

Weekly Market Review

August 14, 2020

Overview

Garlic, ginger, and limes continue to be **EXTREME** and Valencias are in an **ACT OF GOD** due to substantial shortages. We are seeing harvest and quality delays on several items in the east as growers clean up from Tropical Storm Isaias. The storm caused hit and miss damage as it moved northward affecting production of tomatoes, cucumbers, soft squash, and bell peppers, and local programs in the following states were affected: North Carolina, Virginia, Maryland, New Jersey and Pennsylvania. We may see supply interruptions due to delays and quality over the next 7-10 days. Heat in the west will create supply issues on colored peppers out of the central valley and prices will escalate this week. Grape and roma tomatoes are good buys.

Market Alert

- Eggplant - **ESCALATED**
- Garlic – **EXTREME**
- Ginger- **EXTREME**
- Limes - **EXTREME**
- Peppers (yellow and red) - **ESCALATED**
- Potatoes - **ESCALATED**
- Valencias – **ACT OF GOD**

WATCH LIST

- Corn
- Cucumber – Mexico and East Coast
- Green Beans
- Mini Sweet Peppers
- Mixed Chili Peppers
- Mushrooms
- Green and Yellow Squash - East Coast
- Round Tomatoes - Mexico and East Coast
- Watermelon

Transportation

Freight rates were up this week, particularly in the west due to high demand and light availability. National Fuel prices were up slightly; the East Coast is averaging \$2.52/gallon, while California's average for diesel remains the highest at just under \$3.25/gallon.

Weather

BAKERSFIELD, CA:

| Thu 8/13 | Fri 8/14 | Sat 8/15 | Sun 8/16 | Mon 8/17 | Tue 8/18 | Wed 8/19 |
|--------------|-------------|--------------|--------------|---------------|-------------|-------------|
| 100° 79°F | 107° 80°F | 110° 80°F | 107° 80°F | 106° 80°F | 107° 79°F | 105° 77°F |
| | | | | | | |
| AM Clouds/PM | Sunny | Mostly Sunny | Mostly Sunny | Partly Cloudy | Sunny | Sunny |

ASHVILLE, NC:

| Thu 8/13 | Fri 8/14 | Sat 8/15 | Sun 8/16 | Mon 8/17 | Tue 8/18 | Wed 8/19 |
|---------------|---------------|---------------|----------------------------|---------------|----------------------------|----------------------------|
| 85° 68°F | 79° 67°F | 77° 66°F | 79° 64°F | 81° 61°F | 81° 60°F | 78° 61°F |
| | | | | | | |
| Thunderstorms | Thunderstorms | Thunderstorms | Scattered Thunderstorms | Partly Cloudy | Scattered Thunderstorms | Scattered Thunderstorms |

OXNARD, CA:

| Thu 8/13 | Fri 8/14 | Sat 8/15 | Sun 8/16 | Mon 8/17 | Tue 8/18 | Wed 8/19 |
|--------------|---------------|--------------|---------------|--------------|------------|---------------|
| 74° 64°F | 79° 64°F | 80° 66°F | 79° 66°F | 77° 65°F | 77° 66°F | 79° 66°F |
| | | | | | | |
| AM Clouds/PM | Partly Cloudy | Mostly Sunny | Partly Cloudy | Mostly Sunny | Sunny | Partly Cloudy |

SALINAS, CA

| Thu 8/13 | Fri 8/14 | Sat 8/15 | Sun 8/16 | Mon 8/17 | Tue 8/18 | Wed 8/19 |
|---------------|---------------|--------------|---------------|--------------|---------------|---------------|
| 77° 62°F | 87° 67°F | 85° 66°F | 85° 65°F | 84° 66°F | 84° 65°F | 82° 63°F |
| | | | | | | |
| Partly Cloudy | Partly Cloudy | Mostly Sunny | Partly Cloudy | AM Clouds/PM | Partly Cloudy | Partly Cloudy |

JALISCO, MX:

| Thu 8/13 | Fri 8/14 | Sat 8/15 | Sun 8/16 | Mon 8/17 | Tue 8/18 | Wed 8/19 |
|---------------|---------------------|---------------------|---------------------|---------------------|---------------|---------------|
| 80° 64°F | 80° 63°F | 81° 65°F | 81° 64°F | 83° 65°F | 81° 64°F | 76° 64°F |
| | | | | | | |
| Thunderstorms | Thunderstorms PM | Thunderstorms PM | Thunderstorms PM | Thunderstorms PM | Thunderstorms | Thunderstorms |

Good Buys

| Commodity | Market Update | Produce Expert Tip |
|---|--|---|
| <p>Grape & Roma Tomatoes</p> | <p>East Coast Romas: Demand rains flat in the east but expected to firm as round volume declines due to rain delays. Growers are cleaning up fields after Tropical Storm Isaias went through the region causing some local floods and wind damage. We feel the markets will firm up for the next 7 to 10 days. California volume remains fair and quality is hit and miss. Grapes: East coast grape supply is finally improving, and pricing has started to ease back. We are still seeing some quality issues and we could see this turn as many growers are evaluating fields after Isaias hit the east coast with rain and wind this week.</p> <p>Mexico Romas: Markets are mixed this week due to an uptick in demand, from the east, for new crop (Mexican vine ripe romas). Volume crossing through Baja is down this week due to some quality issues, field transitions and virus affecting quality. We should see numbers improve out of Central Mexico this week while Nogales will continue through the summer with limited crossings. We continue to see delays due to the USDA inspections, required by the new suspension agreement, causing rejections and delays at the border. FOB prices are higher this week at all border crossings Grapes: Grape volume is increasing out of South Texas and quality continues to improve daily and Otay crossings remain steady. FOB prices remain mixed this week as we are still seeing good demand for Mexican tomatoes in the east.</p> | <p>Grape and roma tomatoes are juice and a great addition to any salad. That being said, why not make them INTO a salad?</p> <p>The best think about marinated tomatoes is that you can wait until your tomatoes are a little overripe to use them. Slice grapes tomatoes in half, and roma tomatoes into 8 pieces depending on the size. Then slice green onions, basil, and add garlic powder, sugar, salt, time and salt and pepper to taste. Drizzle with oil, and red wine vinegar. Now... this is the hardest part... make sure you chill the marinated tomato salad and let it sit for about 2 hours for all of the juices to come together. Now, ENJOY!</p> |

Fruits & Vegetables

Avocados: Peruvian fruit continues to come under pressure as shippers are looking to clean up excess inventory. Programed fruit remains steady. Due to the increase in harvest last week, California and Mexico's pricing has peaked and is starting to come off as shippers are carrying excess volume. California is peaking on 48s and larger, and Mexico on size 60s and smaller, creating an overall good size balance.

Bananas: Overall quality of conventional bananas is good. Plenty of volume available.

Pineapples: Volumes for the next few weeks are going to be very low which is not only an issue on the production level but at the grower level too. With major rain followed by hot high sun, brix levels are very high, and we are seeing bent crowns.

Grapes: We have limited Magenta's available this week and Scarlet Royals available early next week.

Berries

Blueberries: Good supply and good quality out of the Pacific Northwest will continue for a couple more weeks. There is light supply out of New Jersey for the next couple of weeks, Peruvian supply will begin next week, and Baja supply will continue to be light until fall.

Blackberries: We are seeing a good supply of blackberries and will continue to see good production through the month of August. Quality is good.

Raspberries: We are past the light supply we have been seeing recently and will see an upward trend for the next 2 to 3 weeks before volume stabilizes for the month of September. Quality is good

Strawberries: Strawberry volume has increased this week, and quality is very good. Market has trended downward, and most shippers have fruit to sell through the weekend. This may be short lived as a heatwave is forecast to start Saturday and could extend well into next week which could affect quality, therefore effecting supply.

California / Arizona Citrus

Valencias: **ACT OF GOD** This season's orange supply has been a challenge due to weather and its overall impact on the crop. Warmer weather has caused the crop to peak toward larger sizes and now the industry is harvesting even fewer 88/113/138's. The majority of fruit being harvested is going straight to juice, as there is not enough quality fruit available to pack. Due to the substantial shortages, one of our suppliers has been forced to enact a Force Majeure effective August 12th and we are expecting this current situation to continue until mid-October when the early Navel season gets started.

Lemons: California lemons are recovering as imports begin to arrive (Chilean/Argentine). Quality has been great and the fruit is nice.

Limes: **EXTREME** Limes are in transition from Vera Cruz to Tobasco which is affecting the supply and sizing of limes being brought to market. We are also seeing quality issues from stylar to general skin breakdown. Currently, the lime regions are being impacted by drought, but with the forecasted rain below this will bring much needed growth to the new crop, and we should see sizing firm up over the next two weeks. The downside is we will see harvest delays over the next several days causing the already short markets to worsen. We expect very active markets for the next several weeks, pro-rates, and substitutions on sizing may be necessary until conditions stabilize.

Grapefruit: Starr Ruby grapefruit is available; the volume is limited with a hot market. Big fruit has been 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.

Imports/Specialties available:

- Chilean navels are available.

West Coast Lettuce

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

Green Leaf: Production volumes are close to budget for the week. Blocks that are being harvested are nice with good texture, size, and weight. Demand has picked up in some areas and markets are stable.

Red Leaf: Good supply and quality.

Iceberg Lettuce: Supply is below budget due to a combination of lighter plantings and yield loss due to disease. Quality continues to be very good. The market had a very wide range last week, and the forecast this week is for higher prices due to lighter supply industry wide.

Romaine & Romaine Hearts: Romaine and romaine heart production supply remains below normal budget volumes. Industry supply is off to a degree as well. We expect reduced supply for at least the next few weeks. Markets are forecasted to maintain at elevated levels. Blocks are exhibiting good color, texture, and uniform sizing overall and we expect marginal fringe burn.

Eastern and Western Vegetables

Green Bell Pepper: Volume is improving daily and expected to remain stable for the next several days. We are still anticipating potential quality issues due to Tropical Storm Isaias. FOB prices are generally down this week as we see good supply from all shipping points. California central coast peppers will start this week. Product quality in the west is very nice.

Red Bell Pepper: **ESCALATED** Red bell market shown signs of turning this week. We are seeing excessive heat in the central valley that will end the mid-summer crop early and push us to the coast sooner than anticipated. Quality and volume available on market will be affected. Supply crossing through Texas remains lighter than expected. Canadian deals are stressed due to viral issues, and lack of labor as a result of COVID restrictions. Volume will improve on Suntans in the east.

Yellow Pepper: **ESCALATED** Yellow bell market is up, and supply is 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 ramping up and quality is very nice in all regions. Domestic numbers remain light.

Mini Sweet Pepper: **WATCH LIST** Overall volume is down and markets are tight due to labor conditions in Canada. Mexican volume is lighter than normal due to excessive heat and drought issues.

Mixed Chili Pepper: **WATCH LIST** Supply has firmed up and demand remains good causing prices to rise this week across the entire category. Texas remains light on tomatillo and anaheim, poblano, jalapeno and caribe are improving. East coast supply is limited in Michigan and tomatillo quality is marginal mostly due to rain.

Eggplant: **ESCALATED** Quality is fair out and limited out of Michigan and California. Demand is moderate.

Cucumbers: **WATCH LIST** Cucumber demand remains the same, and FOB prices are up this week. Quality is good in the west crossing through Otay Mesa. Volume and quality will be mixed in South Texas crossing through McAllen. East coast volume is expected to be down this week due to field quality resulting from rain and wind damage by Tropical Storm Isaias

English Cucumbers: Volume has declined, and markets remain firm. Canadian volume available.

Green Beans: **WATCH LIST** We continue to see this market ease back as new fields are being harvested out of Virginia. We are still seeing some residual market increases based on demand but expect this market to improve daily. Overall quality is fair and prices for hand-picked beans in the west very active.

Zucchini/ Yellow Squash: WATCH LIST (North Carolina, Michigan, and California) Soft squash supply in the east will be lighter this week due to rain and wind damage from Tropical Storm Isaias. Quality and volume will improve in the west this week. FOB prices are higher this week.

Herbs

The fresh herb market continues to be steady. **Basil** continues to be good in supply and quality. Recent heat waves have not affected this harvest. All other herbs are steady this week. **Lemon grass** will remain tight for the next several weeks.

| HERB | SUPPLY | QUALITY | COUNTRY OF ORIGIN |
|-----------------|---------|-----------|-------------------|
| Arugula | Steady | Good | USA |
| Basil | Steady | Good | USA |
| Opal Basil | Steady | Good | USA |
| Thai Basil | Steady | Steady | USA |
| Bay Leaves | Steady | Steady | USA |
| Chervil | Steady | Steady | USA |
| Chives | Steady | Steady | MEXICO |
| Cilantro | Steady | Good | USA |
| Dill | Steady | Good | USA/MEXICO |
| Epazote | Steady | Good | MEXICO |
| Lemongrass | Tight | Good | USA |
| Marjoram | Limited | Flowering | MEXICO |
| Mint | Great | Very Good | USA |
| Oregano | Limited | Flowering | USA/MEXICO |
| Italian Parsley | Good | Good | USA |
| Rosemary | Steady | Steady | USA |
| Sage | Steady | Steady | USA |
| Savory | Limited | Tip Burn | USA |
| Sorrel | Steady | Steady | USA |
| Tarragon | Steady | Good | USA |
| Thyme | Steady | Good | MEXICO |
| Lemon Thyme | Steady | Good | USA |
| Lavender | Steady | Steady | USA |
| Lime Leaves | Steady | Good | USA |

Melons

Cantaloupe: Cantaloupe production has been primarily 9/12s with some growers peaking on jumbo fruit (6J/9Js). We will have consistent numbers through the rest of the month as we do not anticipate any gaps. Our program just completed its transition from the southern growing district (Huron area) to our northern fields (Firebaugh area). Melon quality remains consistent with good shell color and solid internal quality. Sugar levels continue to produce 12-15% readings but the flavor profile would indicate even sweeter fruit.

Honeydew: Honeydew production is ample with some growers while most have been showing only modest numbers. We have been shipping most of our dews the same day as packing providing optimal quality. We have been able to push the maturity of the fruit to maximum levels which has been providing brix levels mostly in the 13-15% range.

Watermelon: **WATCH LIST** Watermelon prices are stronger this week, there are several harvest delays due to rain in the Midwest. Missouri has seen fair supply and spotty availability out of South Carolina. Promotable volume expected over the next 2 weeks barring any further rain delays.

Mixed Vegetables

Artichokes: Quality is good. Lighter supply of artichokes continue this week and we expect lighter volume to continue through the month of August. Prices are higher.

Arugula: Supply and quality are good.

Asparagus: **Peru:** Volume is steady, good quality.

Bok Choy: Supply is expected to be at budgeted volumes this week.

Broccoli / Broccoli Florets: Good supply. Quality is very good.

Brussels Sprouts: Total supply is on the rise and this is a good time to promote Brussels Sprouts. Quality is good and some elongated seed core is still noted.

Carrots: Quality is good! We have capacity on all value-added items. We are seeing lower than usual yield on Cellos and Jumbos in our WA plant (weather issues when growing), which is causing us to be a little tight on Cellos and Jumbos in CA.

Cauliflower: We are expecting excellent volume all week.

Celery: Average supply available in the industry. Demand is good and the market is slightly lower this week.

Corn: **WATCH LIST** Markets firmed up this week as weather has affected crops in Indiana and Illinois. In the west, we continue to see increasing volume out of the Central Valley. Limited availability out of North Carolina. Overall quality good but supply will be tight.

Cilantro: Supply is expected to be plentiful this week.

Fennel: We will be below budget on our fennel again this week.

Garlic: EXTREME In the last few weeks, we have made the transition to the 2020 California crop. Garlic is still a little on the fresh side, but we are managing the situation. On 7/21, the harvest of the main variety for late California garlic is a little above average but looks nice. At this time, there is still a long way to go with the harvest. Expect harvest of the 2020 crop to finish sometime in mid-September. For non-domestic product, specifically China, the market continues to be volatile. This is mainly concerning whole bulb garlic to be sold on the fresh market, Chinese supply have somewhat normalized, and the whole bulb demand has lessened some from the dramatic highs in March, April, and May (attributed to COVID). There is still somewhat of a void of Chinese peeled product and the market continues to be abnormally high. The peeled market may settle in the coming months as more California supply, and Chinese product, becomes available. As more restaurants open back up, and people continue to want garlic, we foresee demand remaining high for peeled product.

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 slightly below budgeted volume and we anticipate normal volume by next 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 Mushrooms markets continue to be extremely active due to the high demand at retail. This will affect availability and quality on foodservice items, particularly whole mushrooms. We are also seeing COVID restrictions that were implemented for safety affecting output at several mushroom facilities.

Napa: Supply is expected to be plentiful this week.

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

Rapini: We are expected to have good supply this week with extra volume to move. We are harvesting every day this week and should have product to sell each day. Quality remains strong overall.

Red Cabbage: Supply and quality are good this week.

Snow Peas: Guatemala: Steady Volume, low demand quality is Good/Fair. **Peru:** Minimal volume, Good quality, low demand. Expecting volumes to increase early Sept.

Sugar Snap Peas: Guatemala: Steady Volume, low demand quality is Good/Fair. **Peru:** Minimal volume, Good quality, low demand. Expecting volumes to increase early Sept.

Spinach (Bunched): Supply and quality is good.

Spinach (Baby): Supply and quality is good.

Spring Mix: Supply and quality is good.

Sweet Potatoes and Yams: Storage crop is winding down as the next harvest approaches. Demand has been pretty high this summer with the addition of the USDA program and many including sweet potatoes in their produce boxes. We should see demand remain steady as the program is extended, as well as the hopes that foodservice continues to reopen across the country.

Onions:

The market is beginning to experience some weakness in FOB pricing on all colors and sizes as new crop in Idaho, Oregon, and Washington continue to ramp up. Additionally, California is still shipping and working to clean up and finish shipping their remaining onions for the season. New Mexico is winding down as well and appears to be finishing a little earlier than normal this season as they should cease shipments this week. We are anticipating the market will continue to decrease in small ways until it finds its footing. This is not uncharacteristic of harvest, and we usually have a good sense of the quality and size of the crop during the next eight weeks or so during harvest. Demand remains erratic and unpredictable given the uncertainty of more COVID shutdowns looming around the country. Depending on what takes place regarding school openings, as well as in-restaurant dining which will largely determine what demand will be from now through the end of the calendar year. Trucks have remained tight, and rates have remained elevated in all regions. The USDA Box program continues to put pressure on consumer lines to keep up with demand. However, bulk movement on small size onions appears to have dropped off some.

Potatoes:

ESCALATED

Supply is improving as more growers begin to ship new crop (Norkotahs) fresh out of the field, and better than expected Burbank storage crop inventories are still around. We are beginning to see FOB prices fall, which is typical for this time of year with harvest ramping up. Additionally, we are seeing an increase in new crop Washington Norkotah volume, and Nebraska has begun shipping new crop potatoes as well. Early reports in Idaho report that the first Norkotahs coming off are heavier to a smaller size profile, and quality appears to be very good. Acreage throughout the state is down approximately 6-7%, and poor seed potatoes resulting from last season's hard freeze have growers optimistic regarding FOBs this season. Additionally, processors have seen an increase in movement during the Pandemic and are making strong purchasing efforts on additional raw product. The USDA Box program continues to put pressure on consumer lines to keep up with demand. Depending on what takes place regarding school openings, as well as in-restaurant dining will largely determine what demand will be from now until the end of the calendar year. Trucks have remained tight, and rates have remained elevated in all shipping regions.

TOMATOES

East Coast

- **Rounds:** Demand has eased back, and markets are reacting out of Alabama, Eastern Tennessee, and North Carolina. We still expect markets to firm up over the next 7-10 days. Due to overall demand down this week, California pricing has eased back as well on the Mature Green Program. Quality out of California is marginal due to the heat.
- **Romas:** Demand rains flat in the east but expected to firm as round volume declines due to rain delays. Growers are cleaning up fields after Tropical Storm Isaias went through the region causing some local floods and wind damage. We feel the markets will firm up for the next 7-10 days. California volume remains fair and quality is hit and miss.

- **Grapes: WATCH LIST** East coast grape supply is finally improving, and pricing has started to ease back. We are still seeing some quality issues and we could see this turn as many growers are evaluating fields after Isaias hit the east coast with rain and wind this week.
- **Cherries:** Cherry production has improved out of Tennessee and Virginia. Quality is very nice. FOB prices are down this week.
- **Organic Tomatoes:** Markets mixed this week and quality is fair; limited supply continues.

Mexico

- **Rounds: WATCH LIST** Markets are mixed this week due to an uptick in demand, from the east, for new crop (Mexican vine ripe tomatoes). Volume crossing through Baja is down this week due to some quality issues, field transitions and virus affecting quality. We should see numbers improve out of Central Mexico this week while Nogales will continue through the summer with limited crossings. We continue to see delays due to the USDA inspections, required by the new suspension agreement, causing rejections and delays at the border. FOB prices are higher this week at all border crossings
- **Romas:** Markets are mixed this week due to an uptick in demand, from the east, for new crop (Mexican vine ripe romas). Volume crossing through Baja is down this week due to some quality issues, field transitions and virus affecting quality. We should see numbers improve out of Central Mexico this week while Nogales will continue through the summer with limited crossings. We continue to see delays due to the USDA inspections, required by the new suspension agreement, causing rejections and delays at the border. FOB prices are higher this week at all border crossings
- **Grapes:** Grape volume is increasing out of South Texas and quality continues to improve daily and Otay crossings remain steady. FOB prices remain mixed this week as we are still seeing good demand for Mexican tomatoes in the east.
- **Cherries:** There is little demand for cherry tomatoes due to the lack of foodservice business. FOB prices are down this week.

APPLES & PEARS

Apples: There is good supply on new crop fruit out of all major domestic growing areas. The Granny Smith market for foodservice will remain tight due to a shift in sizes; there is lighter than normal crop on 100s. Quality is very nice across all varieties.

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

STONE FRUIT

Apricots: Tight supply out of California.

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.