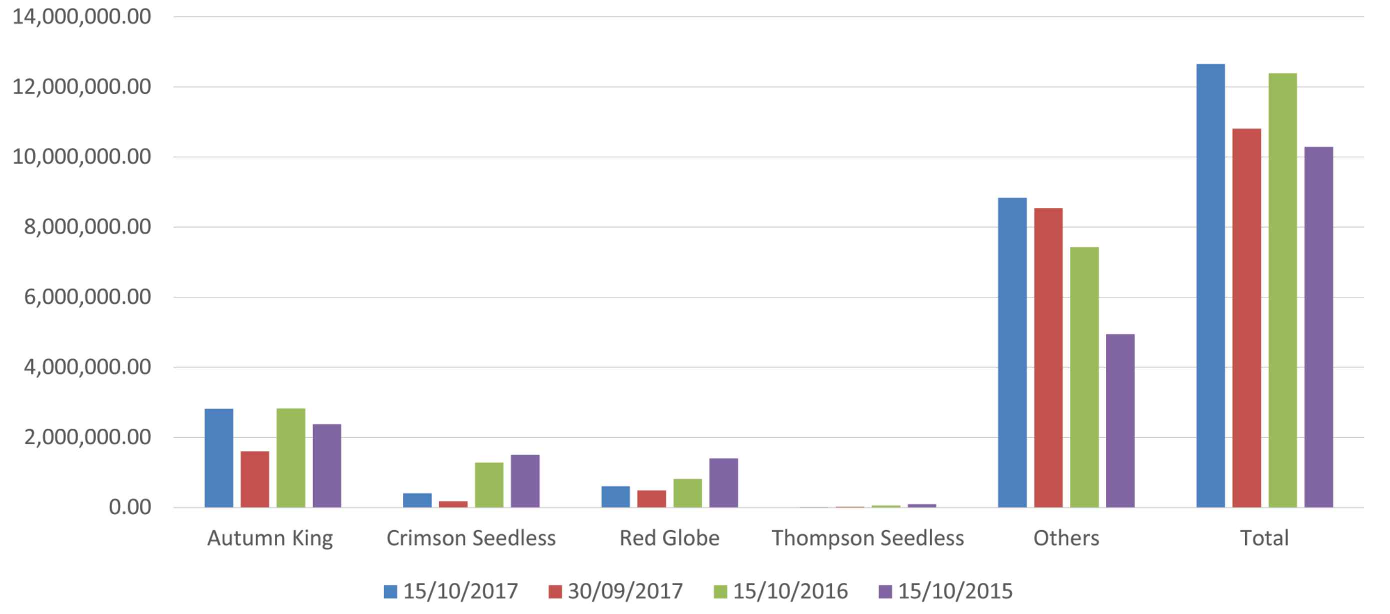
	Dollar (US$)	PEN (S/.)	Euro (E)	Pound (£)	Chilean Peso ($)	Chinese Yuan (元)	Mexican Peso ($)
October 23, 2017	1	3.208	0.850	0.758	624.781	6.637	19.022
Variation from September 23, 2017		0.62%	1.65%	-2.31%	1.57%	0.65%	6.76%
Variation from October 2016		-5.55%	-4.71%	-6.86%	-6.26%	-1.71%	0.38%

Table Grape Newsletter N° 3

Campaign 2017-2018 (Week 43)

Last week took place a new edition of the Fresh Summit Convention + Expo organized by the Produce Marketing Association, better known in the fruits and vegetables slang as "PMA". The event was held in the city of New Orleans from Thursday 19 to Saturday 21 October. PMA is without doubt, one of the most important fairs at global level in terms of alimentary businesses, and has a special emphasis on fresh products. This is a truly massive event and there are few U.S. cities that have the infrastructure to welcome it. It is estimated that close to 20 thousand people attend this event. The "timing" - always between the second and third week of October - is ideal for the fruit and vegetable industry business of Peru, not only with US, but with the entire world. It is without a doubt, the model that our SIAGRO pursues to Peru: a fair where are shared technical, commercial, logistics and even diplomatic issues. It is a key date in the negotiation of the Peruvian grape season so we are going to make some comments about it.

Table Grape Stock in West Coast in USA (in boxes)



Source: USDA Agricultural Marketing Services 2017

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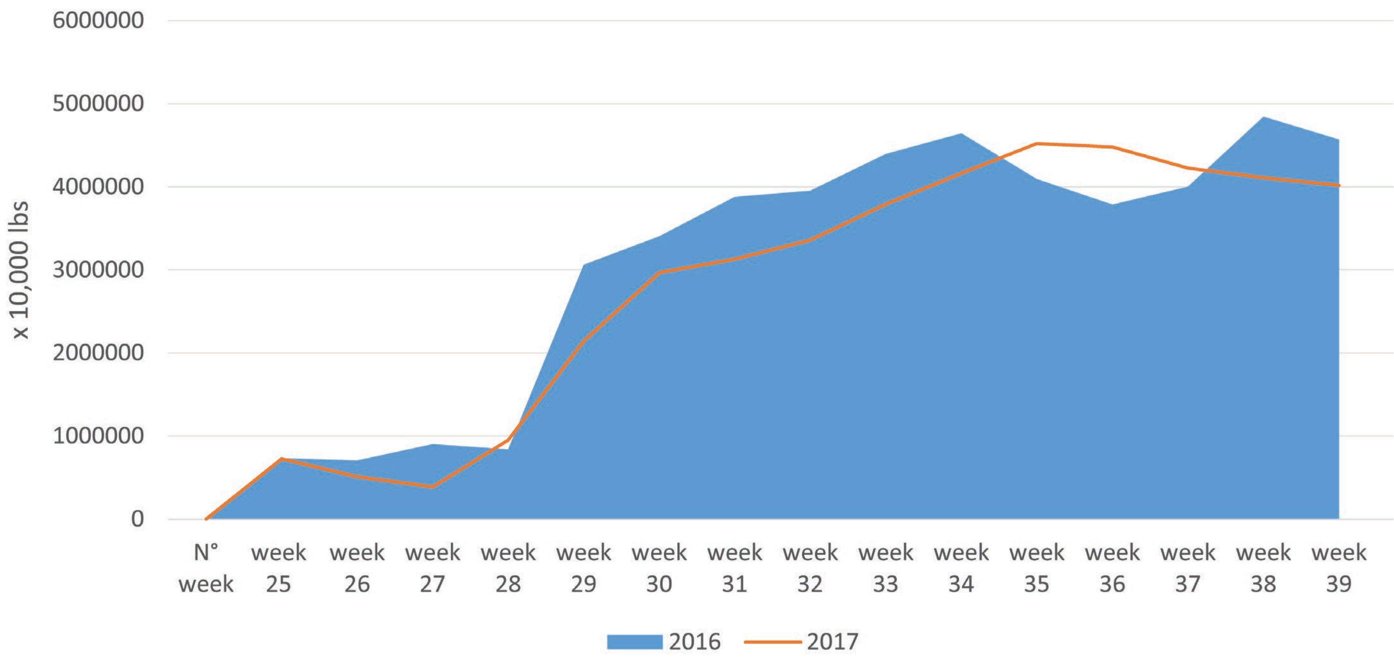
Table Grape in USA: Movement of Californian Fruit (8.2 Kg boxes)



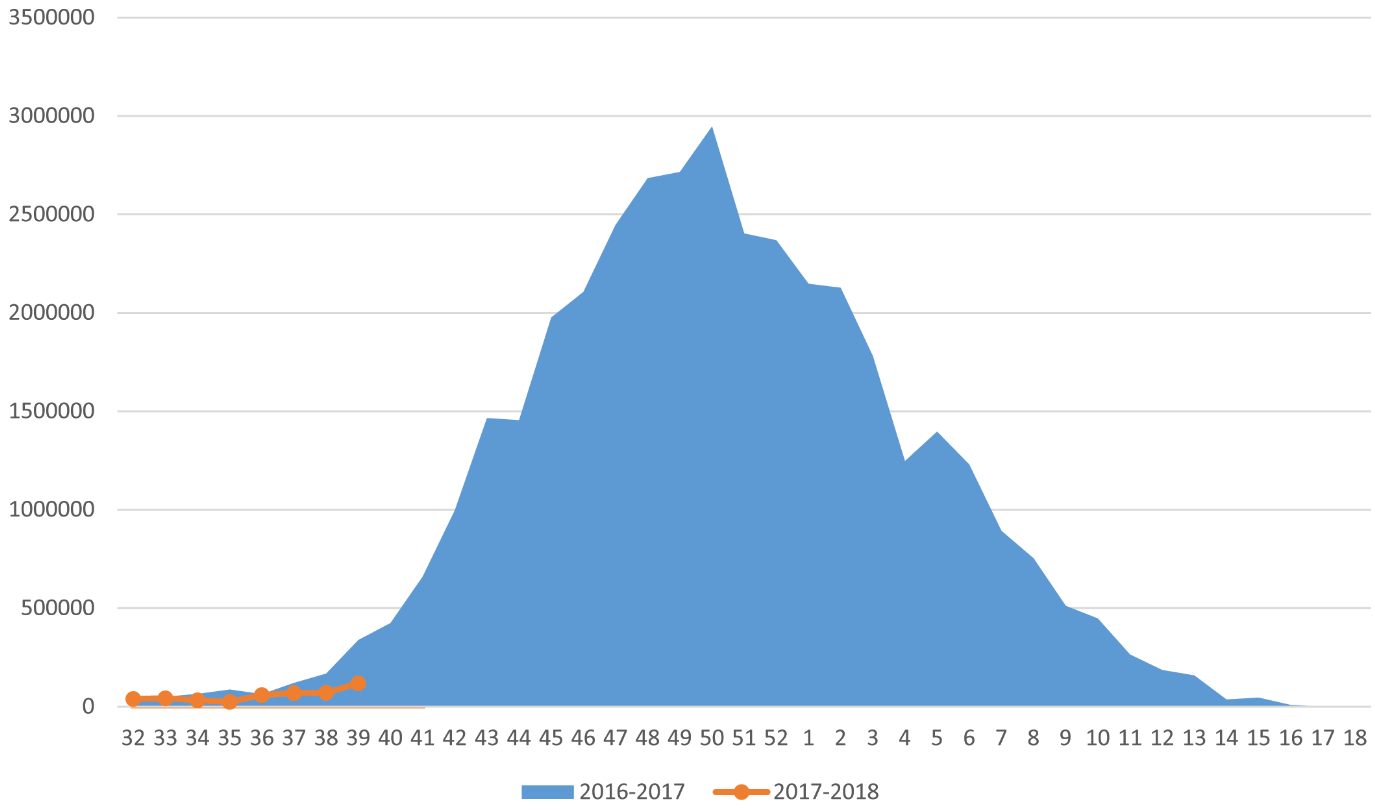
Source: USDA Agricultural Marketing Services 2017

The latest report of stocks in California shows an increase in the total number of grape cold storage, important data to highlight: It keeps a substantial decline in the volume of Crimson; low volumes of Red Globe; high volume, but similar to last year in Autumn King, Scarlet Royal and other red; and a rude increase in other whites. With regard to the movement of grapes reported by the USDA we see that to week 43, California comes with an equivalent to 62.2 million boxes vs 68.8 million of last year. This is the sixth consecutive week in which the weekly volumes are below the numbers of the last season. In the same report we can see that Peru shows its first entry into the market of U.S, when the last season he did from week 38. Another highlight fact is the reappearance of Brazil in the statistics of the week 42. Although it reappears with a very low volume yet, Brazil is likely to return to take a space in the equation, with main emphasis on white varieties.

Out of all these numbers and estimates, it is important to highlight the role played by supermarkets and halls on the performance of the season. At the level of shops, it clearly shows two trends: shops that are willing to make the shift to imported fruit as soon as possible and the ones that will only start to receive imported fruit, once that cannot ensure a local supply. The decision is not easy. The Californian fruit is usually present in the market, even beyond the 15 of December. The sales prices for this fruit are typically in the range of US$ 18.00 - 24.00 for boxes of 19 Lbs., but that means are made of several problems of condition. The imported fruit are often in a better condition, but the prices are obviously others. For the expectations that are generated, sell below US$ 30 per box of 18 Lbs. could be considered a failure and that is also a serious problem for those who begin to receive imported fruit in the U.S, from mid-November. During these times, it is not uncommon to hear buyers of grapes in Peru ensuring prices of US$ 32 FOB Callao, so this forces us to achieve sales prices in the U.S around US$ 40/box, which would be a 100% on California fruit. Each one who chooses its strategy achieve a fluid movement of the fruit is key, and it is important to keep informed those who make decisions on destination so promotions at appropriate times can be schedule, without selling fruit to unnecessary prices (at both ends of the range) and maintaining a movement to avoid collapse. Finally - as taught in general economy - the price is determined on the basis of supply and demand. The only thing that guarantees high prices, in a sustainable way, is that the supply is insufficient to cover the demand. For the sake of the Peruvian industry, we all hope that this is fulfilled in most part of the season, but if not, we should be careful with trying to influence the offer, with guard strategies during the first few weeks of arrival. Remember that the condition of a perishable can only deteriorate with time.

Having said all this, it is important to remember that not everything is United States. Europe would come also with low volumes in Italy, Greece and Spain. The value of the Euro will allow a better performance in the market. In England the horizon is more predictable after the first season post-Brexit. For the Chinese market, everyone will have to be on alert of the effect of the gigantic campaign of Chilean cherries. Finally, after two years of waiting, it is almost certain that this year will be the important leap. There are many numbers, but it is very likely to reach the 25 million boxes during the short season and the vast majority of this volume will go to China, and are expected moments of low prices, for a product that is typically more expensive than grapes. With cheap cherries, it is difficult to see an expensive grape. This is maybe the only threat that we can see for the very beaten Peruvian Red Globe. To the extent that the Peruvian exporters distribute correctly this variety in North America, Europe, Latin America, Asia and the Middle East, it will be almost impossible to saturate a market and probably the phrase "I have no more red globe" will be heard frequently.

Weekly Exports of Peruvian Table Grape in Boxes of 8.2 Kg



Source: SENASA

Peruvian exports are still significantly lower than last season. By this time, the seats of Lambayeque and Piura accumulate a drop of 63% - and - 59%, respectively. We should expect a recovery of the volumes in the next weeks to then see a precipitous fall toward the end of the north season. Ica usually start their exports during the week 42, although it is estimated that there has been a delay of about 7 - 10 days with respect to the last season, so we could begin to see the most important volumes newly starting in week 44. In the varietal level we see similar numbers. Analyzing the 4 main varieties produced in the north we have, Red Globe with - 52%, Sugraone with -47%, Crimson Seedless with - 73% and Thompson seedless with - 52%. It is important to remember that the statistics from the past season has a significant volume of fruit exported without declared variety. Thanks to the efforts of SENASA and Provid, this number will be much less this year, for this reason we must consider that this would result in a fictitious increase, compared to last year, in other varieties, because a lot of fruit which last year was reported without variety, will enter the statistics of this year with the pertinent variety.