HDC horticulture development centre
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Horticulture Marketing News

February 2004 "Keeping Small Holders in Business"

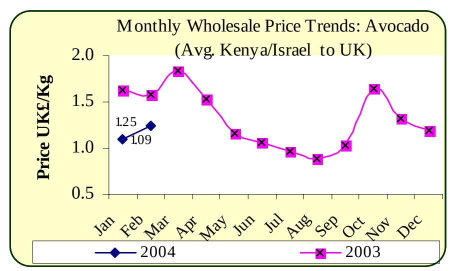
Welcome to the first issue of Horticulture Marketing News. The HDC will be producing this newsletter on a monthly basis in cooperation with partners in Kenya and in overseas markets. Our objective is to report on the market performance, including price summaries, for horticultural crops and products which are of specific interest to Kenyan growers, processors and exporters. In this issue we are covering fresh vegetables on both the domestic and UK markets. In each issue we shall also be providing a market profile on a new product which could have some potential for smallholder production, processing and exports in the future. This month the featured product is paprika, which is an important crop in some southern African countries and could be grown commercially in Kenya. At the HDC we realize that price data is a sensitive subject and open to misinterpretation but we hope that you will tell us if we are getting it wrong! As always, we welcome any comments regarding the content of the newsletter.

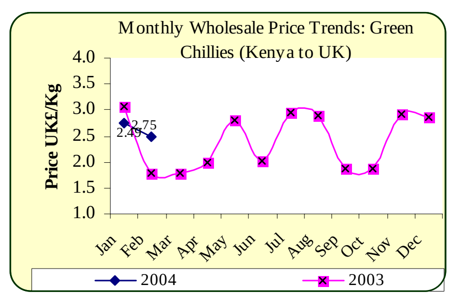
UK Prices in February for 8 of the main fruits and vegetables exported are summarized below and compared with the previous 14 months. They are calculated as an average of The Fresh Produce Journal weekly on-line prices from various UK wholesale markets and prices collected first-hand for the HDC by Food Surveys Ltd (FSL), an independent UK market research and quality management company. FSL will be monitoring quality as well as prices and we shall be providing their comments on product quality in future issues. As part of their service agreement with HDC, FSL can also carry out quality inspections of specific shipments and provide an independent check on quality and spoilage claims for HDC clients. Contact the HDC if you would like to take advantage of this service.

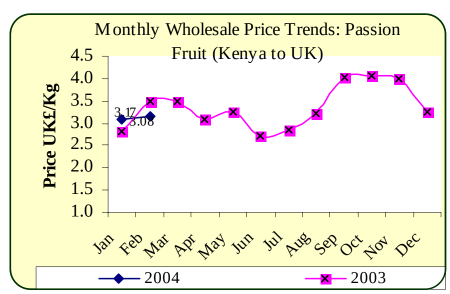
International Prices

Prices Quoted from Food Surveys UK and the Fresh Produce Journal

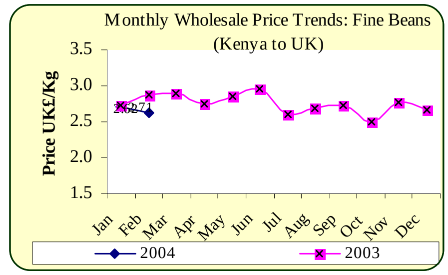
Market	Supplier	Variety	Average Wholesale Prices UK£/Kg Jan	Feb	% change
			Fresh Fruits and Vegetables		
			Food Surveys UK & Fresh Produce Journal UK		
			Avocado		
UK	**Kenya**	Fuerte			
	Israel	Fuerte	1.09	1.25	15%
			Green Chillies		
UK	**Kenya**	green	2.75	2.49	-9%
	Gambia	green	2.00	1.92	-4%
	Ghana	green		3.58	
			Fine Beans		
UK	**Kenya**		2.71	2.62	-3%
	Morocco				
	Egypt	*Bobi*		2.13	
			Mangetout		
UK	**Kenya**		3.30	2.71	-18%
	Guatemala		2.81	2.66	-5%
			Sugarsnap Peas		
UK	**Kenya**		3.61	3.19	-12%
	Guatemala		3.31	3.17	-4%
			Okra		
UK	**Kenya**		3.62	3.13	-14%
	Uganda			2.75	
	Brazil		3.42	3.63	6%
	Thai		3.25	3.25	0%

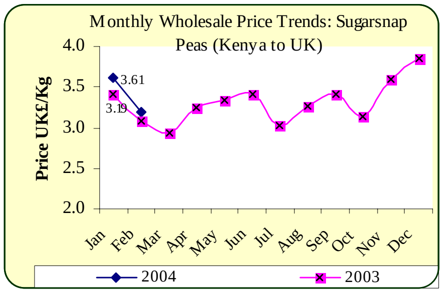


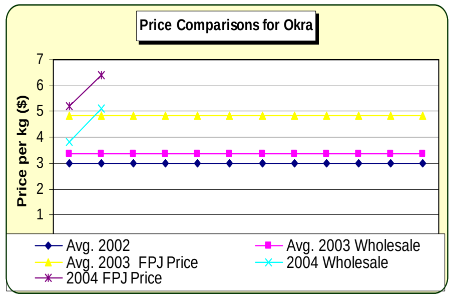


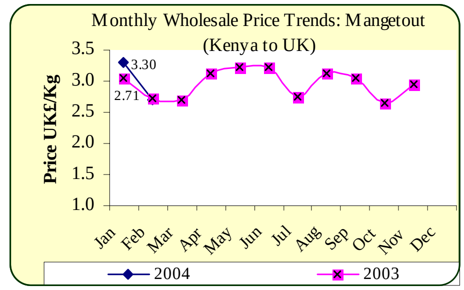


		Passion Fruit		
UK	**Kenya**	3.08	3.17	3%
	Gambia		3.25	
	Zimbabwe	2.91	2.86	-2%
		Karella		
UK	**Kenya**	2.88	2.75	-5%









Comments: Avocado prices in Jan/Feb were down on the previous year due to relative over-supply and the preference of supermarket buyers for the Hass variety (Kenya has mainly Fuerte). Okra prices were up compared with the previous year which may reflect increasing consumption to some extent but also that Kenyan quality compares well with okra from other sources. All other prices were in the same range as in 2003.

Exchange Rate (equivalent) for US$ 1.00		
	Jan	**Feb**
British Pound	0.549	0.536
Euro	0.804	0.791
Source: http://www.x-rates.com		

Note: Prices in red were obtained from the Fresh Produce Journal. These are usually higher than wholesale prices reported from Birmingham and Spitalfield wholesale markets.

NOTE :

Calculation of FOB Value in Kenya

** Subtract the importer's commission and other costs (estimated at 20%) from the selling price.*

** Then subtract an average cost of $1.45/Kg for air freight and $0.50/Kg for sea freight to derive an fob value*

** Note: These calculations sometimes indicate a negative fob. In practice this is avoided by importers paying a fixed price to exporters and calculating their net margins in combined shipments. The mixed loads provide a buffer against price fluctuations for individual products.*

Domestic Prices

Average prices of Tomatoes and Cabbages in 11 main town markets

Tomatoes

Region	January	February (To Date)	Yearly Average
Nairobi (Wakulima)	964	975	968
Mombasa	1,569	2,967	1,918
Nakuru	770	788	775
Kisumu	1,033	871	946
Eldoret	630		630
Meru	950	1,100	1,000
Karatina	758	633	717
Taita-Taveta	1,325	1,600	1,380
Kitui	434	300	389
Bungoma	667	400	600
Busia	933	900	920

Cabbages

Region	January	February (To Date)	Yearly Average
Nairobi (Wakulima)	1,500	1,400	1,480
Mombasa	750	688	731
Nakuru	867	763	835
Kisumu	1,117	883	1,000
Eldoret	740		740
Meru	650	600	625
Karatina	729	650	705
Taita-Taveta	788	600	750
Kitui	1,250	1,000	1,167
Bungoma	800	800	800
Busia	850	750	817

Comments: Price variations of more than 100% for the same product in different towns reflect the high cost of transportation and differences in climatic conditions around the country. These variations provide great opportunities for growers to obtain higher prices by consolidating product into lots which can be transported economically to higher-priced markets. HDC and the MOA will be analyzing this data in more detail for future issues.

News Bites

International Market	Domestic Market

Avocadoes

UK avocado supplies in 2003 rebounded from the previous year, as production of Spanish Bacon/Fuerte returned to normal, although supermarkets maintain a growing preference for the Hass variety.

The market for Hass behaved comparatively well. Growing supermarket demand has led to increased imports of this variety from Mexico. However, inconsistent fruit quality has led to lower returns for Mexican shippers compared to 2002.

The supermarket preference for Hass has also meant sluggish demand for Ettinger avocadoes from Israel, production of which has fallen from the previous year.

Source: Fruitrop, December 2003

Kenyan Cashew Prices Start to Rise Amid Buying

KENYAN cashew prices have risen significantly in recent weeks as buying from Asian processors has picked up since the ongoing harvest began. Traditionally, Kenya's cashew harvest takes place between November and February. Since the start of the current season, purchases have been brisk, with prices rising to an average Kshs 40 ($53.00) per kg from Kshs 25 per kg last November.

One Kenya cashew representative notes that the peak time for harvest is when many Indian buyers come to buy in-shell nuts. She said that Kenya needed to stop raw nut exports because local processors could not plan what price to buy and sell at, and added that there is a need for the government to set up a research station to produce high-yielding varieties for distribution to growers.

Kenyan macadamia production is steadily rising mainly due to private sector efforts which have included providing seedlings and other inputs to farmers. However, cashew production remains constrained as the main processing plant has been closed for years and few trees have been planted over the last decade.

Source: The Public Ledger, January 12-18, 2004

Product Profile

Paprika

Description

Paprika is a fine powder ground from certain varieties of *Capsicum annuum* which vary in size and shape. They may be small and round (Spain and Morocco) or pointed and cone shaped (Hungary and California). They are larger and milder than chili peppers. Paprika is used primarily as a natural food colouring agent although it can also provide flavour, depending on the variety of capsicum being used.
The spice is produced from peppers ripened to redness, sometimes called 'pimento'.s. The powder can vary in color from bright red to rusty brown.

Fluctuations in import volumes tend to reflect changes in the exchange rate, with less paprika being imported when the dollar is weak. Pungent paprika is preferred by

Paprika originated in South America, although its name is derived from the Hungarian word for pepper. Some of the best paprika in the world is grown in Hungary; however, it is Spanish product which dominates the world market. Paprika is graded based on color content, taste and texture.

In this newsletter we refer to dried, ground and crushed paprika, as opposed to the paprika oil, or oleoresin, which is also extracted and used as a food ingredient.

EU Imports

As Spain is the world's largest producer, processor and exporter of paprika, EU calculations are based on imports from external sources only. Total EU imports from non-member suppliers grew from 19,724 MTs valued at $37.4 million in 1999, to 22,621 MTs valued at $44.6 million in 2002, an increase of 15 percent by volume.

Germany accounts for 40 percent of paprika imports by volume and is the second largest spice import market in the world. European consumers prefer their paprika to be sweet as opposed to pungent consumers in the US as opposed to the milder version desired by European consumers

The American Spice Trade Association (ASTA) has set an international standard for measuring the extractable color units in paprika pods and powders which is used in determining the value of a kilo of paprika.

US Imports

The US market for paprika continues to recover from a sharp decline in 1999. In 2002, the US imported 12,407 MTs of paprika valued at $21 million, an increase of 30 percent by volume from 2001 levels (9,548 MTs valued at $18.0 million) and 9 percent from 2000 (8,727 MTs valued at $17.7 million). Imports for the first half of 2003 show a 40 percent increase by volume over the same period in 2002, with value growing at a slower rate. Domestic production I nthe US is limited to California and New Mexico, where land is expensive and cultivation difficult.