the shelves. But beware, reality could bite back all the harder!







Almost perfect!

2013 was an almost perfect year for the banana! Just five short weeks in autumn were all that was missing to round off a year, which apparently without that mishap would have gone into the record book. We will take a longer look at the performances in terms of consumption in the traditional April edition of FruiTrop, once all the quantitative data are available and have been processed. However, you can bet that 2013 has been an exceptional year. As at the end of October, the estimated European consumption was up 4 % over ten months and 3 % over the last twelve months (November 2012 to October 2013). The end of the year saw the phenomenon intensify further. And just this once, 2013 was also exceptional in terms of green banana price. For France, the green banana price (source : CIRAD) amounted to 0.69 euro/kg, i.e. 12.5 euros/box, the second best performance for eight years, just short of 2012, another year out of the ordinary. So we observed a slight fall in green banana price (- 2 % in France and 4 % on our EU barometer), but the comparison with 2012 is misleading since this was a record year. Compared to 2011, we can regard the levels obtained in 2013 as satisfactory: + 7 %, both for the French green banana price and for the European price.

These two successive years have not necessarily followed the same pattern. The season profiles differ in particular on two points: the very good durability of rates during summer 2013, a very high risk period, which was not the case in 2012, and a disastrous autumn 2013, whereas in 2012, after the miserable summer came a strong recovery which lasted until the end of the year. This favourable trend was confirmed over the first nine months of 2013. So we have had two different behaviours with two very close annual averages: 0.69 euro/kg in 2013 and 0.71 euro/kg in 2012.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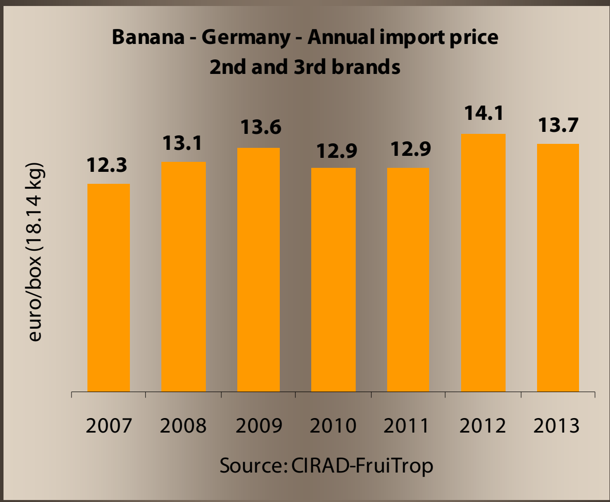

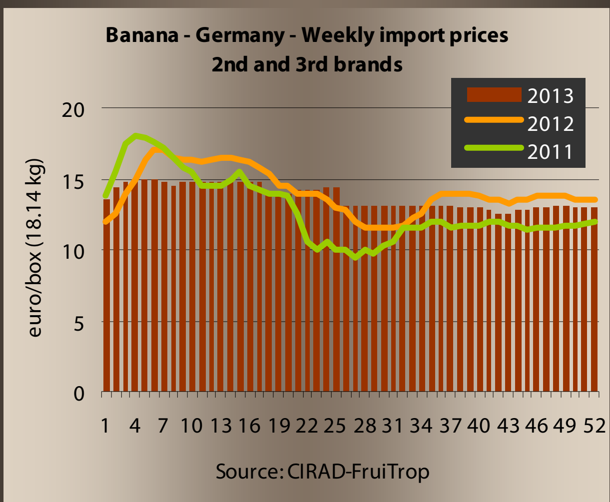


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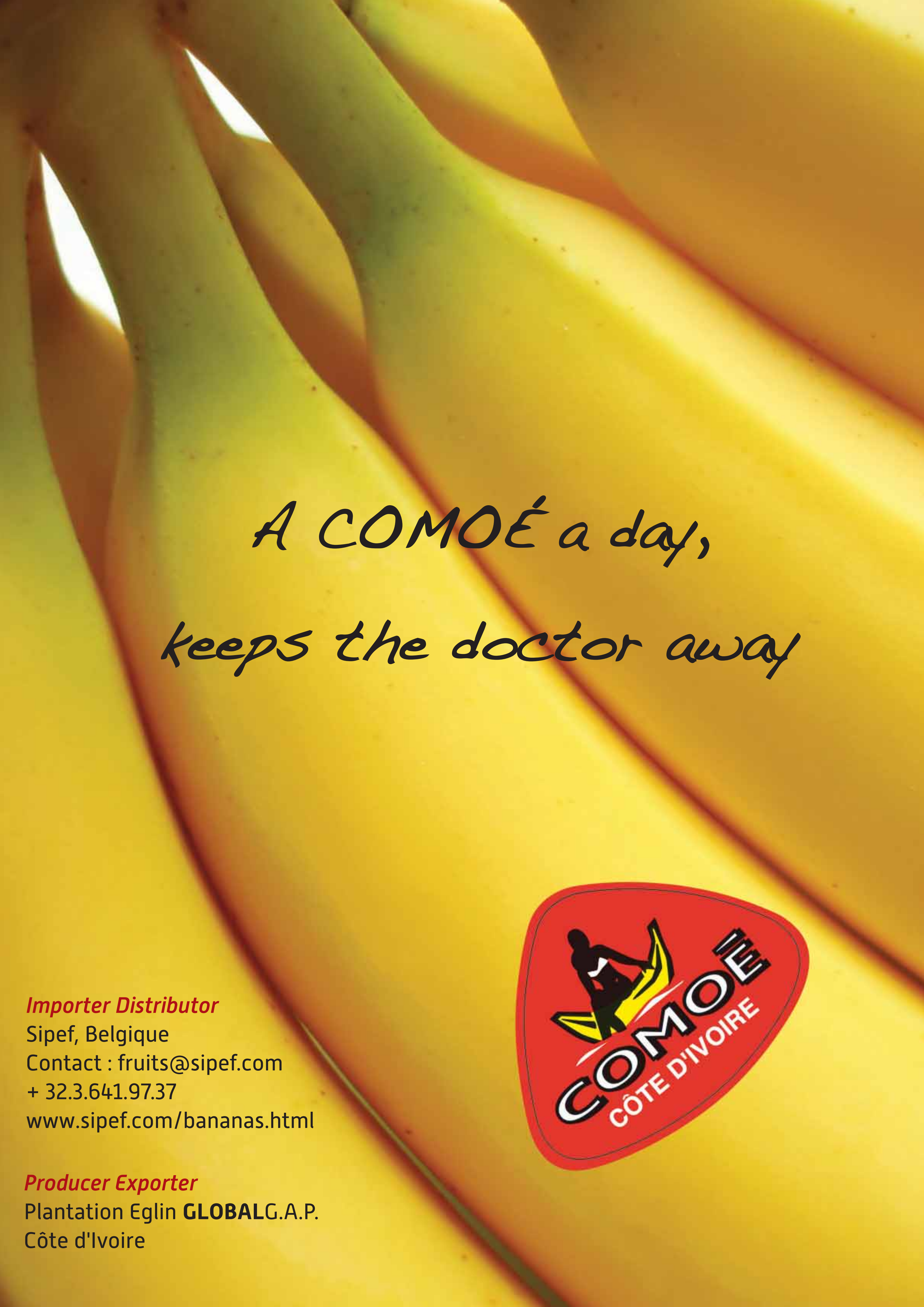
The convergence of the annual prices was accompanied by very low volatility in rates over these two years. From 1.49 euro/box in 2012, the volatility (in this case represented by the standard deviation calculated for the French green banana weekly price series) fell to 1.14 euro/box in 2013. This is moreover the lowest deviation ever recorded in France. Rounded to the annual average price, the variation observed was just 9 %, as opposed to 12 % in 2012 and 22 % in 2011. It would be hard to find a better market, with a stable, relatively satisfactory green banana price and high consumption: some kind of year of wonders for the banana! So we have found the magic elixir, and a vaccination against nightmares is within reach. All this, moreover, in a hostile regulatory environment (elimination of restrictions and scheduled reduction in customs duty) and on a European market increasingly open to international competition.

This is of course the optimistic version of the analysis. Since the devil is in the details, let's look closer at the success, and separate what is down to the structural context from what is dependent on the short-term context. So be prepared for disappointment.

Fewer apples is a good thing, but fewer Goldens is even better!

As you will have realised, the conclusions are more than nuanced. We might even consider that 2013 highlights the great difficulties of the sector. Since while we have to celebrate the good banana year, it is actually only down to a combination of one-off, or even miraculous, short-term effects. First and foremost we need to look outside of the banana sector to find the truth.

First let's stay within the fruits sector, since it has made the biggest contribution to things going well. The apple sector, and, more secondarily, the pear sector, had a heavy impact on the market. The French Ministry of Agriculture's business outlook bulletin ("Agreste Conjoncture"), issued in March 2013, could not be clearer: "2012 production is reportedly 25 % down on the past five years, which is the smallest French harvest observed for ten years." We can also read from the price evolution that "since the beginning of the season [September 2012], rates are much higher than the 2007-2011 average rates: between + 20 % and + 51 %, depending on the month." Although France saw the biggest slowdown in production volume in 2012 (- 32 %) because of major weather damage, the situation deteriorated greatly in other EU countries, with European production falling 9 %, and by as much as - 24 % for Spain for instance. Eastern Europe bucked the trend, with its production jumping by 11 % from 2011.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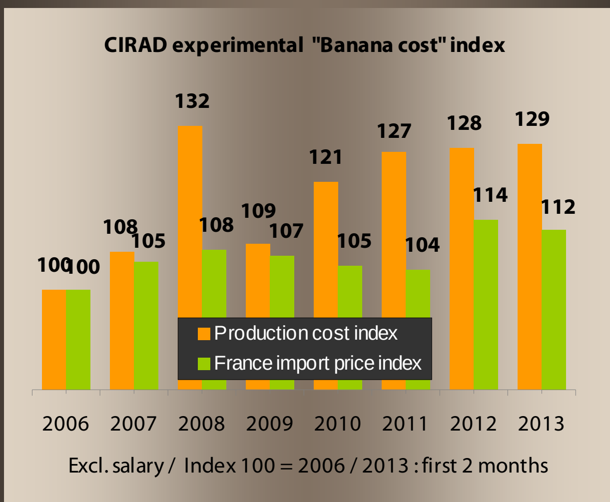
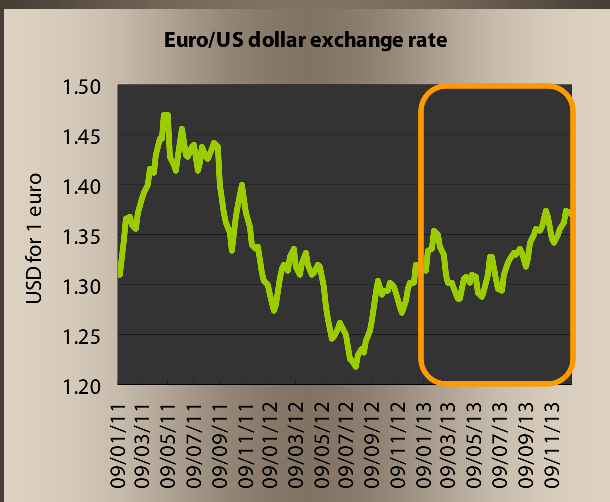


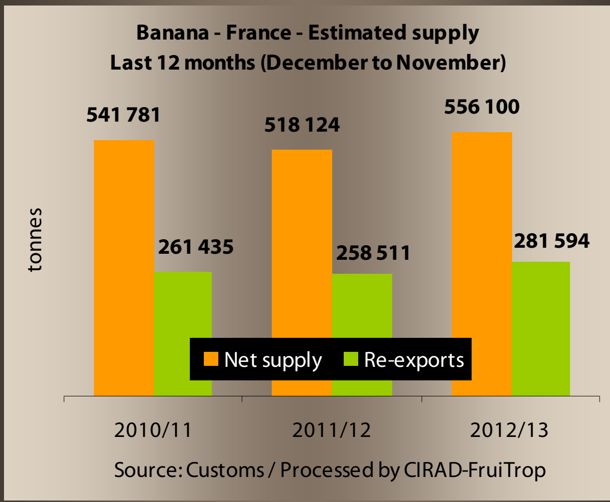


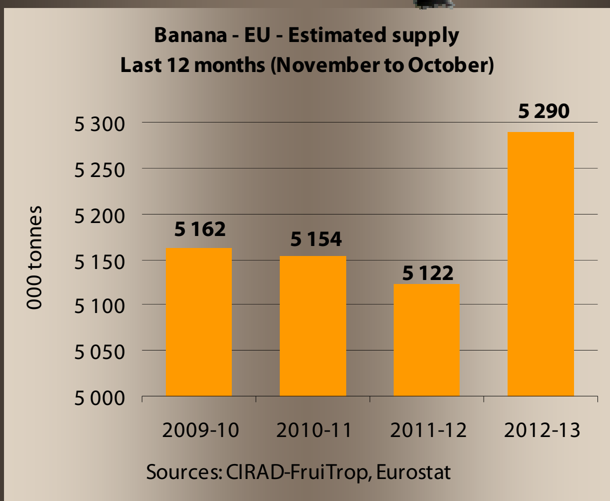
What we also need to bear in mind from the 2012 European apple season is the steep fall (- 12 %) in Golden Delicious production, which represents the biggest of the European players with 23 % of the supply, and which is still a staple on the shelves. This is a significant detail, since the banana is also a staple of the staples on the shelves. Consequently, when Goldens is less abundant, it is a highly competitive segment for the banana, which weakens. Citruses are also a very big competitor for the banana, especially in periods supposedly the most auspicious for our fruit: autumn and winter. Eric Imbert, economist and head of the citrus sector within the CIRAD Market News Service, provided in the November edition of FruiTrop his analysis of the 2012-13 citrus season: "Thanks to these moderate volumes and a demand taking advantage of the scarcity of the European apple supply, most exporter countries in the zone [Mediterranean] had been able to re-establish a satisfactory profitability level." Fewer apples, fewer citruses, all that remained was to clear the hurdle of summer 2013. Once again, the skies came to the aid of the banana producers. According to Agreste, the combination of a reduced supply (of peaches and nectarines) caused by the vagaries of spring weather and consumption boosted by the often high summer temperatures (July) led to an increase in rates, both in France and the EU.

Other less decisive factors

Other factors have also affected the competitiveness and attractiveness of the banana on the European market. Hence the euro/dollar exchange rate throughout 2013 remained within a range of between 1.28 and 1.40 USD to the euro, with the euro tending to strengthen at the end of the period. It is hard to draw conclusions about the optimum exchange rate level. However, for the market balance, we can nonetheless be glad that the euro did not generate any additional competitiveness margins for dollar production sources, unlike in 2011 and the three preceding years.

The growth of costs to their highest levels in 2013 (provisional CIRAD index 130, as opposed to 128 in 2012 and 127 in 2011) also hindered exporters less inclined to take risks on a spot market which is all about taking a gamble, with its high fixed costs. The guarantee of a high return level on all markets, very strong fruit demand at certain times of year and a relaxation in bunker prices and freight rate, however, mitigated this risk taking in 2013. So it is hard to draw conclusions as to the influence of the cost index on the supply level to a market which for a good part of the year remained highly dynamic.





Now for the climate, which is said to have a big effect on the dynamics of the banana market. If we refer to the Météo France analyses, which observes that the temperatures were below normal in the first half-year, with a very cold May, we might think that this supported consumption, already lively for the reasons mentioned above, and conversely, that the cold temperatures and generally short sunshine duration held back spring and summer fruit harvests and their consumption. Météo France emphasised that July and October were particularly warm, doubtless a factor aggravating the supply crisis that France and Europe went through in October (see below).

Apples and pears made way, and stone fruits and citruses were out of the picture; temperatures were rather favourable for banana consumption; no excesses on delivery costs or costs in general; supply barely affected by the euro/dollar exchange rate. In short, the banana industry was enjoying an idyll, along the lines of “Cast Away”! We could leave the explanations there, and make the indisputable observation that autumn 2012–summer 2013 was a waking dream...

Down to earth!

Except that the real world, where nothing lasts forever, and where conditions are constantly shifting, gave us a most fearsome and striking reminder: the five-week period from 41 to 45, i.e. between the second week of October and the first week of November 2013. The import prices in France all of a sudden came apart, falling below 0.60 euro/kg, a level never breached since the disastrous summer of 2012. We had to wait until week 46 for the machinery to get back into gear, to finish the year on a positive trend. The sky fell in on our heads, just like in the Asterix and Obelix comics, the latest edition of which came out during this crisis, in a wink to destiny.

While the findings are clear, the explanation is more difficult. Here too, we need to explore a combination of factors. The first is due to the intensity of the supply to the French market from Africa. While Côte d’Ivoire has regularly increased its volumes from a low point in early 2012, partly thanks to the gradual return to normal in terms of politics and reinvestment in planting, it is the behaviour of Cameroon which has attracted all the criticism. Whereas the source had been on the slide since the beginning of the year, its exports to France and Europe suddenly exploded in October 2013, from 8 000 to 16 000 tonnes from one month to the next for France, and from 17 000 to 24 000 tonnes for the EU-27. Whatever the sector, it is clearly tough to handle such a peak under good commercial conditions.

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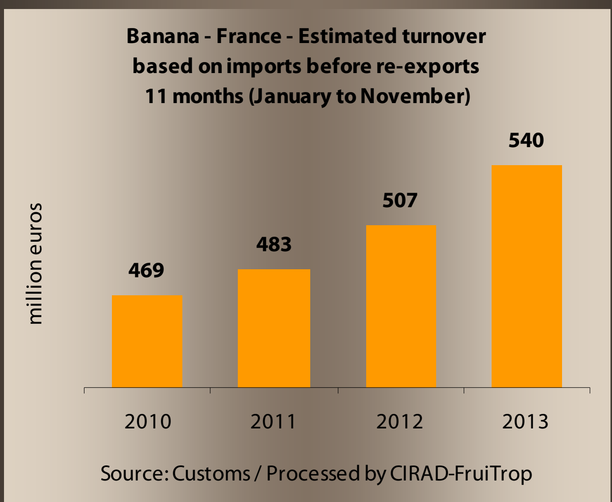
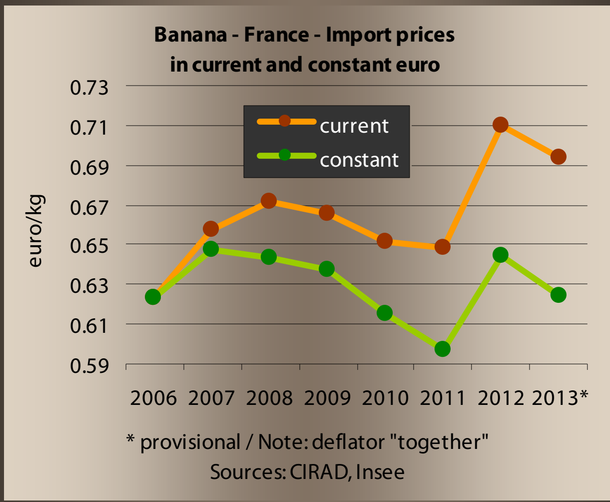


The return to a more measured supply level in November helped, among other things, to restore calm on the French market, but also on the European market. Indeed, the latter had once again been given a rough ride by the malfunctions of the French market. But the Cameroonian volumes do not of course explain everything. Other sources also increased their volumes in this period, such as Colombia with its traditional export peak to the EU, which quite precisely in October reached a total of more than 10 million boxes, before dropping back to 7 million the following month. This was also the case for the Dominican Republic, which recovered its best levels (31 000 tonnes in October) and Ecuador, which increased its exports to the EU by 18 % from one month to the next.

And then there was the interminable and languishing end to the summer fruits season, hindering the European market for weeks. Then come other more diffuse explanations, due primarily to the market atmosphere. Hence in a sort of collective hallucination, where the positive market trend has a powerful anaesthetic effect, we had all forgotten that the apple and pear season more or less comes back on the same date, that apple festivals flourish in the supermarkets, dislodging the banana and other products from prime shelf spots. Furthermore, we can count ourselves lucky to have had a relatively average 2013-14 harvest, true well up (+ 11 %) on the disastrous year 2012, yet still around average for the past five years (+ 2 %). Furthermore, since the harvest was late, the massive promotions in the hypermarkets and supermarkets were also later, practically starting at the end of November. And what about the other heavyweight of the market, citruses, and more particularly at this time of year, small citruses? Nothing doing! The season ranged from late to very late, with hot temperatures which held back the degreening process. The Mediterranean supply did not really grow until November, i.e. the month following the disruption.

After these notorious five weeks, the market recovered the annual trend, and ended 2013 on an overall positive note. The import turnover (supply level before re-exports multiplied by green banana price) for the French market alone confirmed this trend, since from January to October, i.e. taking into account the highly depressed month of October, it went up by 36 million euros from the same period of 2012, to reach practically the half-billion euro mark.



Left to fend for itself

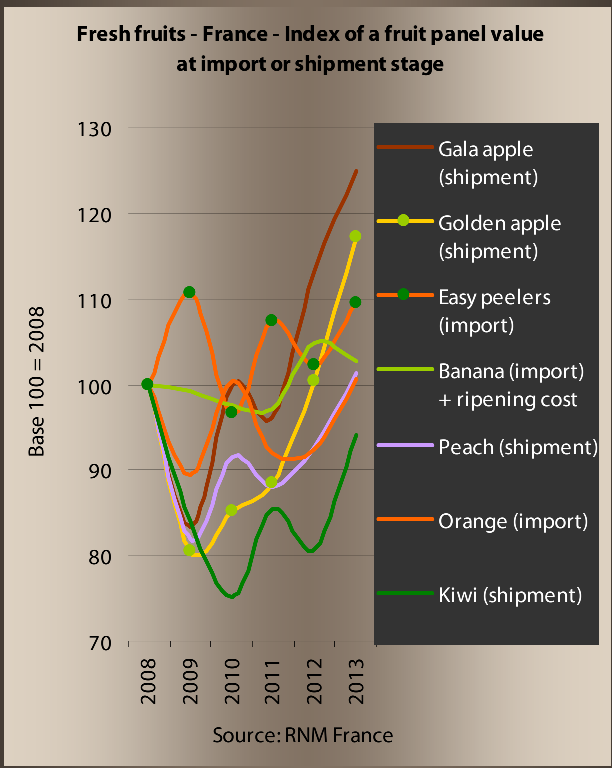
What are the big lessons that we can take from this year, once more atypical? The most important which, admittedly, is not really revolutionary, is the extreme sensitivity of the market to the supply of competing products. The banana market remains trapped, and dependent on external factors. This is not very reassuring for its future. Since as has been clear since 2012, it has not proven profitable due to the actions taken by the sector itself (industry structuring, sales coordination, targeted promotions, etc.), but because more or less serious weather vagaries stepped in to save Private Banana.

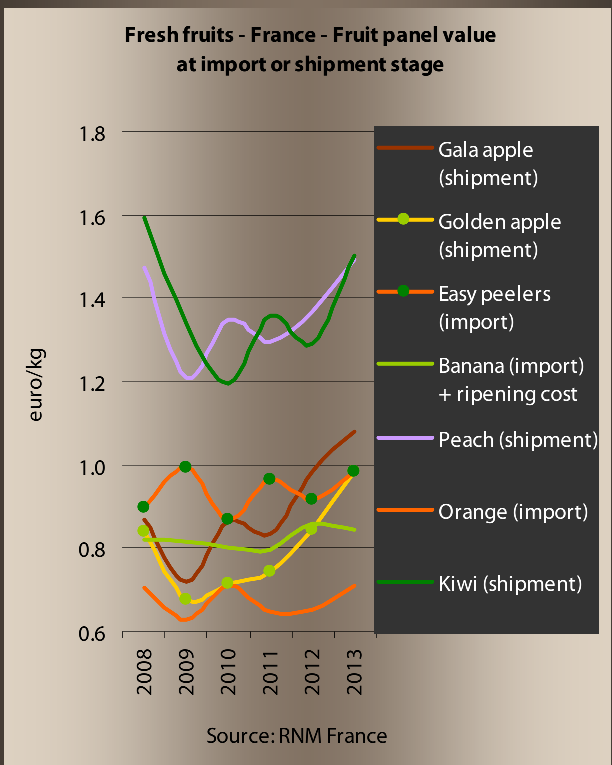
The second lesson, just as tragically blatant and mundane, is that the market is very sensitive to a banana over- or under-supply. Indeed, twice in 2013, one time in one direction with a reduction of the Martinique supply due to cyclone Chantal in early 2013, and the other time when the supply exploded in October, we saw the market react abruptly and sometimes even to exaggerated degrees.

In summary, while we can celebrate a relatively quiet year for the banana, which saw its rate rise throughout practically the whole year, in no way should it lead us to believe that the balance has finally been achieved. Indeed, the good economic conditions of 2012 and 2013 have only very little to do with the actual workings of the market, and still less with its fundamentals. To think otherwise would be the gravest of illusions. The banana supply is unregulated, and demand depends on the supply of competing products (inside and outside the fruits and vegetables sector). The international supply is subject to the evolution of euro/dollar exchange rates and the cost price (especially the energy price). The absorption capacity of the US market (fortunately good), but also that of the Russian market (highly volatile), are the pillars of the world market. But the situation is fragile. The political decisions which have a big impact on the relative competitiveness between suppliers, and about which the operators cannot really do anything, are also an unmanageable risk factor. The reduction in the customs fees for Latin American sources has actually been largely ratified, and scheduled for the medium term. Then we have the factor on which everyone agrees: the weather vagaries, the frequency and intensity of which savagely and dramatically regulate the global balances.

Added value: stop the massacre!

More generally, and to avoid piling illusion on illusion, we also need to know whether the balance, even if artificial as at present, generates





added value, or at least helps prop up a structurally sickly sector. At the beginning of last year, we had shown that 2012 had enabled added value to regain the lost ground, to some extent eliminating the slow decline caused by inflation. Unfortunately, given the considerable fall in the green banana price and inflation, though moderate at 0.8 %, we can consider that value crumbled in 2013. In other words, the banana is not following the overall increase of French as a whole (inflation rate). The value (in constant euros) of the product reached in 2013 the level that it had in… 2006. Some progress! This is one of the most relevant indicators for demonstrating the extreme commoditisation of this product. And it is better not to make the same calculation taking the consumption price index for the fruits sector alone. The scissor effect between constant price and going price is at its greatest in that case. In 2013, the constant value of the banana was 7 % below its 2006 level.

The good news is that the banana is relatively less expensive than other fruits. But what sense does that make? Since in this little game, the banana has long since knocked out the competition, without housewives rushing out to buy any more. That is where the pinch is felt. So the solution is not to destroy value to gain market share.

The analysis made possible by the precious economic data collated by the RNM (market news network), especially at the shipment stage (for French fruits), could reassure banana operators. Indeed, if in the kingdom of the blind the one-eyed man is king, then the banana does no worse than the other fruits, but there are two major remarks: its price evolution is impressively stable in current euros, and it is ranked among the low added-value fruits such as the Golden apple or orange.

2014 set to be a long year

So now is the time to make the projections for 2014. This is obviously a tough exercise after what we have just been saying. The fact remains that certain fundamentals are now practically definite. On the one side, we know for example that the production capacities in Central and South America are intact, having avoided serious weather damage. We also know that Martinique will return to full production in the first half of 2014. Although its weight on the European market is relatively light, it is fundamental on the French market. Furthermore, Africa is conducting a development policy, either by improving its current capacities, or by expanding surface areas, the real effects of which, it is true, will only be visible in a few years' time (see **FruiTrop** 216, November 2013, p. 12). In the short term, the weather conditions in Africa have been rather favourable for banana production in the past few months. Finally, euro/dollar parity will remain, whatever happens, favourable to exporters to the EU, and we could even see the euro rise against the dollar, due to the end of the accommodating monetary policy in the United States.

On the flip side, with the global economic recovery, though listless, we could see some tensions on the raw materials market, especially for the price of energy, which has a very heavy impact on the cost of a box of bananas. Thus the big exporters could be forced to closely monitor their production returns. Yet one of the great unknowns remains the relative presence or relative absence of competing spring and summer products: strawberry, apricot, peach and nectarine. We will just have to hope, as the old French saying goes that: "if it snows on Saint Onesimus day (16 February) then the harvest will be ruined."

More seriously, how can we be optimistic about 2014? The operators questioned can find nothing to reassure them, since while the banana market is atypically high (which is really characteristic), they are too afraid of what everyone has been promising them since the opening of the European market in 2006: the cataclysm. There is what many believe is a structural factor for the European and world markets: development of contractualisation or, at least, of setting a guideline price (such as Aldi applies) over a relatively long period (a quarter). It is hard to get a clear opinion about the question. The near-generalised contractualisation in the United Kingdom, going as far as to bring together all the links of the industry, raises questions as to producer returns. Certain Colombian cooperatives, fair trade certified at that, do not seem particularly satisfied with the system. The "Aldi" process has its advocates and detractors. Since the Aldi price level is fixed rather at the bottom of the range (this is the case for the first quarter of 2014), certain observers hope that this will help remove the worst and most modest operators, and leave the field free for the others. Banking on their doubtless better adaptability and resistance, the biggest suppliers to the German discount supermarket are advocating a more extensive market structuring to their own advantage: reducing the number of players. Others believe that setting an import price three months in advance is a tall order on a market extremely sensitive to all kinds of vagaries. And furthermore, that the system is more rigid and closed to price increase processes. In short, that it is carved up by and for the distribution sector rather than for the upstream operator.

In every case in 2014, exporters who have opted for a fixed contractualised sale price for a season will apply caution and good stewardship of their company. In case of a disaster on the market, they will need to monitor the damage reports, the traditional route for the fruits and vegetables sector to escape the contract conditions.

The banana bubble of recent years has led many operators to explore new frontiers in production, and believe that the balances had been achieved. At the risk of banging on, we should recall that the increase in banana consumption seen in 2012 and 2013 in Europe is indeed real, but that the battle was won unopposed ■

Denis Loeillet, CIRAD
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European banana market
Retail price

Charity begins at home

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The European distribution sector played its expected part this year. While the green banana price was slightly down practically right across Europe, retail prices changed for the better. From being a free rider (like Germany in 2012), in 2013 the European distribution sector upgraded to VIP status.

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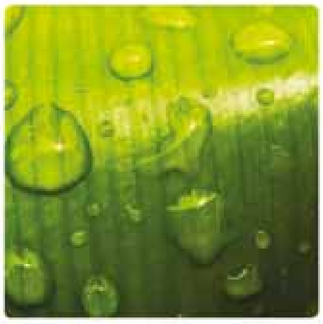

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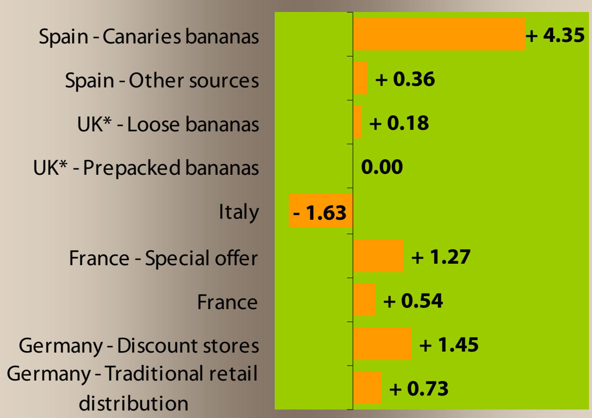
Banana — Europe — Import and retail prices

euro/box	2012	2013	Diff.	Diff. %
United Kingdom (£/box)				
Retail price Loose bananas	13.1	13.2	0.18	1%
Retail price Prepacked bananas	21.8	21.8	0.00	0%
Import price				
Spain				
Retail price Canaries bananas	32.5	36.8	4.35	12%
Retail price Other sources	24.3	24.7	0.36	1%
Import price Canaries bananas - Super Extra	15.6	17.7	2.10	12%
Germany				
Retail price Traditional retail distribution	23.0	23.8	0.73	3%
Retail price Discount stores	20.3	21.8	1.45	7%
Import price	14.1	13.7	-0.40	-3%
France				
Retail price	28.1	28.7	0.54	2%
Retail price Special offer	23.9	25.2	1.27	5%
Import price	12.9	12.6	-0.31	-2%
Italy				
Retail price	33.6	31.9	-1.63	-5%
Import price	13.5	12.9	-0.60	-5%
Czech Republic (CZK/box)				
Retail price	562.3	576.7	14.33	2%
Reference EU barometer (CIRAD)				
Import price	13.7	13.2	-0.56	-4%

Sources: TWMC, RNM, CIRAD

Banana - Retail price
Difference between 2013 and 2012 (euro/box)



*£/box
Sources: TWMC, RNM, CIRAD, National Authorities

While 2013 was a normal year for the banana in terms of green prices, it was particularly prosperous for the distribution sector. Indeed, as we had pointed out in 2012, the German distribution sector was taking a free ride. It had followed and even greatly intensified the inflationist drive of the green price by fiddling with the labels, readjusting the margins and compensating for (as it was officially put) the continual increase in energy and labour prices. In 2013, we have the same again. German retail prices went up 0.73 euro/box in the traditional distribution sector, and 1.45 euro/box among discount stores. For the latter, this was the same increase as in 2012. In the space of two years, the price per box has gained 3 euros, i.e. rocketing up 15 %. For the banana sector we should not have any concerns about a flat inflation rate, a sign of an economy in difficulty. In this case, it is rather overheating. Although consumers do not reckon on the price per box but per kilo, and a rise from 1.04 to 1.20 euro/kg does not fundamentally change their perception of the product, whereas other fruits (such as the apple) have undergone increases at least as steep. Indeed, the German Statistics Office notes that for the apple the price index went up 15 % in 2013 from 2012, and 20 % from 2011. The trend is the same for citruses, which have rocketed up 15 % since 2011, and 9 % between 2012 and 2013. The fruits and vegetables section is doing better than the food prices index, which slid down 4 % over one year, and 8 % over two years.

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BANANAS AND TROPICAL FRUITS FROM IVORY COAST

INDEPENDANT PRODUCER - EXPORTER

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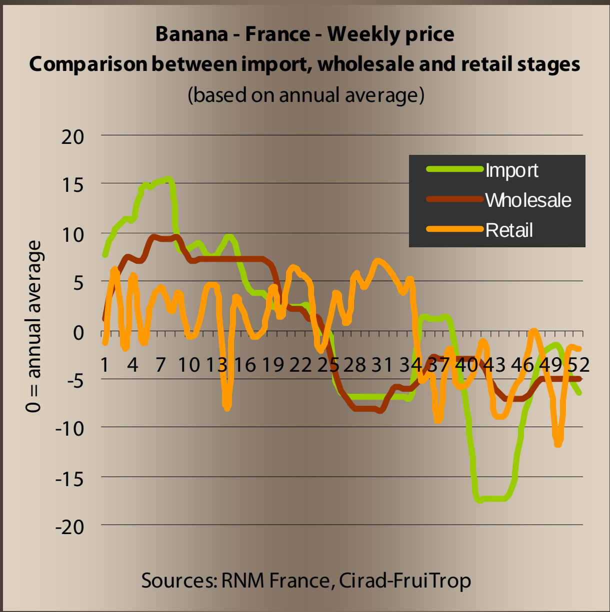

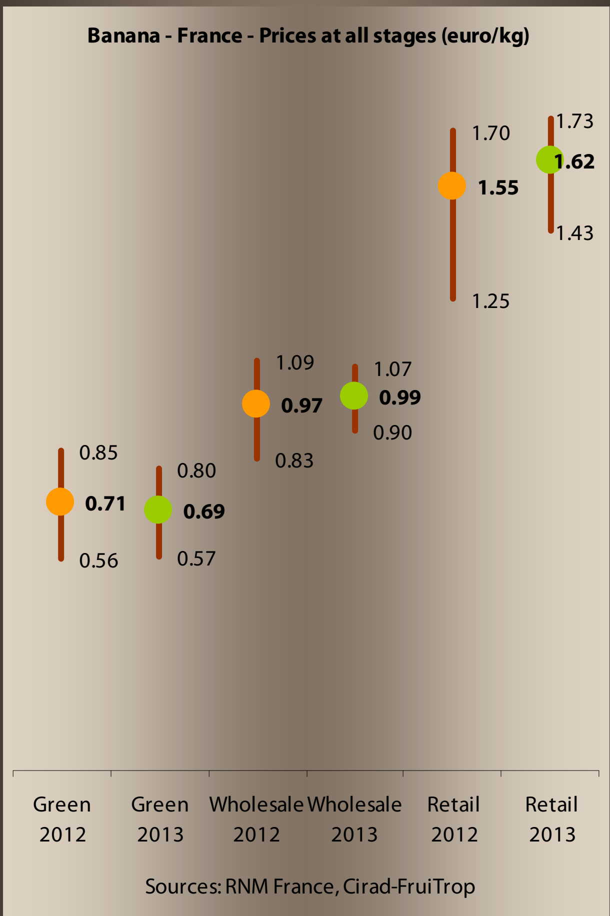

Full house for the distribution sector

In terms of turnover, there is a tidy additional sum for German distributors. With a gain of approximately 900 000 tonnes per year for consumption, and approximately 2.5 euros per box in two years (average between traditional distribution and discount stores), more than 40 million euros have swelled the coffers of the retailers. If the right trend is confirmed on the consumption side, they will have a full house, with a falling (green) purchase price, a rising (retail) sale price and growing volumes. How do you top that?

But we should not be fooled. Unlike in 2012, it is the European supermarket sector as a whole which has taken advantage of the fall in green banana rates to increase its prices. In sometimes excessive proportions, as in Spain, which for its Canaries banana, exceeded the 2 euros/kg annual average mark, i.e. a gain of 4.35 euros/box! In this case the supermarket sector has only passed on, in proportion (+ 12 %), the increase in the green price (benchmark Super Extra). Furthermore, this is the only green price in Europe which has increased. Once again, Spain is bucking the trend for the whole European market, and doing little more than compensating for its awful 2012, which had seen the Canaries green price fall by 17 %.

The French distribution sector also applied an increase. The price per kilo of bananas gained 2 to 5 %, depending on the categories, whereas the green banana price fell by 2 %. The trend is the same for the Czech Republic which increased its consumption prices by 2 %. Conversely, the British and Italian distribution sectors seem to have been aiming for symmetry: when the green price stagnates or falls, the retail price stagnates or falls. Hence for Italy, we might think that competition, exacerbated by the arrival of a big new operator on this market, drove the green banana price a little further downward.

France under the microscope

Now let's analyse more precisely the behaviour of the French market, for which we have a vast battery of indicators. 2013 is not very different from previous years.. There are major principles rooted in the habits and customs of the sector. For example, the retail price is more resilient than the green (import) price or the wholesale price (from the ripening centre). According to our calculations, we can even say that the retail price is twice as stable as the green price. The latter varies on average by +/- 9 to 11 % (2012 and 2013 figures), whereas the retail price only varies by +/- 5 to 6 %. The wholesale price also varies less than the green price, but more than the retail price: by around +/- 6 to 8 %. It is an intermediate commercial and industrial link, which, in some way, dampens the effects of the fluctuations on the world market.

In a highly turbulent period (weeks 41 to 45, see previous article), whereas the green price detached by more than 15 % from the annual average, the retail price fell by 5 to 6 % on average. Another characteristic is the absolute disconnection between retail price and the green and wholesale prices over the summer period. In 2013, we even get a mirror effect. When the green price falls, the retail price rises. Furthermore, although they are concurrent, the two series have no relation between them, since it is the "low season" effect which comes into play for the banana. Big margins are set on products that do not attract regular customers, in the knowledge that if there are sales, the price will not really make a difference.

So now we come to the first part of the year, the first two (rarely three) two-month periods. At this time of year, there is a bigger convergence between the green price and retail price. The latter exceeds its annual average in lower proportions than for the green price. In the first two months of 2013 for example, the green price was 13 % above the annual average, whereas the retail price was just 2 % above its annual average value. This is now a period of very high banana demand from consumers, and the price is a big lever for retailers to attract as many buyers as possible, who of course will not just buy bananas! All of these fundamentals could also be found in 2012, with a few particularities. For example, whereas the green price stagnated at the end of 2012 (5 % below its average), the retail price rocketed by more than 5 %. Finally, the price gaps varied by 0.8 to 1.0 euro/kilo between the retail stage and green stage, by 0.5 to 0.8 euro/kg between the retail stage and wholesale stage, and by 0.2 to 0.4 euro/kg between the wholesale stage and green stage ■

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United States: let the party go on!

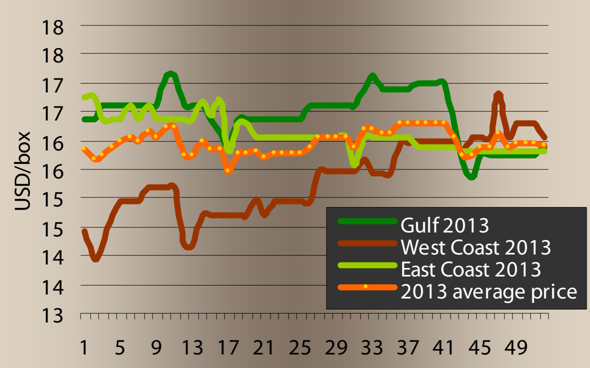
The US banana world is no longer what it once was! Doubtless it would be a great exaggeration to draw that conclusion based solely on the stumble of 2013. Yet on a market which has kept beating records in terms of spot prices five times in a row, the slightest hitch is manna from heaven for the analyst bored with such a well-oiled market. We have to recognise the obvious fact that the spot import price fell in 2013. We should be aware that it is not yet a catastrophe. We are talking about a fall of 4 %, i.e. the exact percentage of the drop in the European price (CIRAD barometer). We should remember that the spot price is still up by more 5 euros/box from 2007. This is such a big increase (nearly 50 %) that there is no point checking whether inflation ended up wiping it out. We should note we are talking about the spot price (source: Sopisco) rather than the actual contracts. Yet we can bet that it gives a good idea of the general evolution of the import price. This observation is all the more important with the high contractualisation of the American market.

As with the EU, the 2013 season seems as an annual average to have been very similar to 2012. As with the EU, it is only an illusion since while the average is comparable, the price evolution week by week was very different. In 2012, we climbed to peaks throughout the first quarter. This was not at all the case in 2013. Indeed, the weekly variability of the spot price was reduced to its simplest expression: barely 0.20 USD/box for the US average price series, as opposed to 1.4 USD/box in 2012. Furthermore, this is the lowest standard deviation ever recorded in the United States. This does not mean that there is no difference between the three main regions: Gulf, East Coast and West Coast. The Gulf is still holding its own, whereas the West Coast is often used as the low benchmark, with the exception of the last quarter of 2013.

The surprises end there. In 2013, the retail price stuck to precisely the same levels as in 2012, at 1.32 USD/kg. One of the characteristics in common with the supply in Europe is its positioning at the retail stage: the banana is a staple product, or even more so than in Europe. The apple (benchmark Red Delicious) or orange (benchmark Navel) are twice as expensive as the banana: 2.5 USD/kg for the orange, 3.07 for the apple and just 1.32 USD for the banana.

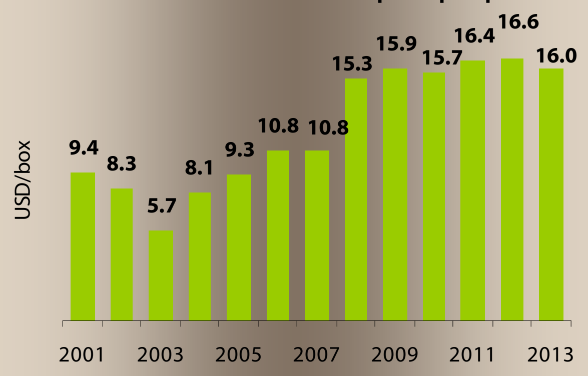
The retail price to import price ratio remained practically identical, going from 1.45 to 1.50. The same can be said for the price gap between these two stages amounting to 0.44 USD/kg, as opposed to barely less in 2012, 0.41 USD/kg. Although a full **FruiTrop** report will be dedicated to consumption in April 2014, we can already say that it is on the rise. Over the first ten months of the year, it went up by 4.5 % from 2012 and 12 % from 2010. This is continuous progression.

Banana - United States - Weekly spot import price



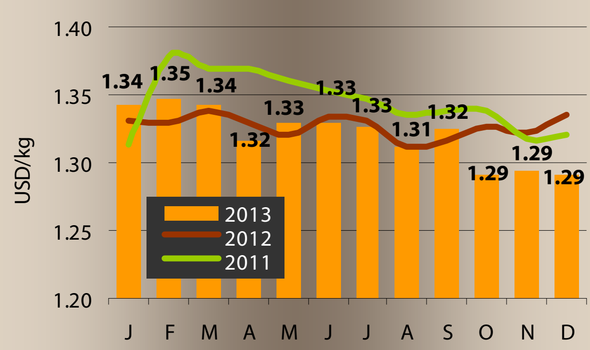
Weeks / Source: Sopisco News

Banana - United States - Annual spot import price



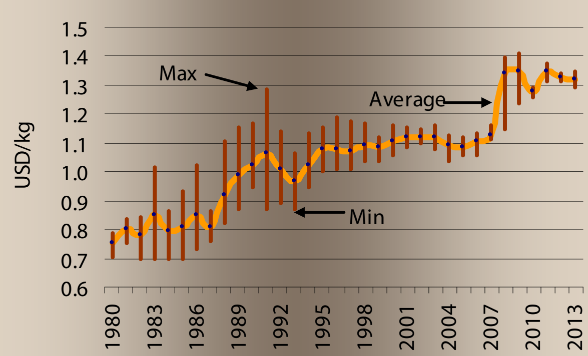
Source: Sopisco

Banana - United States - Monthly retail price



Source: National Authorities

Banana - United States - Annual retail price

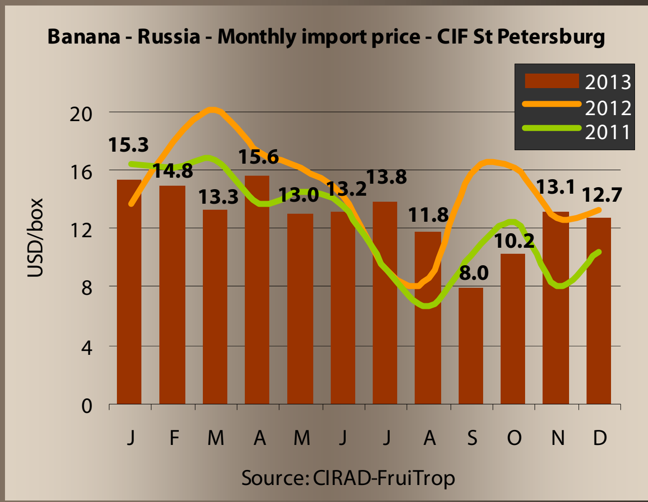


Source: Bureau of Labor Statistics

The Russian alternation effect

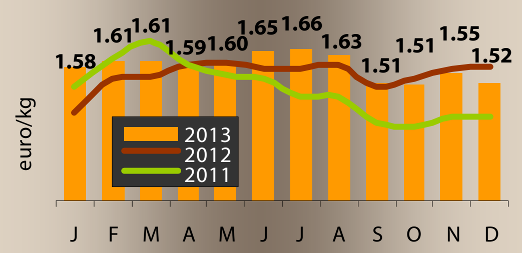
The Russian Far East did not take anyone by surprise in 2013. Always the same tune, always the same orchestra and always the same finale. The operators unload enormous quantities of bananas, the market becomes strained and then explodes. Volumes to the market are then slashed. The market recovers, and then the cycle can begin anew. The only pleasant surprise this year was the absence of a serious crisis in the summer, but as if taking a run-up for a bigger leap, a crisis just as intense as ever appeared in September and October.

Ultimately, the average price nonetheless seriously came apart in 2013, losing 12 % of its value to 12.9 USD/CIF St Petersburg. We can rightly say that the very high became less high and the very low less low. This equates to a standard deviation of 2.14 USD/box, which might seem striking enough, but which is still very reasonable by Russian standards. We should recall that this gap had risen to nearly 4 USD in 2008 (a record), and indeed 3.4 USD in 2012.



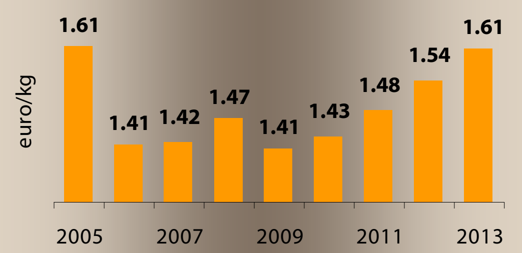
France

Banana - France - Monthly retail price



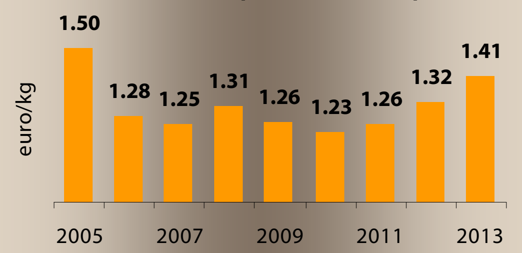
Sources: RNM, Cirad-FruiTrop

Banana - France - Annual retail price



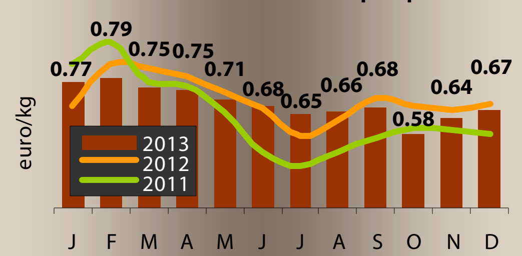
Sources: RNM, Cirad-Fruitrop

Banana - France - Special offer retail price



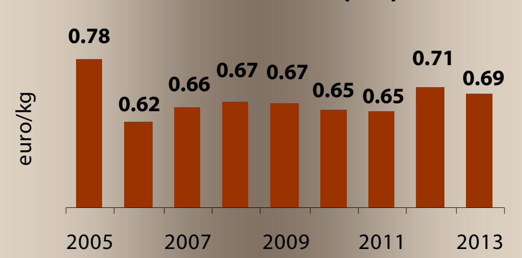
Sources: RNM, Cirad-FruiTrop

Banana - France - Estimated import price



Source: CIRAD-FruiTrop

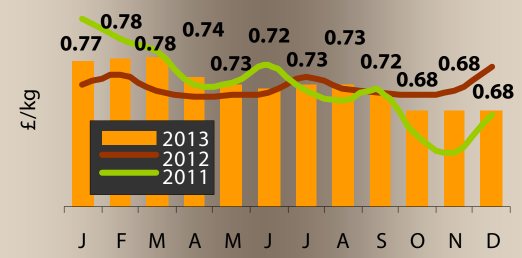
Banana - France - Annual import price



Source: CIRAD-FruiTrop

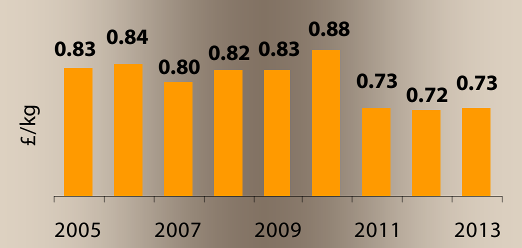
United Kingdom

Loose banana - UK - Monthly retail price



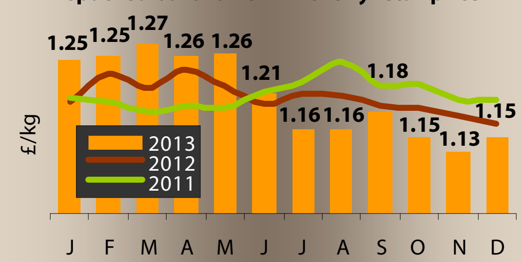
Source: TWMC

Loose banana - UK - Annual retail price



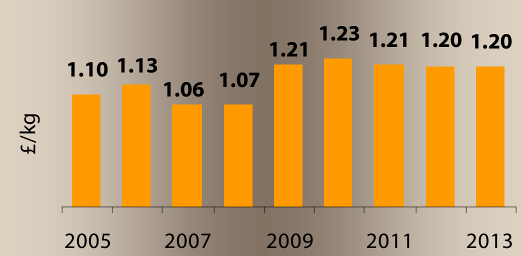
Source: TWMC

Prepacked banana - UK - Monthly retail price



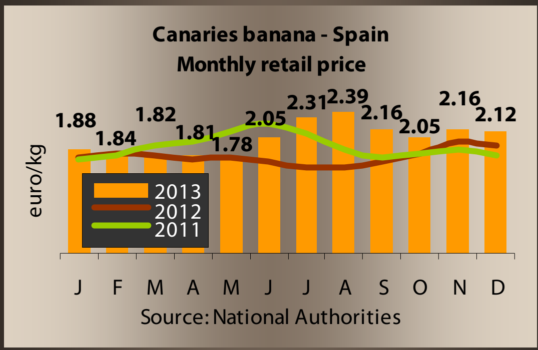
Source: TWMC

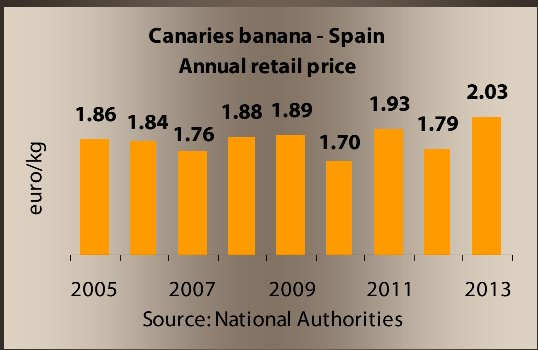
Prepacked banana - UK - Annual retail price

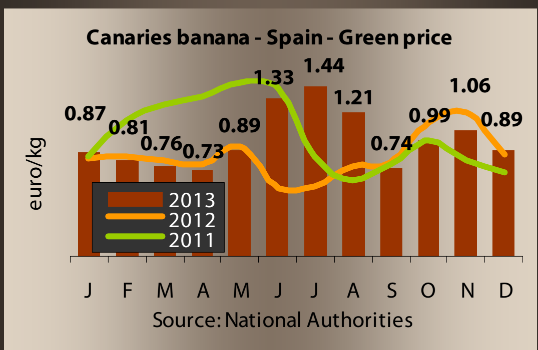


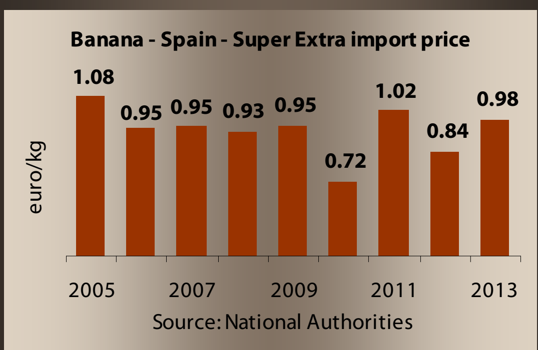
Source: TWMC

Spain









Germany