

# Weekly Market Review

June 12, 2020

## Overview

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Weather in our growing regions have taken a toll on product. Numerous heatwaves are causing a variety of different levels of quality issues in the field, which will impact several items moving forward. Garlic, ginger, and value added carrots remain **EXTREME**. Florida cherry and grape tomatoes area also **EXTREME** and corn is also **EXTREME** and will be severely short through the 4<sup>th</sup> of July. Broccoli and Cauliflower are **ESCALATED**, and artichokes are a good buy.

## Market Alert

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- Broccoli - **ESCALATED**
- Carrots (Value Added) – **EXTREME**
- Cauliflower – **ESCALATED**
- Corn - **EXTREME**
- Garlic – **EXTREME**
- Ginger- **EXTREME**
- Tomato - Cherry and Grape (Florida) – **EXTREME**

## WATCH LIST

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- **Bell Peppers (Red and Yellow)**
- **Melons (Cantaloupe, Honeydew and Watermelon)**
- **Mushrooms**
- **Tomato - Romas (Florida)**
- **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 downslide 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

### BAKERSFIELD, CA:

Thu 6/11	Fri 6/12	Sat 6/13	Sun 6/14	Mon 6/15	Tue 6/16	Wed 6/17
103°   67°F	95°   59°F	83°   58°F	87°   62°F	96°   68°F	98°   67°F	97°   66°F
						
Sunny	Partly Cloudy	Sunny	Sunny	Sunny	Sunny	Sunny

### PALMETTO, FL:

Thu 6/11	Fri 6/12	Sat 6/13	Sun 6/14	Mon 6/15	Tue 6/16	Wed 6/17
88°   73°F	88°   73°F	87°   74°F	86°   74°F	86°   74°F	86°   75°F	86°   74°F
						
Thunderstorms	Mostly Sunny	PM Thunderstorms	Thunderstorms	PM Thunderstorms	Partly Cloudy	Scattered Thunderstorms

### OXNARD, CA:

Thu 6/11	Fri 6/12	Sat 6/13	Sun 6/14	Mon 6/15	Tue 6/16	Wed 6/17
75°   56°F	69°   55°F	70°   56°F	71°   57°F	72°   59°F	73°   58°F	71°   57°F
						
Sunny	Mostly Sunny	Sunny	Sunny	Sunny	Sunny	Sunny

### COACHELLA, CA:

Thu 6/11	Fri 6/12	Sat 6/13	Sun 6/14	Mon 6/15	Tue 6/16	Wed 6/17
109°   74°F	106°   68°F	101°   69°F	103°   73°F	105°   76°F	108°   74°F	108°   73°F
						
Sunny	Sunny	Sunny	Sunny	Sunny	Sunny	Sunny

### SALINAS, CA

Thu 6/11	Fri 6/12	Sat 6/13	Sun 6/14	Mon 6/15	Tue 6/16	Wed 6/17
76°   55°F	67°   53°F	67°   53°F	72°   53°F	78°   55°F	73°   53°F	72°   54°F
						
Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy	Sunny	Sunny	Sunny

### JALISCO, MX:

Thu 6/11	Fri 6/12	Sat 6/13	Sun 6/14	Mon 6/15	Tue 6/16	Wed 6/17
92°   68°F	92°   66°F	93°   64°F	90°   63°F	90°   63°F	89°   62°F	89°   62°F
						
Partly Cloudy	Mostly Sunny	Sunny	Sunny	Sunny	Sunny	Sunny

## Good Buys

Commodity	Market Update	Produce Expert Tip
Artichokes	Good supply available this week. Quality is good and prices are lower.	Artichokes can make a wonderful vegetarian entrée, especially during the summer. Cut the tips off, and stuff them with breadcrumbs, parmesan cheese, olive oil, and fresh herbs. Then steam them for about an hour and enjoy!

## Fruits & Vegetables

**Avocados:** Mexican supply of avocado continues to improve, and markets are mostly unchanged this week despite grower attempts to keep prices higher. We continue to see good harvest number 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; volume will continue to increase weekly through June. Quality is very good, and sizing continues to be consistent on small fruit this week. Close to 50% of California's crop has been harvested to date. Promotable supply expected through August. Peru 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:** Demand continues to be lower. Overall quality is good.

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

**Grapes:** Mexican grapes are beginning to increase in volume. Green seedless varieties are Perlette/Sugraones/Early Sweets. Perlettes are the least expensive variety. Red seedless varieties are Sweet Celebrations and Flames. They still have over 12 million to cross yet so the season is beginning to bunch up in a shorter window. In California, Coachella has started harvesting and Arvin / Bakersfield area should begin to harvest around 7/8.

### Berries

**Blueberries:** PNW is seeing unseasonable weather and has destabilized the forecast. We are anticipating a later shift in early production from BC. Watsonville volume will continue to increase. We are currently in the spring peak for Santa Maria. Oxnard is post peak and volumes will continue to decrease moving forward. Baja production is pose peak. Central Mexico volume will continue to decrease rapidly. The remainder of NC season is questionable due to rain.

**Blackberries:** Oxnard is reaching peak production levels. The rest of the regions will continue to increase offsetting the end of the lower elevation regions in Mexico.

**Raspberries:** We have seen some volume decrease in Oxnard due to pulling out acres early. Watsonville and Santa Maria have increased estimates due to unforeseen jumps in weekly volume.

**Strawberries:** Santa Maria, Salinas and Watsonville are all peaking this week. Watsonville and Salinas have been receiving warmer weather that is pushing fruit into this week. Although the warm weather has also caused some questionable quality in many growing areas, many shippers pushing fruit to the freezer due to marginal quality.

## **California / Arizona Citrus**

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**Valencias:** 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 grapefruit is what we are running, the volume is limited with a red hot market. Big fruit is nonexistent and will be a struggle. The USDA program is also pulling grapefruit, this will definitely keep the market extremely limited and pricing above historical averages. 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:** Overall supply is below budget this week.

**Red Leaf:** Overall supply is below budget this week.

**Iceberg Lettuce:** Supply is at budget this week.

**Romaine/Romaine Hearts:** Overall supply has tightened up. Quality is fair due to heat related issues.

## **Eastern and Western Vegetables**

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**Green Bell Pepper:** The bell pepper market is easing back slightly; demand out of Mexico remains good crossing through Texas. South Georgia and Coachella volume is steady. Quality is good.

**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 3 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 is good, and demand remains moderate which will keep prices higher this week on the entire category. 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; Nogales is done for the season. Quality is fair out of Florida while new crop out of Coachella and South Georgia remains very nice. Demand remains 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 South Georgia and North Carolina. Mexico is done and supply is light out of California. Quality is marginal in all regions.

**Zucchini/ Yellow Squash: (Florida, South Georgia, and Mexico)** Squash supply is firming up as Nogales winds down for the season and demand is moderate. Quality is excellent out of quality out of South Georgia, there is a little bit of squash still available in Florida but marginal quality particularly yellow we are seeing a lot of scarring. Markets are up slightly in the west and expect California to start very soon.

## **Herbs**

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**Italian Parsley and Oregano:** The recent heat wave has caused parsley and oregano to start to flower. Cleaning the herbs is taking a little bit longer to pack out orders. This should continue for about the next ten days.

**DILL** has been affected by the heat as well but nothing concerning at this moment.

**BASIL** continues to thrive and quality has been really strong. Look for this trend to continue going forward.

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 we are peaking on 6's however hope this will shift and see improvement on all sizes over the next 7 to 10 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. For the short term there will be a need to be flexible on size.

**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. Brix levels are ranging from 12-15%

**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. We are seeing light crossing through Nogales this week.

## Mixed Vegetables

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**Artichokes:** Good supply available this week. Quality is good and prices are lower.

**Arugula:** Supply and quality are good.

**Asparagus:** Asparagus supply is good on both east and west coast, but west Coast (Calif) will be finishing by the end of the month. Flight restrictions are still in place because of Covid-19 on product coming in by air, although shippers are able to get more space on flights and supply has increased.

**Bok Choy:** Supply is fair and quality is good.

**Broccoli / Broccoli Florets:** **ESCALATED** Supply is lighter this week. Quality is fair. The market is very active.

**Brussels Sprouts:** Supply is better. Quality has improved slightly.

**Carrots (Value Added): EXTREME** Many pack 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: ESCALATED** We are expecting light supply this week.

**Celery:** Oxnard still packing, but some shippers have finished as we get to the end of the Oxnard season. This is our first week in Salinas. The market is lower.

**Corn: EXTREME** Corn supply will remain limited out of South Georgia as a result of rain the past several weeks. The precipitation has caused the corn to not mature fully and we are also seeing poor quality. In the west, Brawley has finished up and there is a GAP between the desert and Central Valley due to the heatwave that impacted the region last week. We are expecting Texas to start any day now, but we have been seen heavy rain in recent days throughout Texas which will only further delay production. We are expecting a very short market through the 4<sup>th</sup> of July due to rain and very high demand impacting the supply chain. As always, we will keep you posted of any further updates.

**Cilantro:** Cilantro supply is expected to be lighter than normal this week.

**Fennel:** We are expected to be slightly below budget on fennel this week. Quality is strong.

**Garlic: EXTREME:** The garlic market as a whole remains very volatile and the 2019 garlic crop is finished. Calif garlic will be running short through the end of the season until new crop Garlic gets started. Due to the decreased demand during this time, this allowed the season to be extended before they needed to source product elsewhere. Had it not been for Covid-19 this would have happened sooner. To cover orders, Garlic Co will be sourcing product from Mexico to fill in and orders may need to be subbed with product of Mexico until the new season starts. They are estimating orders will be filled with as much as 50% from Mexico and 50% from Calif. We will do everything we can to not have to sub or at least keep subs to a minimum. Calif garlic season is estimated to start in 2-3 weeks but orders could still be subbed with product of Mexico longer until they get into full production with Calif garlic.

**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 lighter this week due to the rain in the southeast, although there is still availability.

**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 remain fair 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 will 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. Quality is fair due to slight heat damage from last week.

**Spinach (Baby):** Supply and quality are good. Quality is fair due to slight heat damage from last week.

**Spring Mix:** Supply is good and quality is fair to due to slight heat damage from last week.

**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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There is not much change in the onion market. Supply will remain plentiful across the board, and while foodservice demand has continued to improve, we are starting to see a bit of a dip due to closures in major metropolitan areas due to the mass protests and riots. California and New Mexico are shipping at full capacity, and Texas is essentially cleaned up on their supply, except for small sporadic pockets. Heavy rainfall in Georgia is having a major impact on the Vidalia onion crop, and much of it is going to be destroyed. This is going to lead to other shipping regions having to replace this volume to retailers. Because of this, we expect the onion market will remain pretty firm throughout the Summer. The extension of the USDA box program will help continue to keep supply moving. Quality in the remaining Imperial Valley, CA has been hit and miss due to high temperatures. We are looking to transition all shipments to Huron, CA, and New Mexico where we should have more consistent and improved quality moving forward. 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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There is not much change in the potato market. Supply will remain plentiful across the board, and while foodservice demand has continued to improve, we are starting to see a bit of a dip due to closures in major metropolitan areas due to the mass protests and riots. The potato market has rebounded on larger size cartons. The extension of the USDA Produce Box program is helping to keep product moving. We continue to

see 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, barring further interruptions. We are still expecting large size cartons to tighten up further as we get more into June. We expect FOB pricing to remain firm and continue to increase in small ways each week 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:** 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 as The Carolinas and Mountain deals in Tennessee are ramping up; California is weeks away
- **Romas:** **WATCH LIST** Florida FOB prices are mixed this week as yields re lighter this week. Quality is fair due to the continuing rainfall we see in the growing areas. We expect this to improve over the next three weeks as The Carolinas and Mountain deals in Tennessee start to scratch; California is weeks away.
- **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:** Markets are down this week and demand remains firm on new crop Mexican vine ripe tomatoes. Volume crossing through McAllen and Baja continues to increase while Nogales winds down. 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. Quality is very nice.
- **Romas:** -Markets are mixed and we are anticipating 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 seeing product begin to cross through Otay and this should add some needed relief to supply. FOB prices are mixed yet still feeling 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, Georgia, and South Carolina.

**Plums:** Chile has finished. California has light supply with a very active market on larger sizes.

**Nectarines:** New Crop out of California available.