

Weekly Market Review

February 27, 2020

Overview

Navels, Zucchini, and Yellow Squash remain **EXTREME**. Mexican Round and Roma Tomatoes are in an **ACT OF GOD** with our growers that were severely affected by weather. Cantaloupes are a good buy.

Market Alert

- Avocados -- **ESCALATED**
- Carrots (Jumbo) – **ESCALATED**
- Garlic – **EXTREME**
- Navels – **EXTREME**
- Pepper (Anaheim & Tomatillo) -- **ESCALATED**
- Potatoes – **EXTREME**
- Squash (Yellow and Zucchini) – **EXTREME**
- Tomatoes (Rounds and Romas) -- **Mexico - ACT OF GOD/ Florida - ESCALATED**
- Tomatoes (Cherries and Grapes) -- **Mexico and Florida - ESCALATED**

WATCH LIST

- Basil
- Chinese Ginger
- Cucumbers
- 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 were mixed this week and LTL trucks have eased up a bit. Fuel prices ticked up this week as the Nation's economy remains very strong; the East Coast is averaging \$2.96/gallon, while California's average for diesel remains the highest at just under \$3.80/gallon. We are hearing trucks will ease up going into spring.

Weather

PALMETTO, FL:

Thu 2/27	Fri 2/28	Sat 2/29	Sun 3/1	Mon 3/2	Tue 3/3	Wed 3/4
60° 46°F	63° 53°F	66° 44°F	71° 51°F	78° 59°F	83° 66°F	84° 66°F
 Partly Cloudy	 Partly Cloudy	 Partly Cloudy	 Sunny	 Sunny	 Mostly Sunny	 Sunny/Wind

OXNARD, CA:

Thu 2/27	Fri 2/28	Sat 2/29	Sun 3/1	Mon 3/2	Tue 3/3	Wed 3/4
79° 57°F  Partly Cloudy	78° 53°F  Mostly Cloudy	65° 50°F  Mostly Sunny	59° 44°F  Partly Cloudy/Wind	62° 45°F  Sunny	65° 48°F  Sunny	65° 50°F  Mostly Sunny

YUMA, AZ:

Thu 2/27	Fri 2/28	Sat 2/29	Sun 3/1	Mon 3/2	Tue 3/3	Wed 3/4
80° 55°F  Partly Cloudy	84° 54°F  Partly Cloudy	84° 57°F  Mostly Sunny	75° 50°F  Partly Cloudy/Wind	66° 48°F  Partly Cloudy	76° 51°F  Sunny	79° 55°F  Sunny

HERMOSILLO, MX:

Thu 2/27	Fri 2/28	Sat 2/29	Sun 3/1	Mon 3/2	Tue 3/3	Wed 3/4
88° 56°F  Partly Cloudy	89° 56°F  Partly Cloudy	88° 57°F  Cloudy	82° 52°F  Mostly Cloudy	64° 43°F  Mostly Cloudy	71° 45°F  Sunny	81° 52°F  Sunny

MICHOACAN, MX:

Thu 2/27	Fri 2/28	Sat 2/29	Sun 3/1	Mon 3/2	Tue 3/3	Wed 3/4
80° 53°F  Partly Cloudy	85° 52°F  Partly Cloudy	86° 52°F  Mostly Sunny	76° 48°F  Mostly Sunny	65° 47°F  Partly Cloudy	79° 49°F  Sunny	80° 52°F  Sunny

Good Buys

Commodity	Market Update	Produce Expert Tip
Cantaloupes	Good cantaloupe volumes continue with sizing peaking mostly on larger sizes (9s and larger). Projected higher volumes should remain consistent over the next 10-14 days with peak volume hitting in early March. Sizable retail promotions are in place for late February and March which is expected to keep the market stabilized. New quality from the Zacapa valley has been arriving with very good quality which is indicative of what to expect during the spring season as daylight hours become more extended. Internal quality is also starting to show spring-time characteristics as brix level averages are increasing with ranges showing 11-14%.	Are you crazy about cantaloupe? When it is sweet and juicy.. there is nothing better! Did you know that you can make both sweet and savory dishes with this commodity? Remove the rind and spoon out the seeds, then thinly slice the melon. Next, add a drizzle of olive oil, chopped tarragon leaves, and sprinkle with sea salt. It is as simple as that!

Fruits & Vegetables

Avocados: **ESCALATED** While there was strong harvest in Mexico last week, the excess of small and grade 2 fruit continues to pose challenges. The market will get some relief and demand will slow when many of the remaining retail ads end and higher retails become the norm. However, the mix of fruit will keep the market strong. We don't expect to see the market come off significantly as 48s and larger will remain tight despite strong harvest numbers. In addition, there will be no harvest on March 16th due to a holiday in Mexico.

Bananas: Banana sizing is down due to the weather, but we are through the worst of it. Sizing will improve during the upcoming weeks. The quality will increase and the traditional ripening schedules will slowly adjust back to normal.

Pineapples: **WATCH LIST** Pineapples are very tight right now with lower imports. Smaller sizes are becoming less available due to the lower numbers on the 5s & 6s. Please consider being flexible in your pineapple sizing.

Grapes: The Red Seedless Market is steady as Peru begins to exit the marketplace. Chile will begin to bring in multiple varieties. Quality and condition are good. The Green Seedless market is backed up with inventory. Chile is sending a lot of M/L greens with fair quality. Peru has Jumbo Sweet Globes available, but they have been pulled down by this market as well. Peru is finished on black grapes and Chile is filling the pipeline with Black Seedless and Inia One varieties.

Berries

Blueberries: Oxnard and Jalisco volume will continue to increase each week. Due to weather, Baja has reduced estimates. Michoacán volume will continue to decrease moving forward and Florida will increase slowly.

Blackberries: Supply is expected to start increasing the next couple of weeks. We anticipate supply to increase in March through spring peak.

Raspberries: We should continue to see volume increase over the next few weeks.

Strawberries: Florida volume is increasing the next couple of weeks. Oxnard will have strong volumes next week as fruit size is large and production is ramping up.

California / Arizona Citrus

Navels: **EXTREME** The small fruit supply has taken a turn for the worse, and the market is up on 113s and smaller. 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: Lemon supply is up and quality is excellent. Big fruit has taken a turn for the worst; expect the larger sizes (115s and larger) to hit their bottom here soon. The smaller fruit will be trending the opposite way; 165s and smaller will start to increase in pricing. The quality has been excellent, and the fruit is beautiful. We are having optimal growing weather and the fruit will continue to be exceptional as long as we have this weather.

Limes: We will continue to see an increase this week. Large fruit has started to increase, too, as availability as a whole is less. Growers are not picking smaller fruit to boost the market and not flooding the market with volume to increase pricing. We should continue to see a rise in the market until after Cinco de Mayo.

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 fruit is excellent.

Minneola Tangelo: Supply has tightened up.

West Coast Lettuce

Butter: Supply is steady.

Green Leaf: Supply and quality are good.

Red Leaf: Supply is below budget this week.

Iceberg Lettuce: Supply is steady and quality is good.

Romaine/Romaine Hearts: Supply and quality are good this week.

Eastern and Western Vegetables

Green Bell Pepper: Florida volume is good, and quality is improving daily. FOB prices are down this week. In the West, crossings through Nogales and McAllen have jumped, and supply is plentiful. Quality is very nice on new crop.

Red Bell Pepper: Supply has loosened up this week a tad, but quality remains 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 will continue to struggle with quality. FOB prices are down slightly.

Yellow Pepper: Supply is good and quality is improving; FOB prices are unchanged.

Mini Sweet Pepper: Baja, Sinaloa, and Sonora production will remain light. Decent product expected to begin in the Southeast soon.

Mixed Chili Pepper: (**Anaheim & Tomatillos—ESCALATED**) We continue to see low harvest numbers on Anaheim pepper and Tomatillo out of Northern Sinaloa; weather issues have impacted the maturity of the fruit currently being harvested. Florida supply is lighter and markets are higher. We expect a tight market for the next several weeks.

Eggplant: Good supply available out of Florida and Mexico. Quality is good; FOB prices remain steady.

Cucumbers: **WATCH LIST** We are seeing better numbers on Honduran product loading in South Florida. Growers in Mexico are seeing a dip and volume and markets have ticked upward.

English Cucumbers: Volume has dipped crossing through Nogales and McAllen, and markets have ticked up.

Green Beans: Florida bean production has leveled off; quality is mixed. In the West loading through Nogales we are seeing major improvements on quality and volume, and FOB prices are unchanged.

Zucchini/ Yellow Squash: (**Florida and Mexico—EXTREME**) Volume in the East is slowly improving, but weather-related issues have affected quality and volume. We could see this market stay extremely volatile due to recent weather events in Mexico. In the West, we have had growers declare an Act of God due to a loss of their crop. Freezing temperatures earlier this month have impacted several regions of Northern Sinaloa and Central Sonora while rain has flooded areas of Culiacan. We expect to recover from the loss of this crop sometime in March, and see the Mexican market remaining extremely short for several weeks with hit and miss quality.

Herbs

Basil: **WATCH LIST** Fresh basil will remain slightly tight for this week.

HERB	SUPPLY	QUALITY	COUNTRY OF ORIGIN
Arugula	Steady	Good	USA
Basil	Mixed	Fair	MEXICO
Opal Basil	Limited	Good	MEXICO
Thai Basil	Limited	Good	MEXICO
Bay Leaves	Steady	Good	Colombia
Chervil	Steady	Good	USA
Chives	Steady	Good	MEXICO
Cilantro	Steady	Good	USA/MEXICO
Dill	Steady	Good	MEXICO
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	MEXICO
Sage	Steady	Good	USA
Savory	Limited	Good	USA
Sorrel	Steady	Good	USA
Tarragon	Very Limited	Good	MEXICO
Thyme	Steady	Good	MEXICO
Lemon Thyme	Steady	Good	USA
Lavender	Limited	Good	USA
Lime Leaves	Limited	Good	USA

Melons

Cantaloupe: Good cantaloupe volumes continue with sizing peaking mostly on larger sizes (9s and larger). Projected higher volumes should remain consistent over the next 10-14 days with peak volume hitting

in early March. Sizable retail promotions are in place for late February and March, which is expected to keep the market stabilized. New quality from the Zacapa valley has been arriving with very good quality, which is indicative of what to expect during the spring season as daylight hours become extended. Internal quality is also starting to show spring-time characteristics as brix level averages are increasing with ranges showing 11-14%.

Honeydew: We will see a slight dip in honeydew production over the next week as we transition farms. Sizing is expected to remain mostly with 5/6s, with 8s becoming somewhat limited. Our quality from Guatemala remains strong with mostly clean melons, and brix level ranges are also starting to increase with mostly 11-13% on most recent arrivals.

Watermelon: Seedless watermelon arrivals remain consistent. Markets have strengthened over the past week due to inconsistent quality resulting from weather issues in Mexico, so increased demand has found its way to our Guatemalan product.

Mixed Vegetables

Artichokes: Remain snug day to day and will be hit or miss on available sizes.

Arugula: Good supply and quality.

Asparagus: Mexico has very good quality and ample supply.

Broccoli / Broccoli Florets: Good supply. Quality has potential for slight mildew from weather.

Brussels Sprouts: Supply is steady.

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: Supply is slightly below budget this week.

Celery: Good supply.

Corn: Supply has increased in Florida. The market has adjusted with good quality.

Cilantro: Good supply.

Fennel: Good supply this week; overall quality is good.

Garlic: **EXTREME** The garlic market as a whole remains very volatile, largely due to inconsistent, unstable supply of Chinese garlic. From mid Nov to mid Jan, the market did settle some as a few more Chinese lbs. became available. However, in the past month, supply has dwindled. The market for Chinese peeled 4/5lb. cases is increasing. Factoring in the Chinese New Year holiday and coronavirus concerns, Chinese supply is forecasted to remain tight for the foreseeable future.

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: Good supply.

Green Onions: Supply continues to improve, market is steady.

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): Supply is expected to be steady this week.

Rapini: We have increased supply this week.

Red Cabbage: Supply continues to be tight.

Snow Peas: Good supply and quality.

Sugar Snap Peas: Good supply and quality.

Spinach (Bunched): Good supply and quality.

Spinach (Baby): Good supply and quality.

Spring Mix: Good supply and quality.

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

Onions:

The market continues to experience instability with Mexico beginning to cross heavier volumes. While we continue to hear that Northwest growers are dumping entire lots of onions that will not make grade due to freeze damage, we are still seeing FOBs decrease across the board on all colors and sizes. Similar to waning demand on the potato side, onion movement has hit a wall for much of this month. Northwest growers are feeling pressure to move with Mexican product in the marketplace, as well as decreased shelf life and quality of their own product. Many Northwest growers will have to pull the plug early on shipping if they cannot make grade, but there is believed to be enough Mexican onions, as well as the domestic Texas onion crop to make up for any shortage that may take place.

Potatoes: EXTREME

While the market has reached a plateau for the time being due to recent decrease in demand, we have not seen general pricing follow. In a typical year, we would likely see FOB pricing fall in order to meet the lower demand this month; however, given how short the crop is expected to be, growers have not felt the pressure to move. There have been a few spot deals on small size cartons (90ct and 100ct), but they seem to clean up pretty quickly. Overall, we are still experiencing an escalated pricing situation, and we anticipate this will be the case for much, if not all, of the season. Larger size cartons in the 40ct through 70ct range seem to be in better supply of late as well. The later into the season we get, the more we anticipate that the effects of the freeze will rear themselves and further lessen production numbers. It is believed that during the months of March/April, when other russet growing regions finish shipping their crop, the market may become very short as customers will look to Idaho to fill their supply gaps left by these other regions.

TOMATO

East Coast

- **Rounds:** ESCALATED Florida rounds volume is lighter this week and demand is unchanged. Weather permitting, production will slowly be making its way back to normal numbers by mid-March. FOBs have firmed back up. Smaller fruit is short as growers are in their crown picks now. Quality remains fair. This market could worsen quickly should the Mexican production stop this week due to recent weather issues.
- **Romas:** ESCALATED Florida romas have become extremely short this week as demand continues to rise. Primary reasons for this are low harvest volume, decreased acreage planted by Florida growers due to rising costs, etc. To further add pressure to Florida, Mexican roma production and quality are at historic lows due to the weather and virus pressure. We expect high markets to continue.
- **Grapes:** ESCALATED Volume is normal, and pricing is firmer this week. Quality is excellent.
- **Cherries:** ESCALATED Demand is very good. Quality is excellent.
- **Organic: Tomatoes:** EXTREME Markets are up this week; very limited supply.

Mexico

- **Rounds:** ACT OF GOD We are seeing dramatic dips in production and quality on the late-winter plantings. This is a result of weather that went through Central Mexico earlier this month that further damaged the crop and will continue to hamper the recovery of the Mexican round market. We expect this to be a long-term issue; we are seeing some growers continue to have major harvest delays, which are causing some to declare Act of God.
- **Romas:** ACT OF GOD We are seeing dramatic dips in production and quality on the late-winter plantings. This is a result of weather that went through Central Mexico earlier this month that further damaged the crop and will continue to hamper the recovery of the Mexican roma market. We expect this to be a long-term issue; we are seeing some growers continue to have major harvest delays, which are causing some to declare Act of God.
- **Grapes:** WATCH LIST Mexican grape volume is down this week, we could see this continue and volume could drop dramatically due to rain and weather impacts. We are not seeing issues yet but markets have certainly reacted and firmed up this week.
- **Cherries:** WATCH LIST Mexican cherry volume had dipped this week and could drop dramatically due to rain and weather impacts. Markets remain unchanged from last week.

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.

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

STONE FRUIT

Peaches- Good supply available out of Chile (Yellow Varieties)

Plums- Good supply of Chilean fruit (Red and Black varieties)

Nectarines - Good supply available out of Chile (Yellow Varieties)