



## INFORMATION TO THE MARKET

**SÃO PAULO, MAY 22<sup>ST</sup> 2018**

Based on an individual and confidential data compilation carried out by an independent auditing firm, the Brazilian Association of Citrus Exporters (CitrusBR) informs that its members processed in the 2017/2018 season the total amount of 339,997,000 orange boxes of 40.8 kg, an 83.2% increase over the 185,569,000 boxes processed in the previous season. The average yield on fruit in the 2017/2018 season was 281.86 boxes of oranges of 40.8 kg required to produce one metric ton of FCOJ 66 Brix equivalent, 1.6% better than the 286.3 boxes per ton required in the previous season. In the 2017/2018 season, CitrusBR members produced 1,206,252 tons of FCOJ equivalent, an 86.1% increase over the 648,004 tons produced in the 2016/17 season.

For all São Paulo-based non-members of CitrusBR, we estimate a total processing volume around 30,700,000 boxes of oranges of 40.8 kg in the 2017/2018 season, an increase of 88.3% over the 16,300,000 estimated in the previous period. The average yield on fruit estimated for these companies is around 296.7 boxes of oranges required for the production of one ton of FCOJ equivalent, an improvement of 2.1% when compared to the 303 boxes required to produce one ton of FCOJ equivalent in the previous season. Assuming these figures, CitrusBR estimates a total juice production around 103,472 tons of FCOJ equivalent for non-CitrusBR members, a 91.8% increase when compared to the 53,935 tons produced in the previous season.

Considering these assumptions, it is possible to estimate a total processing volume around 370,697,000 boxes of oranges of 40.8 kgs by CitrusBR and non-CitrusBR members in the 2017/2018 season, an 83.6% increase over the 201,869,000 boxes processed in the 2016/2017 season. Total juice production in the 2017/2018 season, also considering São Paulo-based companies who are members and non-members of CitrusBR is therefore estimated at 1,309,724 tons, an increase of 86.6% over the 701,939 tons estimated in the previous season.

### **SUPPLY AND DEMAND / NEXT SEASON**

Based on an individual and confidential data compilation carried out by an independent auditing firm, the Brazilian Association of Citrus Exporters (CitrusBR) reestimates the worldwide inventories of Brazilian orange juice for June 30<sup>th</sup> 2018 to be 305,986 tons of FCOJ equivalent 66 brix. The forecast represents a 20.3% increase when compared to the projection from february 2018, when the forecast was at 254,200 tons for the same period.

With a fruit production estimated by Fundecitrus at 288,390,000 boxes of 40.8 Kg in the 2018/2019 season, considering a fresh fruit Market around 40,000,000 boxes it is reasonable to estimate a fruit availability for processing around 243,390,000 boxes for São Paulo-based companies who are members and non-members of CitrusBR.

Although the dry weather of the last 70 days favours an improvement in the industrial yield on fruit, data presented by Fundecitrus on May 9th showed that the regions of the Minas Gerais Triangle, Bebedouro, Votuporanga and São José do Rio Preto present crop decreases between 45 and 54% when compared to the previous season, influencing the average total yield on fruit due to the fruit mix from different regions, with a higher proportion of varieties produced in the southwest of the state, with lower industrial yield in comparison to the fruit produced in the regions affected by the dry weather.

In order to better inform the Market, and considering variables such as the total fruit supply for processing, total exports volume<sup>1</sup>, domestic market consumption<sup>2</sup> and industrial yield on fruit, CitrusBR believes inventories of orange juices projected for June 30, 2019 may vary within an interval from 56,000 to 155,000 tons, following the assumptions above and according to the table below:

<b>*Scenarios Industrial Yield</b>	<b>Scenario 01 260</b>	<b>Scenario 02 275</b>	<b>Scenario 03 290</b>
**Total Production SP and MG Triangle	288.290.000	288.290.000	288.290.000
**Fresh fruit market consumption	-40.000.000	-40.000.000	-40.000.000
**Processing São Paulo	248.290.000	248.290.000	248.290.000
***Projected Inventories June 30, 2018	305.986	305.986	305.986
FCOJ Equivalent 66 Brix Production SP	954.961	902.872	856.172
FCOJ Equivalent 66 Brix Production Paraná/RS	20.000	20.000	20.000
<b>Total availability FCOJ equivalent</b>	<b>1.280.947</b>	<b>1.228.858</b>	<b>1.182.158</b>
****Exports Secex	-1.091.215	-1.091.215	-1.091.215
*****Domestic Consumption Brazil	-35.000	-35.000	-35.000
Total demand FCOJ equivalent	- 1.126.215,00	-1.126.215	-1.126.215
Projected Inventories June 30th 2019	154.732	102.643	55.943

\* boxes per ton required to produce one ton of FCOJ equivalent 66 Brix

\*\* boxes of 40.8 kg

\*\*\* Tons of FCOJ equivalent 66 Brix

\*\*\*\* July-April annualized/Exports to US weighted before effects of the Irma hurricane

\*\*\*\*\* Data from Markestrat/Euromonitor discounted estimated production outside of the state of São Paulo

São Paulo, 22 de maio de 2018

Ibiapaba Netto  
Diretor Executivo

<sup>1</sup> Brazilian exports registered by Secex, leaving via port of Santos in the last 10 months annualized for the period of 12 months. Since it is not known whether the effects of the Irma hurricane will keep affecting the Florida production and the Brazilian exports to the US, we have only considered the Brazilian exports to the United States in the first five months of the year to avoid distortions;

<sup>2</sup> Consumption in the Brazilian domestic Market as reported in the Markestrat report based on Euromonitor and Tetrapak data, not considering production estimated in markets outside of the state of São Paulo;

**Table 01:** Historical data for existing Brazilian Orange Juice inventories held by CitrusBR Members worldwide – tons of 66 brix FCOJ

HISTORICAL DATA FOR EXISTING BRAZILIAN ORANGE JUICE INVENTORIES HELD BY CITRUSBR MEMBERS WORLDWIDE - TONS OF 66 BRUX FCOJ EQUIVALENT (FCOJ+NFC)						
Period of Inventory Measurement	Date of Inventory Audits on CitrusBR Members	Dates of Inventory Data Announcements	Existing Inventory in Brazil (+)	Existing Inventory Abroad (+)	Existing Inventories Globally (-)	Global Inventories in Weeks of Consumption
		Day, Month, Year	Tons FCOJ Equiv. 66 Brix	Tons FCOJ Equiv. 66 Brix	Tons FCOJ Equiv. 66 Brix	Equivalent Weeks
End of Season	Inventories on June 30th 2011	July 18th 2011	71.221	143.148	214.369	7
	Inventories on June 30th 2012	August 28th 2012	461.829	200.623	662.452	29
	Inventories on June 30th 2013	August 8th 2013	550.542	215.382	765.924	35
	Inventories on June 30th 2014	July 21st 2014	337.254	197.275	534.529	23
	Inventories on June 30th 2015	July 30th 2015	335.775	174.618	510.393	25
	Inventories on June 30th 2016	August 8th 2016	162.375	189.192	351.567	17
	Inventories on June 30th 2017	August 9th 2017	6872	100.516	107.387	4
	Inventories on June 30th 2018 (projection)	May 21st 2018			305.986	14
	Inventories on June 30th 2019 (projection)	May 21st 2018		NA	55000~155000	2*6

**Table 02:** Historical data of fruit processing yields obtained by CitrusBR's members for production of Orange Juice

HISTORICAL DATA OF FRUIT PROCESSING YIELDS (Included Pulp/Core-Wash, excluded Frozen Cells)			
Season	40.8 kg Boxes Per Ton of FCOJ 66 Brix Equiv.	Pounds solids per box of orange	Variance To Previous Season
2000/01	246.87	5.89	NA
2001/02	236.52	6.15	4.2%
2002/03	224.85	6.47	4.9%
2003/04	226.64	6.42	-0.8%
2004/05	244.19	5.96	-7.7%
2005/06	226.42	6.43	7.3%
2006/07	232.69	6.25	-2.8%
2007/08	228.49	6.37	1.8%
2008/09	252.88	5.75	-10.7%
2009/10	262.52	5.54	-3.8%
2010/11	240.58	6.05	8.4%
2011/12	265.36	5.48	-10.3%
2012/13	263.54	5.52	0.7%
2013/14	282.00	5.16	-7.0%
2014/15	240.50	6.05	14.7%
2015/16	302.20	4.81	-25.7%
2016/17	286.37	5.08	5.2%
2017/18	281.86	5.16	1.6%

**Table 03:** \*Secex historical orange Juice Exports – metric tons converted into FCOJ 66 brix equivalent

**SECEX SANTOS HISTORICAL ORANGE JUICE EXPORTS - METRIC TONS CONVERTED TO FCOJ 66 BRUX EQUIVALENT**

DESTINATIONS	FIRST 10 MONTHS JULY/APRIL				FULL SEASON JULY/JUNE						
	2016/17	2017/18	Variance 17/18 Vs. 16/17		2014/15	2015/16	2016/17	2017/18 Annualized	Variance 17/18 Vs. 16/17		2018/19 Estimated
Europe	467.264	566.242	98.978	21,2%	743.722	755.096	587.834	679.490	91.656	15,6%	679.490
North America	151.756	256.220	104.464	68,8%	243.734	197.582	172.777	307.464	134.687	78,0%	268.982
Japan	28.772	40.669	11.897	41,3%	61.843	45.078	40.996	48.803	7.807	19,0%	48.803
China	25.251	30.138	4.887	19,4%	31.509	27.452	29.549	36.166	6.617	22,4%	36.166
South Korea	491	4.091	3.600	733,2%	59	4.583	491	4.909	4.418	899,8%	4.909
Other Destinations	49.616	44.054	(5.562)	-11,2%	57.030	51.146	63.023	52.865	(10.158)	-16,1%	52.865
<b>Total Exports</b>	<b>723.150</b>	<b>941.414</b>	<b>218.264</b>	<b>30,2%</b>	<b>1.137.897</b>	<b>1.080.937</b>	<b>894.670</b>	<b>1.129.697</b>	<b>235.027</b>	<b>26,3%</b>	<b>1.091.215</b>

\*July-April annualized/Exports to US weighted before effects of the Irma hurricane

**Graphic 01:** Variation in number of fruits per tree at stripping by region



### VARIAÇÃO DO NÚMERO DE FRUTOS POR ÁRVORE POR REGIÃO

VARIATION IN NUMBER OF FRUIT PER TREE AT STRIPPING BY REGION

Diferença entre a média de abril/2018 e abril/2017  
Difference between average for April/2018 and April/2017

