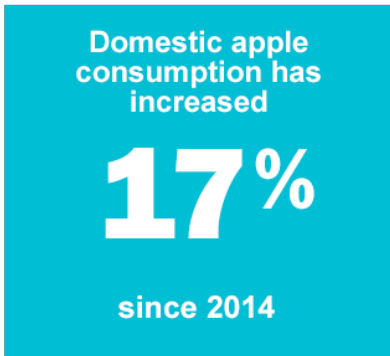


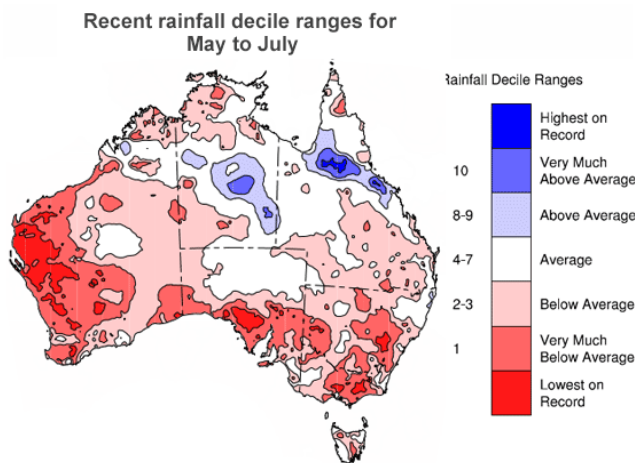
# HORTICULTURE UPDATE



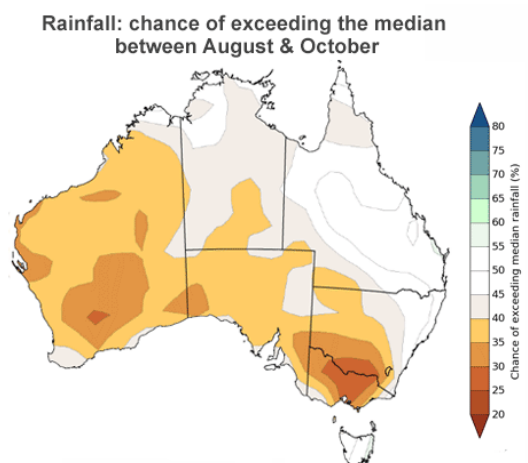
Gaining access to export markets through spending money on research is the aim of a plan announced by Horticulture Innovation Australia in July. It's a timely announcement from the industry body as production particularly in the fruit industry continues to grow. Commodities set to benefit from the funding include avocados, cherries, almonds, strawberries and the vegetable industry as a whole. Cherries and almonds have a proven track record when it comes to export performance so expanding into new markets seems to be a good fit. Avocado production and demand are rising rapidly and expanding into export markets will provide incentive to farmers to keep expanding. Strawberry consumption domestically has declined since 2014 so extra

demand from exports would be welcome. Singapore and the UAE are providing export markets for fresh vegetables which is positive given domestic demand has plateaued in most categories. Macadamia production increased 15% in 2016, export volume increased significantly up 39% accounting for 77% of total production.

Rainfall in 2017 has been below average, with the second driest June on record. Rain in parts of the country in July has brought some relief but drier than average conditions are forecast to continue for southern Australia. The Indian Ocean Dipole is moving towards a positive state which is associated with below average rainfall in southern Australia.



Source: Bureau of Meteorology



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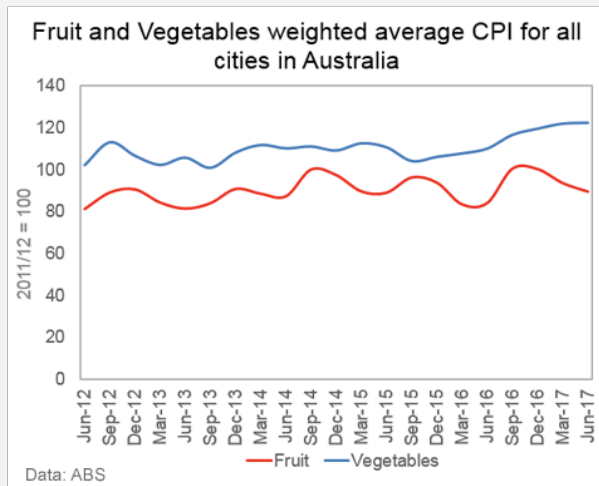
# PRICES

	Current (August)	Aug-16	3 year average	80 <sup>th</sup> percentile	20 <sup>th</sup> percentile
<b>Victoria</b>					
Grapes 18L ctn	21	38	34	40	26
Oranges (citrus pack)	22	27	35	36	30
Tomatoes truss 5kg*	20	24	21	27	14
<b>New South Wales</b>					
Apples 12kg ctn*	23	26	31	41	25
Strawberries 250g*	1	1.5	1.8	2.4	1.3
Macadamias \$/kg exp	7	6	10	18	6
<b>South Australia</b>					
Mandarins 1/2 cp	21	24	27	36	20
Potatoes 5kg bag	2.7	2.8	3.6	4.5	2.8
Almonds \$/kg exp	7.8	7.9	9.9	12.7	7.9
<b>Queensland</b>					
Avocado 10kg*	47	24	44	60	24
Bananas 13kg ctn	33	24	23	32	18
Capsicum 8kg*	12	20	21	24	16
<b>Tasmania</b>					
Raspberries 125g*	7	6.8	5.8	6.7	4.7
Potatoes kg*	3	2.8	2.8	3	2.6
Onions 20kg	11	13	12	14	10
<b>Western Australia</b>					
Apples 12kg ctn	28	30	34	36	30
Lettuce bunch	5	10	7	9	5
Cauliflower per unit	1.2	1.6	1.8	2.3	1.2
<b>Northern Territory</b>					
Watermelon \$/kg*	1.1	0.7	0.9	1.2	0.6
<b>Australian dollar</b>					
AUD/USD	0.85	0.76	0.77	0.94	0.75

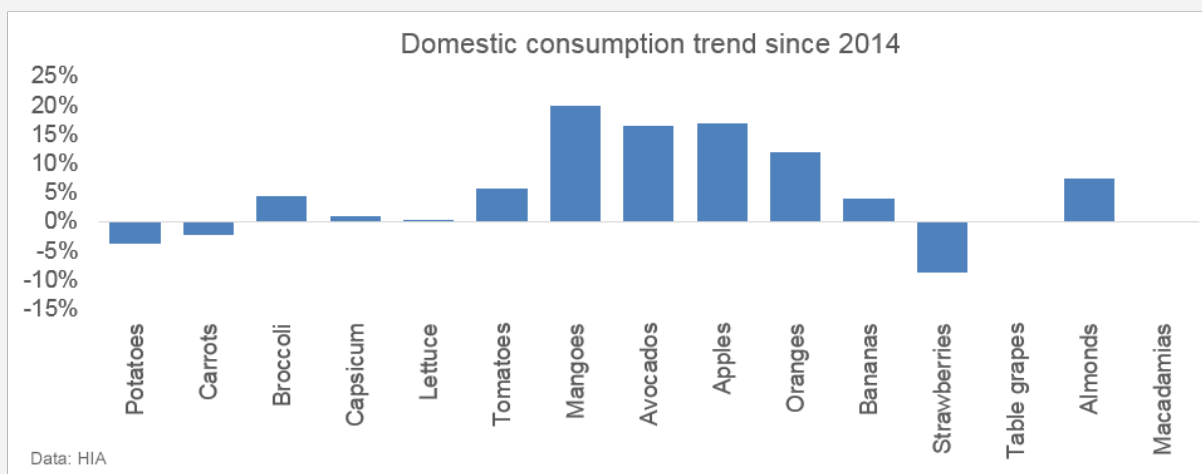
Data: Ausmarket consultants, Market West, RBA  
cp = citrus pack, ctn = carton, exp = export

\*based on 14 months of price data

# PRODUCTION



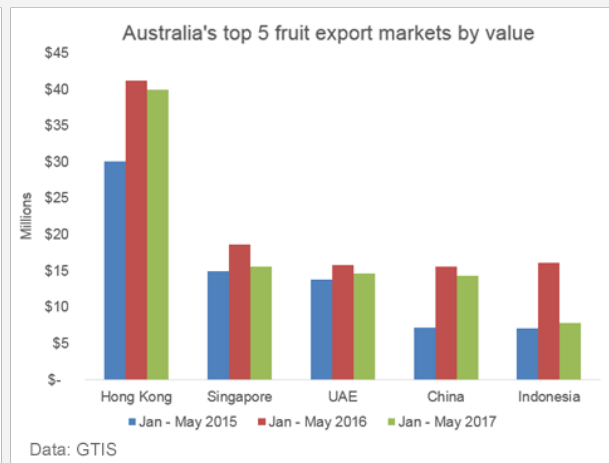
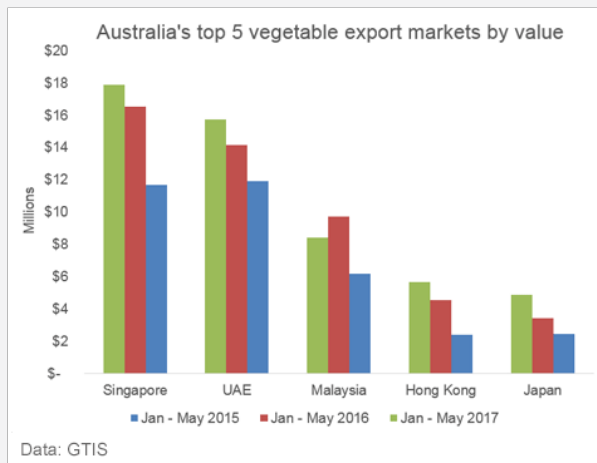
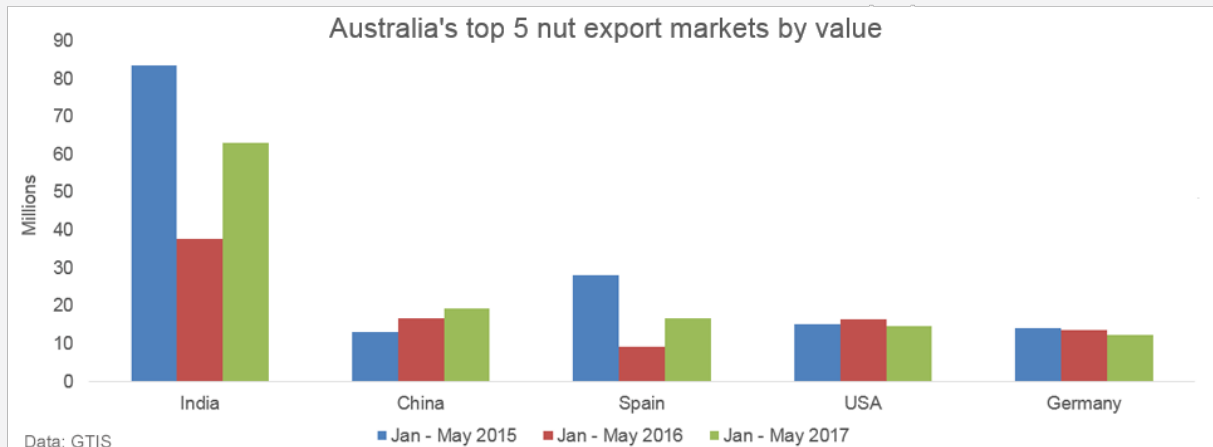
The weighted average CPI for vegetables increased 11.1% and fruit fell 4.4% for the June 2017 quarter. Rises in selected fruits and vegetables resulting from crop damage due to Cyclone Debbie were observed for tomatoes, beans, cucumbers, melons, berries and bananas. However, these rises were offset by falls in seasonally available fruits such as oranges, mandarins and apples. A switch to higher intensity apple growing has put pressure on price. Adverse weather conditions in late 2016 and early 2017 continued to limit supply for the June 2017 quarter, particularly for vegetables.



Increasing demand both domestically and from exports for broccoli is providing a positive outlook for price. Decreasing domestic consumption of potatoes is being offset by a growing export market and a higher percentage of production (64%) going to processing. Queensland fruits are being marketed well and consumption is increasing significantly for mangoes and avocados. Apple production has increased across Australia, so it is encouraging to see consumption is growing. The outlook for almonds remains positive with growth in domestic consumption and exports.

Australian vegetable exports for Jan – May 2017 eased 3% compared to the same period in 2016. Exports to Singapore and the UAE grew by 8% and 11%, respectively. Demand from Singapore saw strong growth of loose leaf lettuce exports between Jan – May 2017, up 86.3%. Australian nut exports for Jan – May 2017 were \$212.9M, up 14% on 2016. Almond exports to Spain (+76%) and India (+67%) increased and along with macadamia exports to China (+11%). The value of fruit exports declined by 13% for Jan-May 2017 compared to 2016. The value of citrus exports to Singapore and Indonesia decreased by 78% and 74%.

# EXPORTS



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