

U.S. movement of orange juice and demand projections going forward

*presentation to the
2021 Florida Grower Citrus Show
Havert L. Fenn Center, Ft. Pierce Florida*

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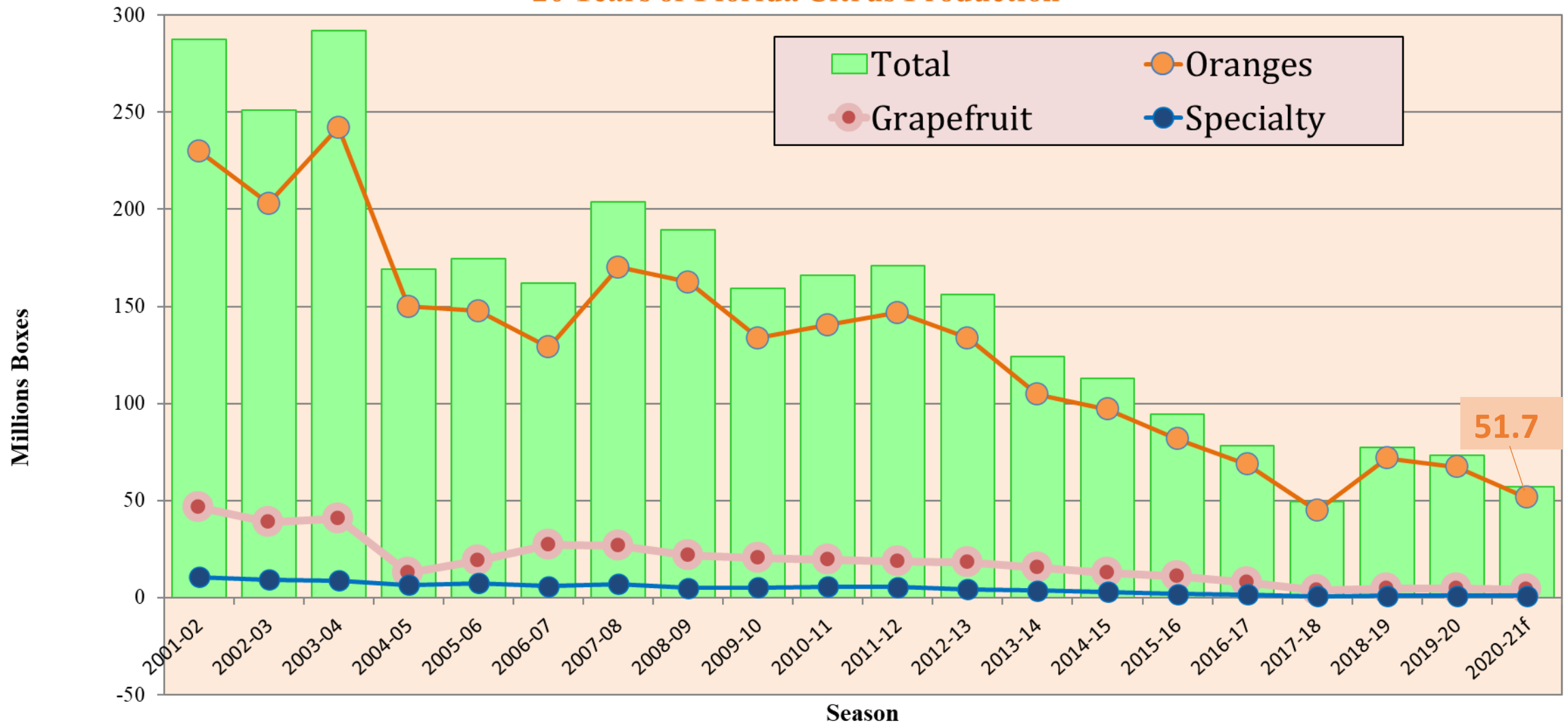


Retrospective for Citrus Industry

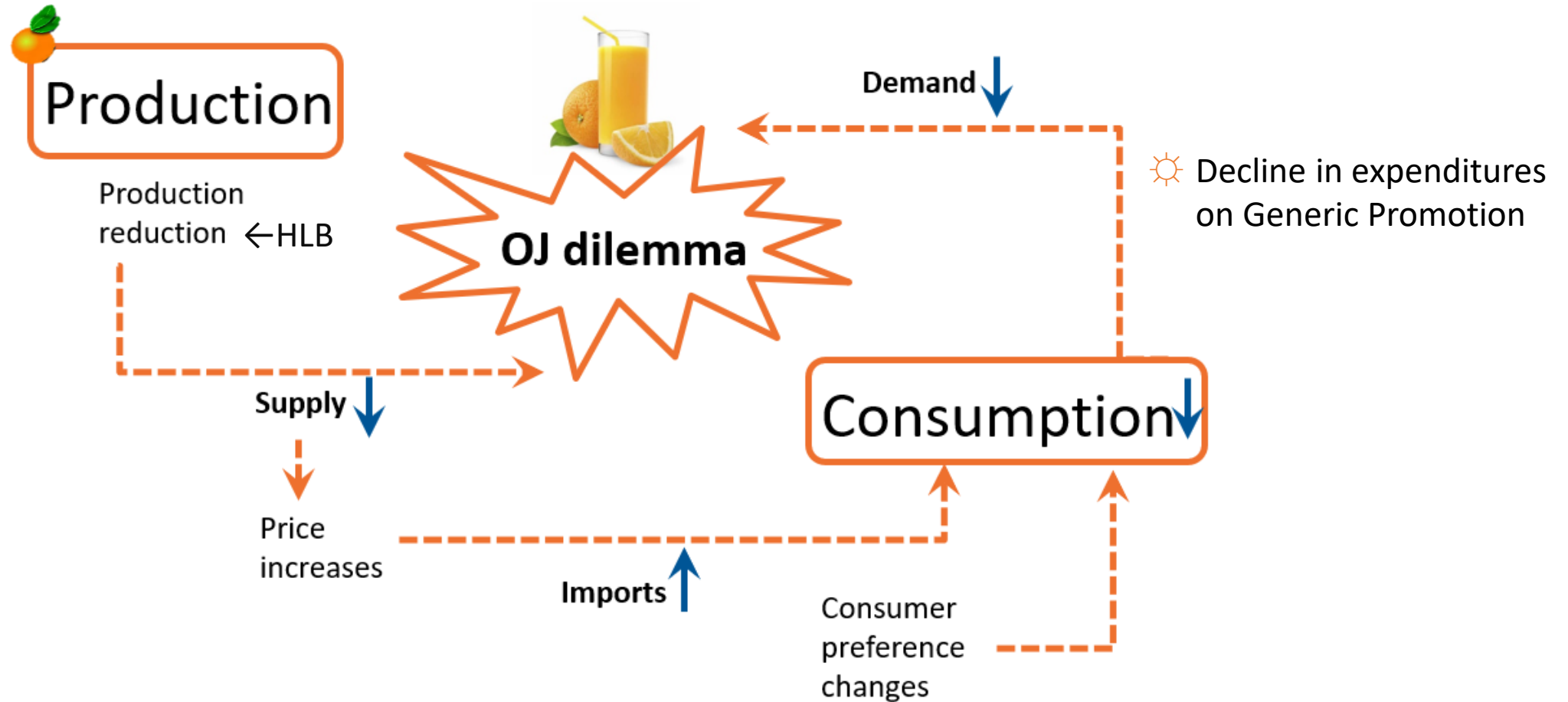
- Florida Citrus industry is in recovery mode 3 seasons post-hurricane Irma season and with HLB mitigations (supply-side issue).
- Global OJ Production fluctuates → overall long-term declines projected.
- There were 2 distinctly divergent trends during the 2019-20 Florida citrus season:
 - Pre-March 2020 – OJ/GJ surplus due to excess Imports which suppressed Florida grower prices (supply-side issue).
 - Post-March 2020 – Demand for OJ at retail surged during pandemic relieving excess inventories relevant to Florida-grown oranges (demand-side issue).

Decline in Florida production due to HLB/Irma

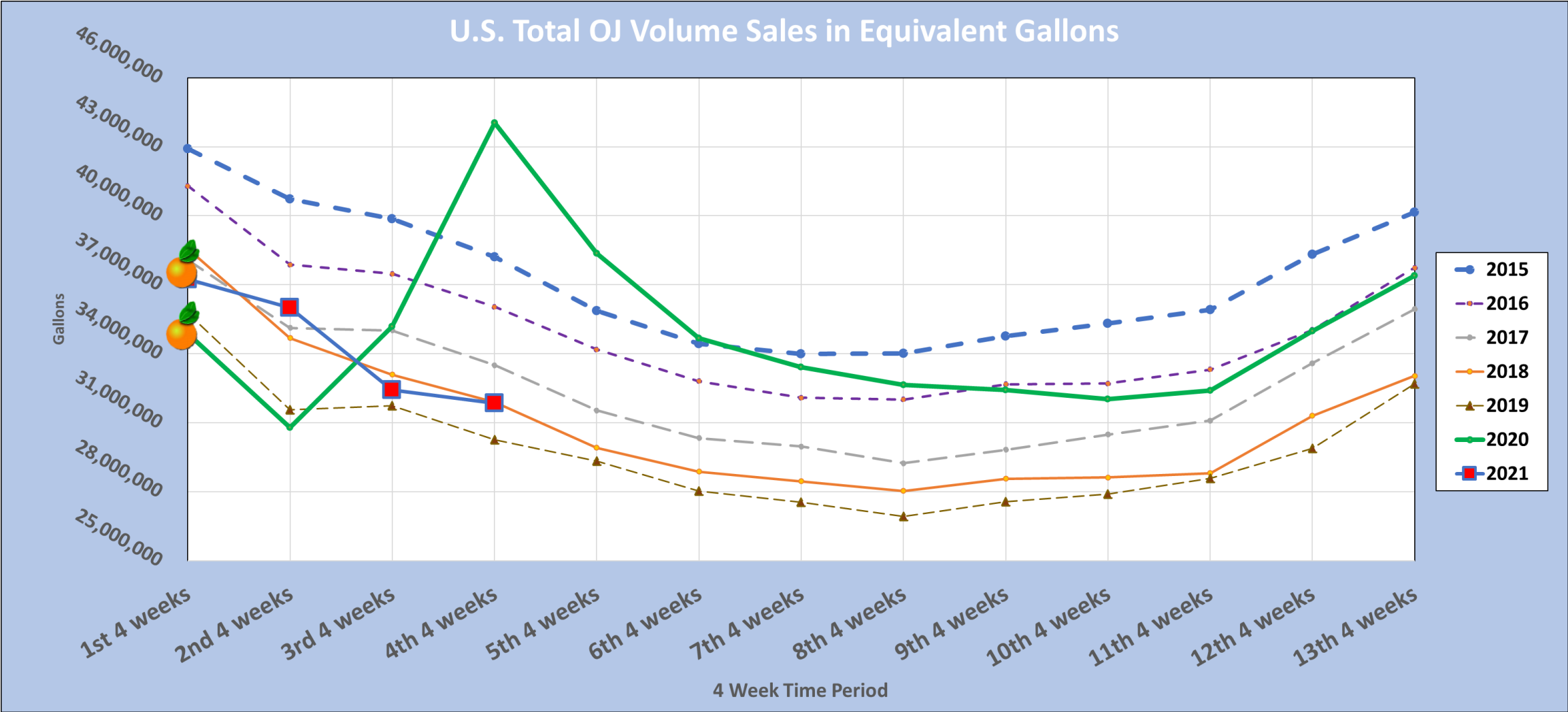
20 Years of Florida Citrus Production



OJ Market Situation prior to COVID-19



U.S. OJ retail sales at pre-2019 levels



*Data Source: 2019-2021 - FDOC Custom Database – Nielsen Answers on Demand (AOD)

OJ Path to Purchase in 2021

- Increase in orange juice sales associated with
 1. Pantry Preparation/pandemic shopping.*
 2. Increased consumer traffic to traditional groceries and large-scale stores.*
 3. Increased consumer online purchases and use of grocery delivery services.*
 4. Health and wellness nutritional benefits of orange juice.**
 5. Increase in consumption of breakfast from home.**

* Source: Nielsen

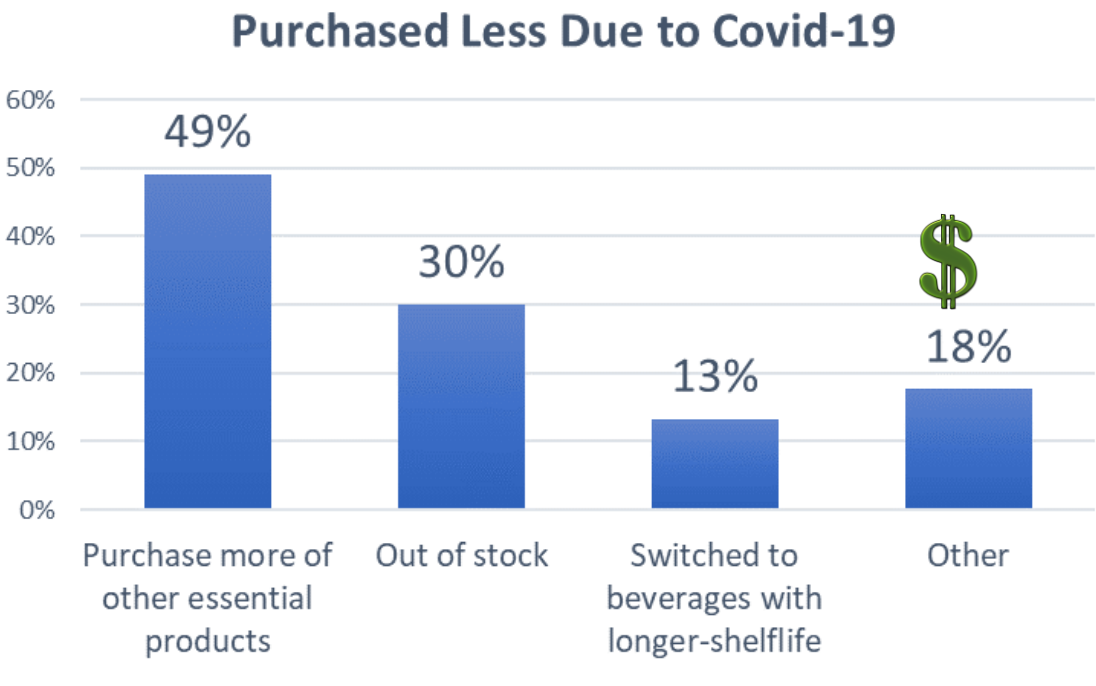
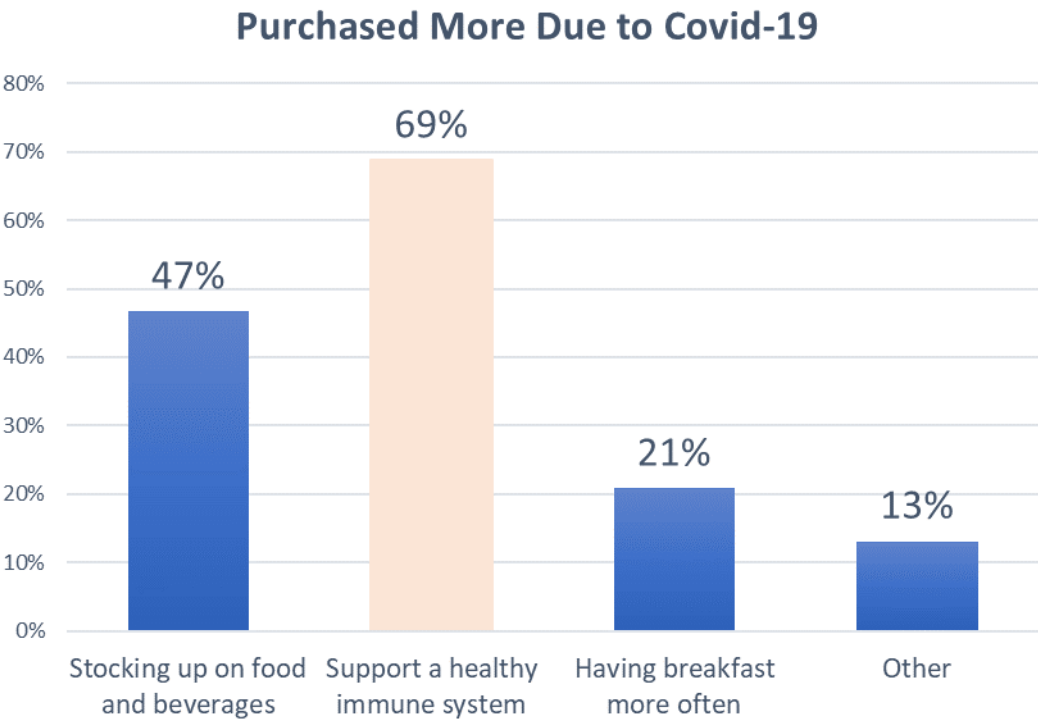
** Source: FDOC OJ Tracker managed by UF-FAMRC

Indications that consumers are still shopping with COVID-19 in mind

- On average, 28% respondents have indicated they have purchased MORE OJ in response to concerns about COVID-19 over the last year.
- Respondents' indicating some sort of media awareness increased each month since April from an average of 25% indicating awareness pre-pandemic to 30% by May.
- Since April, an increasing share of consumers who reported buying MORE are reporting buying more OJ to support a healthy immune system (68%)
- More recently, consumers who selected "other" as a reason for buying more OJ volunteered it was because their children were home and requested orange juice.
- At the same time, an increasing share of consumers who had indicated they purchased LESS OJ had indicated they did so to buy more of other essential products and/or indicated they may be facing limited budget or that price was a factor.

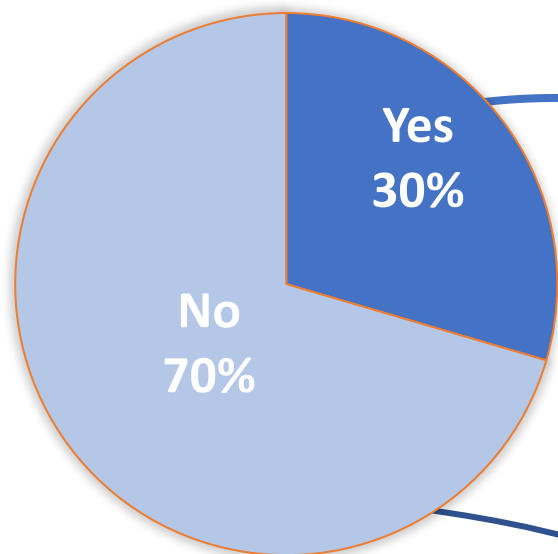
OJ purchases in response to COVID-19

May 2021

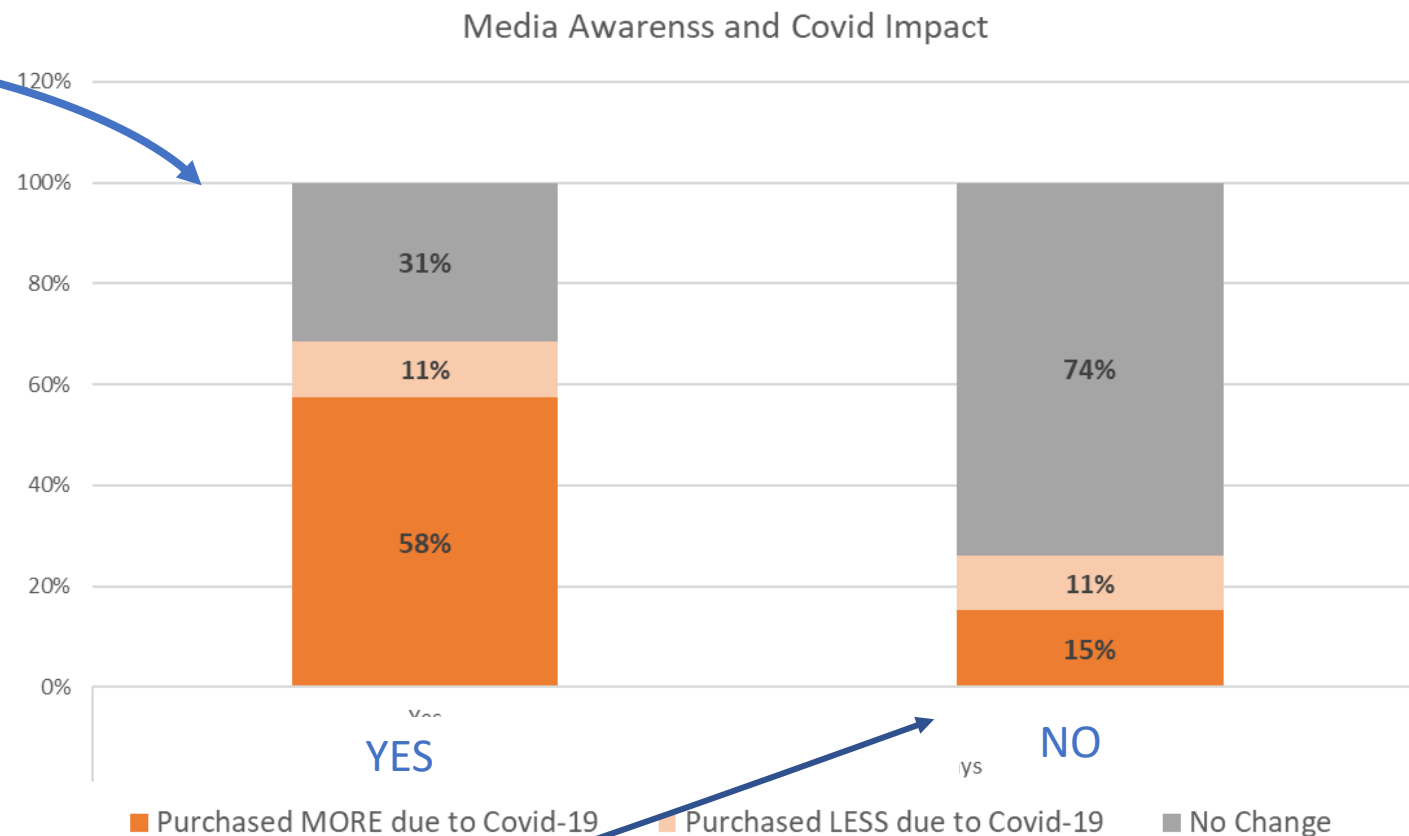


Question: Have your purchases of 100% OJ changed in response to the recent COVID-19/Coronavirus outbreak in the past 30 days?

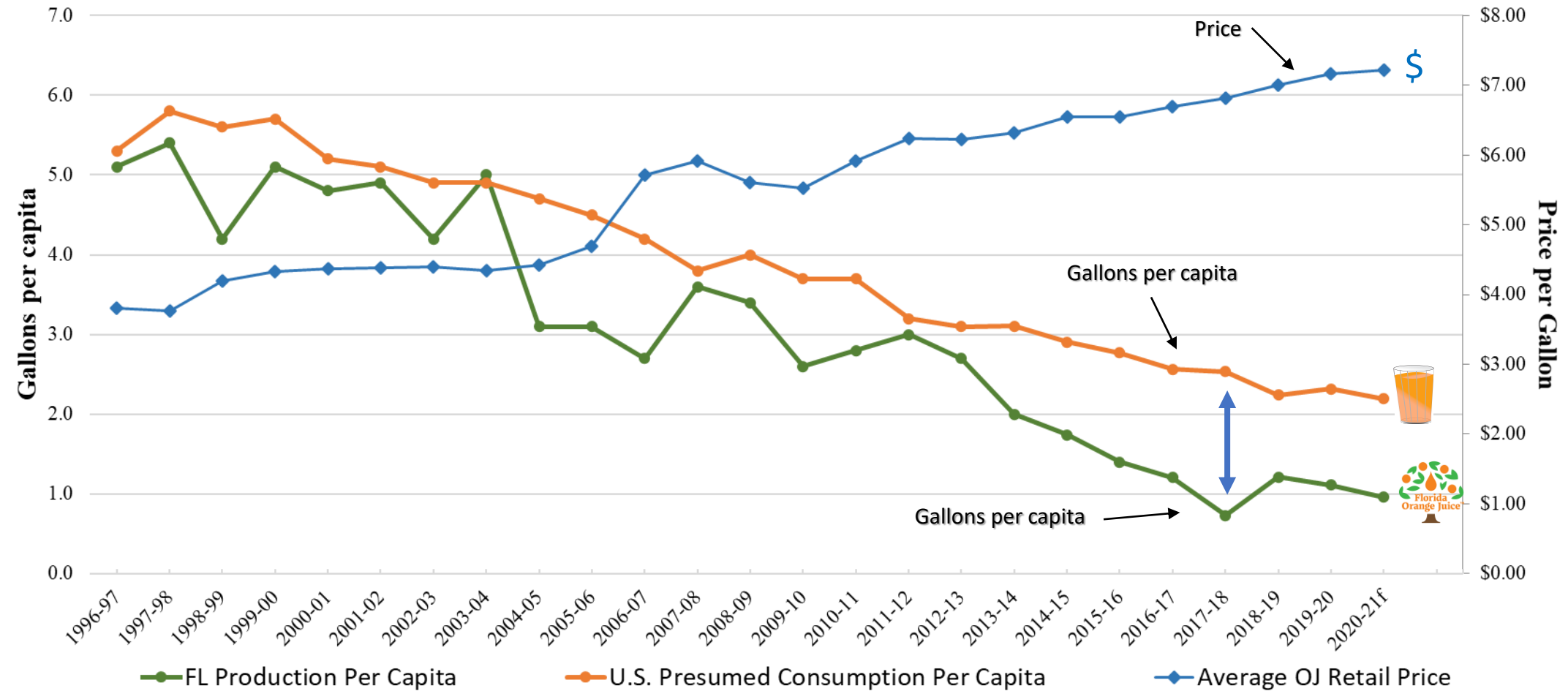
Media Awareness During Pandemic



Question: Do you recall seeing, reading or hearing anything about Orange Juice in the past 30 days?



Florida Per Capita Production and U.S. Per Capita Presumed Consumption of OJ

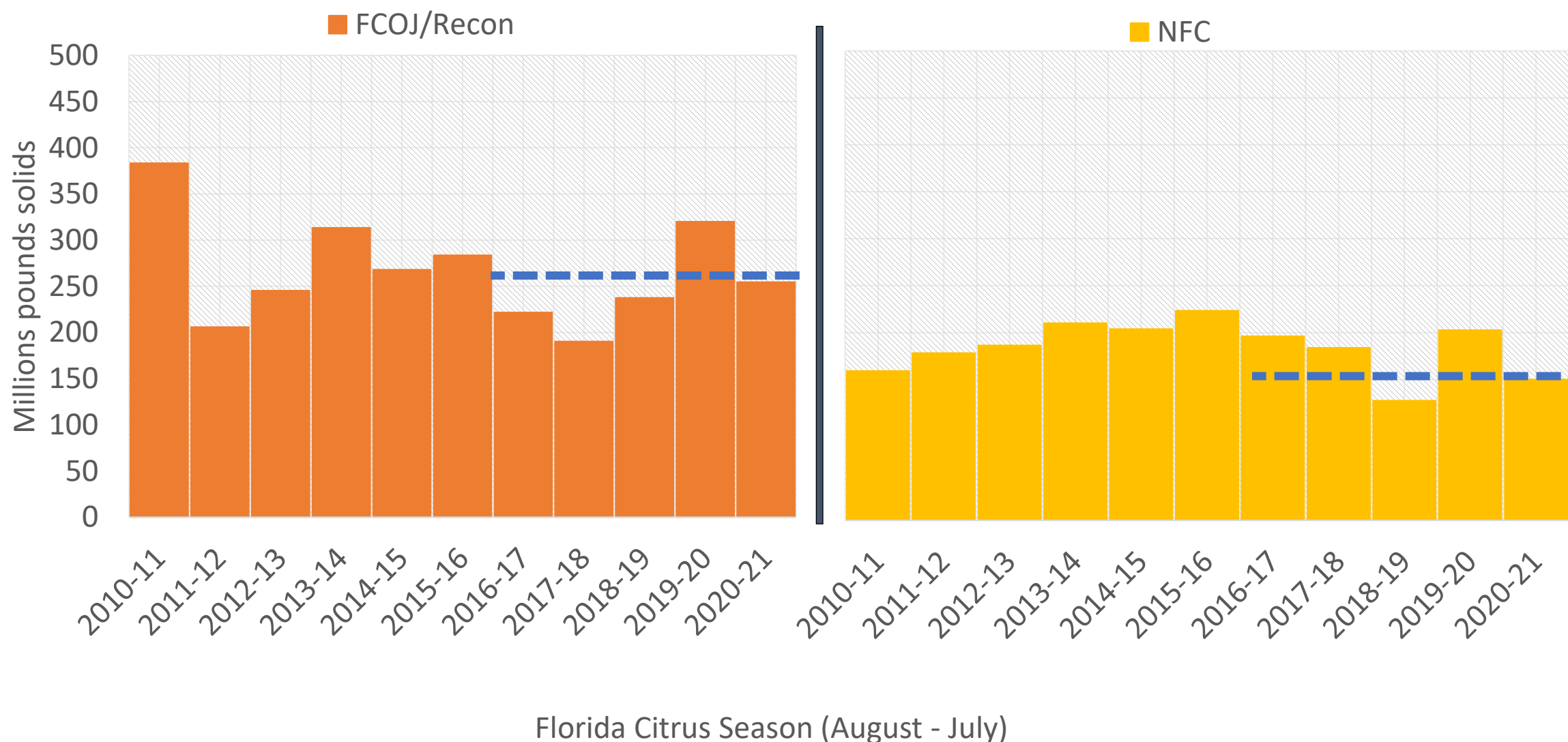


Florida OJ Availability in 20-21 Season

- Beginning inventory
- Pack from Fruit: production, juice yields
- Imports (FCOJ, SSOJ*)
- Movement (Domestic, Exports)
- Ending Inventory
- External Trends* (Fruit drop, Covid-19, freeze, etc.)

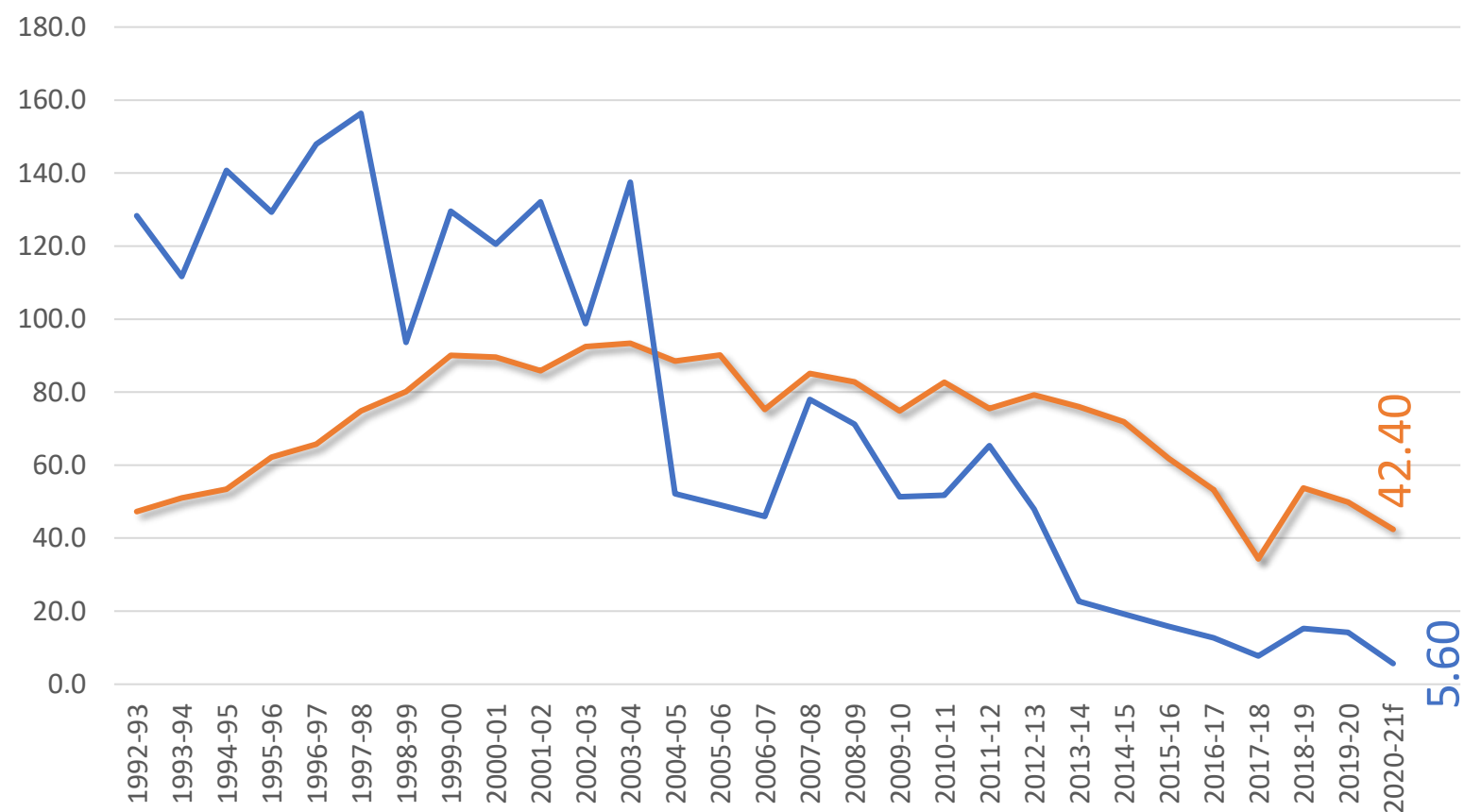
FL OJ Beginning Inventory – October 2020

FCOJ/Recon ↓20%, NFC ↓26%, YOY

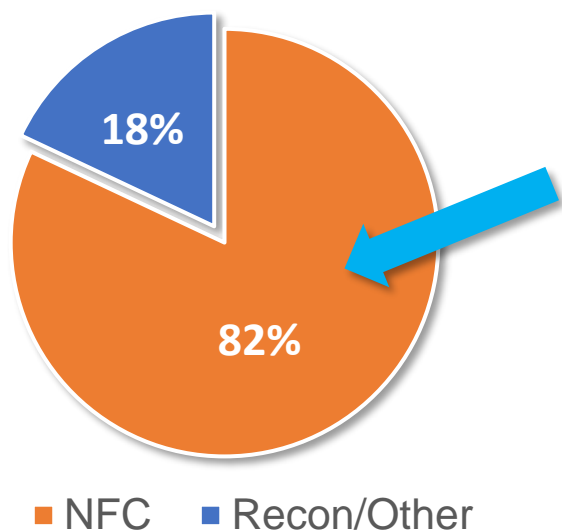


Florida accounts for 88% of domestically produced OJ

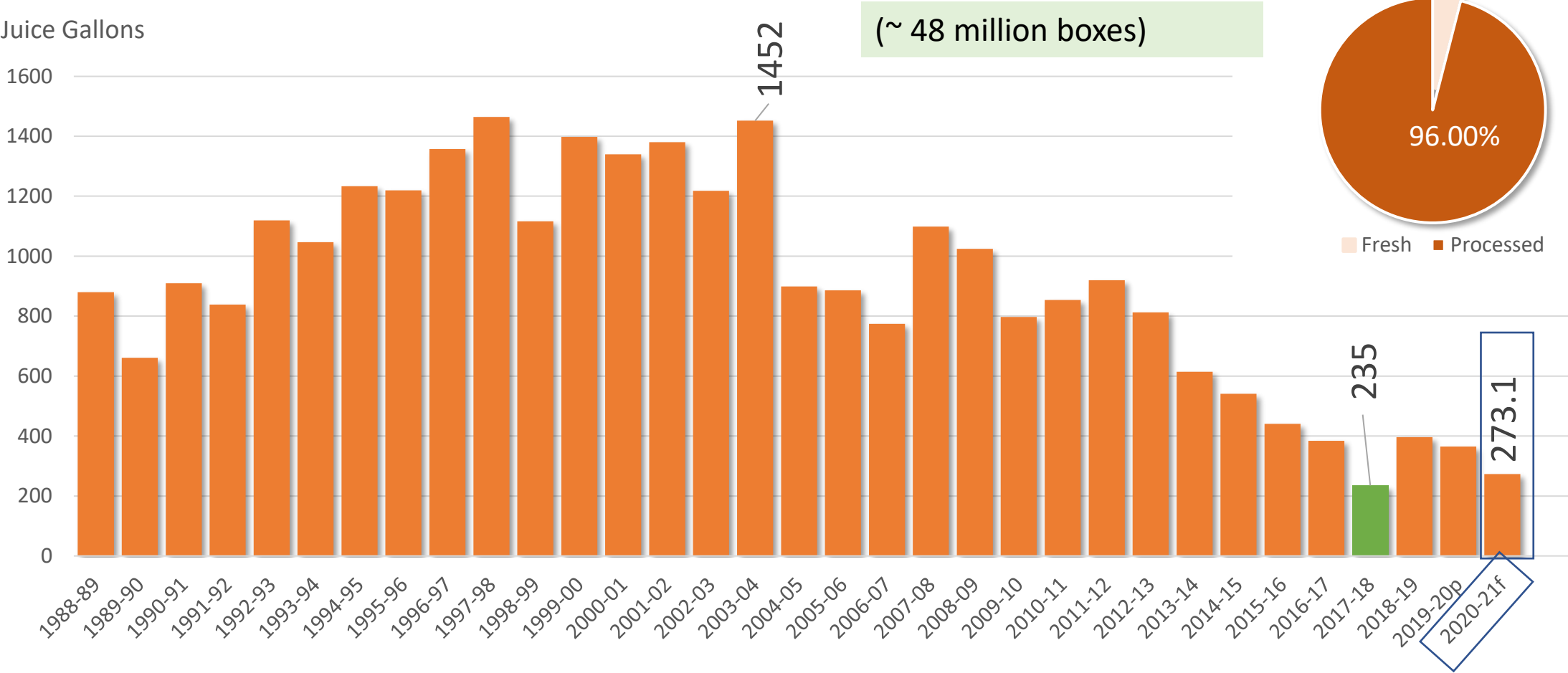
90 lb. boxes of Florida oranges (million boxes)

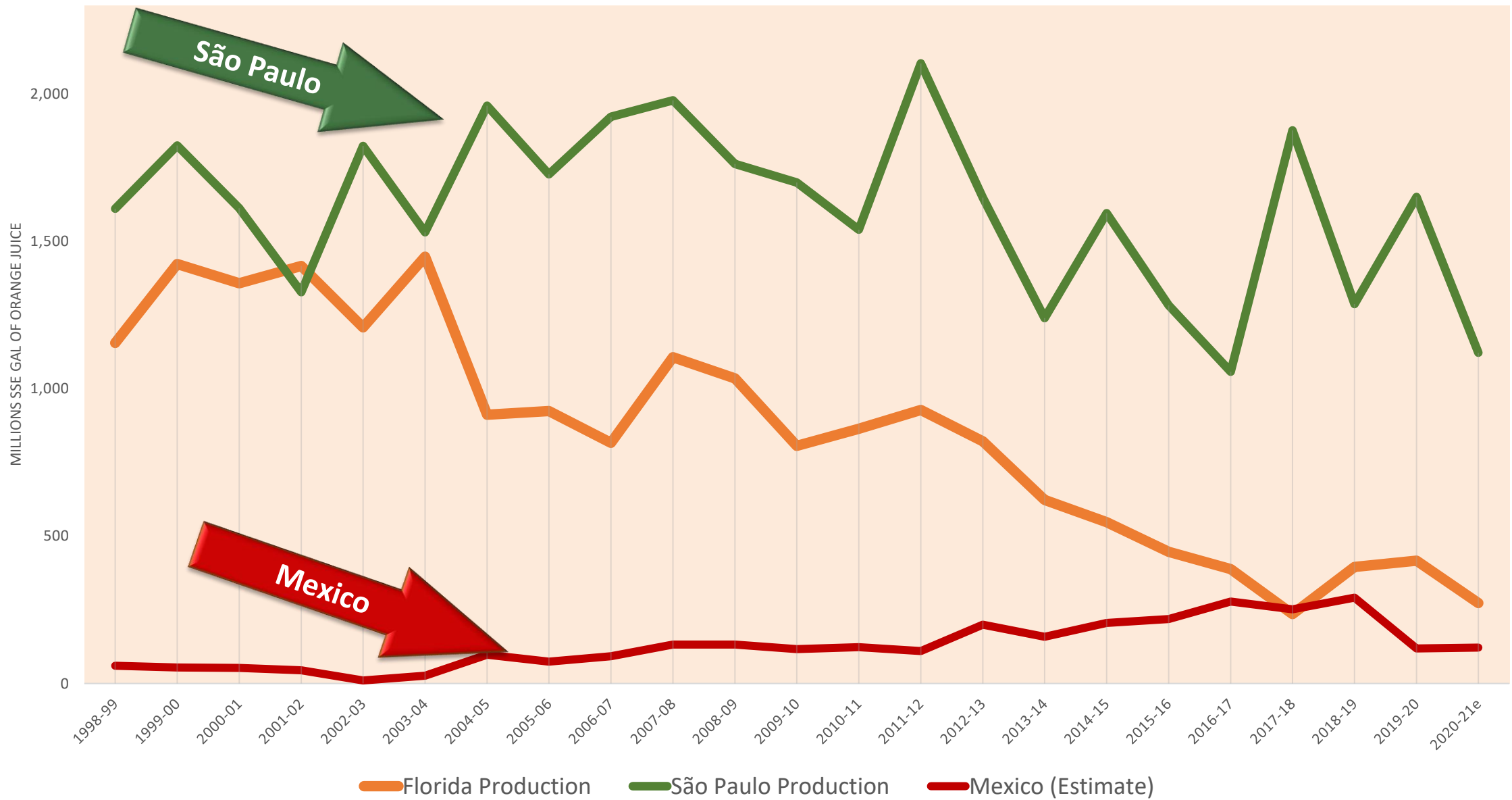


Utilization of Processed Oranges
2020-21 Season

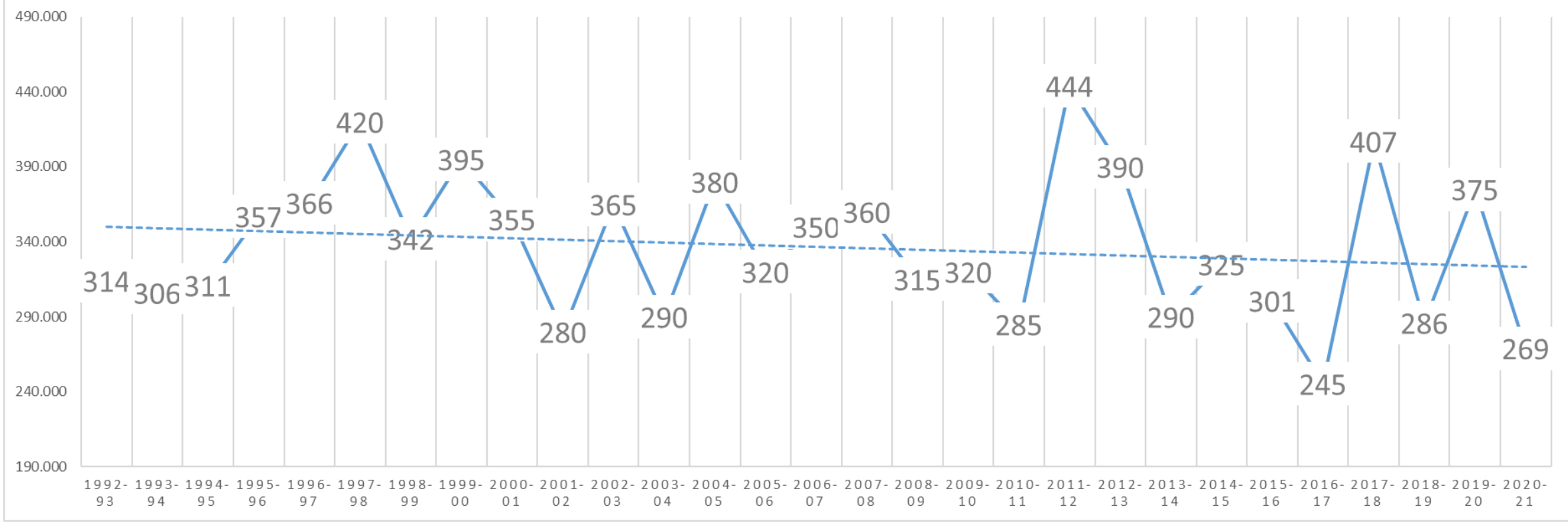


Gallons of OJ produced from all Florida-sourced oranges





SÃO PAULO AND WEST-SW MINAS GERAIS CITRUS BELT - TOTAL CROP (MIL. BX, 90 LB)



Europe is
Leading
Destination
for Brazil OJ

Brazil Orange Juice Exports

Destination		Season-to-date July - June				Change from 3 season average
		2016-17	2017-18	2018-19	2019-20	
million SSE Gallons						%
USMCA	Total	234.1	432.7	269.0	217.7	-30.2
	FCOJ	140.9	283.0	126.2	121.2	-33.9
	SSOJ	93.2	149.7	142.8	96.5	-25.0
Europe ^c	Total	797.2	923.6	841.6	1,011.9	+18.5
	FCOJ	581.0	722.3	627.0	796.9	+23.8
	SSOJ	216.2	201.3	214.6	215.0	+2.1
East Asia ^d	Total	106.9	138.0	114.6	140.0	+16.8
Others	Total	90.9	79.8	70.1	62.5	-22.1
Total						+4.8

^aAssumes exports with codes 2009.11.00 (FCOJ) and 2009.19.00 (Other) are 66° Brix, while exports with code 2009.12.00 (NFC) are 11.8° Brix

^bU.S., Canada, and Mexico.

^cRussia, Ukraine, and Turkey are included in Europe.

^dChina, Japan, Taiwan, Hong Kong, Macau, South Korea, North Korea, Philippines, and Vietnam.

Mexico Orange Juice Exports

Destination		Season-to-date July - June				Change from 3 season average
		2016-17	2017-18	2018-19	2019-20	
million SSE Gallons						%
US and Canada	Total	45.2	55.7	62.6	37.8	-30.7
	FCOJ	32.4	34.8	40.5	22.4	-37.6
	SSOJ	12.9	20.9	22.1	15.4	-17.5
Europe ^c	Total	9.9	8.0	7.2	8.2	-1.5
	FCOJ	9.9	7.2	5.0	4.9	-33.1
	SSOJ	0.0	0.8	2.2	3.3	+227.8
East Asia ^d	Total	1.6	1.7	2.2	2.0	+11.4
Others	Total	1.0	1.3	1.5	1.2	-5.1
Total		57.8	66.8	73.5	49.3	-25.4

^aAssumes exports with codes 2009.11.00 (FCOJ) and 2009.19.00 (Other) are 66° Brix, while exports with code 2009.12.00 (NFC) are 11.8° Brix.

^bU.S., Canada, and Mexico.

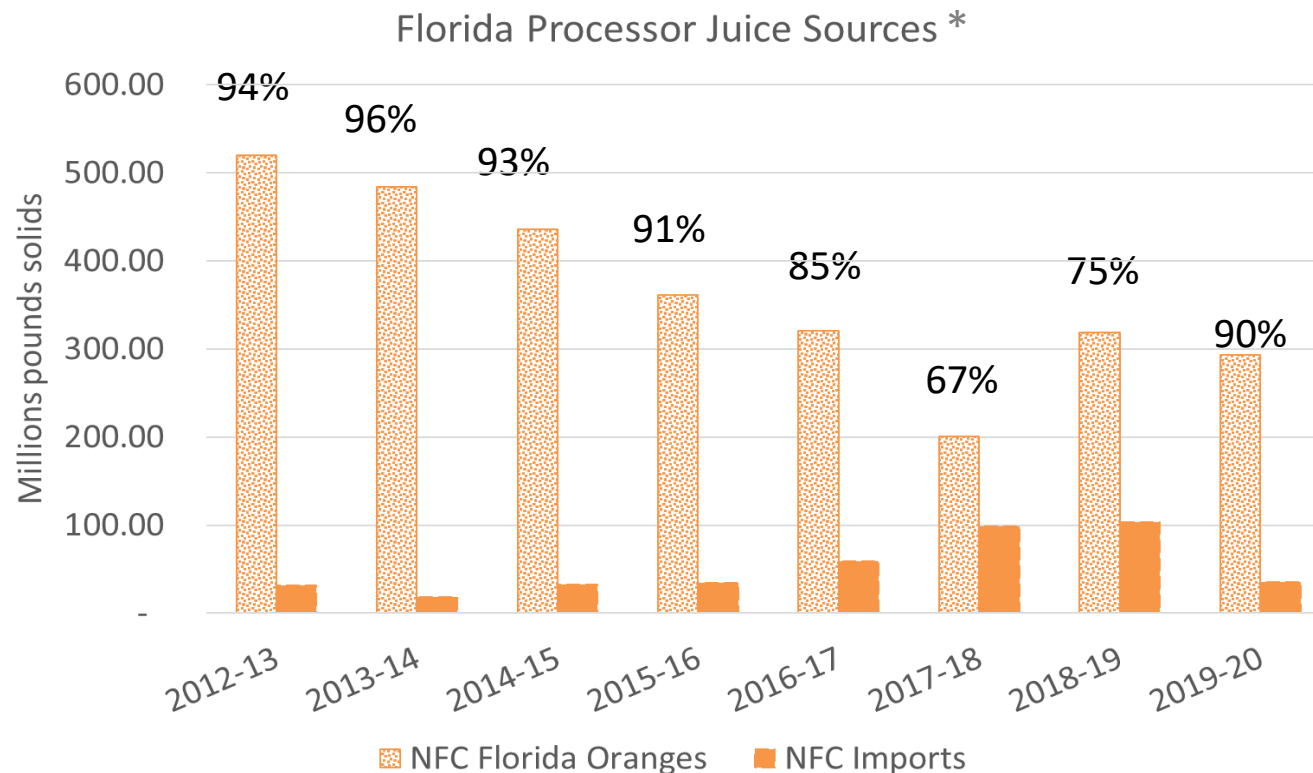
^cRussia, Ukraine, and Turkey are included in Europe.

^dChina, Japan, Taiwan, Hong Kong, Macau, South Korea, North Korea, Philippines, and Vietnam.

SOURCE: Secretary of External Commerce - Brazil

USA is
Leading
Destination
for Mexico OJ

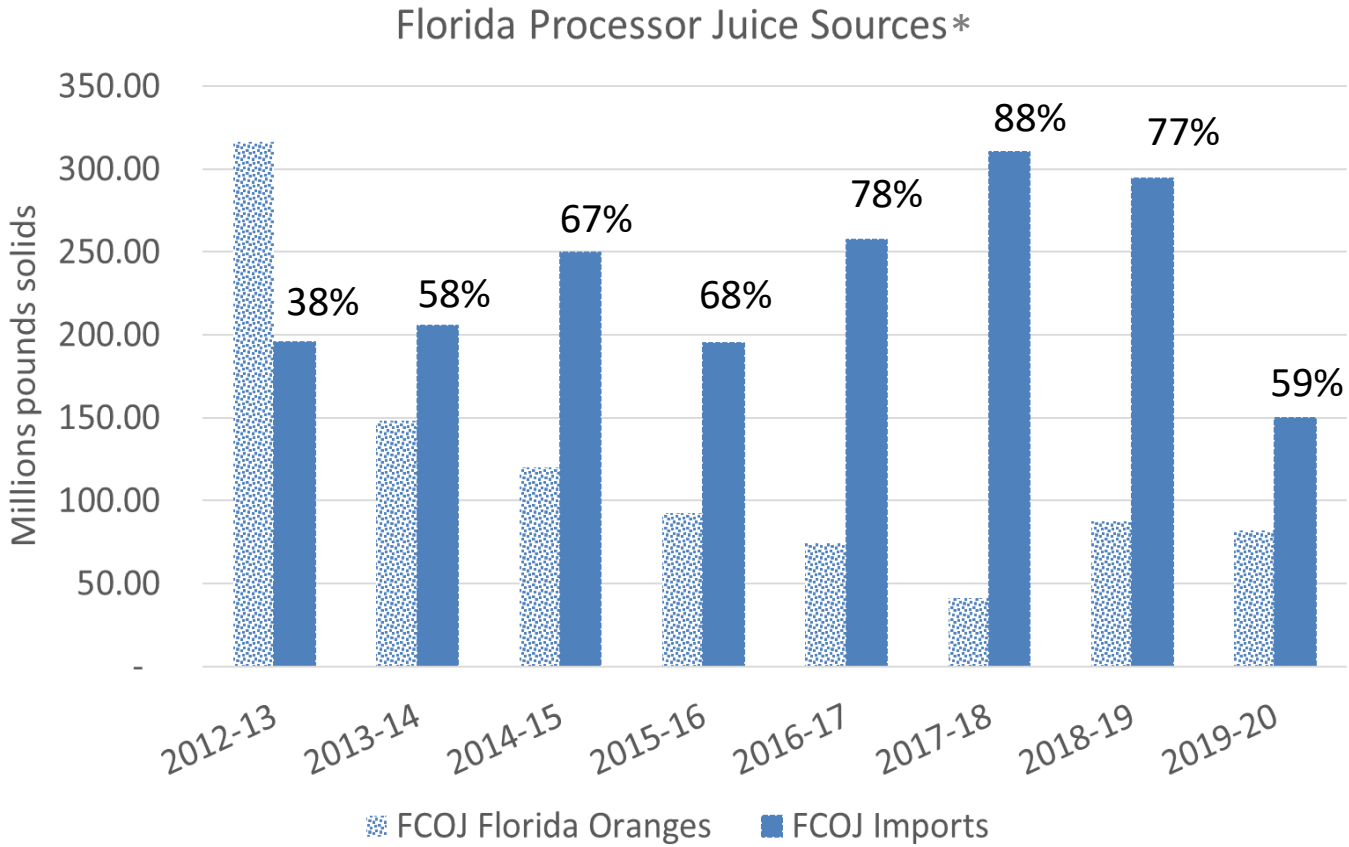
Florida Processors NFC Juice Sourced Primarily from Florida Orange crop



- Florida Processors receive more than 90% of their NFC orange juice from the Florida orange crop.
- Notable exceptions, 2016-17 through 2018-19 citrus seasons due to Irma and production uncertainty.

*Includes domestic sources (CA and TX); Does not include existing inventories
Conversion: 1 single-strength equivalent gallon of orange juice = 1.029 pounds solids

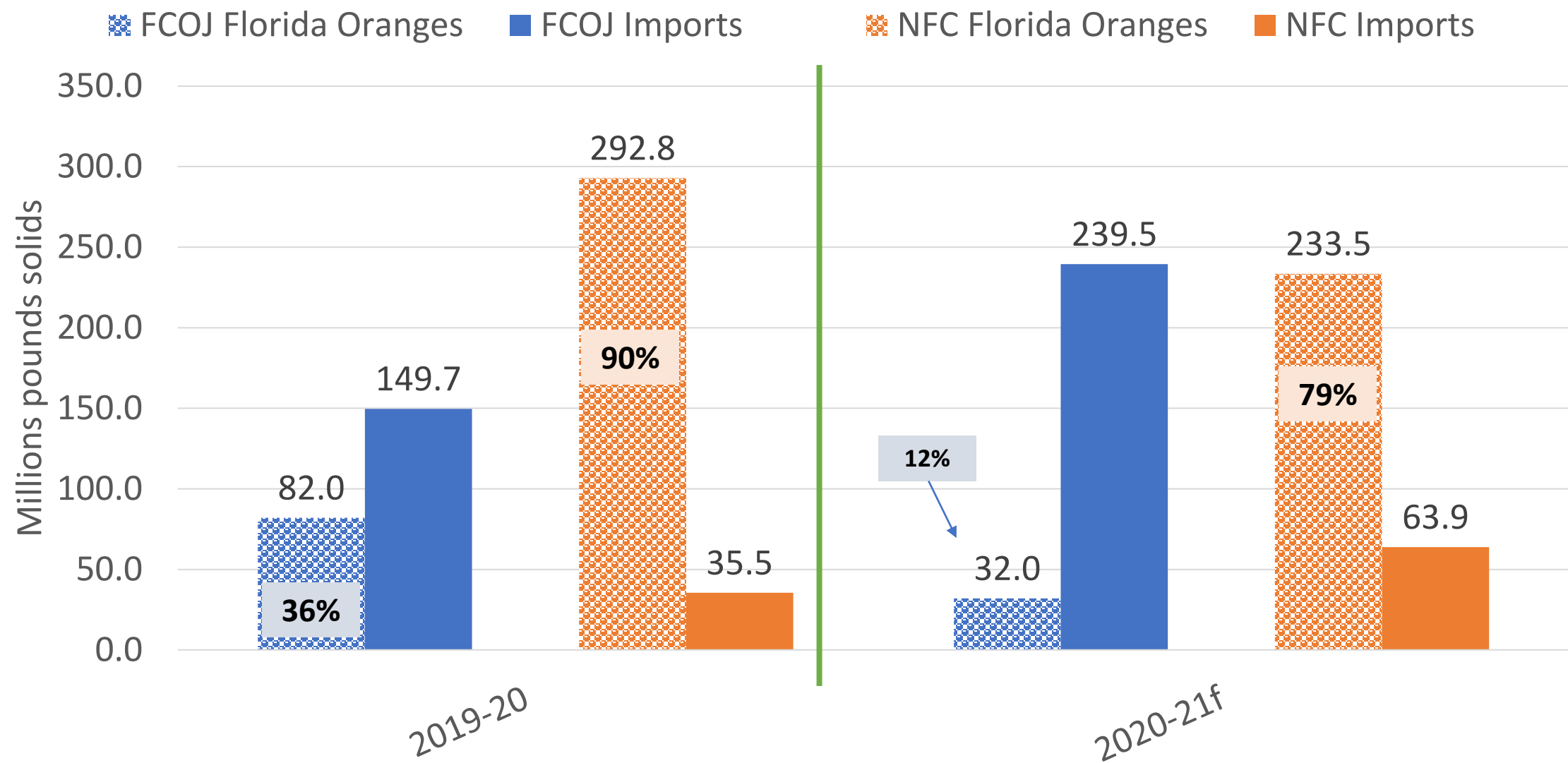
Florida Processors Recon/other Juice Sourced from Imported Concentrate



- More than 60% of Florida Processor OJ concentrate is imported in any given season.

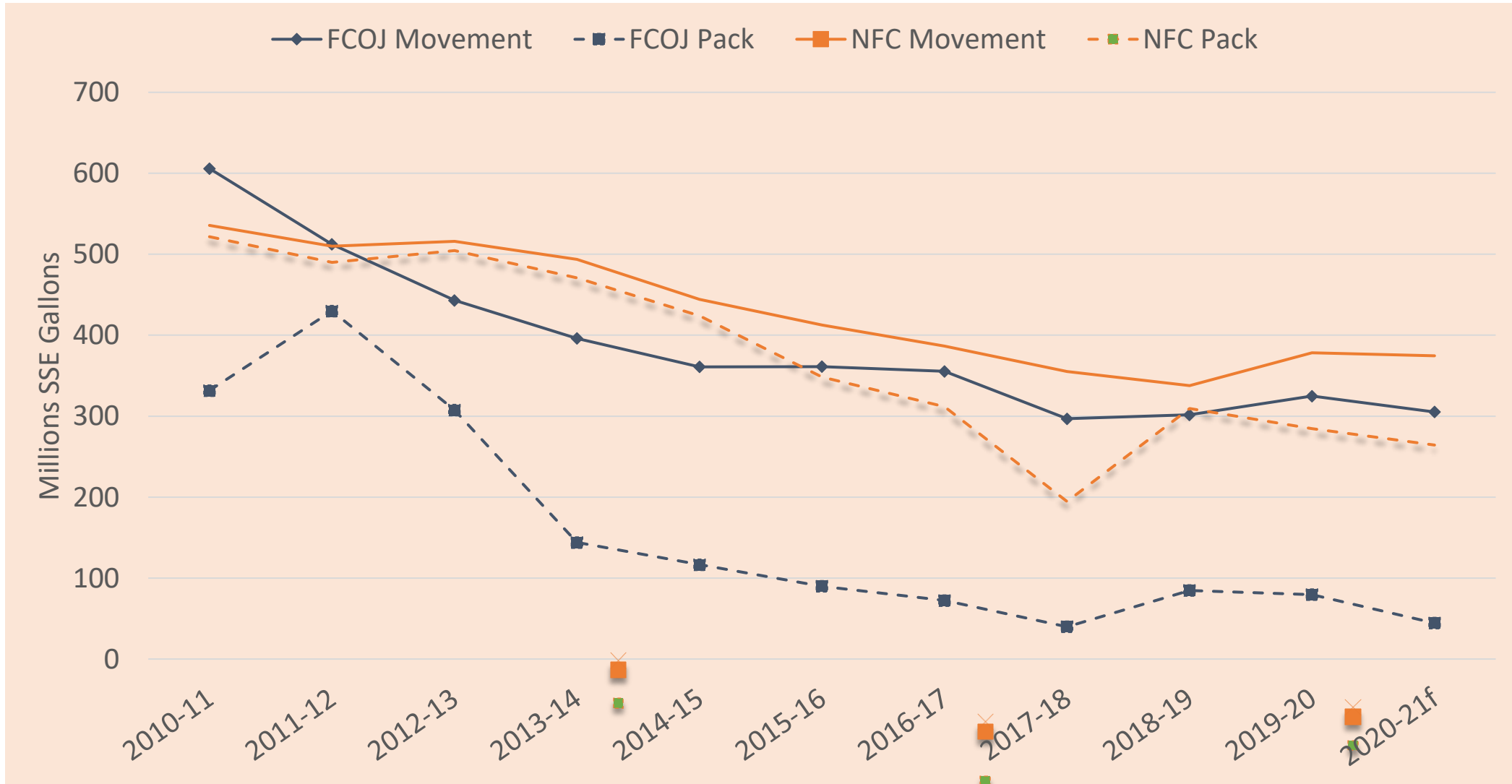
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Florida Processors OJ Juice Sources in 2020-21



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Conversion: 1 single-strength equivalent gallon of orange juice = 1.029 pounds solids

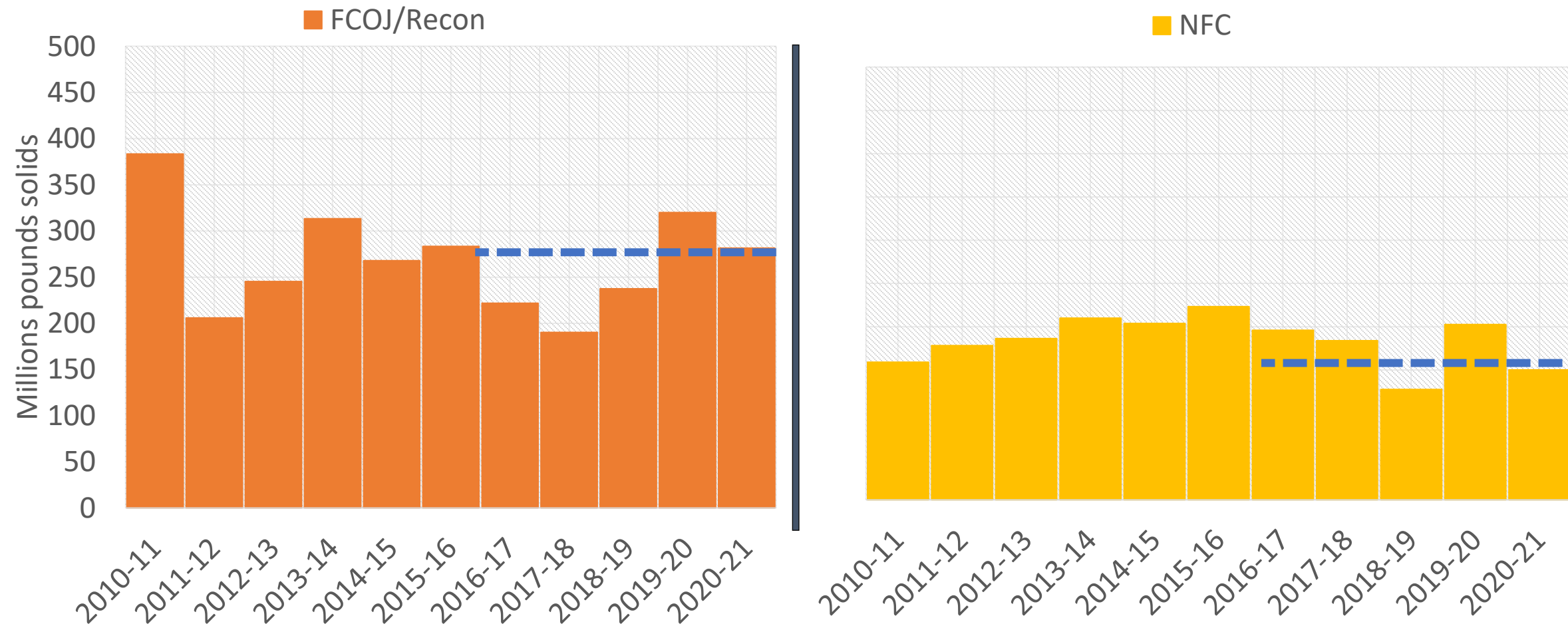
Florida Processor OJ Movement and FL-sourced juice pack, By Season and Type



SSOJ – single-strength orange juice used to make NFC

Estimated FL OJ Ending Inventory – September 2021

FCOJ/Recon ↓12%, NFC ↓26%, YOY



Florida Citrus Season (August - July)

Projections for the Florida grower

- In 20-21, Florida production meets current demand for orange juice, and imported juice is required to sustain NFC market.
 - Investing in consumer awareness today has a lag effect that strengthens and maintains consumer demand in the future.
 - Long-run Challenges: increase in retail price, loss of shelf space, crowded beverage category, OJ not top of mind.
- Long-term Florida production and infrastructure utilization is key to Florida grower endurance
 - Replanting, reduced costs of production, and improved yields to meet market demand.
 - Florida grower returns are hampered by higher production costs with lower yields
 - Projected overall decreased in industry certified on-tree revenues for the season.

www.floridacitrus.org/grower/economic-market-resources/

Thank You

