

# Weekly Market Review

June 1, 2020

## Overview

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The lettuce market has been active due to gaps of rain, very warm weather, and some crop reductions. Navels, garlic, and ginger remain **EXTREME**. Value added carrots also continue to remain **EXTREME** due to the social distancing regulations from the Coronavirus. Mini sweet peppers and soft squash are good buys. Cherry and Grape tomatoes out of the Southeast are **EXTREME**.

## Market Alert

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- Carrots (Value Added) - **EXTREME**
- Garlic – **EXTREME**
- Ginger- **EXTREME**
- Navels – **EXTREME**
- Tomato - Rounds and Romas (Florida) – **ESCALATED**
- Tomato - Cherry and Grape (Florida) – **EXTREME**

## WATCH LIST

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- **Asparagus**
- **Bell Peppers (Green, Red and Yellow)**
- **Melons (Cantaloupe, Honeydew and Watermelon)**
- **Mushrooms**
- **Tomatoes:** Conditions over the last few weeks, as a result of government mandates and impact of the pandemic, has led to the loss of entire fields in Mexico and Florida. In Mexico, overall production, which is normally already on the downside for the season, is further impacted and will be for the next 6 to 8 weeks by more than 50%. On top of this, USDA border inspections started on April 4, 2020 and this new process is affecting overall supply for the entire Mexican tomato industry. The industry in general is adapting to the new inspection standards and is making necessary adjustments to ensure a zero-percentage failure rate. We are confident that growers will adapt to the new standards and align the packing sheds to mirror inspection criteria. Additionally, social distancing measures have been implemented to protect the entire agriculture workforce from COVID-19 thus lowering production numbers by having fewer people working in the fields and packing sheds
  - **East Coast Dry Veg, North Carolina and South Carolina: Yesterday Tropical Storm Bertha dropped several inches of precipitation and caused some minor wind damage in the growing areas throughout the Carolinas; we could see delayed harvesting and light volume out of the region on tomatoes and mixed dry vegetables for the next 2 to 3 weeks.**

## Transportation

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Freight rates were mixed this week and LTL trucks continue to become extremely difficult to find as businesses open back up across the country. Fuel prices are down slightly; the East Coast is averaging \$2.49/gallon, while California's average for diesel remains the highest at just under \$3.18/gallon.

## Weather

### PALMETTO, FL:

Thu 5/28	Fri 5/29	Sat 5/30	Sun 5/31	Mon 6/1	Tue 6/2	Wed 6/3
87°   74°F	87°   74°F	85°   74°F	86°   75°F	87°   73°F	87°   72°F	86°   73°F
						
Scattered Thunderstorms	Thunderstorms	Scattered Thunderstorms	Partly Cloudy	PM Thunderstorms	Partly Cloudy	Partly Cloudy

### OXNARD, CA:

Thu 5/28	Fri 5/29	Sat 5/30	Sun 5/31	Mon 6/1	Tue 6/2	Wed 6/3
67°   57°F	65°   56°F	66°   56°F	67°   56°F	65°   57°F	69°   57°F	69°   57°F
						
Mostly Sunny	Partly Cloudy	Partly Cloudy	Partly Cloudy	Cloudy	Partly Cloudy	Sunny

### COACHELLA, CA:

Thu 5/28	Fri 5/29	Sat 5/30	Sun 5/31	Mon 6/1	Tue 6/2	Wed 6/3
110°   75°F	108°   74°F	104°   72°F	105°   73°F	104°   74°F	104°   75°F	106°   74°F
						
Sunny	Sunny	Mostly Sunny	Mostly Sunny	Partly Cloudy	Partly Cloudy	Sunny

### SALINAS, CA

Thu 5/28	Fri 5/29	Sat 5/30	Sun 5/31	Mon 6/1	Tue 6/2	Wed 6/3
74°   55°F	72°   58°F	72°   57°F	68°   54°F	71°   55°F	75°   55°F	75°   55°F
						
Sunny	Partly Cloudy	Partly Cloudy	Mostly Cloudy	Partly Cloudy	Partly Cloudy	Mostly Sunny

### HERMOSILLO, MX:

Thu 5/28	Fri 5/29	Sat 5/30	Sun 5/31	Mon 6/1	Tue 6/2	Wed 6/3
106°   73°F	108°   76°F	110°   78°F	107°   77°F	105°   78°F	105°   75°F	106°   75°F
						
Sunny	Sunny	Mostly Sunny	Mostly Sunny	Sunny	Sunny	Sunny

### CULIACAN, MX:

Thu 5/28	Fri 5/29	Sat 5/30	Sun 5/31	Mon 6/1	Tue 6/2	Wed 6/3
94°   70°F	96°   70°F	100°   71°F	97°   71°F	97°   71°F	97°   71°F	97°   71°F
						
Partly Cloudy	Mostly Sunny	Sunny	Sunny	Partly Cloudy	Sunny	Sunny

## Good Buys

Commodity	Market Update	Produce Expert Tip
<b>Mini Sweet Pepper</b>	Baja and Sonora production are ramping up and promotable volume available by Mid-June.	You may have seen mini sweet peppers roasted or filled with cheese, or bacon, like a popper style pepper. However, we are here to tell you that one of the best ways to eat mini sweet peppers, is sliced in a salad. They provide a great textural element and are so sweet and juicy!
<b>Soft Squash</b>	Squash supply is stable and demand improving this week. Excellent quality out of Florida and South Georgia on green while yellow we are still seeing a lot of scarring. In the west, production is stable and good supply continues. Markets are up slightly in the west and expect California to start very soon.	Soft squash is wonderful in the summer and can be turned into a great side dish with some simple ingredients. Dice up the squash and add it to a skillet with some butter, and oil. Cook for a couple minutes and then stir it around, then brown for another 5-7 minutes and salt and pepper to taste!

## Fruits & Vegetables

**Avocados:** Mexican supply of avocado continues to improve; markets continue to ease back slowly despite grower attempts to keep filed prices higher. We continue to see good harvest numbers this week as crews continue following distancing measures and wearing PPE. We are seeing 48s and larger are tight, good volume on 60s and 70s and heavy volume on 84s. 80% of the Mexican crop has been harvested to date. We are anticipating promotable supply through summer. California's harvest has come back in with good volume that will continue to increase weekly through June. Quality is very good, and sizing has been consistent, peaking on small fruit this week. Close to 50% of California's crop has been harvested to date. Promotable supply expected through August. Peruvian fruit has begun to arrive in light numbers on the east coast. Quality out of Mexico is good, however we are seeing higher oil content in the fruit.

**Bananas:** Overall demand is less than where we would be at this time of year prior to COVID-19.

**Pineapples:** Volume has stabilized and will continue to be good moving into July. Quality is good as we move into the summer months.

**Grapes:** Red seedless grapes are still easy to come by. Mexico gets going on Flames the next week. Green seedless grapes from Chile should finish by mid-week. Mexico has started with Early Sweets/Sugar Crisp/Prime and Perlettes, but the pricing remains elevated.

## Berries

**Blueberries:** Watsonville production will remain low but steadily increasing. Lower volume than forecasted this week from SJV due to rain earlier this week. Overall volume will continue to increase. Oxnard, Jalisco, and Michoacán will continue to decrease. Production is lower in North Carolina due to rain. Florida will end production after this week.

**Blackberries:** Supply is expected to continue descending but at a gradual pace. The slower downtrend is driven by U.S. regions beginning production which is offsetting Central Mexico ending.

**Raspberries:** We are at the low point of the season. As California uptrends, Central Mexico will continue on a steep down trend. Summer peak should be in late June.

**Strawberries:** Watsonville harvest is greater than expected. There is a possibility for rain this weekend.

### **California / Arizona Citrus**

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**Navels:** **EXTREME** The navel market is still going very strong and supply is extremely limited. The remaining balance of navels will all be late varieties, mainly Lanes. The fruit is running on the bigger side, with very limited 113s and smaller. Navels will be going till June 1<sup>st</sup>.

**Valencias:** With the heat blowing through the navels, the valencias are here. We are still very short on small fruit. The fruit is very solid and clean with limited choice fruit.

**Lemons:** The California lemon market is still going strong, inventories are down a little, which will help improve pricing and market. This would be a great time to promote 75s or bags using a 75. Big fruit is very nice and we have a decent amount of it when it comes to 75/95 choice and fancy. Right now, is a good time for promoting larger fruit. 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:** Limes are stable right now. No sudden increases for next week coming.

**Grapefruit:** Rio Reds and Marsh Ruby grapefruit is what we are running, the volume is limited with a red hot market. The fruit is amazing and supply will continue to go up. The fruit is running very clean with a very limited amount of Choice fruit.

### **West Coast Lettuce**

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**Butter:** Overall demand is steady, while markets remain flat.

**Green Leaf:** Production volumes are above budget. Blocks that we are currently harvesting are healthy, with good texture, size, and weight. Demand has picked up some, and market prices continue to remain at promotable levels.

**Red Leaf:** Good quality and good supply out of Salinas.

**Iceberg Lettuce:** Supply continues to be below budget and will continue to be lower. Demand has continued to increase, and quality overall has been good. The market has been active and is forecasted to remain active this week.

**Romaine/Romaine Hearts:** Romaine and romaine heart production supply is above budget. Quality is good and demand is advancing. Market pricing remains at promotable levels.

### **Eastern and Western Vegetables**

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**Green Bell Pepper:** **WATCH LIST** Green bell pepper market remains firm across the country and FOB pricing is up. Mexico demand is up and supply has tightened as winter crops finish and summer crops out of Central Mexico are slower to start. New crop domestic production and demand are good. Product is beautiful loading out of South Georgia and Coachella.

**Red Bell Pepper:** **WATCH LIST** Red Bell market is up this week as supply winds down out of Central Mexico and Baja. We should start seeing better numbers out of Californians over the next several weeks. Canadian deals

are also ramping up and quality is very nice on all regions. We expect transition from Coachella to Bakersfield to begin in 4 weeks.

**Yellow Pepper: WATCH LIST** Yellow Bell market is up and supply extremely short this week as we see significant shortfalls on supply out of Central Mexico combined with very light numbers out of Baja. Canadian deals are also ramping up and quality is very nice on all regions. Domestic numbers are very light, and we may not see any true relief until the first of July.

**Mini Sweet Pepper:** Baja and Sonora production are ramping up and promotable volume available by Mid-June.

**Mixed Chili Pepper:** Supply firming up as demand increases once again on the entire category firming up market pricing. Quality is good across the entire category. New crop Jalapeno, Caribe, and Anaheim now available in California as well! Supply good out of Florida on Poblano, Cubanelle and Jalapeno

**Eggplant:** Quality is mixed by region, with Mexico winding down the quality is starting to fall and Florida is experiencing the same issue as the season closes. New crop out of Georgia and California are gorgeous. FOB prices are mixed. Florida and Mexico are lower while Georgia and California are calling for premium prices. Steady supply on all sizes and grades available. Demand is moderate.

**Cucumbers:** Good supply out of South Georgia and Mexico. Markets are stable and quality good.

**English Cucumbers:** Good volume and good quality. Promotions available

**Green Beans:** Seeing a mixed market, good supply available in the east, South Georgia. Mexico is done and supply light out of California. Quality is good in all regions.

**Zucchini/ Yellow Squash: (Florida, South Georgia, and Mexico)** Zucchini squash supply is stable and demand improving this week. Excellent quality out of Florida and South Georgia on green while yellow we are still seeing a lot of scarring. In the west, production is stable and good supply continues. Markets are up slightly in the west and expect California to start very soon.

## Herbs

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Fresh herbs are steady and quality has been very strong.

HERB	SUPPLY	QUALITY	COUNTRY OF ORIGIN
Arugula	Steady	Good	USA
Basil	Steady	Good	MEXICO
Opal Basil	Limited	Fair	MEXICO
Thai Basil	Limited	Good	USA/MEXICO
Bay Leaves	Steady	Good	Colombia
Chervil	Steady	Good	USA

Chives	Steady	Good	MEXICO
Cilantro	Steady	Good	USA/MEXICO
Dill	Steady	Good	USA/MEXICO
Epazote	Steady	Good	MEXICO
Lemongrass	Limited	Fair	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	Fair	USA
Sorrel	Steady	Good	USA
Tarragon	Limited	Good	MEXICO
Thyme	Steady	Good	MEXICO
Lemon Thyme	Steady	Good	USA
Lavender	Steady	Good	USA
Lime Leaves	Limited	Good	USA

## Melons

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**Cantaloupe:** **WATCH LIST** Domestic cantaloupe production in the desert is increasing each day. Hotter temperatures have started to accelerate the sizing to where 9/9Js should be more consistently available over the next few days. Initial quality from the desert started weak but has significantly improved as new fields have been broken. June is forecasted to be a fairly consistent month as far as availability and markets.

**Honeydew:** **WATCH LIST** Honeydew production from Arizona has been very slow to start with most shippers relying on Mexican crossings through Nogales up to this point but should begin to see some increases this week. Sizing is forecasted to be primarily in the 6/8 range initially but should start to size up by next week.

**Watermelon:** **WATCH LIST** Watermelon supply in the east has firmed up due to heavy rain in Florida and Georgia which is limiting the grower's ability to harvest. Quality is also being impacted in the east from the moisture and virus pressure. We expect availability to improve over the next several weeks. Demand is strong for Texas and California fruit and many customers have shifted to western product.

## Mixed Vegetables

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**Artichokes:** Good supply available this week, quality is good, and prices are steady. We expect good volume for the balance of this month.

**Arugula:** Good quality and good supply out of Salinas.

**Asparagus:** **WATCH LIST** Asparagus supply is increasing, but flight restrictions in place because of Covid-19, availability is limited.

**Bok Choy:** Supply and quality are good this week.

**Broccoli / Broccoli Florets:** Supply is lighter this week. Quality is fair.

**Brussels Sprouts:** Tight supply and fair to poor quality.

**Carrots (Value Added):** **EXTREME** Many packs sizes, especially the sizes that are hand packed, are in very short supply due to the social distancing regulations from the Coronavirus. Quality remains good.

**Cauliflower:** Supply continues to be very limited this week with only 4 harvest days scheduled. Fields are lagging behind and the extreme heat we are experiencing has appeared to have stopped growth all together. We are expected to harvest 50% of our wants this week with very few 9's. Next week's numbers are trending towards 50% again.

**Celery:** We have finished in Mexico. Oxnard sizing is average with occasional seeders showing up. Volume is very light. The market is steady. Oxnard season will be finishing at the end of June with new crop celery starting out of Salinas the week of June 8<sup>th</sup>.

**Corn:** Supply is still very limited out of Florida, South Georgia, and California. Quality is good in the west and mixed in the east due to recent rain.

**Cilantro:** Cilantro supply is expected to be plentiful again this week. Promotable volume is available.

**Fennel:** We are expected to be at budget on fennel this week and covering normal business. The variety we are in this week is coming in slower than expected so sizing will be on the smaller side – 18ct is expected to be limited all week. There are no issues to report on quality.

**Garlic:** **EXTREME:** The garlic market as a whole remains very volatile, largely due to inconsistent, unstable supply. Supply is forecasted to remain tight for the foreseeable future.

**Ginger:** **EXTREME:** Ginger remains very volatile also due to very inconsistent supply and market is higher. Supply to remain tight for the foreseeable future.

**Green Cabbage:** Supply is low this week.

**Green Onions:** Supply is plentiful with excellent quality.

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

**Kale (Green):** Bunched kale supply is expected to be plentiful for the next few weeks. Quality is good.

**Mushrooms:** **WATCH LIST** Foodservice could see shortages of fresh mushrooms over the next 6 to 10 weeks as retail is expecting the same according to a story released yesterday. The shortages are the fallout of heavy

demand brought on by COVID 19 at retail and the uncertainty of demand in the foodservice segment. We are looking at upwards of twelve weeks for the mushroom industry to catch up as a result of the outbreak, growing cycles, and difficulties keeping up with demand at retail, after an extremely poor March. In addition to the immediate demand, adjustments have been made at the farm level to limit the number of workers onsite as part of social distancing practices further limiting productivity.

**Napa:** Supply and quality are good this week.

**Parsley (Curly, Italian):** Bunched parsley supply is expected to be plentiful again this week. Now is a good opportunity for promotion.

**Rapini:** We are expected to have good supply this week and able to move extra volume. Quality remains strong overall.

**Red Cabbage:** Supply and quality are good this week.

**Snow Peas:** Limited supply, good quality. Volume is slowly increasing. Due to Covid-19 all farms are working with skeleton crews.

**Sugar Snap Peas:** Limited supply, good quality. Volume is slowly increasing. Due to Covid-19 all farms are working with skeleton crews.

**Spinach (Bunched):** Supply and quality are good.

**Spinach (Baby):** Supply and quality are good.

**Spring Mix:** Supply and quality are great.

**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:**

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The onion market has firmed as the Northwest is finishing for the season and overall demand has been increasing. California and New Mexico will continue to ramp up with more volume in the coming weeks, which will replace the supply in the Northwest. Texas has transitioned into the northern regions, while Mexican onions are now crossing through Las Cruces, NM and Nogales, AZ. Foodservice demand continues to increase back to where it was prior to the shut-downs, and the USDA box program is creating a high demand on all onions as well. While the country opening should continue to improve market conditions, new suppliers starting should provide ample supply to meet demand. High temperatures in California are forcing growers to move product quicker than they would like, as they do not have the luxury of turning down orders that are 'close' to the FOB pricing market. Freight remains a challenge out of California, and we expect that will continue through June. Truck capacity seems to be more plentiful in loading out of New Mexico.

#### **Potatoes:**

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The potato market has rebounded on larger size cartons. Foodservice demand continues to rise each week, and the smaller size profile of the Burbank varieties is causing pricing to move up. Additionally, the USDA Produce Box program has resulted in a sudden influx of new demand that is helping growers to keep all sizes

cleaned up. We are now beginning to see smaller size potatoes increase in prices as well. We are still seeing plenty of LTL shipments and shared trucks to avoid getting too far out on inventory, but full load volume trucks are continuing to increase as well. We are anticipating a more 'normal' summer in terms of Demand, and we expect FOB pricing to remain firm and continue to increase in small ways until we get to new crop in the Fall. Trucks remain short, and we are continuing to see rates increase with capacity tightening.

## **TOMATOES**

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### **East Coast**

- **Rounds: ESCALATED** Florida yields are lighter this week, particularly on larger sized fruit. A lot of this is due to Florida growers walking away from fields due to no demand over the past few weeks and current fields being hit by continuous rainfall. Quality is fair and markets are firmer. We expect this to improve over the next three weeks.
- **Romas: ESCALATED** Florida FOB prices are up this week while yields continue to be decent. Demand is higher this week as buyers move away from high-priced rounds. Quality is fair due to the continuing rainfall we see in the growing areas.
- **Grapes: EXTREME** In the East, grape supply has tightened up significantly due to recent heavy rain in the growing districts limiting harvest crews from entering fields and lower yields due to rain damage. We are seeing abnormally high volume of shrivel and splits in the field prior to harvest and we will see depleted shelf life over the next few weeks.
- **Cherries: EXTREME** Cherry production has also firmed up because of recent rains and FOB prices are higher this week.
- **Organic Tomatoes:** Markets are up this week; very limited supply.

### **Mexico**

- **Rounds: WATCH LIST** Markets are mixed this week as demand increases on Mexican vine ripe tomatoes. Volume crossing through McAllen and Baja are improving however, we are still seeing delays due to the USDA inspections as required by the new suspension agreement causing rejections and delays at the border. We are hoping this will improve as quality improves over the next few weeks. Prices are still slightly higher this week.

- **Romas: WATCH LIST** Markets are mixed and we anticipate supply to tighten back up as demand shifts away from higher round priced in the east; buyers are seeing a better value in Mexican Vine Ripe Roma. Despite the current relief, we are still vulnerable to higher market prices and short supply as the USDA inspections, as required by the new suspension agreement, continue to strain the market with rejections and delays at the border. Fortunately, we are expecting Baja to scratch anytime, and this should add some needed relief to supply. FOB prices are mixed and seeing upward pressure this week. Quality is outstanding
- **Grapes: WATCH LIST** Grape volume has dried up as growers are nearing the end of their current harvest cycles in Central Mexico, we are waiting for Baja to ramp up and take over some of this demand. We should see better numbers crossing through McAllen over the next 10 to 14 days as well. Quality is good and we are seeing some shifting demand from the east as supply is limited out of Florida. FOB prices will be higher this week.
- **Cherries:** There is little demand in cherry tomatoes due to the lack of retail demand. Expect to see a steady market with some decreasing volumes as we transition into new crop.

## **APPLES & PEARS**

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**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:** Asian pear supply is available. Chilean & Argentine Bartlett Pears in LA.

## **STONE FRUIT**

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**Apricots:** New crop out of California available

**Cherries:** New crop cherries are available out of California

**Peaches:** Good supply available out of California.

**Plums:** Red and black plums will continue to be available for the next few weeks from Chile; California will start in June

**Nectarines:** The Chilean season is finishing; California will start in two weeks.