LUPA FOODS

Your partner
in food since 1902

By Appointment to
Her Majesty The Queen
Fine Food Ingredient Importers & Distributors
Lupa Foods Ltd
Borehamwood

MARKET UPDATE

TOMATOES

JUNE 2022

INTRODUCTION

YOUR PARTNER IN FOOD SINCE 1902

Lupa Foods is a UK based full-service B2B partner to the food industry.

With a global and domestic sourcing footprint, we provide a selection of more than 600 bespoke and commodity products, combined with services that include NPD, technical, procurement, logistics and business.

Innovation and a customer centric approach is at the forefront of everything we do, and our 120 years' experience the foundation we build our customers' success on.

BRCGS
Agents and Brokers
CERTIFICATED

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OVERVIEW

Following a meeting of the WPTC (World processing tomato council) including most AMITOM country representatives (tomato growers association), the new crop pricing was discussed and various factors were examined to clarify the reason behind the large increases that we are seeing from all origins this year.

So far, raw material costing has been concluded as follow:

- Northern Italy €1.08 per kg
- Spain/Portugal €1.02 per kg (30% increase)

Below is a summary of the auxiliary factors in the calculations, which should help to break down the cost model and explain the increases:

- ↑ 4x cost increase for gas consumption
- ↑ 2.5x cost increase for electricity
- ↑ 30% increase on labour costs
- ↑ Double cost on tins since last season
- ↑ 50% increase on paper and card
- ↑ 100% increase on shrink wraps
- ↑ 4x increase on citric acid

Production will commence at the end of July/early August, the anticipated crop predictions indicate 20% less crop availability than last season.

No carry over stock, in particular on 3kg/400g plum, the market has never been this short of these 2 lines. Chopped 400g/3kg will be exhausted by the time the new season starts. Sales in foodservices is also on the rise following the end of restrictions. This is hugely impacting the demand.

PRODUCTION

As can be seen in the below table, all major European/North African growing regions will see either a decline, or a flat performance on tomato crop success this year.

What is absolutely crucial here is the Spanish numbers showing a 22% decrease in raw material. This combined with the auxiliary factors is of huge significance. Ukraine numbers are also disastrous as expected following the conflict with Russia, while Russia is the only country to see an increase in forecast.

Elsewhere, California has seen a 9% increase in output, which gives the USA a very advantageous position in the tomato market, many market experts are expecting a rise in export from the US to European countries.

WORLD PROCESSING TOMATO COUNCIL

WPTC World production estimate of tomatoes for processing

(in 1000 metric tonnes)

Date of last update: 03/06/2022

		2019 FINAL		2020 FINAL		2021 FINAL		2022 FORECAST		AVERAGE 2019-2021	VARIATION 2022 vs 2021
MEMBERS IN MEDITERRANEAN AREA (AMITOM)	Algeria**	800	Mem.	800	Misc.	1 000	Misc.	1 000	Est.	867	0%
	Egypt	400	Mem.	420	Mem.	440	Mem.	440	Mem.	420	0%
	France	154	Mem.	136	Mem.	164	Mem.	155	Mem.	151	-5%
	Greece	400	Mem.	420	Mem.	420	Mem.	380	Mem.	413	-10%
	Hungary**	100	Mem.	82	Mem.	115	Mem.	100	Mem.	99	-13%
	Iran**	1 650	Mem.	1 300	Mem.	1 300	Est.	1 300	Est.	1 417	0%
	Israel	200	Mem.	200	Mem.	200	Est.	200	Est.	200	0%
	Italy	4 801	Mem.	5 166	Mem.	6 059	Mem.	5 400	Mem.	5 342	-11%
	Malta**	8	Est.	8	Est.	7	Mem.	7	Mem.	8	0%
	Portugal***	1 410	Mem.	1 262	Mem.	1 596	Mem.	1 450	Mem.	1 423	-9%
	Russia**	552	Mem.	515	Mem.	523	Mem.	600	Mem.	530	15%
	Spain***	3 200	Mem.	2 650	Mem.	3 185	Mem.	2 500	Mem.	3 012	-22%
	Syria**	42	Mem.	42	Est.	40	Est.	40	Est.	41	0%
	Tunisia	815	Mem.	961	Mem.	940	Mem.	850	Mem.	905	-10%
	Turkey	2 200	Mem.	2 500	Mem.	2 200	Mem.	2 100	Mem.	2 300	-5%
	Ukraine**	720	Mem.	800	Mem.	800	Mem.	200	Mem.	773	-75%
	Subtotal AMITOM	**17 452**		**17 262**		**18 989**		**16 722**		**17 901**	**-12%**
	of which members in EU	10 073		9 724		11 546		9 992		10 448	-13%

Sources:
Mem.= WPTC members, Off.= Official data, Misc.= Other sources (industry contacts, press, ...), Est.= WPTC estimate, in the absence of reliable data
** AMITOM associate members
*** Tomatoes produced in Portugal but processed in Spain are reported in Spain

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KEY GROWTH AREAS

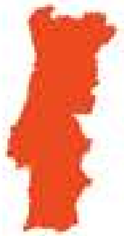
ITALY

North:

- To date about 92% of the expected surfaces have already been planted (lower input than last year) and operations should end by mid-June.
- Weather has been hot, accelerating the crop
- Storms have already damaged approximately 400 ha.
- Water availability may be an issue.

Centre/South:

- Pricing not yet agreed: contracts need to be signed ASAP.
- Input lower than last year due to farmers growing competing/alternative crops.



PORTUGAL

- Planting is virtually finished now and has generally gone well despite a few interruptions due to rain. In general, the fields are looking good.
- Some farmers did not plant this year, but the reduction should not be significant.

SPAIN

- Weather conditions have been a key factor in the challenges this year.
- Water is not available, and competing crops are an easier/more lucrative option for farmers.
- Planting in Extremadura was delayed by about a week due to rains. Also a heat wave was observed (Up to 34-37°C).
- In Andalusia the harvest will be starting a month later than usual, in early August.

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KEY GROWTH AREAS

TUNISIA

- At 30th May, 12,206 hectares of tomatoes have been planted.
- Yields should be lower than expected at 70-80 t/ha, but higher than 2021.
- A total of 850,000 tonnes is now expected to be processed (with a yield of 70 t/ha).

TURKEY

- Late planting due to delays in other competitive crops.
- Slow development due to cooler temperatures.
- Harvest expected in late August.

GREECE

- Some hail storms have damaged the current crop, damage assessment still underway.
- Some disease development is concerning growers. Small areas will be replanted.
- The forecast remains the already reduced volume of 380,000 tonnes.

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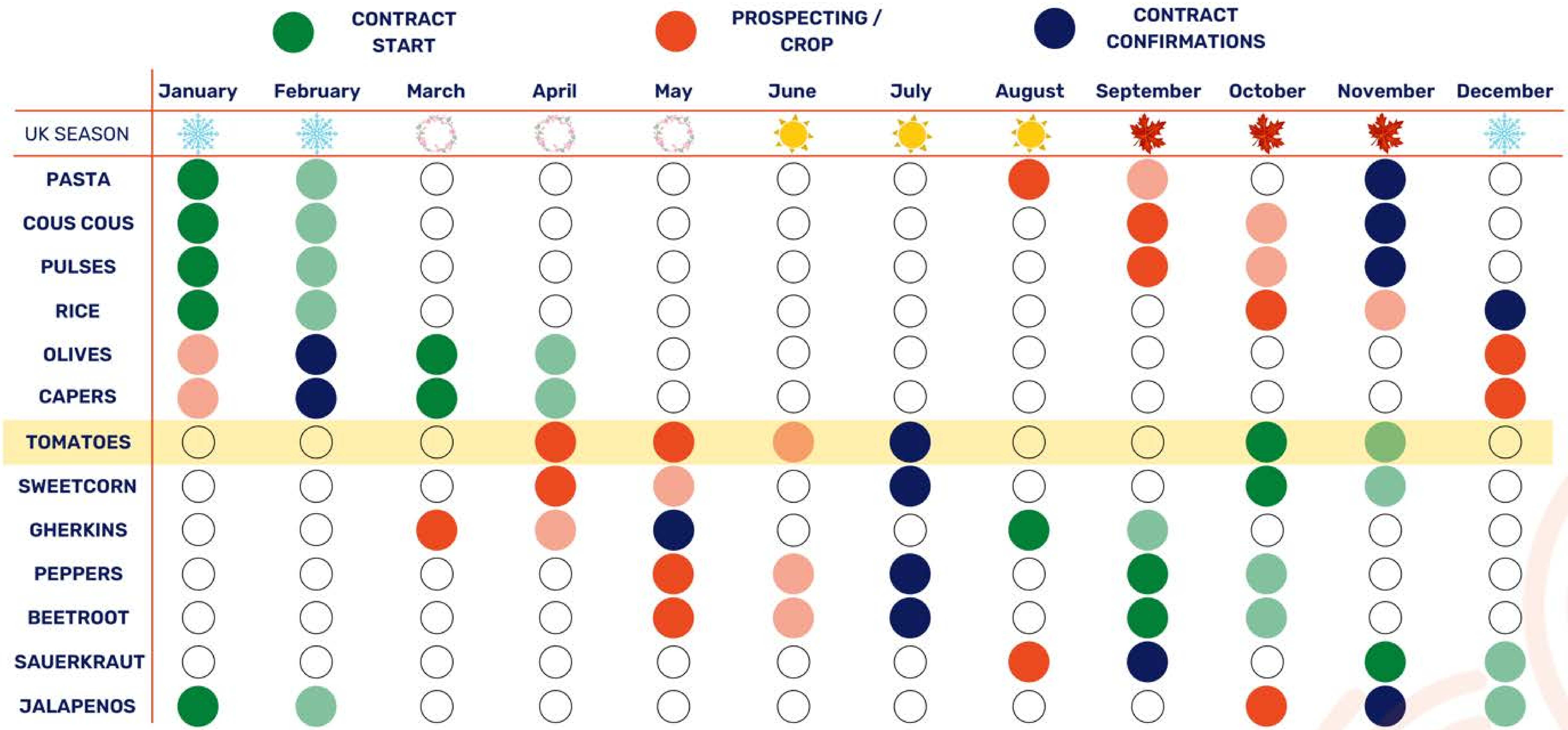
SEASONALITY



WHY LUPA FOODS?

We aim to be an essential partner to the food industry for quality ingredients.

To be a leader in the development, supply and production of sustainable, high quality and innovative products. We earn the respect and loyalty of customers through consistency and product excellence, and by focusing on customer service.

We care for the environment, striving to continuously reduce our impact on the planet, ensuring a better future for all that calls it home.

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