



Outlook for the 2020–21 Florida citrus season

By Thomas H. Spreen

On October 9, 2020, the U.S. Department of Agriculture released its forecast of the 2020–21 Florida citrus crop. The forecast calls for production of 57 million boxes of sweet oranges [23 million early-mid and 34 million Valencia (late) oranges], 4.5 million boxes of white and red grapefruit, and 1.1 million boxes of specialty citrus. The orange figure shows a decline from the 67.65 million boxes produced in 2019–20, and grapefruit is down from 4.8 million boxes grown last season.

RECENT LOW PRICES

At this time one year ago, growers faced delivered-in prices for processed oranges that were substantially lower than those paid in 2018–19. Cash market prices for early-mid oranges were less than \$1.00 per pound solids, down from over \$2.00 per pound solids paid at the beginning of 2018–19.

The apparent cause of the price decline stems from events in the 2017–18 season when Hurricane Irma struck the main orange-producing area in Southwest Florida. The 2017–18 Florida sweet orange crop was 44.95

million boxes, the lowest level seen since World War II.

As a result of the small crop, orange juice marketers imported large volumes of juice from both Brazil and Mexico to be able to sustain supply to the U.S. orange juice market. In 2018–19, the Florida crop unexpectedly rebounded to 71.75 million boxes, an increase of nearly 60 percent over the previous season. Marketers failed to anticipate the recovery of the Florida crop; imports declined little in 2018–19 and consequently, juice inventories grew to high levels by the end of the 2018–19 season. As the industry entered the 2019–20 season and orange processors were faced with large stocks of juice, there was little appetite to bid for new crops, and prices fell.

MEXICAN IMPORTS

Over the course of the 2019–20 season, the orange juice situation changed dramatically. First, imports declined, especially imports from Mexico. Mexico had produced a very large crop in 2018–19; their orange juice production increased. Mexico supplanted Brazil as the largest import supplier

of frozen concentrated orange juice (FCOJ) to the United States. However, Brazil remained the largest supplier of imported not from concentrate (NFC) orange juice.

In 2019–20, Mexico's orange production declined by approximately 50 percent due to adverse weather, and its processed orange production followed. Imports of orange juice from Mexico in 2019–20 were a fraction of those observed in 2018–19.

COVID-19 IMPACTS

But a more important factor affecting the supply-demand balance was the arrival of the COVID-19 virus in early 2020. U.S. orange juice consumption rose by double-digit percentage figures as consumers sought to increase their intake of vitamin C. In addition, with more workers either working from home or furloughed, more families had breakfast at home. Increased retail purchases of orange juice, especially NFC orange juice, more than offset the decline of away-from-home juice consumption. Consequently, NFC inventories have declined although FCOJ inventories remain stubbornly high.

POSITIVE VIEW

These factors mean that cash market delivered-in prices for processed oranges will be substantially higher in 2020–21 compared to 2019–20. Processors are also likely to offer long-term contracts more favorable to the grower.

Grapefruit and specialty fruit varieties have also experienced higher demand as consumers have adjusted their food purchases in the face of the COVID-19 pandemic. Because Florida grapefruit production has contracted so severely due to HLB and citrus canker, grapefruit prices were quite strong in 2019–20 and should remain so in 2020–21. As new specialty fruit varieties are now entering the marketplace, this is an area of likely growth for Florida citrus. 🍊

Thomas H. Spreen is professor emeritus in the Food and Resource Economics Department of the University of Florida and senior economic consultant in the Economic and Market Research Department of the Florida Department of Citrus.