

Weekly Market Review

June 19, 2020

Overview

Weather in our growing region has taken a toll on product as multiple heat waves are causing different levels of quality issues in the field. As a result, this will impact several items moving forward. Asparagus is **EXTREME** and garlic, ginger, value added carrots and east coast cherry and grape tomatoes continue to remain **EXTREME**. Corn is also **EXTREME** and will be severely short through the 4th of July. Broccoli, cauliflower, and squash are **ESCALATED**, and mangoes are a good buy.

Market Alert

- Asparagus – **EXTREME**
- Broccoli - **ESCALATED**
- Carrots (Value Added) – **EXTREME**
- Cauliflower – **ESCALATED**
- Corn - **EXTREME**
- Garlic – **EXTREME**
- Ginger- **EXTREME**
- Squash - Yellow and Green (East Coast) – **ESCALATED**
- Tomato - Cherry and Grape (East Coast) – **EXTREME**

WATCH LIST

- **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: Due to heavy precipitation late last month and wind damage....we will continue to see lighter than normal volume out of the region on mixed dry vegetables.**

Transportation

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 6/18	Fri 6/19	Sat 6/20	Sun 6/21	Mon 6/22	Tue 6/23	Wed 6/24
98° 67°F	100° 68°F	102° 70°F	104° 73°F	106° 73°F	100° 71°F	102° 71°F
						
Sunny	Sunny	Sunny	Sunny	Sunny	Partly Cloudy	Sunny

PALMETTO, FL:

Thu 6/18	Fri 6/19	Sat 6/20	Sun 6/21	Mon 6/22	Tue 6/23	Wed 6/24
87° 74°F	86° 74°F	88° 76°F	89° 76°F	89° 77°F	89° 78°F	89° 78°F
						
Thunderstorms	Scattered Thunderstorms	Partly Cloudy	Isolated Thunderstorms	Scattered Thunderstorms	Thunderstorms PM	Partly Cloudy

OXNARD, CA:

Thu 6/18	Fri 6/19	Sat 6/20	Sun 6/21	Mon 6/22	Tue 6/23	Wed 6/24
69° 58°F	68° 58°F	68° 58°F	69° 58°F	70° 59°F	70° 58°F	71° 58°F
						
Partly Cloudy	Mostly Sunny	Mostly Sunny	Partly Cloudy	Sunny	Partly Cloudy	Partly Cloudy

COACHELLA, CA:

Thu 6/18	Fri 6/19	Sat 6/20	Sun 6/21	Mon 6/22	Tue 6/23	Wed 6/24
105° 74°F	107° 75°F	109° 77°F	112° 78°F	111° 78°F	109° 78°F	110° 77°F
						
Sunny	Sunny	Sunny	Sunny	Sunny	Mostly Sunny	Mostly Sunny

SALINAS, CA

Thu 6/18	Fri 6/19	Sat 6/20	Sun 6/21	Mon 6/22	Tue 6/23	Wed 6/24
80° 54°F	72° 54°F	74° 55°F	74° 56°F	72° 55°F	71° 56°F	75° 57°F
						
Sunny	Partly Cloudy	Partly Cloudy	Partly Cloudy	Mostly Sunny	Partly Cloudy	Partly Cloudy

JALISCO, MX:

Thu 6/18	Fri 6/19	Sat 6/20	Sun 6/21	Mon 6/22	Tue 6/23	Wed 6/24
90° 66°F	88° 65°F	89° 65°F	87° 65°F	89° 65°F	88° 64°F	87° 64°F
						
Sunny	Sunny	Mostly Sunny	Mostly Sunny	Mostly Sunny	Sunny	Mostly Sunny

Good Buys

Commodity	Produce Expert Tip
Mangoes	A great application for mangoes, especially in the summertime is freezing and blending them. Peel and cut fresh mangoes, then place the pieces on a cookie sheet to freeze them individually. Once frozen through, add them to a blender with some lime juice and blend until smooth (add some warm water if needed). Enjoy!

Fruits & Vegetables

Avocados: Mexican supply of avocado was flat this week and markets are mostly unchanged despite grower attempts to keep filed prices higher. We continue to see good harvest number this week but continue to see tighter numbers on 48's and larger. We do see good volume on 60's and 70's and heavy volume on 84's. 80% of the Mexican crop has been harvested to date. We are anticipating promotable supply through summer. California's harvest continues to show robust. Volume and expect the same through June. Quality is very good, and sizing continues to be consistent on small fruit this week. Estimates are that approximately 50% of California's crop has been harvested to date. Promotable supply expected through August. Peruvian product has begun to arrive in light numbers on the east coast. Quality out of Mexico is good, however due to the higher oil content in the fruit, we are seeing shorter shelf life in storage.

Bananas: Overall quality of conventional bananas is good. Supply is available as demand is still down from last year. Volume from Costa Rica will remain higher.

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: Mexico is beginning to cross much better volume as prices have begun to come down to normal levels. Red Seedless are Flames & Sweet Celebrations. Green Seedless are Sugraones and Specialty green seedless are sizing better than the Sugraones.

Berries

Blueberries: Cool weather in the Pacific Northwest has the potential to push some production for the beginning of their seasons. Watsonville and SJV are post peak and volume will begin to decline after this week. Santa Maria and Oxnard volume will also continue to decline slowly. The season for Central Mexico finished this week and NC is presumably finished for the season due to weekend rains.

Blackberries: Supply has been lower due to quality challenges in Oxnard and the remaining regions in Mexico ending. Oxnard is in peak production. The heat wave they are experiencing is disrupting production. We expect volume to decrease through mid-July and then an increase in August.

Raspberries: We are seeing less volume due to harvest issues and yield loss due to heat events. The largest loss of volume is out of Oxnard.

Strawberries: Numbers have been adjusted down due to fruit size. We are seeing smaller fruit compared to the last two years. With current warmer weather there is no indication that lets us think fruit size will improve soon.

California / Arizona Citrus

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

Butter: Overall supply is much lighter this week.

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. We are expecting lighter supply next week.

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

Eastern and Western Vegetables

Green Bell Pepper: **WATCH LIST** The bell pepper market is active slightly; demand out of Mexico remains good crossing through Texas. South Georgia volume is light due to rain, in the west we are transitioning to Central Valley with decent volume. Quality is good in the west and Texas, fair in the east mostly due to rain.

Red Bell Pepper: Red bell market is down this week with good supply crossing through South Texas and Otay Mesa. We are also seeing decent number this week out of Coachella. Canadian deals are also ramping up and quality is very nice on all regions.

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 Jalapeno, Caribe, and Anaheim crop now available in California as well. Supply is good out of South Georgia on Poblano, Cubanella and Jalapeno.

Eggplant: Quality is good and supply fair out of South Georgia. In the west, good supply and quality out of Coachella. Demand remains moderate.

Cucumbers: Cucumber demand is good out of South Georgia and North Carolina. Markets remain steady and quality is good. In the west, good supply crossing through Otay Mesa and South Texas.

English Cucumbers: Good volume and good quality continue. Markets are higher this week.

Green Beans: **ESCALATED** We are seeing an escalated market due to harsh weather conditions affecting the crops in South Georgia and the Midwest. Georgia is behind due to rain and the mid-west is delayed harvesting due to cold weather in May and followed by heavy rain. We expect elevated markets for the next several weeks. Mexico is done and supply light out of California Quality marginal in all regions.

Zucchini/ Yellow Squash: (Florida, South Georgia, and California) **ESCALATED** Squash supply is firming up. Nogales is done for the season. In the southeast quality has been mixed this week due to rain and supply hit mand miss. Light supply available in the west out of Santa Maria and Central Valley. We expect short markets in the east through July 4th.

Herbs

Fresh herbs remain steady in supply and quality has been very good.

Marjoram, Oregano and Thyme: The recent heat wave has affected the crops to flower out. This happens every summer and is normal.

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

Cantaloupe: **WATCH LIST** The domestic melon deal continues to battle major obstacles. Sizing remains very large on both cantaloupe and honeydew leaving smaller fruit (12/15 lopes and 6/8 dews) in an extremely limited position. Growers have battled very low yields due to early rains in the growing cycle and are currently challenged with a labor shortage leaving some fields unharvested. The labor shortage could potentially become an ongoing issue throughout the domestic deal.

Honeydew: **WATCH LIST** Arizona fields that were projected to be harvested mid to late June were scheduled to be planted in late March as the country began shutting down. Some growers, fearful of long-term repercussions from that shut down, reduced their late season acreage which will provide less overall supply as Arizona starts to wind down over the next few weeks. Once the deal moves to the Westside region of California overall supply will also be affected as growers consciously scaled back their total acreage by 20-30% over the course of the season

Watermelon: **WATCH LIST** Watermelon prices continue to be high due to light supply. Florida is done, Georgia and Alabama have limited supply and demand at retail is putting tremendous pressure on the supply chain. Quality is also being impacted in the east from the moisture and virus pressure. We do not expect to see improvement on supply until mid-July in the east. Demand is strong for Texas and California fruit and many customers have shifted to western product.

Mixed Vegetables

Artichokes: Good supply available this week. Quality is good. Prices are steady.

Arugula: Supply and quality are good.

Asparagus: **EXTREME** We are expecting a very short supply on Asparagus through the first part of July due to several factors: Production in Mexico is unexpectedly low due to a lack of rain delaying the maturity of the crop. Domestic Asparagus has been impacted by weather (rain) as well as major reductions in packing shed labor due to Covid-19 and Social Distancing practices. Normal light seasonal volume out of Peru with cooler than normal temps.

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 and quality are fair to good.

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: Supply is good. 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 heat wave 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 4th 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 this week. Quality is good.

Fennel: We are expected to be slightly below budget on fennel this week.

Garlic: EXTREME: The garlic market as a whole remains very volatile. The 2019 Garlic crop is finished. Calif Garlic will be running short through the end of the season until new crop Garlic gets started. Had it not been for Covid-19, this would have happened sooner but due to the decreased demand during this time, this allowed the season to be extended before they needed to source product elsewhere. 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 but please understand, 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 and quality are good this week.

Green Onions: Supply and quality are good.

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 are good this week.

Parsley (Curly, Italian): Bunched Parsley supply is expected to be plentiful again this week. Quality is good.

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:

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:

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

East Coast

- **Rounds:** Florida is mostly done, and we are transitioning to the Carolinas. We are beginning to see improved inventories as growers break newer fields producing a stronger yield. Overall quality is good. Volume is ramping up in California this week.
- **Romas:** **WATCH LIST** Limited supply out of Florida and the Carolinas but due to supply out of Mexico...the prices remain moderate. 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 will ramp up soon.
- **Grapes:** **EXTREME**- In the East, grape supply remains light but improving slowly now that we are transitioning to the Carolinas. We expect this market to improve 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 is slowly improving in the west as new crop volume increases crossing through Texas and Otay Mesa. Quality is good and we are seeing some shifting demand from the east as supply is limited out of the Carolinas. FOB prices are mixed 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

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

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.