

Weekly Market Review

January 24, 2020

Overview

We continue to have light supply and quality issues on most of our commodities due to the cold weather. Crop growth and production have slowed significantly. Arugula, Navels, and Strawberries are **EXTREME**. We continue to keep a close eye on this situation and will send out updates accordingly. Red Delicious apples are a good buy.

Market Alert

- Artichokes – **ESCALATED**
- Arugula – **EXTREME**
- Asparagus – **ESCALATED**
- Bok Choy – **ESCALATED**
- Brussel Sprouts - **ESCALATED**
- Carrots (Jumbo) – **ESCALATED**
- Cauliflower – **ESCALATED**
- Cilantro – **ESCALATED**
- Corn - **ESCALATED**
- Cucumbers - **ESCALATED**
- Garlic – **EXTREME**
- Green Onions – **EXTREME**
- Honeydew – **ESCALATED**
- Navels – **EXTREME**
- Parsley - **ESCALATED**
- Pepper (Anaheim) - **ESCALATED**
- Potatoes – **EXTREME**
- Spinach - **ESCALATED**
- Spring Mix – **ESCALATED**
- Squash (Yellow and Zucchini) – **EXTREME**
- Strawberries - **EXTREME**
- Tomatoes (Cherries) – **ESCALATED**
- Tomatoes (East Coast Roams) - **ESCALATED**
- Tomatoes (Rounds) - **EXTREME**

Watch List

- Chinese Ginger
- Pineapples
- Mexican Imports (Tomatoes, Eggplant, Chili Pepper, and Green Bell Pepper) - We could see potential delays at the border crossing ramping up this week due to the discovery of a virus in Mexico potentially affecting tomato, bell pepper, chili pepper, and eggplant production. At this time, we are not seeing any issues with our growers; the additional border inspections being implemented by CBP are strictly precautionary and for the wellbeing of the dry vegetable industry as a whole. Right now, the main concern is delays crossing the border. If product does fail the inspections at the border, the product affected will be turned back to Mexico and could spike markets or drive a shortage.

Transportation

Freight rates will continue to remain stable however trucks LTL trucks remain short. Fuel prices are mixed; the East Coast is averaging \$3.12/gallon, while California's average for diesel was the highest at just under \$3.90 per gallon. We expect to see shortages on trucks through January due to weather, and shortages of drivers/equipment nationwide.

Weather

PALMETTO, FL:

Thu 1/23	Fri 1/24	Sat 1/25	Sun 1/26	Mon 1/27	Tue 1/28	Wed 1/29
76° 60°F	76° 58°F	68° 47°F	67° 52°F	67° 50°F	71° 54°F	75° 60°F
						
Partly Cloudy	Partly Cloudy	Sunny	Partly Cloudy	Showers	Sunny	Partly Cloudy

OXNARD, CA:

Thu 1/23	Fri 1/24	Sat 1/25	Sun 1/26	Mon 1/27	Tue 1/28	Wed 1/29
68° 50°F	68° 50°F	67° 51°F	63° 49°F	66° 49°F	65° 49°F	66° 50°F
						
Partly Cloudy	Sunny	Mostly Sunny	Partly Cloudy	Sunny	Sunny	Partly Cloudy

YUMA, AZ:

Thu 1/23	Fri 1/24	Sat 1/25	Sun 1/26	Mon 1/27	Tue 1/28	Wed 1/29
74° 50°F	75° 49°F	77° 50°F	77° 50°F	75° 53°F	74° 51°F	74° 51°F
						
Sunny	Partly Cloudy	Partly Cloudy	Sunny	Sunny	Sunny	Mostly Sunny

HERMOSILLO, MX:

Thu 1/23	Fri 1/24	Sat 1/25	Sun 1/26	Mon 1/27	Tue 1/28	Wed 1/29
78° 48°F	79° 49°F	78° 48°F	80° 47°F	79° 47°F	78° 47°F	78° 47°F
						
Sunny	Mostly Sunny	Sunny	Sunny	Sunny	Sunny	Sunny

MICHOACAN, MX:

Thu 1/23	Fri 1/24	Sat 1/25	Sun 1/26	Mon 1/27	Tue 1/28	Wed 1/29
76° 47°F	77° 47°F	79° 48°F	79° 48°F	76° 50°F	76° 49°F	75° 49°F
						
Sunny	Partly Cloudy	Partly Cloudy	Sunny	Sunny	Sunny	Sunny

Good Buys

Commodity	Market Update	Produce Expert Tip
Red Delicious Apples	There is good supply on new crop fruit out of all major domestic growing areas. Quality is very nice across all varieties.	Red Delicious is one of the most famous American apples and is awesome as an "apple cookie." Slice your apple into thin rounds, spread on peanut butter, and add toppings like walnuts, chocolate chips and shredded coconut.

Fruits & Vegetables

Avocados: Mexico continues to produce steady numbers, but the sizing has shifted from larger and is leaning to 70s and smaller. We are expecting to see record demand on all sizes for the Super Bowl sales at foodservice and retail, which is driving border prices higher across the entire category. Quality remains very nice on all sizes and grades.

Bananas: Quality is very good, but sizing is slightly down due to typical weather patterns in the tropics.

Pineapples: Pineapples are very tight right now with lower imports expected next week vs. this week. Sizing is shifting to the smaller 7s and 8s. Please consider being flexible in your pineapple sizing to protect from incomplete order fulfillments.

Grapes: Peru is supplying the bulk of the red seedless grape volume. 70% of that fruit is Jumbo Allison/ Sweet Celebration and Jack Salute. Very Few Crimson and Flames around. Market is tight as Chile has not come in with much volume to take the pressure off. Smaller fruit is extremely tight and is being used to fill retail programs and retail commitments. Green seedless grapes - Peru is sending Sweet Globe / Ivory / Timpson and they are all jumbo. Very few Surgeons coming from Peru now. Chile is supplying Sugraones and Thompsons on the large and M/L sizing.

Berries

Blueberries: Watsonville and Santa Maria volume will remain low this week. Oxnard, Baja, and Jalisco's volume will continue to increase. We have reduced volumes from Michoacán for the next month due to the cool weather. Light volume expected from Florida for the next few weeks. Chile and Peru seasons will continue to wind down.

Blackberries: Volume will continue to decline for the next couple of weeks due to cooler temperature and frost.

Raspberries: We are seeing additional volume out of Central Mexico regions due to oddly warm conditions and higher concentration of new plantings. This increase could change if weather cools or frost occurs.

Strawberries: **EXTREME** Volume is decreasing this week due to the cold temperatures slowing down maturation in Florida, and Oxnard is beginning to see acres decreasing. Mexico will continue to see favorable weather and we expect volumes to increase.

California / Arizona Citrus

Navels: **EXTREME** Due to recent rain, temperate days, and cool nights, the orange crop has larger fruit than usual. It has become challenging to fulfill orders for smaller sizes in full. Please know that we will continue to accommodate as best as we can, but flexibility with size and grade will be greatly appreciated. We anticipate this challenge for the next few months and appreciate your patience. We will keep you as informed as possible as we receive additional information.

Lemons: Good supply of all sizes. The quality has been excellent and the fruit is beautiful.

Limes: Rain volumes are off, plus December was dryer than average with colder temperatures, thus resulting in a lot of smaller-sized fruit. February till early May is usually when we see the market the tightest, but outlook shows that supply will be good through February and will get tighter in March through mid-April. At that point, volume should become more abundant depending on the rain. The concern right now is that

because of all the smaller fruit out there, growers will start holding and not picking if returns are too far below expectations.

Grapefruit: Star Ruby grapefruit volume is limited, with a strong market. The fruit is amazing and supply will continue to go up.

Imports/Specialties available:

Cara Caras: The market is strong and supply is good.

Blood Oranges: Bloods are available; good quality.

CA Pummelo are available.

Sweeties are available.

West Coast Lettuce

Butter: Supply is fair; quality is fair to good.

Green Leaf: Green leaf supply and quality are fair to good.

Red Leaf: Red leaf volume is fair; quality is good.

Iceberg Lettuce: Although supply continues to be below budget due to cold weather and ice in the mornings, decrease in demand is creating a downward trend in the market. Quality has been good, but there are some cosmetic issues from previous ice and there will be occasional damage. The market has been very active. With better weather, prices should start to adjust to be lower.

Romaine/Romaine Hearts: Romaine and romaine heart supply are slightly above budget. Blocks are exhibiting good color, uniform sizing, and strong yields. We are seeing some light fringe burn, light twisted rib, blister, and peeling. The market is steady.

Eastern and Western Vegetables

Green Bell Pepper: Florida will begin to see more volume come off as weather improves. FOB prices are dropping. In the West, crossings through Nogales and McAllen have jumped and supply is plentiful. Quality is very nice on new crop.

Red Bell Pepper: **WATCH LIST** Supply will be snug over the next several weeks and quality could be marginal. A lot of open field and shade house product out of Sinaloa was affected by last month's rain. We do not expect supply interruptions but are seeing consistency in quality issues. FOB prices are higher this week.

Yellow Pepper: **WATCH LIST** Supply will be snug over the next several weeks and quality could be marginal. A lot of open field and shade house product out of Sinaloa was affected by last month's rain. We do not expect supply interruptions but are seeing consistency in quality issues. FOB prices are higher this week.

Mini Sweet Pepper: Baja, Sinaloa and Sonora production will remain light, but we anticipate an increase sometime this month. Decent product expected to begin in the Southeast soon. Market is expected to remain active through the Superbowl.

Mixed Chili Pepper: (**Anaheim – ESCALATED**) We are seeing very low harvest numbers on Anaheim pepper out of Northern Sinaloa this week and anticipate this to be the case for the next 10 to 14 days. Rain and cool nights late last month have affected the quality and maturity of the fruit currently being harvested.

Fortunately, we do see this improving as we are seeing better weather conditions in the region. Jalapeno, Poblano, and Caribes are in good supply. Tomatillos are tight this week.

Eggplant: Availability is steady in all markets and supply are readily available. FOB prices remain steady.

Cucumbers: **ESCALATED** Florida has very light volumes, and the season is winding down rapidly. Product is starting to be imported out of Honduras in order to cover the gap in production; expect to see full season volume by mid-January. Growers in Mexico are experiencing the impact of the heavy rain and coming up short in production as well as experiencing quality issues. Most growers are looking to be out until as late as February.

English Cucumbers: Good volume crossing through Nogales and McAllen.

Green Beans: Florida bean harvests have been improving over the past few days, with quality and volume varying by farm/grower. We do anticipate markets will remain on the higher side due to less acreage planted and lighter yields. In the West, the area of Culiacan was hit hardest by the rainstorms; major growers have crop issues due to rain, losses, and won't be able to plant their next fields, which will affect availability well into January. The Guasave area--also a major bean-growing area--received significant rain, too. We are seeing an overall 60-70% reduction in bean supply compared to a normal year from West Mexico. Baja is done for the most part, with the California desert finishing this week. Rust, loss of bloom, beans dragging on the ground, maturity, and disease are huge issues in some fields.

Zucchini/ Yellow Squash: Mexico – EXTREME Volume is almost non-existent in Florida as the latest cold snap has further delayed production of newer fields. We are seeing southeast pro-rates and shortages being reported at several shipping points. In Mexico, weather pressure last month resulted in heavy losses in harvest projections, and the soft squash market will see some pro-rates and/or delays of shipments over the next several weeks.

Herbs

Basil: Quality is looking very good and supply will pick up going into the weekend. Supply looks to be tight for shipping on Thursday this week; we will keep you posted.

Opal Basil: Quality coming out of Mexico has been on the poor side, with the herb not holding up. This herb will be in short supply for the month of February.

Lavender: Local supply will start in March and supply from Mexico are limited due to quality.

Savory: Quality is poor due to weather, with tip burn on the leaves.

Tarragon: Supply will be picking up next week, and price will remain high for at least the month of February. Local tarragon will start the first part of March.

HERB	SUPPLY	QUALITY	COUNTRY OF ORIGIN
Arugula	Steady	Good	USA

Basil	Steady	Good	MEXICO
Opal Basil	Steady	Good	MEXICO
Thai Basil	Steady	Good	USA
Bay Leaves	Steady	Good	Colombia
Chervil	Steady	Good	USA
Chives	Steady	Good	MEXICO
Cilantro	Steady	Good	USA
Dill	Steady	Good	USA
Epazote	Steady	Good	MEXICO
Lemongrass	Steady	Good	USA
Marjoram	Steady	Good	USA
Mint	Steady	Good	USA
Oregano	Steady	Good	USA
Italian Parsley	Steady	Good	USA
Rosemary	Steady	Good	USA
Sage	Steady	Good	USA
Savory	Limited	Tip Burn	USA
Sorrel	Steady	Good	USA
Tarragon	Steady	Good	MEXICO
Thyme	Steady	Good	USA
Lemon Thyme	Steady	Good	USA
Lavender	Limited	Dry	USA
Lime Leaves	Steady	Good	USA

Melons

Cantaloupe: Overall cantaloupe volume has started to decrease this past week as melons transition out of the Zacapa valley to other growing areas. Sizing is peaking on 9s and larger, leaving smaller sizes (12/15s) in a shorter position than we have experienced so far this season. Field projections show this sizing trend continuing over the next few weeks, which will allow for smaller fruit to fetch a premium. Cantaloupe quality has been exceptionally good, with the larger fruit providing more consistent internal quality levels as brix levels have been mostly in the 12-14% range.

Honeydew: **ESCALATED** Honduran honeydew production has started to pick up temporarily but with mostly larger fruit mirroring the cantaloupe situation. Sizes are peaking on 5s and larger (good amounts of jumbo fruit), which is leaving 6/8s in a very limited position. Quality from Honduras has been fair to good, with some external defects but solid internally. Brix levels are mostly 10-12% currently.

Watermelon: Seedless watermelon from Guatemala have pushed higher with strong demand as quality has been outstanding. Supply is expected to remain consistent, with arrivals into Florida through most of March.

Mixed Vegetables

Artichokes: **ESCALATED** Light supply of artichokes continue this week and through at least the month of January. Large sizes are particularly short in supply. Quality is good although some of the artichokes from Mexico are showing purple color.

Arugula: **EXTREME** Supply issues are due to the recent cold spell, field ice, and rain. Quality is fair.

Asparagus: **ESCALATED** Mixed market: light supply in the East due to limited space available on airplanes, while the west coast is seeing extreme shortages due to freezing temperatures in Caborca. We are starting to see some slightly warmer weather in the growing areas, so look for volume to start increasing going into early-to-mid-February.

Bok Choy: **ESCALATED** Supply is light due to the cooler weather.

Broccoli / Broccoli Florets: Supply is steady. Quality is good.

Brussels Sprouts: **ESCALATED** Expect the sprout market to remain active. Short supply is due to the end of the season on the CA central coast. Product out of Mexico will start this week, but will be slow.

Carrots: **ESCALATED** Jumbo carrot market is getting active as sizing is becoming a challenge. Supply is also getting tighter across the entire category due to weather.

Cauliflower: **ESCALATED** Cauliflower numbers are below budget and cold weather has slowed production over the next few weeks.

Celery: Mexico is in full swing and quality is good. Overall volume is light. Oxnard is starting, but with light product.

Corn: **ESCALATED** Markets remain firm although pricing is slightly lower than last week. Production is still slow to ramp back up out of Florida. In the West, we are seeing volume begin to cross through Nogales. We do expect markets to remain firm this week.

Cilantro: **ESCALATED** Supply is expected to be light.

Fennel: We will be above budget on fennel this week and will have product to sell. Sizing is good; we will see a majority of 18/24ct. Quality is strong overall.

Garlic: **EXTREME** Domestic garlic yields are drastically down due to a percentage of plants that did not develop. We are also seeing quality issues due to weather. Chinese garlic is becoming very short in supply due to a US custom fee that will need to be paid, higher tariffs, and lower yields in their crop. The Chinese supply we are seeing has great quality; however, it is expensive. Please be aware that you may see a shortage in

supply in our domestic crop as well as increases in prices. Please understand that quality of domestic product is average.

Ginger: **WATCH LIST** Chinese ginger markets are mixed, but quality is good. Also, product is available at higher costs from Brazil, Peru and Thailand. We could see Chinese Ginger prices tick upward should tariffs remain in place.

Green Cabbage: Supply has improved this week.

Green Onions: **EXTREME** The market remains extremely snug due to cold weather holding back crop. Demand will exceed supply again this week. The market will remain very active.

JICAMA: Storage product is available; expect to see blemishing as it's storage fruit. Supply stable.

Kale (Green): Bunched kale supply is expected to be steady this week.

Mushrooms: Markets and supply are steady. Quality is good.

Napa: Supply is steady.

Parsley: (Curly, Italian) **ESCALATED** Supply is light due to the cold weather.

Rapini: We expect to be slightly under budget this week. A majority of our harvest will be coming at the front of the week, and then our harvest numbers taper off as we reach the end of the week; please frontload as much as possible. There are currently no issues to report on quality.

Red Cabbage: Supply is down this week.

Snow Peas: Good supply and quality arriving through Florida. Supply is expected to start increasing slowly out of the West.

Sugar Snap Peas: Good supply and quality arriving into Florida through the end of the year. Supply is expected to start increasing slowly out of the West.

Spinach (Bunched): **ESCALATED** Due to the cold weather, there will be lighter supply.

Spinach (Baby): **ESCALATED** Due to the cold weather, there will be lighter supply.

Spring Mix: **ESCALATED** Due to the cold weather, there will be lighter supply.

Sweet Potatoes and Yams: Demand for sweet potatoes continues to be high. We will see the market remain steady but start to slow down in January. FOB's out of all growing regions remain above average, but we should not expect a spike.

Onions:

The market has stabilized on yellows and reds but has continued to increase on whites. As noted previously, the onions in storage have been mediocre because of the weather issues during both planting and harvest. We expect that we will continue to see more damage as onions sit in storage, and the supply situation for the remaining 3-4 months of the storage crop could decrease significantly. As we saw in November's NOA report, Idaho/Oregon are showing they are down approximately six million sacks, and this is prior to the loss from freeze damage. We are hearing that Holland and Mexican crops may be on the larger side, which could put a cap on the strength of the domestic onion market as well. However, depending on the strength of Mexico's market, a lot of their crop could stay within their borders and not be exported into the US.

Potatoes: EXTREME

We are still experiencing an escalated pricing situation, and we anticipate this will be the case for much, if not all, of the season. We continue to see large size cartons in the 40ct through 70ct range remain limited, which is an indication of shorter yields and supply. Growers are still assessing how much damage was done by the freeze, but it is estimated that 20%-30% of the entire Idaho crop was impacted by freezing temperatures. We will continue to see the effects as product sits in storage and internal issues begin to rear themselves. Potato processors are also short, which is creating added competition for the fresh market to secure supply, as these companies are offering higher dollar amounts than the fresh market is currently garnering. Sheds are facing pressure to raise prices and increase returns to growers in order to fend off these purchase offers from processors. It is believed that during the months of March/April, when other russet growing regions finish shipping their crop, that the market may become very short as customers will look to Idaho to fill their supply gaps left by these other regions.

TOMATOES

East Coast

- **Rounds: EXTREME** Florida rounds volume is still extremely light this week. Weather permitting, production will slowly be making its way back to normal numbers Mid-February. FOBs are escalated until we see upward pressure on volumes. Quality remains fair.
- **Roams ESCALATED** Florida romas are slowly easing back in price as more volume comes on. We are also seeing stronger demand today for Superbowl ads, which will keep roma prices higher than expected. Quality will be improving as growers break new fields in South Florida.
- **Grapes:** Volume has picked up and we should have steady volume for the next few weeks. Pricing has come down, and we have very good movement. Quality is excellent. We do need to keep a close eye on supply as demand increases for the Super Bowl.
- **Cherries: ESCALATED** Demand is very good. Quality is excellent.
- **Organic Tomatoes: EXTREME** Markets are up this week; very limited supply.

Mexico

- **Rounds: EXTREME** Mexico continues to struggle with volume and quality. We are seeing some discoloration and soft product on crops out of Baja and Mainland Mexico. We are seeing some new crop production loading in Nogales; however, we will remain light through the first of February.
- **Roma:** Mexican roma volume continues to improve as growers begin to break open new fields. Overall, supply remains light and pressuring the market upward. FOBs are escalated and expected to remain firm as pull for Super Bowl ads ramp up, but do not expect to see interruption in supply.
- **Grapes:** Volume has picked up and should remain steady for the next few weeks. Pricing has come down, and we have very good movement. Quality is excellent. We do need to watch volume as Super Bowl ads ramp up.

- **Cherries:** Demand is very good. Quality is excellent.

APPLES & PEARS

Apples: There is good supply on new crop fruit out of all major domestic growing areas. The Granny Smith market for foodservice will remain tight due to a shift in sizes; there is lighter than normal crop on 100s. Quality is very nice across all varieties.

Pears: Very good supply of Bartlett and D'Anjou; quality is excellent. Bosc and Red pears also have excellent supply and quality.

Asian Pears: Lighter supply out of Chile on the Hosui Variety.

SPECIALTY AND STONE FRUIT

- **Kiwi:** California has good volume available. The market is strong and rising.
- **Persimmons:** Available
- **Pomegranates:** Available
- **Quince:** Available