

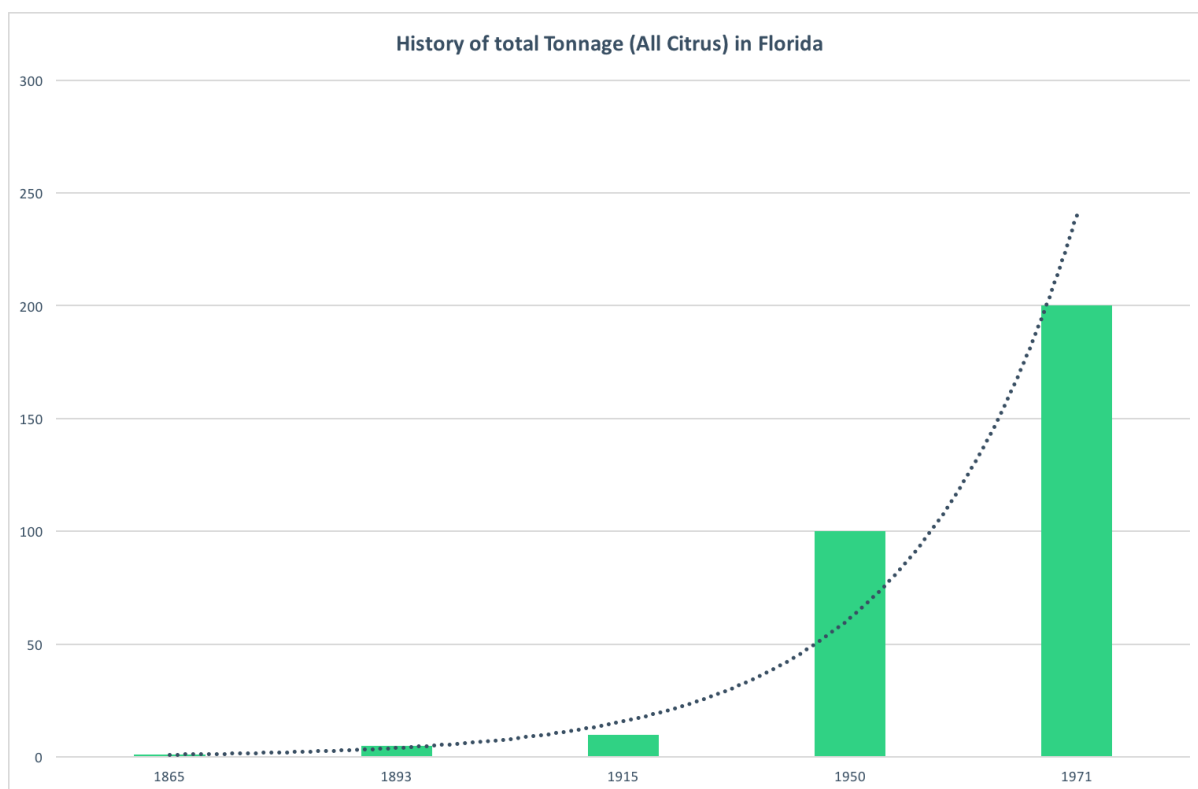
## GRAPEFRUIT MARKET REPORT FLORIDA CITRUS HISTORY

### HISTORY & GEOGRAPHY

Florida has a long history in citrus production and one which has dramatically changed over the years. **GRAPEFRUIT ARRIVED AROUND 1806** courtesy of the French Count, Odet Philippe, who planted the first grove of grapefruit near Tampa, Florida, in 1823.

If you didn't know the basic history then here it is:

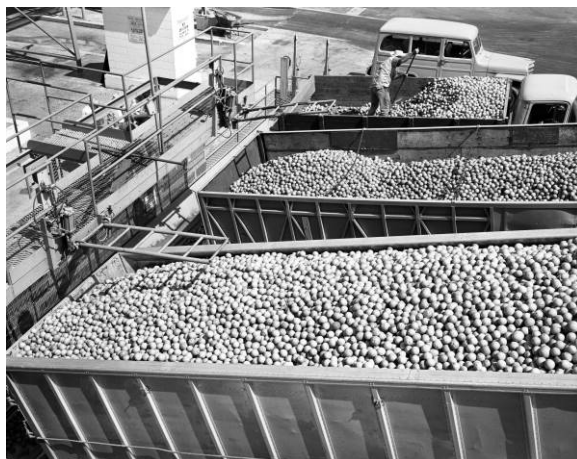
1520's	Spanish explorers planted the first orange tree around St Augustine
1806	Grapefruit arrived courtesy of French Count, Odet Philippe
1823	<b>FIRST GRAPEFRUIT GROVE PLANTED NEAR TAMPA</b>
1865	Soon after the end of the Civil War commercial production of citrus topped 1 million boxes
1893	A growth in demand was met with supplies reaching 5 million boxes
1915	Despite a set-back during the Great Freeze citrus production in the state reaches 10 million boxes
1950	Total picking reached 100 million boxes of citrus
1971	Total picking reached 200 million boxes of citrus



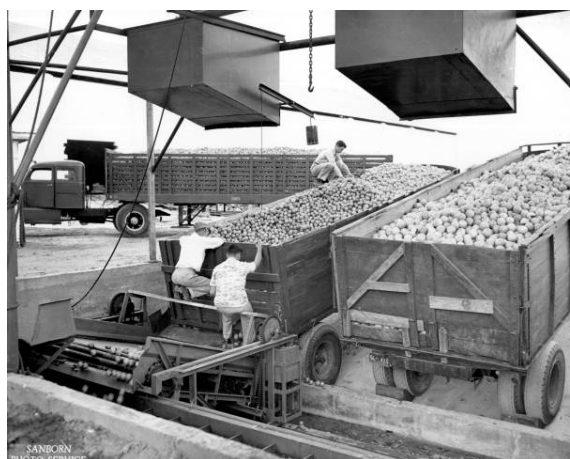
Since the 1960s Florida citrus has entered into another stage of development, marked by a reduction in acreage and production. The decline of citrus in Florida stems from increased commercial and residential land development in the Sunshine State. As Florida's population increased steadily following World War Two, the amount of land dedicated to citrus cultivation rapidly decreased. For example, Orange County, Florida, home of Disneyland and Orlando, produced 95% less citrus in 1990 than in 1970. The panoramic views of citrus groves below now exist only in memory for many Floridians. (www.floridamemory.com)

Today the **CITRUS INDUSTRY IS WORTH \$9 BILLION** in economic activity for Florida.

There are **8,000 CITRUS GROWERS** cultivating almost 550,000 acres of land and nearly 76,000 other people also work in the citrus industry or in related businesses.



1963 Unloading at Minute Maid Facility in Apopka



1953 Unloading of fruits

Over recent years the market has also been suffering as a result of HLB (**CITRUS GREENING**).

Huanglongbing (HLB; citrus greening) is thought to be caused by the bacterium, *Candidatus Liberibacter asiaticus*. HLB has seriously affected citrus production in a number of countries in Asia, Africa, the Indian subcontinent and the Arabian Peninsula, and was discovered in Florida in August 2005.

Like anywhere **WEATHER CONDITIONS** can also an important role. Florida has a humid sub-tropical climate with a rainy season from May-October and during late summer/ early fall, tropical lows can bring damaging cyclones and hurricanes.

Interestingly Florida has more thunderstorms than any other US State and also more tornadoes per square mile, albeit weaker than in other Midwest States.

In this **EL NIÑO YEAR** we can expect above average rainfall in Spring and more low pressures in the Gulf of Mexico which generally brings less storms and hurricanes during the winter.

Occasionally the state can be hit by a strong winter freeze, anytime between mid-December and early March. The freeze 1985 and 1989 caused 90% damage to both young and mature citrus trees and more recently in 2010 where the freeze caused 30% less fruits to develop.

## GRAPEFRUIT OIL FLORIDA

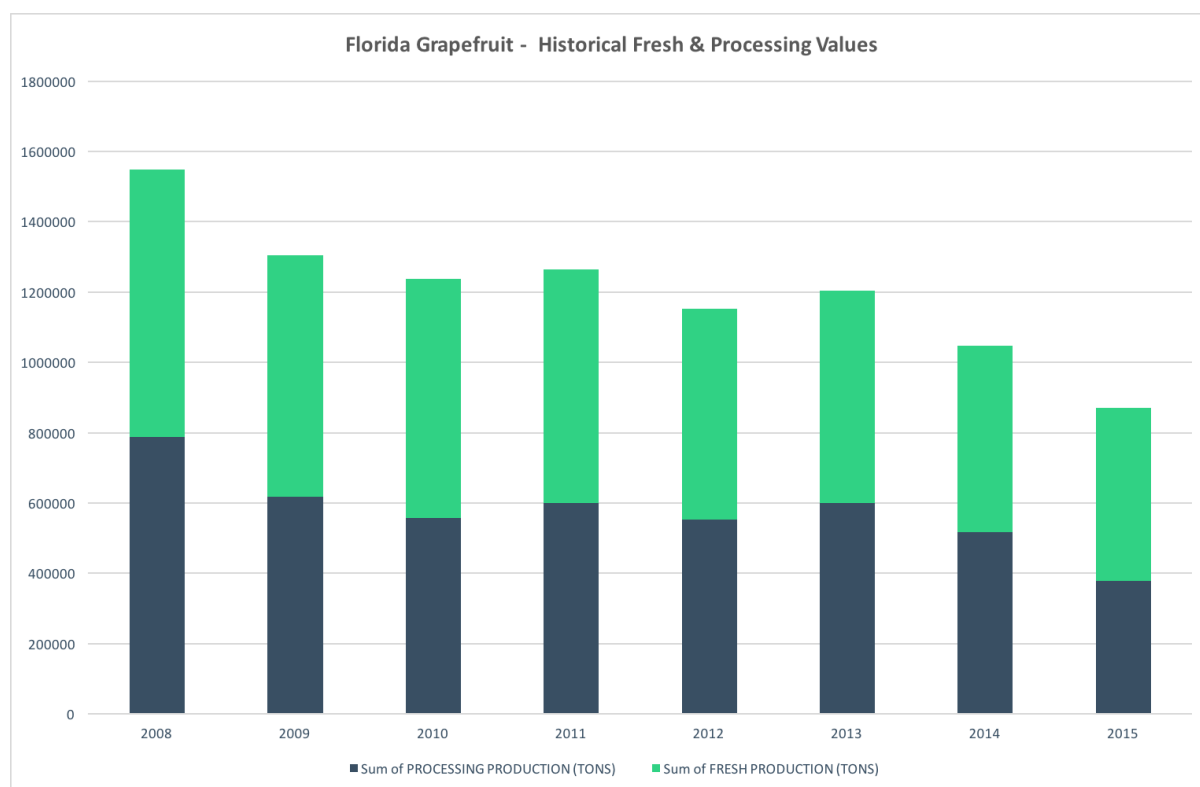
You can see from the chart that recent year's production has fallen and this year's forecast is set to be no different.

Recently the USDA revised their output figures once again to 12.2 million boxes, a further reduction of 100,000 since August. White grapefruit is forecasted at 2.7 million boxes while red (or pink) is unchanged at 9.5 million boxes.

The current fruit size of white grapefruit is below the minimum while current droppage is above the maximum. The current fruit size of red grapefruit is below average, while current droppage is above the maximum.



*Typical Grapefruit's ready to harvest (Citrus paradise)*



These reduced volumes continue to put pressure onto today's oil markets with prices increasing as a result. As we look ahead it is hard to envisage a situation where this improves quickly.

## ORANGE OIL FLORIDA

We've been reporting for months of the prospects of a poor season in Florida and those pessimistic, but factual views have just been compounded with the latest set of results from the region.

We did report that the crop is set to be the lowest in almost 50 years with an 8% reduction from last year and that this year's crop is expected to total 96.4 million boxes down from 104.7 million last year and 133.6 million boxes in 2012/13.



*Close up of a typical orange tree*

However today (*press release from 10<sup>th</sup> November*) by the USDA paints an even worse than expected picture with the **2015-2016 FLORIDA ORANGE FORECAST AT 74.0 MILLION BOXES, DOWN 6.0 MILLION BOXES FROM THE INITIAL OCTOBER FORECAST**. If true, this forecast will represent **24 PERCENT LESS THAN LAST SEASON'S PRODUCTION AND THE LEAST SINCE THE 1963-64** season of 58.3 million boxes (including Temples). The forecast consists of 37.0 million boxes of the non-Valencia oranges (early, midseason, Navel, and Temple varieties) and 37.0 million boxes of the Valencia oranges.

The current size of non-Valencia production is below the average and projected to be near the minimum at harvest. Current droppage is above the maximum and is projected to continue above the maximum until harvest.

The Navel forecast, included in the non-Valencia forecast, is unchanged at 1.1 million boxes. If realized, this will be the **LOWEST FIGURES DATING BACK TO 1979-1980** when separate Navel forecasts began. Current Navel size is about average and droppage is above the maximum.

