

Weekly Market Review

June 26, 2020

Overview

There are some very active markets due to short supply on many items including broccoli, iceberg, romaine, cauliflower, and cilantro. The Salinas Valley growing region has experienced adverse weather variances during the months of April and May. Hotter than normal temperatures, high humidity, and late spring rain has adversely affected many crops. Therefore, this has been a very challenging growing period. As a result, we are currently experiencing reduced yields, weights, and supply gaps on the broccoli, cauliflower, cilantro, and romaine crop. Asparagus, garlic and ginger, value-added carrots, east coast cherry and grape tomatoes continue to remain **EXTREME**. Corn remains **EXTREME** and will be severely short through the 4th of July. Soft squash in the east is extremely short and we expect to remain so through July 10th. Broccoli and romaine are **ESCALATED**. Citrusburst finger limes are a good buy.

Market Alert

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

WATCH LIST

- **Bell Peppers (Yellow)**
- **Melons (Honeydew and Watermelon)**
- **Mushrooms**
- **East Coast Dry Veg-North Carolina and South Carolina: Due to weather last month we will see lighter than normal volume out of the region on mixed dry veg through July 10th**

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 were up slightly; the East Coast is averaging \$2.51/gallon, while California's average for diesel remains the highest at just under \$3.25/gallon.

Weather

BAKERSFIELD, CA:

Thu 6/25	Fri 6/26	Sat 6/27	Sun 6/28	Mon 6/29	Tue 6/30	Wed 7/1
104° 74°F	104° 78°F	106° 72°F	94° 59°F	84° 62°F	92° 66°F	98° 70°F
						
Sunny	Sunny	Sunny	Partly	Sunny	Sunny	Sunny

PALMETTO, FL:

Thu 6/25	Fri 6/26	Sat 6/27	Sun 6/28	Mon 6/29	Tue 6/30	Wed 7/1
92° 77°F	96° 77°F	95° 79°F	92° 79°F	92° 79°F	91° 79°F	89° 78°F
						
Partly Cloudy	Partly Cloudy	Partly Cloudy	Mostly Cloudy	PM Thunderstorms	PM Thunderstorms	PM Thunderstorms

OXNARD, CA:

Thu 6/25	Fri 6/26	Sat 6/27	Sun 6/28	Mon 6/29	Tue 6/30	Wed 7/1
69° 60°F	68° 60°F	69° 59°F	67° 59°F	65° 56°F	67° 57°F	69° 59°F
						
AM Clouds/PM	Mostly Sunny	Mostly Sunny	Partly Cloudy	Partly Cloudy	Partly Cloudy	Sunny

COACHELLA, CA:

Thu 6/25	Fri 6/26	Sat 6/27	Sun 6/28	Mon 6/29	Tue 6/30	Wed 7/1
110° 79°F	111° 78°F	110° 75°F	106° 67°F	94° 64°F	100° 70°F	103° 74°F
						
Partly Cloudy	Sunny	Sunny	Mostly Sunny	Sunny	Sunny	Sunny

SALINAS, CA

Thu 6/25	Fri 6/26	Sat 6/27	Sun 6/28	Mon 6/29	Tue 6/30	Wed 7/1
69° 57°F	72° 56°F	70° 55°F	65° 53°F	71° 53°F	71° 54°F	72° 54°F
						
AM Clouds/PM	Partly Cloudy	Partly Cloudy	Mostly Sunny	Sunny	Sunny	Sunny

JALISCO, MX:

Thu 6/25	Fri 6/26	Sat 6/27	Sun 6/28	Mon 6/29	Tue 6/30	Wed 7/1
82° 66°F	80° 66°F	83° 65°F	84° 65°F	83° 66°F	84° 67°F	82° 67°F
						
Thunderstorms	PM Thunderstorms	Thunderstorms	PM Thunderstorms	PM Thunderstorms	PM Thunderstorms	PM Thunderstorms

Good Buys

Commodity	Produce Expert Tip
Citrusburst Finger Limes	Finger limes are a fun, yet tiny, fruit that can be used as an interesting garnish on a baked good or cocktail, or even in a dressing to add a citrus element. Top a fruit salad with finger lime pulp, just be sure to leave out any other citrus because these will surely be the fresh pop that you need!

Fruits & Vegetables

Avocados: Mexican supply of avocado was flat this week and markets are down slightly despite growers attempts to keep filed prices higher. We continue to see good harvest number this week and are seeing more demand on smaller fruit for retail ads. 80% of the Mexican crop has been harvested to date but still 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 days 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: Pacific Northwest production will begin this week and volumes will pick up quickly. Watsonville production will continue to slowly decrease. SJV will have one more week of strong volumes and then production will taper off. Oxnard production will continue to decrease each week moving forward. NJ production will start this week.

Blackberries: Oxnard will continue to be the main producing region for another week then gradually descend. Watsonville will see peak volume for another week or two then go down. Santa Maria will have stable volume for the next 2-3 weeks.

Raspberries: All California regions are currently producing peak volume. We should continue with this kind of volume into next week.

Strawberries: We hope to see volume increase over the next two weeks. Although volumes are currently still decreasing, we expect a good recovery.

California / Arizona Citrus

Valencias: The heat is going to blow out what is left of the navels. We are finally seeing some relief in the smaller size Valencias, but not much. Still peaking 88/72.

Lemons: Small lemons are tight. Mainly large fruit out there right now and will remain this way for the remainder of the month. Import lemons are starting to arrive and will offer some relief.

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: Production volumes are on budget this week. Overall demand is steady, while markets remain flat.

Green Leaf: Production volumes are near budgeted numbers. Blocks are very nice with good texture, size, and weight. Demand has picked up and markets are firming up bottoms.

Red Leaf: Overall supply is below budget this week.

Iceberg Lettuce: Supply continue to be lighter than normal. Overall quality has been good; demand has increased with more restaurants reopening. The market started to get active last week with higher prices, and should be the same this week. The forecast is for higher prices.

Romaine/Romaine Hearts: **ESCALATED** Industry supply is becoming limited. We expect reduced supply for at least the next month. With the recent demand increase, we have seen market pricing advance dramatically.

Eastern and Western Vegetables

Green Bell Pepper: **WATCH LIST** the bell pepper market remains active, there are light crossings through Texas, South Georgia is about done for the season. We are seeing volume tick up out of the Carolinas and expect volume in the east to improve by the second week of July. In the west supplies are light but improving daily out of the Central Valley. 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. Volume improving on Suntans in the east.

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 soon. Quality is very nice

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 South Georgia on Poblano, Cubanelle 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 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: (South Georgia, North Carolina, and California) EXTREME Squash supply remains firm and seeing pro-rates on pre-books and very little spot market supply available 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	Limited	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: **ESCALATED** Extreme circumstances continue to wreak havoc on domestic melon supply. Not only is less acreage materializing for the late Arizona deal due to a decrease in plantings at the onset of COVID-19 but growers have been challenged by a severe shortage of labor. Fields that are ready to be harvested cannot as there is no labor to enter those fields. This is causing not only lower volume available into the daily market but also could potentially lead to quality issues if those fields are not harvested until days after originally scheduled. Fruit may look fine upon harvest but does not have the “legs” to maintain its strength throughout the supply chain. From what is being harvested smaller sizing remains extremely limited with all sizes being categorized into a demand exceeds supply situation. We could see a market situation similar to what was experienced two years ago where markets of \$18-20 were realized at the end of June and through the first 2-3 weeks of July.

Honeydew: **WATCH LIST** Domestic honeydews are also affected with the labor shortage but there still remains some Mexican supply crossing in Nogales to help supplement needs. Sizing on domestic production continues to trend towards larger fruit. Smaller sizing remains very limited.

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 continues to be light this week and the market is very active. Quality is fair to good.

Brussels Sprouts: Supply is fair and quality is good.

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 is improving and the market is starting to trend downward. Quality is good.

Celery: Less supply available in the industry. The market is higher this week Oxnard season will be finishing soon.

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, we are still seeing a few cases being packed in Coachella however still anticipate light volume in the Central Valley due to the current heatwave affecting the region. 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: ESCALATED Very tight supply.

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 is fair with good quality.

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

Rapini: We will have normal supply this week. Quality remains strong.

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 previous weeks.

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

Spring Mix: Supply is good and quality is fair to due to slight heat damage from previous weeks.

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 saw a quick uptick in FOB prices this week in both California and New Mexico. With Texas being finished, and Vidalia supply is still feeling the effects of heavy rain, demand is also stressing these regions. We are seeing high temperatures in California continue to affect shrink levels on all colors of onions, and we expect this will continue going into this weekend as more high temperatures are expected. Additionally, we are seeing the early plantings in both California and New Mexico finish up, and the later crops experiencing delays as they are not fully ready to ship yet. This is going to create a 7-10 day gap for many shippers. We anticipate the market will continue to strengthen until just after the 4th of July holiday, and possibly beyond. Washington is expected to start shipping in about a month from now as well, which should likely limit the levels in which the FOB prices will reach. The extension of the USDA box program is also causing supply to remain firm, particularly on small sizes of all onion colors. Freight remains a challenge out of both California and New Mexico, and we expect that will continue until after the holiday.

Potatoes:

Supply is beginning to tighten up throughout the state. As is typical for this time of year, potatoes are beginning to look tired and are showing their age. This is causing production to slow down some, which is tightening up supply across the board. Size profiles remain heavier to small size potatoes, which the 40ct and 50ct being on the tighter side. The market in Washington has reacted faster on large size counts this week than it has in Idaho, which generally means that Idaho will not be far behind. Both foodservice and retail

demand have been steady, and the industry seems to have settled at these levels for the time being. The extension of the USDA Produce Box program is helping to keep product moving and hold markets up. 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 expect FOB pricing to remain firm and continue to increase in small ways each week until the end of old crop. New crop potatoes are expected to start shipping around the first or second week of August. Trucks remain in short supply, 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 get into newer fields and stronger plantings. We are also seeing a few more local deals ramp up and Arkansas' volume and quality are steady. Mountain deals should ramp up soon! Quality is good and volume is ramping up in California this week.
- **Romas:** Supply out of Florida and the Carolinas is ramping back up and prices are moderate. Quality is fair due to the continuing rainfall we see in the growing areas. Mountain deals in Tennessee start to scratch are expected to start soon. California is picking very good numbers this week but will need to watch quality due to the heat.
- **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 mixed this week due to an uptick in demand on new crop Mexican vine ripe tomatoes. Volume crossing through McAllen and Baja continues to increase while Nogales is about done for the season. We are still seeing delays due to the USDA inspections as required by the new suspension agreement causing rejections and delays at the border. Quality overall is very nice.
- **Romas:** Markets are mixed this week due to an uptick in demand on new crop Mexican vine ripe tomatoes. Volume crossing through McAllen and Baja continues to increase while Nogales is about done for the season. We are still seeing delays due to the USDA inspections as required by the new suspension agreement causing rejections and delays at the border. Quality overall is very nice.
- **Grapes:** 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 and quality available out of California, Georgia, and South Carolina.

Plums and Nectarines: Good supply and quality available out of California.