

Horticulture



February Monthly Update



Sean Hickey
Senior Agricultural Analyst

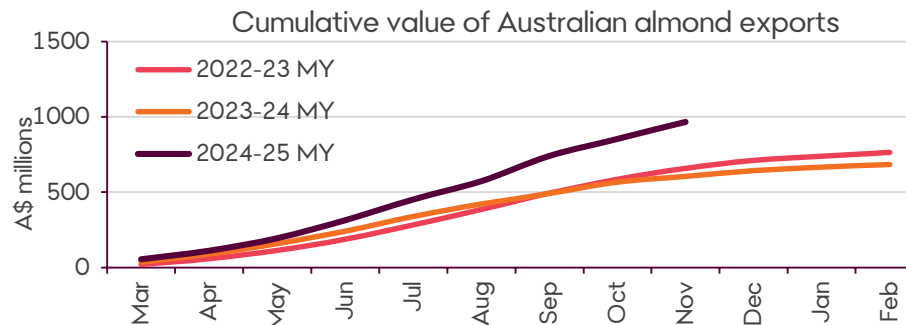
Key Watchpoints – February

- Almond producers are gearing up for a big season with a strong crop and favourable pricing forecast.
- A low AUD/USD exchange rate is continuing to support export demand, though domestic buying remains under some cost pressure.
- Flooding and storms are expected to impact the volumes and quality of produce coming out of Far North Queensland in February.

Almond sales at record levels, with another big crop on the way

Harvest of this year's almond crop is now underway, tracking a couple of weeks ahead of schedule. Yields are looking decent despite frosts across key production regions in September, with planting of trees throughout 2017-2019 driving strong output as they continue to mature. The Almond Board of Australia's (ABA) annual crop estimate was released in early February with the current Australian almond crop forecast coming in at 155,531 tonnes (kernel weight equivalent). This production level is a similar intake to last year and above 2023. However, while output is expected to remain above average, this estimate sits well below the record intakes seen across the 2021 and 2022 seasons. Dry conditions are enabling high quality in shell product to be harvested this year while growers are also forecasting larger sized kernels according to the ABA.

The industry is also benefiting from strong global pricing and record export demand as buyers across India and China continue to favour Australian almonds. This is largely in part due to the favourable trade terms established over recent years. A very timely factor at play remains the ongoing 25% retaliatory import tariffs that China placed on US, the world's largest producer of almonds in 2018, during Donald Trump's first term as US president. Australian marketers and processors have now exported more product in the nine months of this Marketing Year compared to any previous full season. Exports currently sit at almost 144,000 tonnes. The low AUD/USD exchange rate is also proving positive from a demand perspective with Australian almonds increasingly competitive. The ABA have noted that efforts to crack into the Southeast Asian markets appear to be paying off with volumes exported into Indonesia, Malaysia, Thailand, and Singapore on the rise. Looking ahead, our carry in stocks for this season are extremely low as a result of the export pace which will prove supportive of prices coming into the new season.

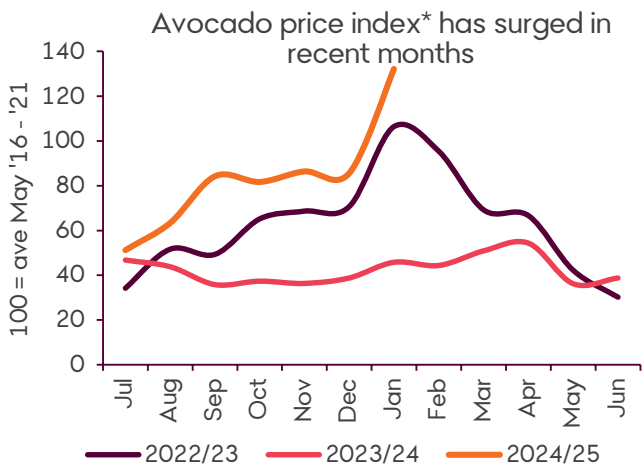


Source: Global Trade Atlas



When will avocado toast be back on the menu?

Domestic demand for avocados remains under a cloud following months of elevated pricing. Our avocado price index is currently sitting 25 per cent above the same time last year with Hass avocado retail prices currently at around \$3.50. The higher pricing compared to prior seasons is a result of a biennial down season in WA (the state provides the bulk of supply from September to February). Western Australian producers are also benefiting from greater export market access drawing some volumes away from the domestic market. The early Shepard avocados out of Queensland are due to start hitting the market in late February which will see prices for avocados likely return back towards the more typical \$2. Meanwhile, strong Hass volumes are expected to come out of Queensland from late May.

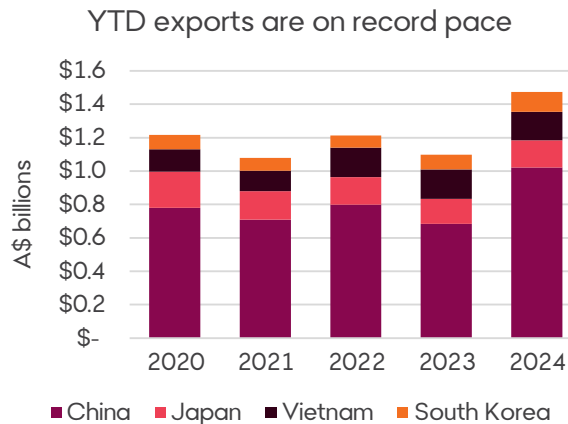


Source: Bendigo Bank & Aus Mkt Consultants

* Avocado price index includes Hass and Shepard Avocados

Demand remains a mixed bag at present...

Domestic demand for horticultural produce remains restricted as cost-of-living pressures continue to impact consumers. The Australian Bureau of Statistics last month reported that fruit and vegetable prices went up 6.3 per cent in 2024 well above core inflation levels. While this is making it harder for growers to move produce domestically, export markets are picking up with the likes of Japan, China and Vietnam driving a notable lift in export value. Improved market access is also playing a role with table grape producers now allowed to export all grape varieties to Japan. Elevated demand for Australian stone fruit as a result of the seasonal Chinese New Year has also provided a boost for producers after a challenging season. White peaches/nectarines and Tasmanian cherries are particularly strong beneficiaries of this demand. However longer-term competition from Chile remains a concern. Chile is increasing exports of stone fruit into the Asian markets with the country having improved its quality standards over recent years.



Source: Global Trade Atlas

Far North Queensland growers heavily impacted by floods

A late wet season and accompanying flood events across parts of Far North Queensland during late January and early February has had a significant impact across the entire supply chain from farm primary production to post the farm gate. This is expected to see fruit and vegetable shortages in Queensland and Northern New South Wales throughout the first half of February. Many horticulture farms are still trying to assess the impacts due to farm flooding, but harvest delays are expected due to significant erosion according to the Queensland Farmers Federation.

Banana farmers have seen impact from the adverse weather, though with the highest concentration of plantations around Tully and Innisfail many growers escaped the worst of the weather. However supply out of the state will be significantly disrupted due to infrastructure damage. For those banana producers that have been impacted by the flooding reports indicate crop losses could exceed 35 per cent. During January wholesale Cavandish bananas out of Queensland were selling for around \$1.40 per kilo. This is generally in line with the three-year average. Following Tropical Cycle Jasper, prices spiked to above \$2 per kilo. While there are a range of additional factors at play, the significant impact to supply chains as a result of infrastructure damage will see retail banana prices lift into March as a result.

Southern areas of Queensland have also dealt with challenging weather conditions during January following storms and hail. Extensive damage has been reported across some apples orchards and berries farms as a result.

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