

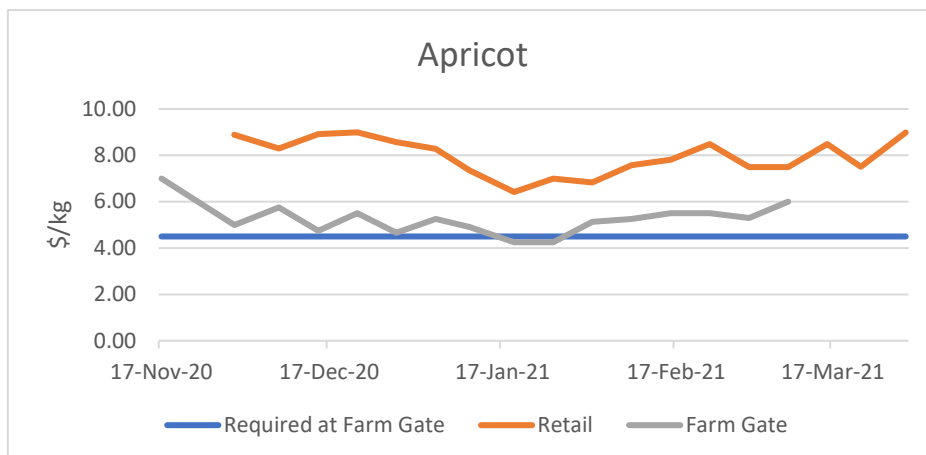
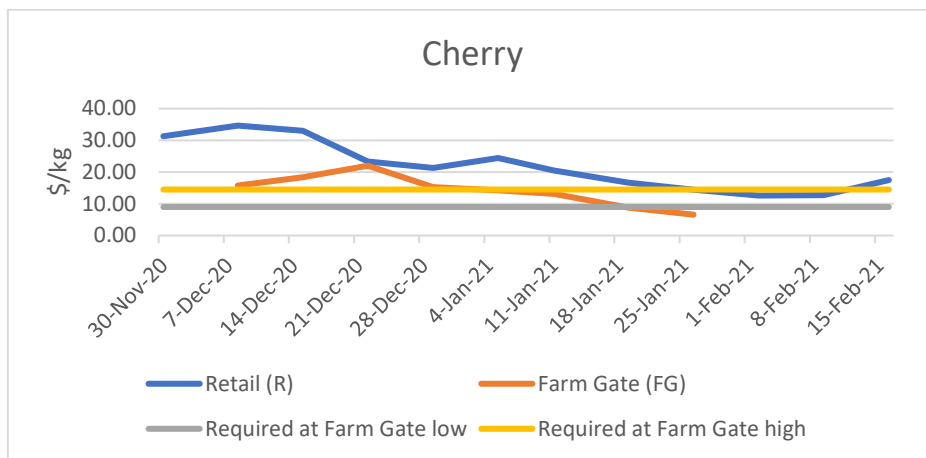
### Combined farmgate and retail prices for the 2020-21 season

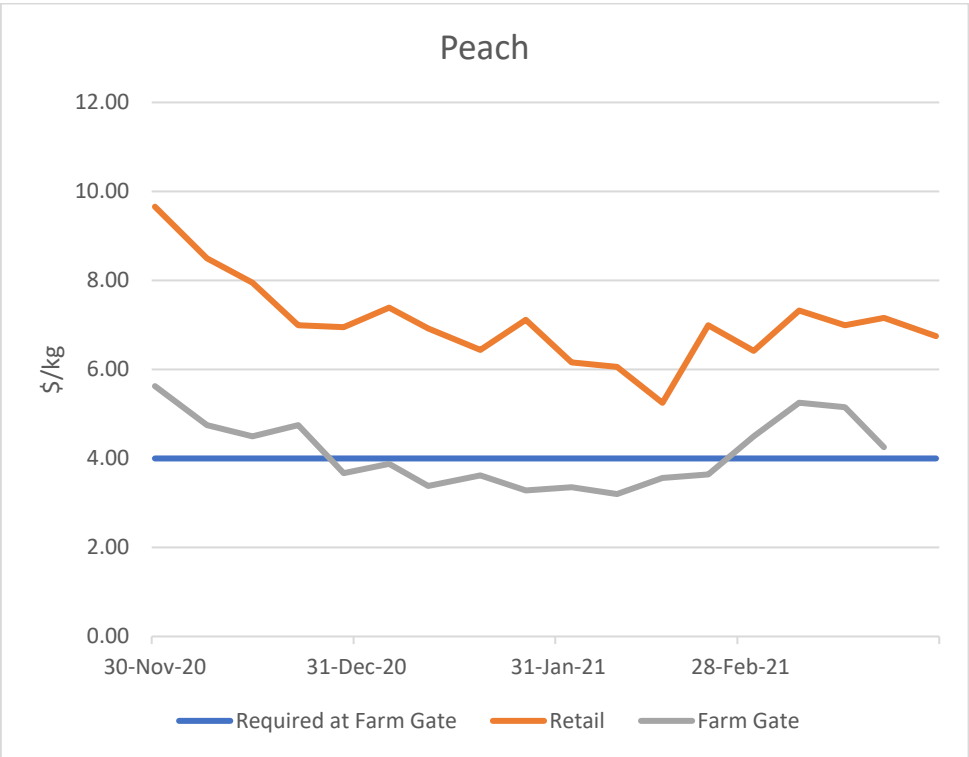
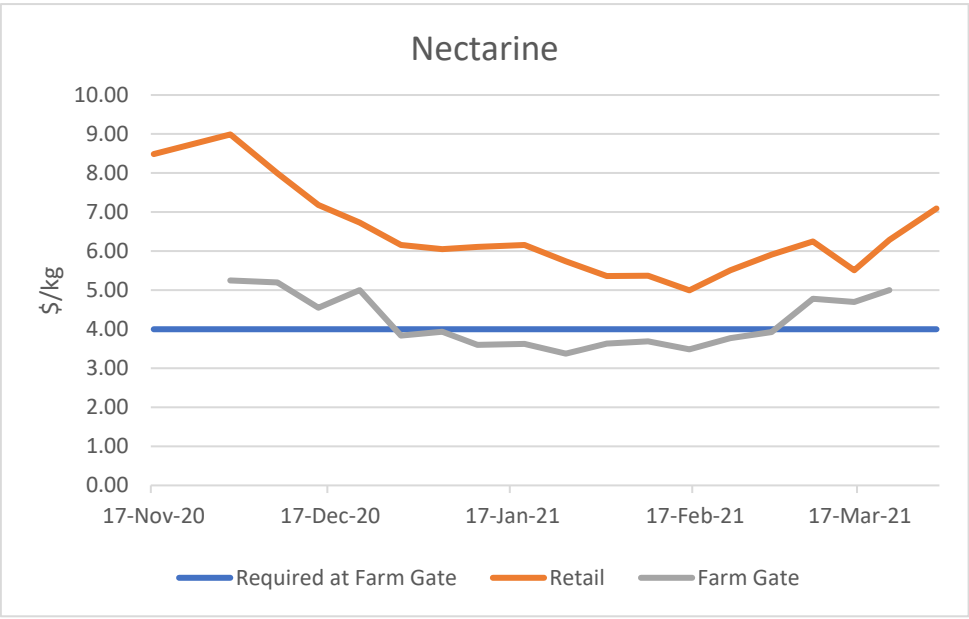
Over the last two weeks we have looked at the farmgate and retail prices and made some comments to give the charts a bit more depth of understanding.

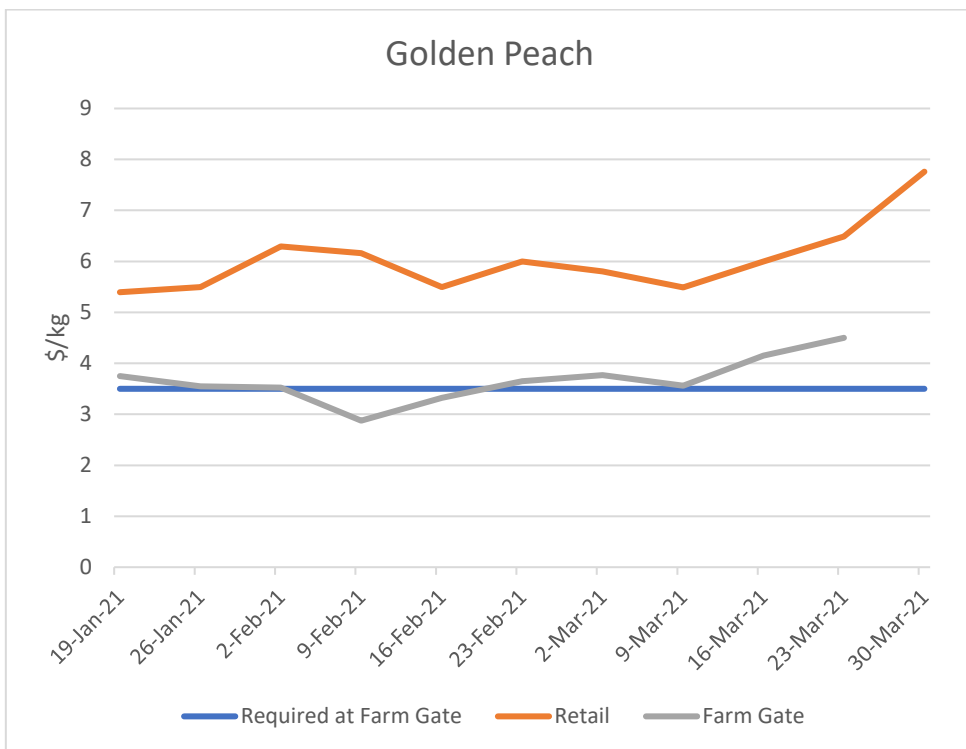
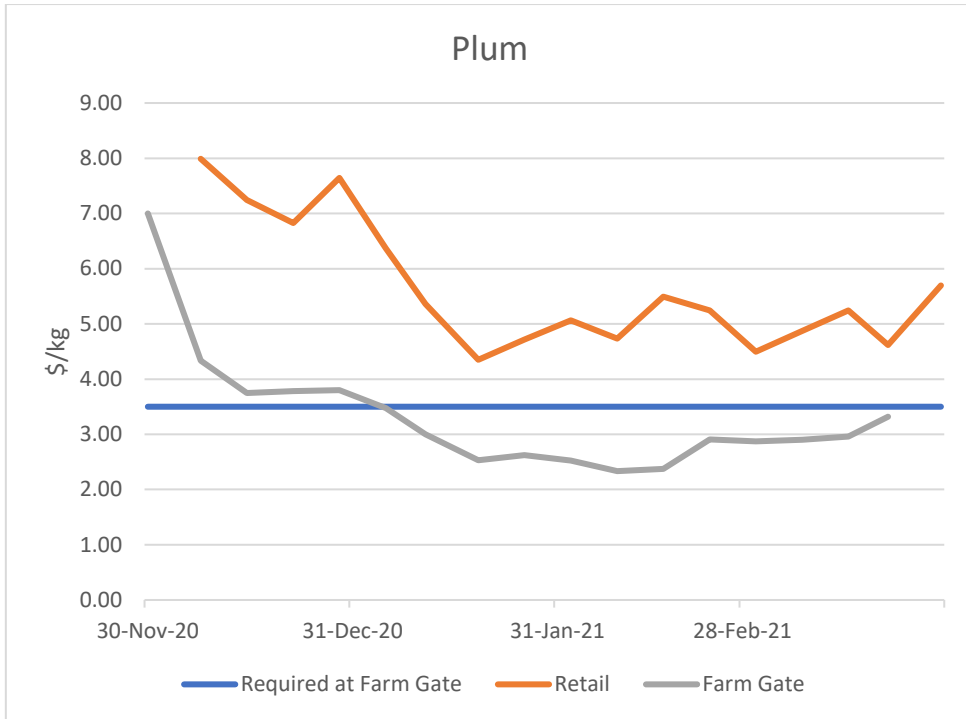
This week we have brought back those same graphs, combined them, and added what might be a value for an adequate return; recompense for the seasons' work and some allowance for reinvestment in the business. Each orchard will have a different number for the 'required at farmgate' value, but it will be somewhere in this area. Some will be low-cost growers and others a bit higher. Each orchard will know this number but I suspect those that support the industry may not be so keenly aware. Please read the charts below keeping in mind the comments from the previous two articles: *Wholesale prices during the 2020-21 season* and *Retail prices during the 2020-21 season* – both of which are published on the Summerfruit NZ website.

By combining the retail and farmgate numbers we can see how closely aligned the two data sets are. Does retail drive wholesale, or the other way around? Are the retailers setting prices higher than they need to be during parts of the season? Maybe it is a lot simpler; when supply and demand are out of balance returns will rise and fall. Should the industry be looking to readdress the balance by removing trees or by growing the local demand as well as the export demand? As one of the Board directors commented recently, if the industry gets too much smaller then we will lose any economies of scale that we have.

Next time we will have a look at the last three seasons as a comparison.







**Richard Mills**

NZ Market Support