Economics & Geopolitics:
Global Trends Impacting Premium Produce

FreshAlytics

About FreshAlytics

- At the forefront of **data analytics and intelligence solutions** focused on the fresh produce industry.

- Empowers businesses dealing with **hyper-perishable goods** to make **quick, well-informed decisions**.

- Millions of datasets with billions of data points.

- Ecosystem combines **disparate arrays** of publicly available, difficult-to-access, and proprietary data.

- **Machine learning and generative AI** detects hidden patterns, generates real-time trade and production forecasts.

- Increasing ability to **predict market fluctuations**, decipher complex trade dynamics.
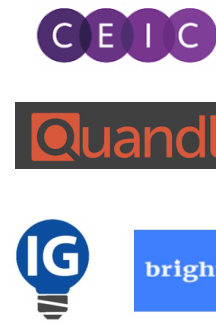
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FreshAlytics – Data, Insights and Analysis Ecosystem
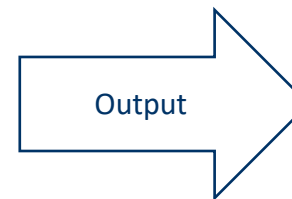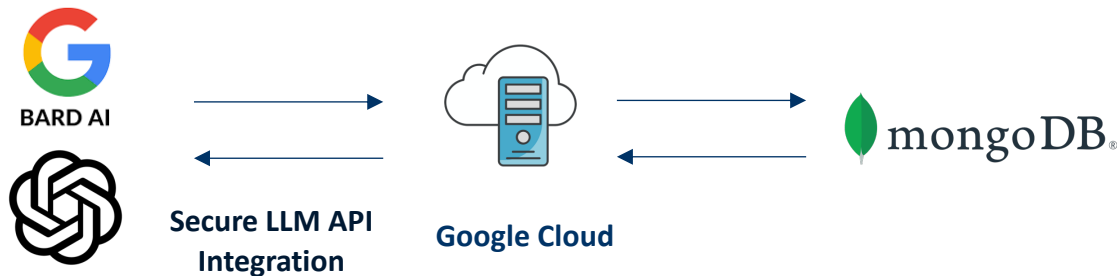
Global Trends Impacting Fresh Produce

Cyclical factors
Growth
Inflation
Interest Rates

Secular trends
Consumption growth
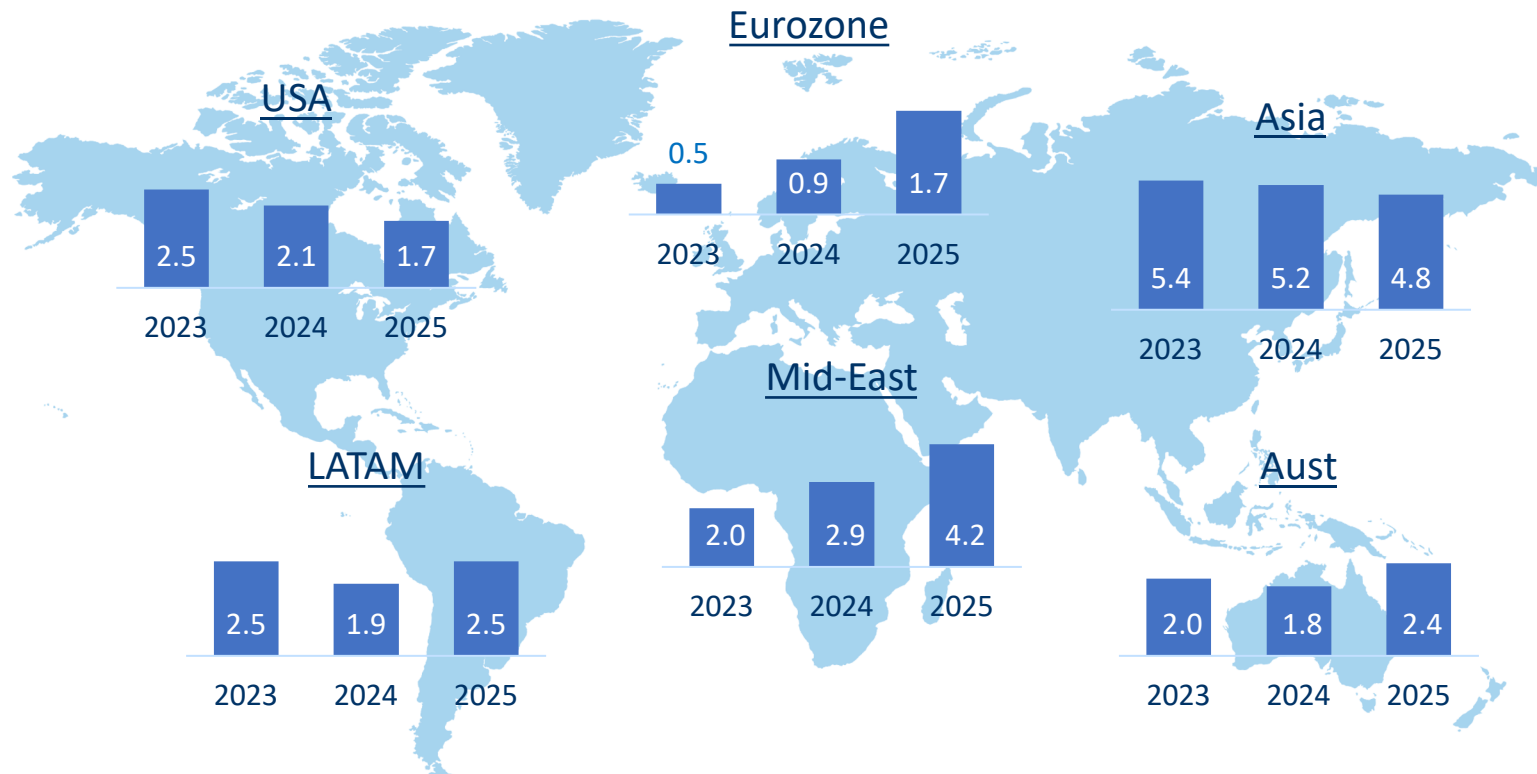Geopolitics / Populism

External shocks
Elections

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Economic Outlook Improving Slightly

Growth estimates improving. Still below long-term trend. Soft landing more likely.

USA
- 2023: 2.5
- 2024: 2.1
- 2025: 1.7

LATAM
- 2023: 2.5
- 2024: 1.9
- 2025: 2.5

Eurozone
- 2023: 0.5
- 2024: 0.9
- 2025: 1.7

Mid-East
- 2023: 2.0
- 2024: 2.9
- 2025: 4.2

Asia
- 2023: 5.4
- 2024: 5.2
- 2025: 4.8

Aust
- 2023: 2.0
- 2024: 1.8
- 2025: 2.4

Global Growth Forecast

- '24 global GDP est. 3.1%
- Below long-term ave. of 3.8%
- Up 0.2% vs. Oct '23 forecast
- Driven by US resilience & China fiscal support

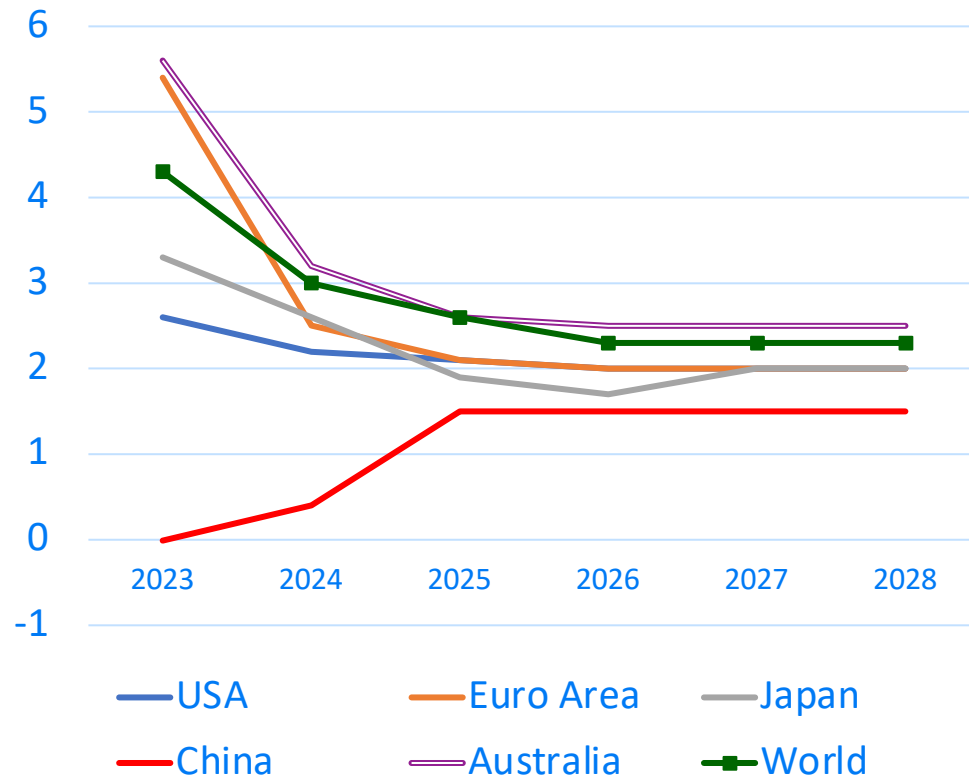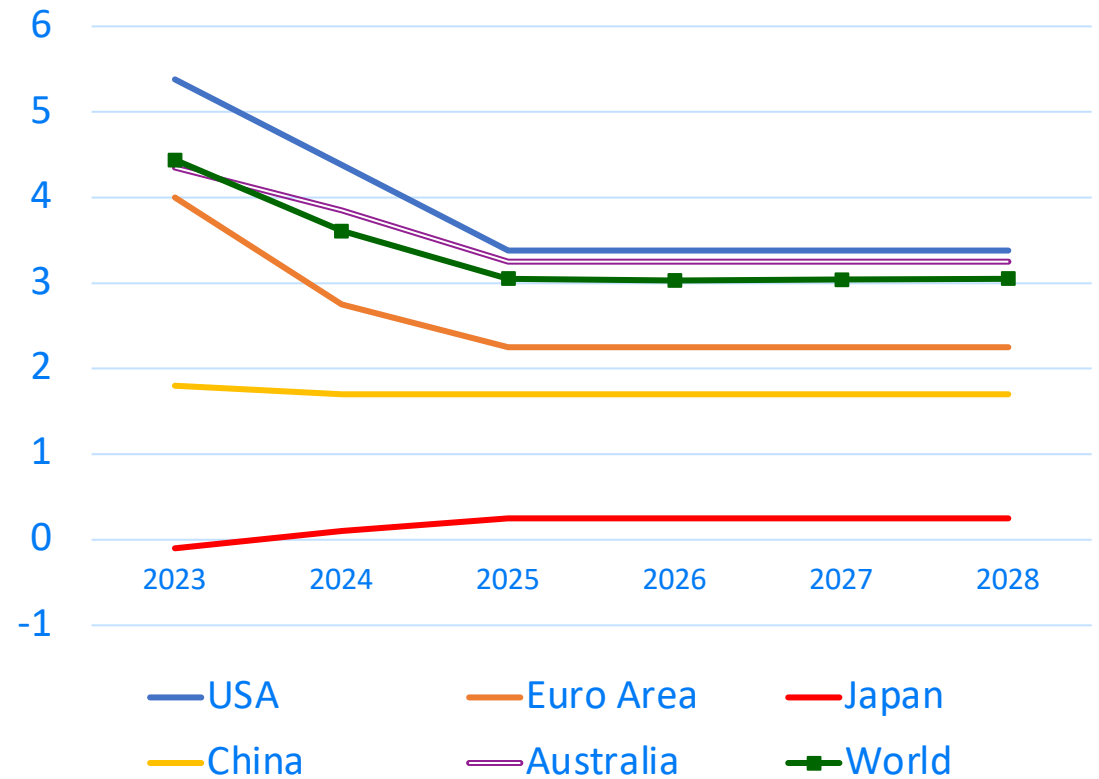**Global**
- 2023: 3.1
- 2024: 3.1
- 2025: 3.2

Source: IMF
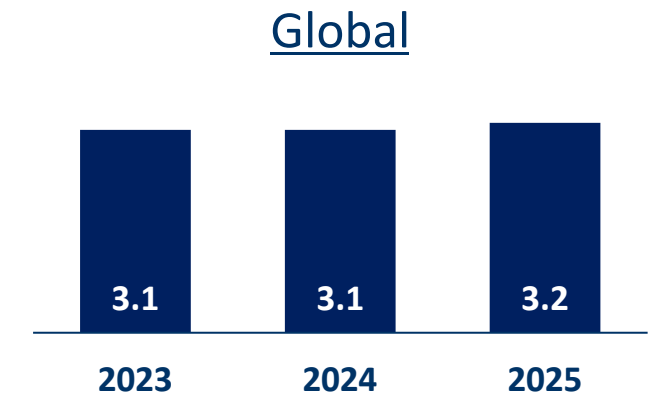
Inflation Falling → Lower Interest Rates

Disinflation expected to continue, which should drive interest rates lower

Global Inflation Forecasts

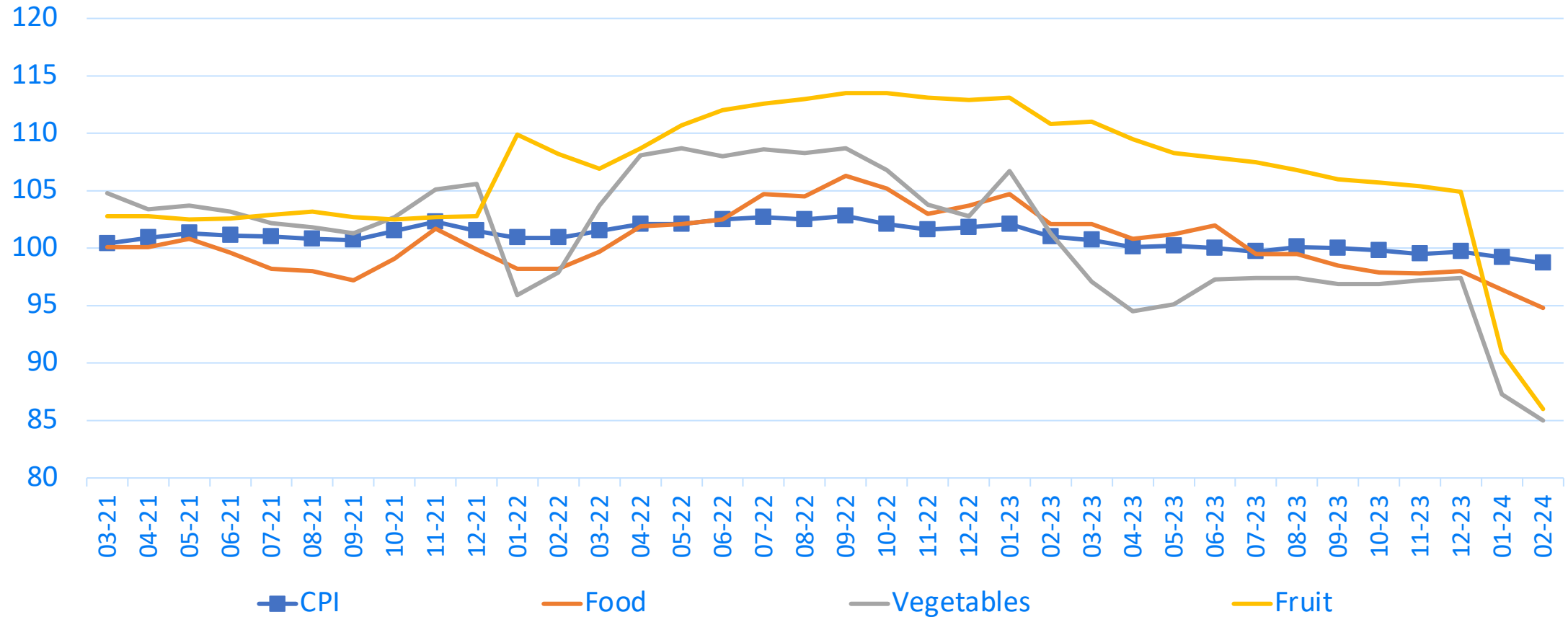**Global Policy Rate Forecasts**

Source: IMF, Goldman Sachs

Deflation in China Driven by Lower Food Prices

China has dipped into deflation driven by food prices. Markets expect a rebound vs "Japan scenario" of protracted deflation.

China CPI Indices (YoY by Month)

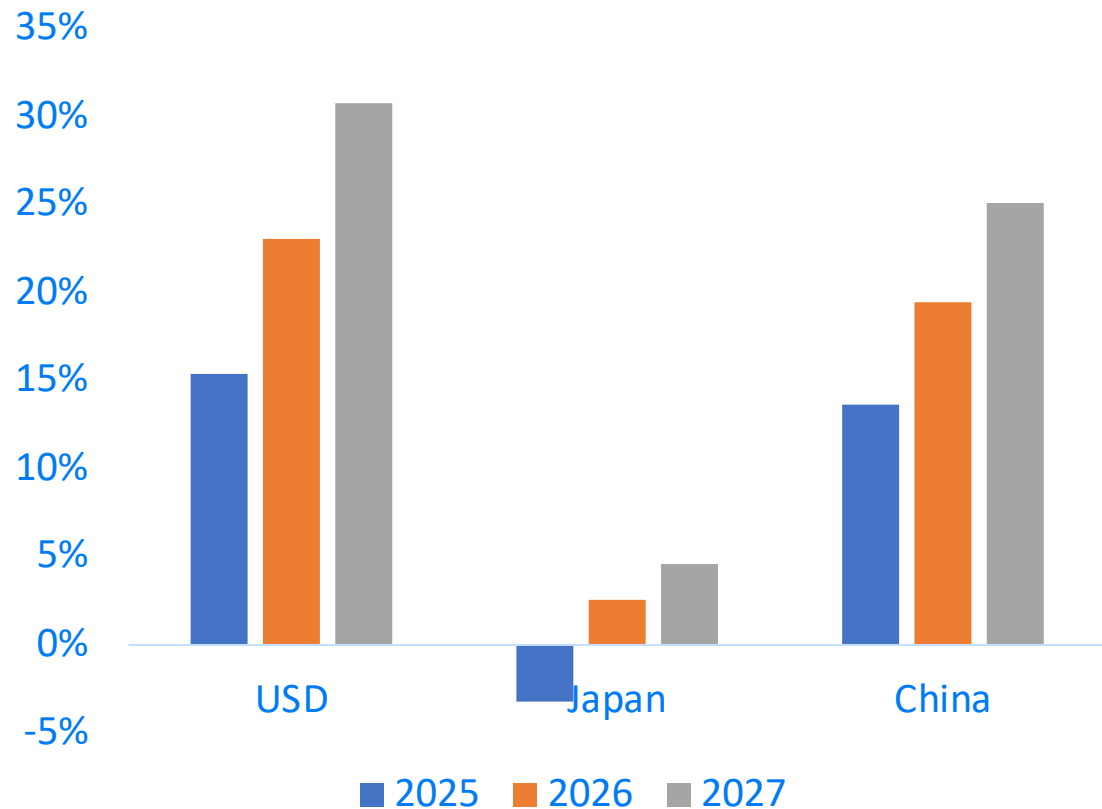Source: NBSC, estimates by FreshLytics

AUD Appreciation Expected Given Rate Movements

Australian Dollar forecast forecast to strengthen in 2025 - 2026.

AUD forward Rate & Forecast – Movement vs Key Currencies

- **US** : AUD expected to strengthen as US rates fall relative to Australian rates

- **Japan**: Yen expected to appreciate from current low of ￥150 / USD by 15-25% between 2025 – 2026

- **China**: AUD appreciation vs RMB forecast to mirror USD in 2025 - 2026

- **Result:** Australian exports will become more expensive vs competitors, lower imported input costs… if forecasts are correct!

Gold Supports the Story

Gold is reaching historic highs. Driven by Central Government Purchases.
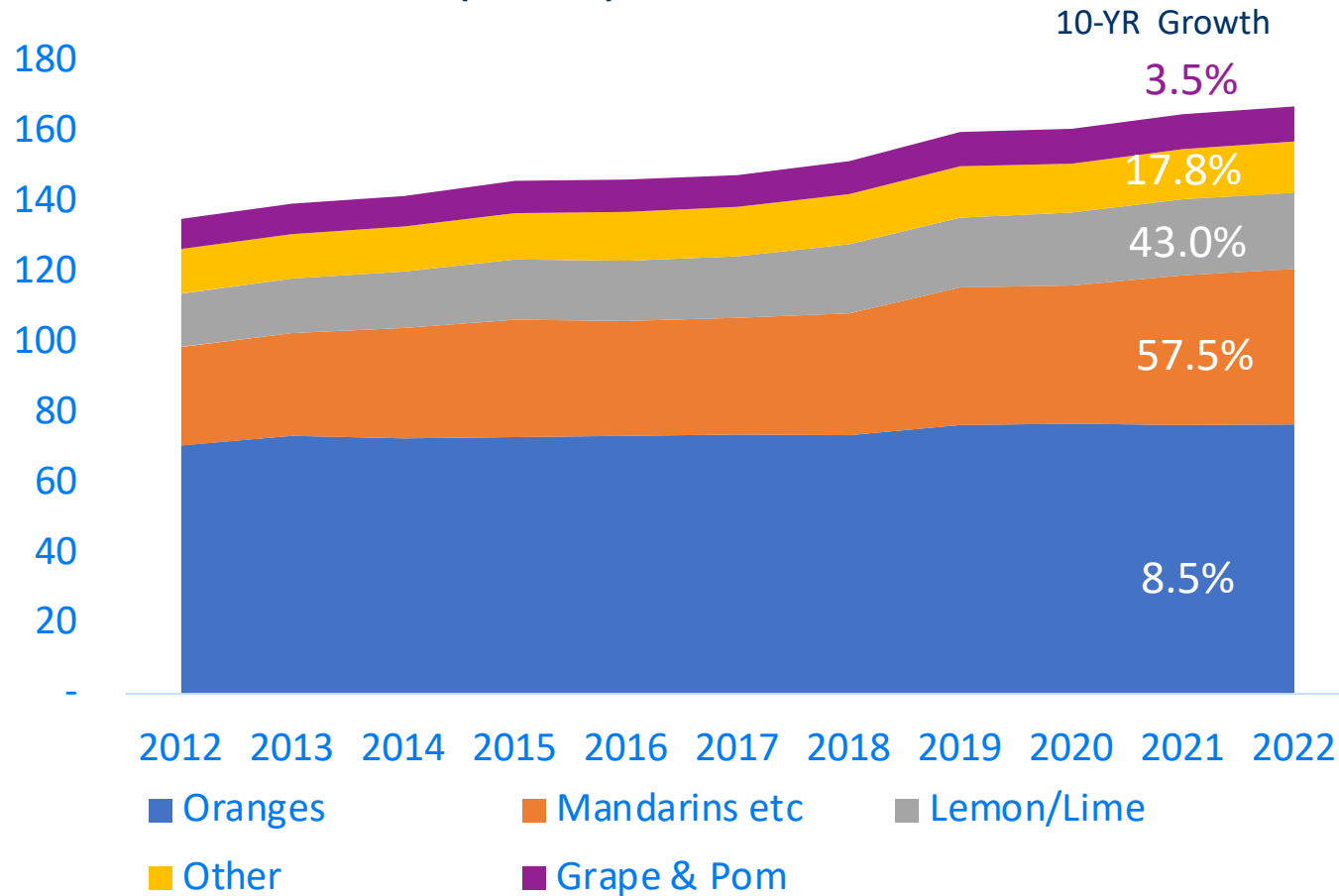
Gold price per troy ounce

- **Inflation**: Hedge against inflation which has driven recent increases

- **USD Devaluation**: The price of gold is inversely related to the strength of the US dollar

- **Interest Rates**: Lower interest rates reduce the opportunity cost of holding non-yielding assets.

- **Geopolitical Uncertainty**: "safe-haven" asset.

Global Production Growth

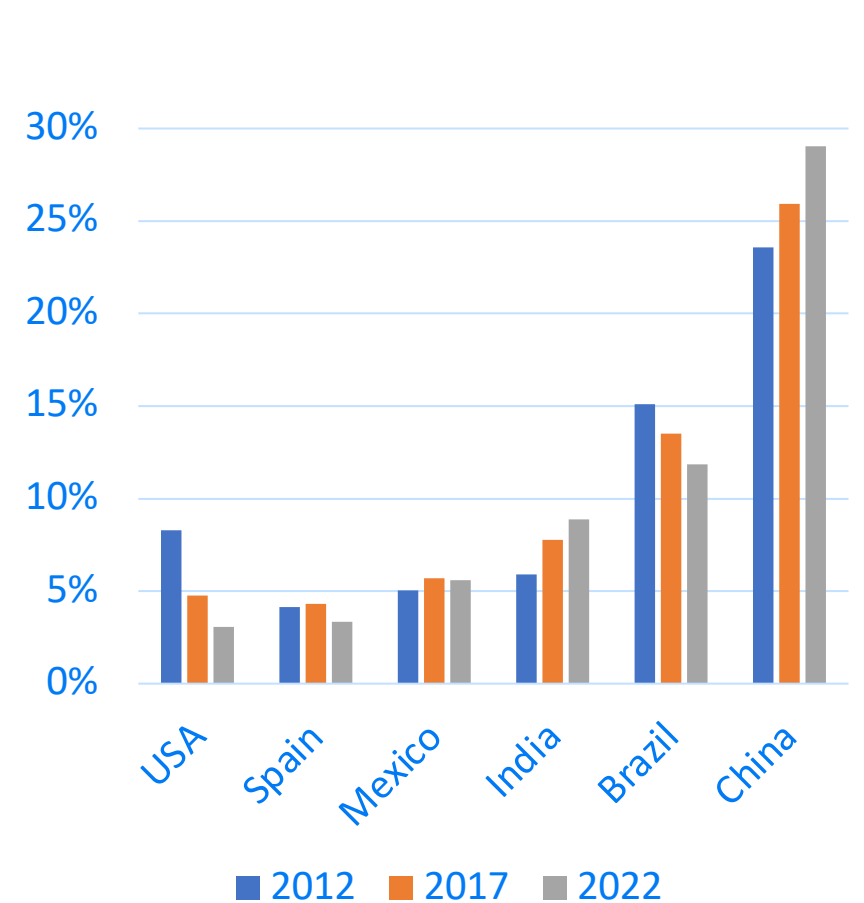Citrus production has grown strongly over the past 10 years. Driven by strong demand, favorable returns and China.

Global Citrus Production (MT mln)

10-YR Growth
- 3.5%
- 17.8%
- 43.0%
- 57.5%
- 8.5%

Legend: ■ Oranges ■ Mandarins etc ■ Lemon/Lime ■ Other ■ Grape & Pom

Share of Global Production – Top 6 Producers

USA, Spain, Mexico, India, Brazil, China
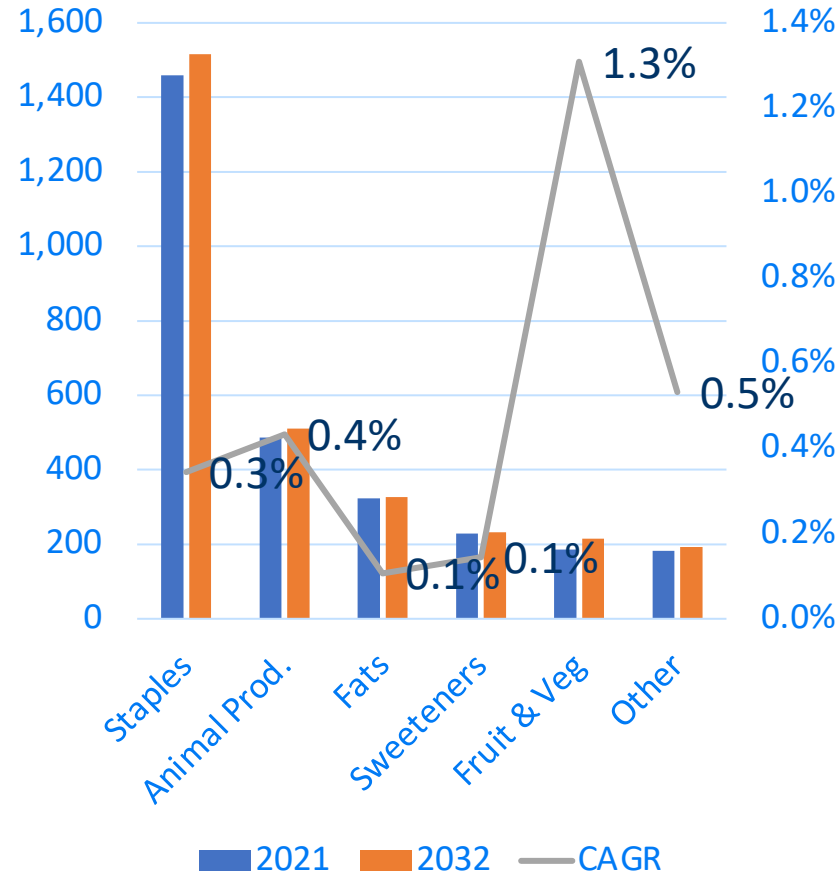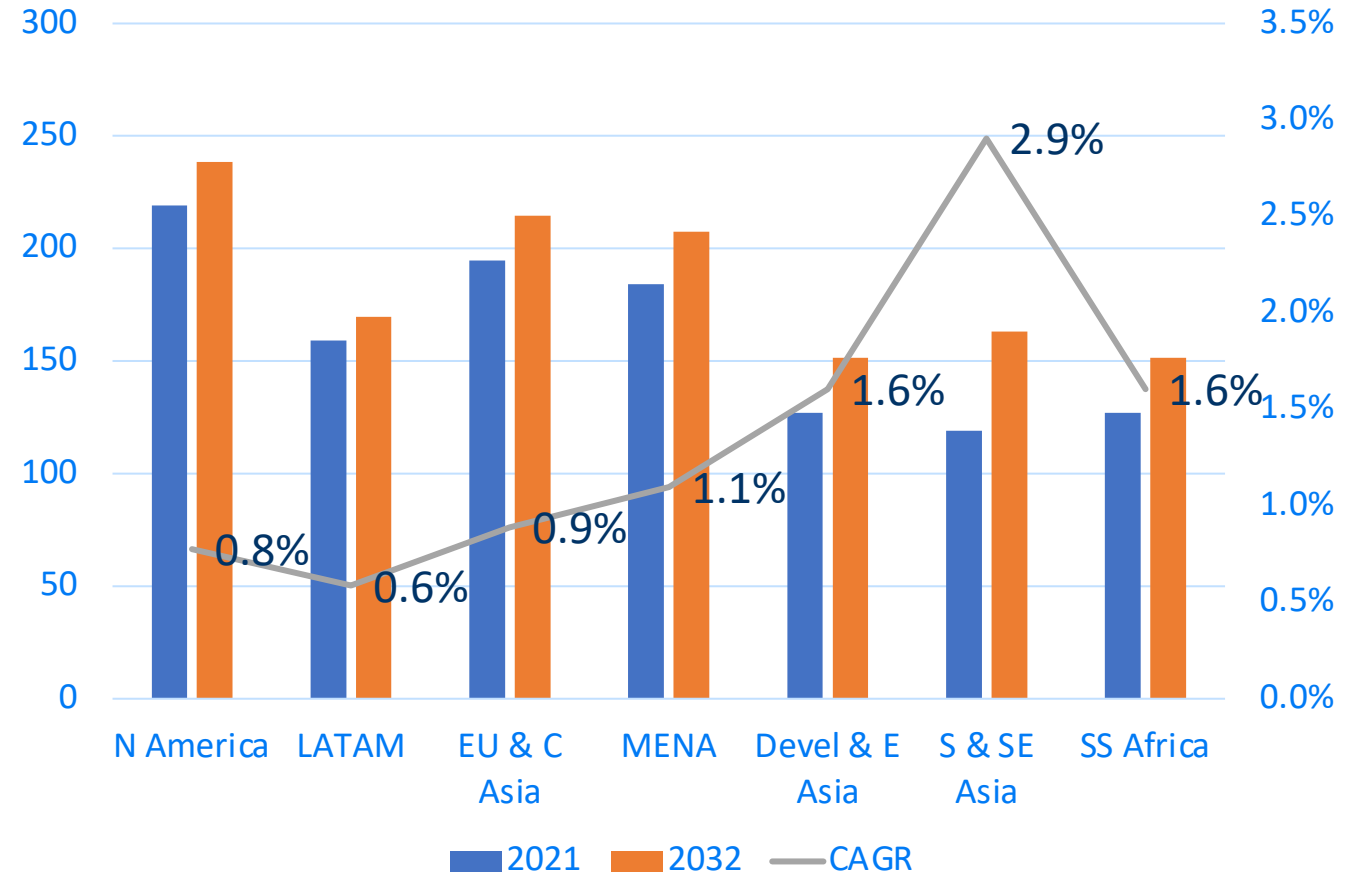
Legend: ■ 2012 ■ 2017 ■ 2022

Asia Will Continue to Drive Consumption Growth

Higher incomes will lead to greater demand for premium products. Although domestic production is increasing in Asia/China.

Calorie Intake by Food Group: '21 vs '32

Categories: Staples, Animal Prod., Fats, Sweeteners, Fruit & Veg, Other

CAGR values: 0.3%, 0.4%, 0.1%, 0.1%, 1.3%, 0.5%

Legend: 2021, 2032, CAGR

Fruit & Veg Consumption Growth by Area: '21 vs '32

Categories: N America, LATAM, EU & C Asia, MENA, Devel & E Asia, S & SE Asia, SS Africa

CAGR values: 0.8%, 0.6%, 0.9%, 1.1%, 1.6%, 2.9%, 1.6%

Legend: 2021, 2032, CAGR

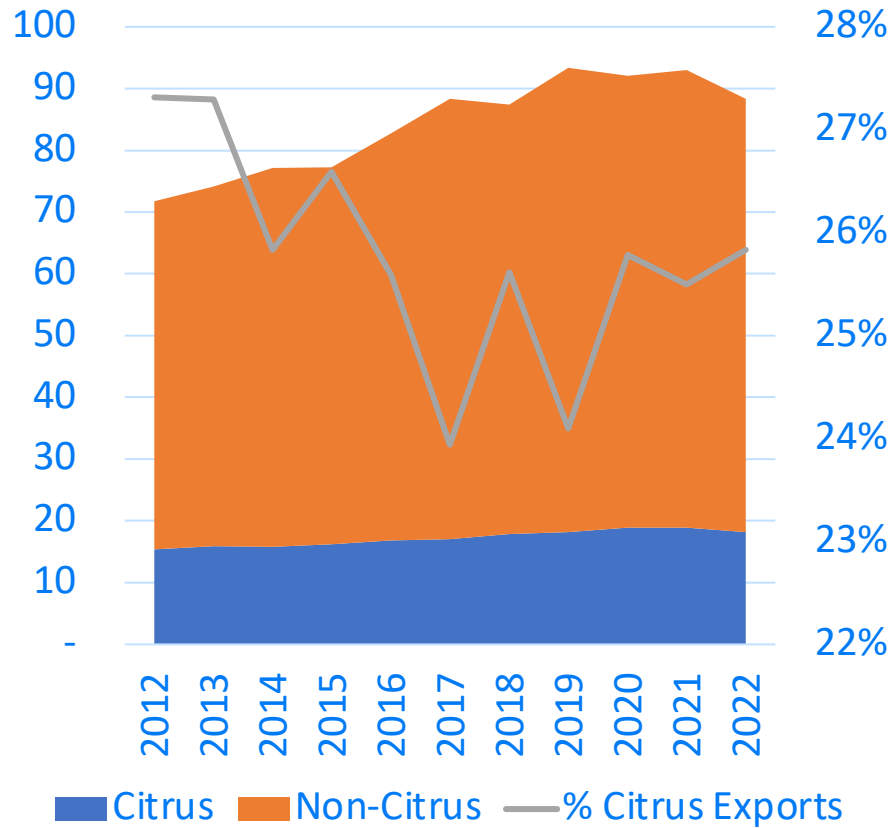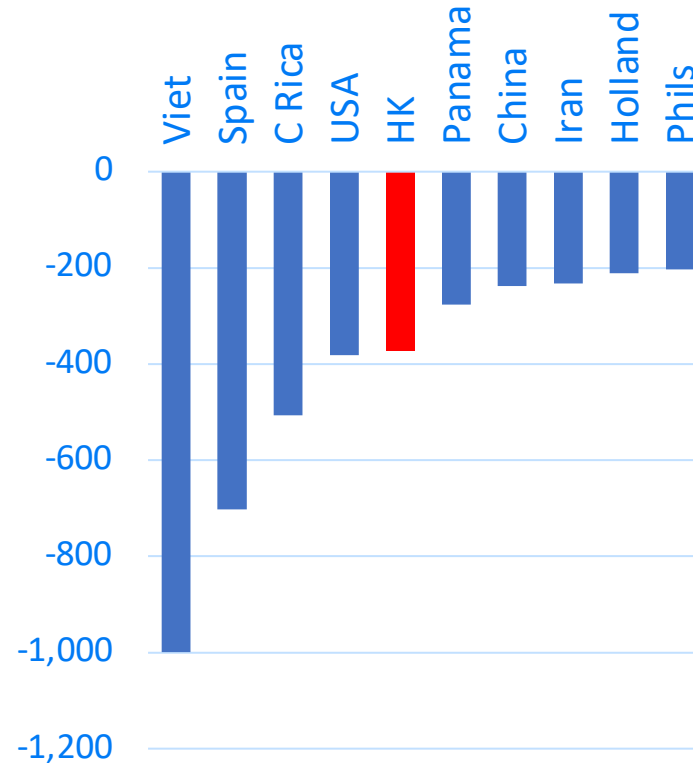Source: United Nations, analysis by FreshLytics

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Global Produce Exports Volumes Declining Since 2017

Exports had increased steadily until trade tensions and COVID-19. Too early to tell whether this is a secular trend.

Global Fresh Produce Trade (Volume MT mln)

Legend: Citrus, Non-Citrus, % Citrus Exports

Volume Declines: '22 vs '21 (MT 000s)

Countries: Viet, Spain, C Rica, USA, HK, Panama, China, Iran, Holland, Phils

GDP vs Global Fresh Produce Trade

- GDP Growth: 3.8%
- Product Export Volume: 2.1%
- Produce Export Value: 4.2%

Source: United Nations, analysis by FreshAlytics

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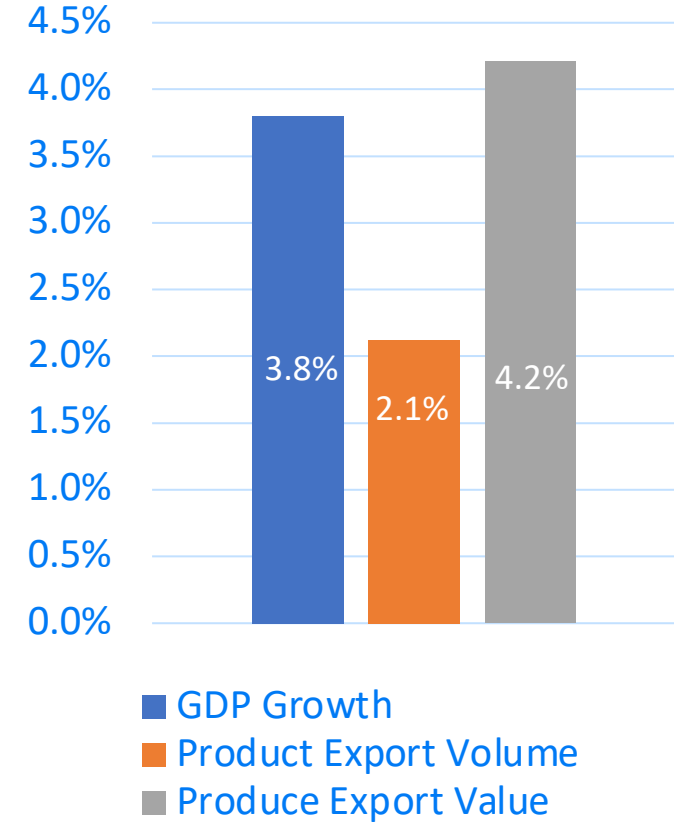
Geopolitics & Sino-Aust Relations has a Huge Bearing on Trade

Citrus Exports to China (US$ mln)

ChAFTA

Morrison investigation into COVID

Trump tariffs China's response

— US Citrus — Australian Citrus
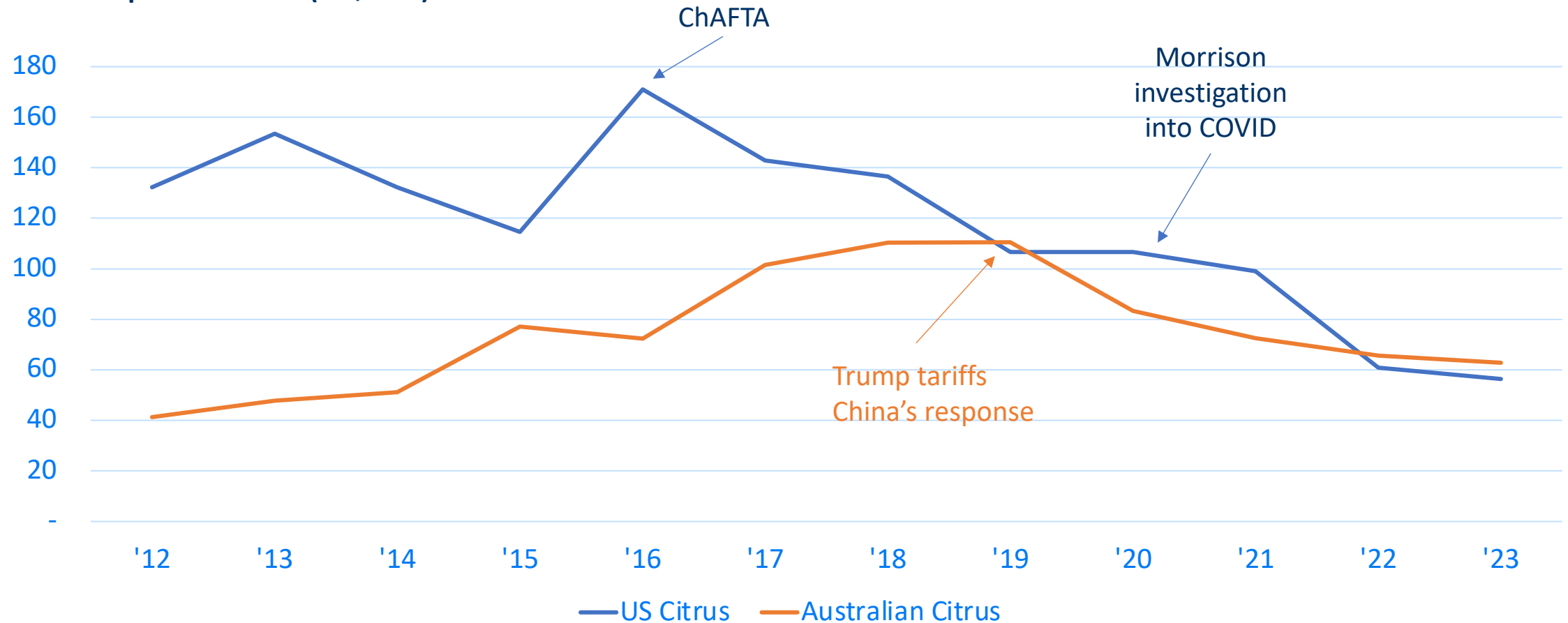
Geopolitics and Citrus Trade

Geopolitics will have a major bearing on Australia's citrus with China.
Question is would a Biden or Trump Administration have a greater impact?

THE WALL STREET JOURNAL.   *Dec. 26, 2023 at 9:00 am ET*

Trump Is Primed for a Trade War in a Second Term, Calling for 'Eye-for-Eye' Tariffs
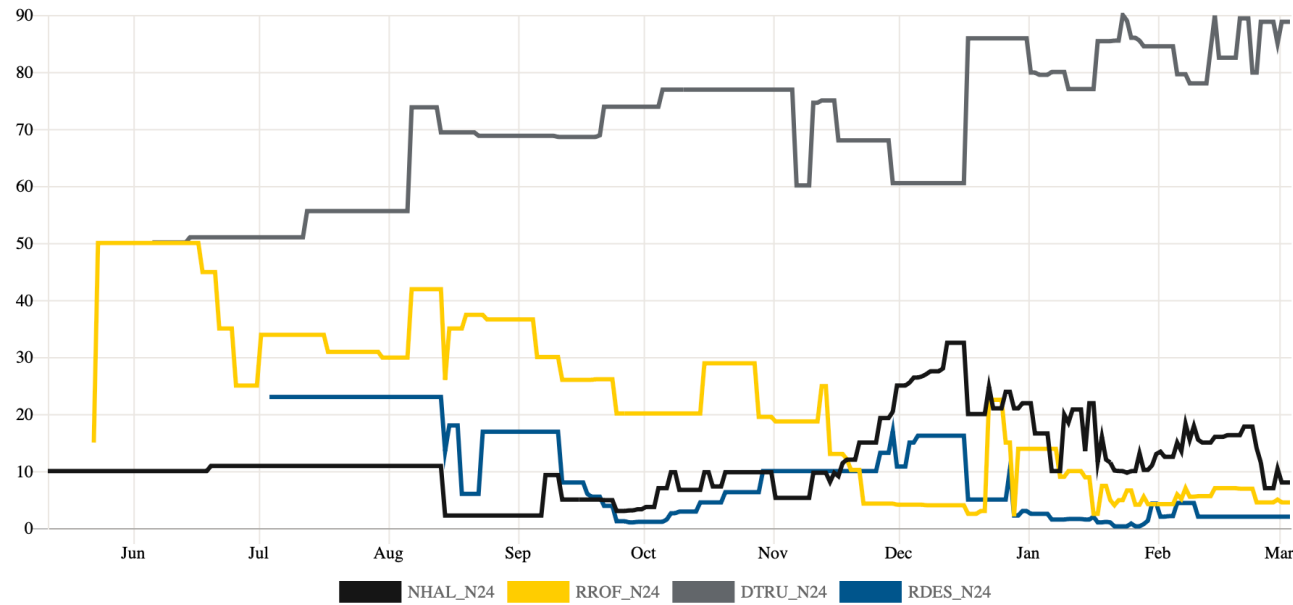
Presidential contender is calling for 10% tariff on all imports and higher levies on China

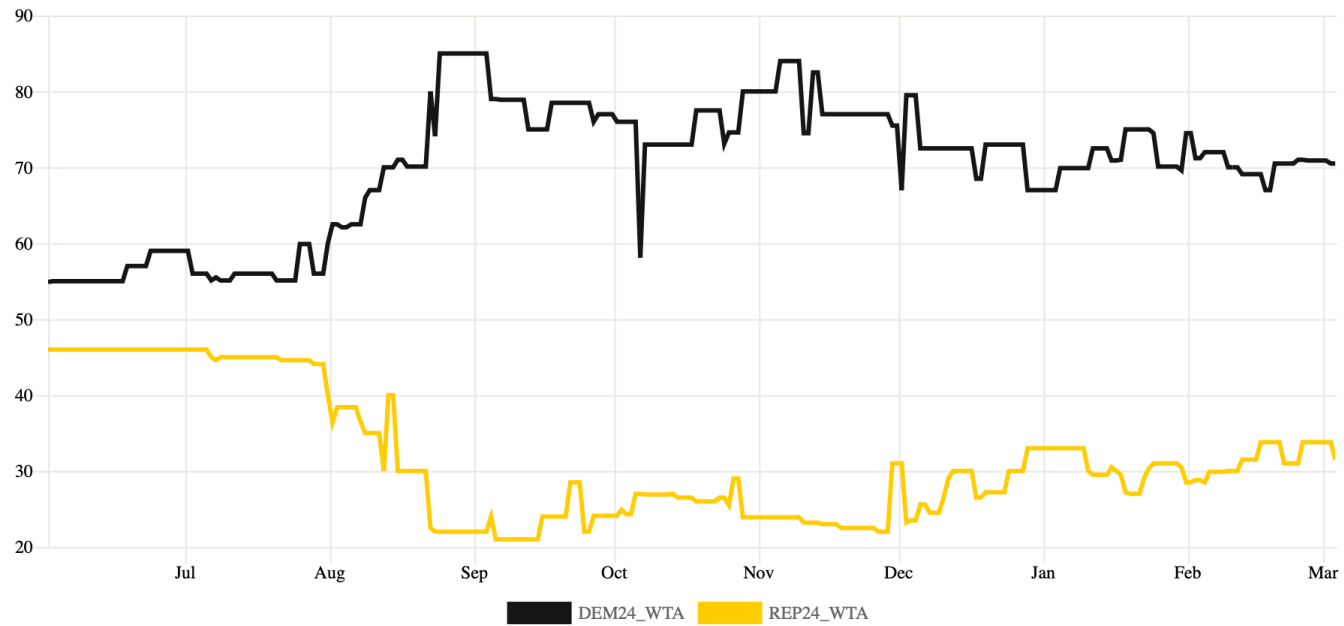# Markets Indicate Trump is a Certainty for the Republican Nomination…

Trump at 90%+ to win the Republican nomination

Legend: NHAL_N24 — RROF_N24 — DTRU_N24 — RDES_N24

… but at Today's odds, will Likely Lose the Presidency to Biden

Biden at 70% chance to win the presidential election

Legend: DEM24_WTA — REP24_WTA

Source: Iowa Electronic Markets

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US Engagement with China: Actions Speak Louder than Words

Trump was combative and vociferous but didn't accomplish his aims. Biden has been more quietly effective.

Trump's Approach

- Key foreign economic policy aim of addressing trade imbalances and IP theft had limited impact.
- Aggressive trade/tariff policies. Focused on China. Led to U.S. / China trade tensions in 2018.
- Strived to limit China's tech advancements and global supply chain influence.
- Attempted multilateral engagement with somewhat limited success.
- confrontational and inconsistent approaches often alienated U.S. allies → uncoordinated int'l response.
- Achieved some successes (Phase One trade deal) and raised awareness of the "China challenge".

Biden's Approach

- Continued competitive trade/tariff stance of Trump administration with engagement on trade.
- Greater emphasis on multilateral engagement → revitalized alliances with strategic allies.
- Reduced dependency on Chinese supply chains and promoted on-shoring (e.g. Inflation Reduction Act).
- Multilateral approach more effective at building unified int'l front vs China.

China's Response and Global Impact

- China has more **aggressively asserted its interests** globally.

- Cultivating **own alliances and partnerships**.

- **Less willing to compartmentalize** security and economic/trade issues.

- **Diversification** of supply chains e.g. pivot towards ASEAN and Global South.

- More focus on **domestic** food, energy and technology security.

- More coordinated multilateral action has caused domestic economic issues, yet **China will remain a central global force**.

- The result is a more **inward-facing China** and balkanized global economy.

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