



18 May 2007

Media Release

## Banana prices higher but well short of last year's levels

The Australian Banana Industry today advised that the current higher banana prices will not reach the record high levels experienced during 2006. Recent increases are a follow on from the severe impact Cyclone Larry had on the banana production cycle. History has shown that after a major cyclone, it takes two years for banana production to recover completely.

Currently we are experiencing a dip in production levels as banana crops enter the second growth phase of the post cyclone recovery process. Every winter sees a slight reduction in banana supplies due to colder conditions in growing areas, but we expect this winter's drop in supplies to be slightly more than normal.

Craig Allen, CEO of the Australian Banana Promotions Company explained today "Production levels are at present slightly lower than what we have experienced so far this year, since bananas returned to retail shelves in normal volumes in January. Bananas have seen higher than normal demand levels since their return as consumers were able to readily purchase Australia's favourite fruit at a time when supplies have been higher than normal.

"As consumers learned last year, banana prices reflect supply and demand conditions in the marketplace, as well as the quality of fruit on offer," Allen said.

He said, "As most remember, last year Cyclone Larry wiped out 80 percent of Australian banana plants in the Innisfail and Tully areas of far north Queensland resulting in price increases to beyond \$15/kg because demand far exceeded supply."

Last year banana production was only 9 million 13 kg cartons, but so far this year nearly 8.5 million cartons have reached stores. In May last year only 333,000 cartons were produced. This year that amount was produced in the first week of May. So far over 1 million cartons have been produced this month.

Annual production over the past 10 years has varied from 18 to 22 million cartons and this year's production is estimated to be closer to the lower end of this band. Under normal circumstances an average of 400,000 cartons of bananas is produced each week; with supplies fluctuating from 300,000 to 580,000 cartons per week around this mark. Retail tickets then reflect the varying supply, demand and quality conditions, to be generally within a \$1.49 to \$4.99/kg price band. Current price levels are just beyond this normal range.

From the moment a new banana plant begins to grow from a 'follower' or 'sucker', there is a nine month plus growing period before fruit can be harvested, depending on growing conditions. The first production cycle post cyclone was from December through to April.

“We are now entering the second recovery phase of the growth cycle with the banana plants that delivered all the wonderful fruit that drove banana prices down from December onwards, now going through their nine-month plus growing stage to bear fruit again from September onwards,” Allen said.

“However, while a dip in winter production is forecast we will not experience the extremely low levels of supply suffered last year. We still expect supplies to be at levels around five times the lows of last year,” he added.

Thankfully many growers embarked on programs of strategic plant re-growth of either replanting or nurse suckering existing plants after Cyclone Larry to ensure that they could deliver bananas through this important in-between crop period.

“Until the cyclone, banana supplies and prices were taken for granted because the industry was able to maintain a consistent flow of fruit at extremely reasonable prices.

“As with the Australian banana shortage last year, banana growers are committed to keeping consumers informed of market conditions to enable them better understand the pricing of their favourite fruit,” Allen said.

Enquiries

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