

# Weekly Market Review

August 20, 2020

## Overview

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We have been experiencing extreme heat in our Salinas Valley growing region over the last week, reported lightning struck the valley beside our growing fields Sunday night. This has caused severe fires surrounding our major growing regions. There are over 1000 firefighters working to contain this fire, at this point we are hearing that they have only been able to contain 7% of the fire. This has caused an enormous amount of smoke which is resulting in mandatory evacuations in a lot of these areas. As of this morning, temperatures dropped, and humidity rose which may help. Because of these unknown factors we really do not know the extent of what this fire brings, we do know that our growers will be working with smaller crews and limited hours and the safety of our industry is the upmost importance: Please be aware that this situation will cause severe quality in our growing regions, expect to see tip burn, discoloring, and ash or sut in product. We also may see shortages in product if growers are unable to harvest at full capacity or if more evacuations occur. Again, we are unaware of the magnitude of this at this point, we are hoping this fire is contained quickly and cooler air helps, and we only see quality issues. We will be updating you each day with new updates as we receive them. Round and Roma tomatoes are good buys.

## Market Alert

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

## WATCH LIST

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

## Transportation

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Freight rates are staying firm due to high demand and light availability. LTL Trucks are particularly difficult to source. 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

Hurricane Genevieve will bring heavy rain to Southern Baja today and over the rest of the week. This will not immediately affect any harvesting at this time however we will continue to watch the storm as it heads north toward California where it could possibly bring needed rain to the state.



**BAKERSFIELD, CA:**

Thu 8/20	Fri 8/21	Sat 8/22	Sun 8/23	Mon 8/24	Tue 8/25	Wed 8/26
106°   74°F	104°   77°F	106°   79°F	105°   78°F	106°   80°F	107°   80°F	107°   77°F
Sunny	Sunny	Mostly Sunny	Partly Cloudy	Sunny	Sunny	Sunny

**ASHVILLE, NC:**

Thu 8/20	Fri 8/21	Sat 8/22	Sun 8/23	Mon 8/24	Tue 8/25	Wed 8/26
77°   64°F	74°   63°F	77°   60°F	81°   62°F	83°   63°F	83°   63°F	83°   63°F
Scattered	Scattered	Scattered	PM	Isolated	Scattered	Scattered
Thunderstorms						

**OXNARD, CA:**

Thu 8/20	Fri 8/21	Sat 8/22	Sun 8/23	Mon 8/24	Tue 8/25	Wed 8/26
78°   63°F	78°   66°F	78°   66°F	77°   65°F	76°   65°F	76°   65°F	78°   65°F
Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy	Sunny	Partly Cloudy	Partly Cloudy

**SALINAS, CA**

Thu 8/20	Fri 8/21	Sat 8/22	Sun 8/23	Mon 8/24	Tue 8/25	Wed 8/26
78°   60°F	79°   61°F	81°   62°F	80°   63°F	83°   64°F	82°   62°F	81°   62°F
Partly Cloudy	Partly Cloudy	Mostly Sunny	AM Clouds/PM	Partly Cloudy	Partly Cloudy	Partly Cloudy

**JALISCO, MX:**

Thu 8/20	Fri 8/21	Sat 8/22	Sun 8/23	Mon 8/24	Tue 8/25	Wed 8/26
82°   66°F	82°   67°F	83°   68°F	84°   67°F	86°   68°F	87°   68°F	84°   67°F
PM	PM	Thunderstorms	PM	Scattered	Thunderstorms	Thunderstorms
Thunderstorms	Thunderstorms		Thunderstorms	Thunderstorms		

## Good Buys

Commodity	Market Update	Produce Expert Tip
<b>Round and Roma Tomatoes</b>	<p><b><u>East</u></b></p> <ul style="list-style-type: none"> <li>• <b>Rounds:</b> Demand is stable, and markets are normal...several local deals are seeing good production and very nice quality out of Alabama, Eastern Tennessee, and North Carolina. In California pricing has eased back as well on the Mature Green Program but quality and supply will be impacted by the heat this week, this will have an effect on supply by the 3<sup>rd</sup> week of September.</li> <li>• <b>Romas:</b> Demand is stable, and markets are normal...several local deals are seeing good production and very nice quality out of Alabama, Eastern Tennessee, and North Carolina. In California pricing has eased back as well on the Mature Green Program but quality and supply will be impacted by the heat this week, this will have an effect on supply by the 3<sup>rd</sup> week of September.</li> </ul> <p><b><u>Mexico</u></b></p> <ul style="list-style-type: none"> <li>• <b>Rounds:</b> Markets are stable this week, however volume crossing through Baja continues to be lighter than normal due to quality issues. Good supply crossing through Texas this week.</li> <li>• <b>Romas:</b> Markets are stable this week, however volume crossing through Baja continues to be lighter than normal due to quality issues. Good supply crossing through Texas this week. Quality is fair...we are seeing some puffiness due to heat.</li> </ul>	<p>Use those summer rounds and romas in a great roasted side-dish. Cut the tomatoes in half and remove the seeds and put them on a cookie sheet. Mix together olive oil, garlic, parsley, basil, oregano, salt and pepper, then brush it on the inside of the tomatoes. Sprinkle with feta cheese and place them in a 375-degree oven to roast for about 15 minutes. 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:** California grapes continue with no issues. Flames are finished and we move on with Magenta, Scarlet Royals and Krissy as the varieties being harvested. Black seedless, the Summer Royal Variety, volume is steady. Green seedless are showing good quality and supply.

## 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:** Moderate to severe quality issues are showing with the hot weather in California over the last several days. Growers are being very selective with what is being packed but a lot of product is being sent to the freezer or having to be passed over. Expect lighter available supply.

**Strawberries:** The hot weather in the Salinas and Santa Maria growing areas are causing severe quality issues (soft and bruised berries) in the fields. Growers are trying to be selective with what is being packed but many of the quality issues do not show until after product has been packed. Look for this to continue over the next several weeks with the market on the rise again.

### **California / Arizona Citrus**

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**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. Due to the substantial shortages, one of our suppliers has been forced to enact a force majeure effective August 12<sup>th</sup> and we are expecting this current situation to continue until mid-October when the early Navel season gets started.

**Lemons:** California lemons and import lemons are available, good quality and supply.

**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 have been impacted by ongoing drought and now seeing rain which will bring much needed growth to the new crop, and we should see sizing firm up over the several weeks. We are seeing more volume crossing as growers are able to harvest fruit, however we are still seeing a very volatile market because of sizing. We do expect 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. TX grapefruit will pick back up again soon.

### **West Coast Lettuce**

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**Butter:** We are being observant of quality due to recent hot weather in the Salinas Valley.

**Green Leaf:** Production volumes are close to budget for the week. Overall quality and supply are good; however, we are seeing increased occurrences of sun scald, dehydration, and wind/fringe burn. This will begin to reduce yield and efficiencies during packing. Markets are forecasted to increase.

**Red Leaf:** Lower yields and weights. Internal and tip burn can be expected due to warm weather

**Iceberg Lettuce:** Supply continues to be below budget, yields are down and with the current heat we could lose additional volume. Demand has been steady to slightly higher. Quality has been moderate; however, the hotter weather could cause issues. Supply may decrease due to rising temperatures and less time to harvest and pick product. The markets are steady to slightly higher going into the weekend.

**Romaine & Romaine Hearts:** Romaine and romaine heart production supply remains below normal budget volumes. We continue to experience increased fringe/tip burn, sun scald, light weights, and occasional

dehydration. We expect reduced supply to continue with potential for reduced fill rates. Forecasting markets to maintain elevated levels.

### **Eastern and Western Vegetables**

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**Green Bell Pepper:** Volume is improving daily and expected to remain stable for the next several days. FOB prices are generally down this week as we see good supply from all shipping points. California central coast peppers are ramping up and quality is very nice.

**Red Bell Pepper:** **ESCALATED** Red bell market has made a turn as availability lessens in older fields throughout the central valley, Gilroy, and Arvin which is a direct result of excessive heat in the region. We will see volume shift to Filmore and Oxnard later this week, but volume will remain limited for some time due to potential bloom drop and plant loss as the intercoastal valleys have seen above normal temps for more than 7 days. Supply crossing through Texas remains lighter than expected. Canadian deals remain 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:** Volume is improving this week and quality is very nice in the west. 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:** Volume has improved and quality is nice, 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** Markets are mixed as local deals in the east ramp back up and overall quality is fair. West coast prices are higher due to Heat related quality issues.

**Zucchini/ Yellow Squash:** **WATCH LIST (North Carolina, Michigan, and California)** Soft squash supply in the east has improved this week as fields recover from a very active weather pattern. Quality and volume will improve in the west and FOB prices have eased back this week.

### **Herbs**

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So far, we have seen very little effects on the herbs as our growers are over hydrating (watering) which is helping the plants to survive the heat.

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	USA
Cilantro	Steady	Good	MEXICO
Dill	Steady	Steady	USA
Epazote	Steady	Good	USA/MEXICO
Lemongrass	Steady	Good	MEXICO
Marjoram	Limited	Flowering	USA
Mint	Steady	Very Good	MEXICO
Oregano	Limited	Flowering	USA
Italian Parsley	Good	Good	USA/MEXICO
Rosemary	Steady	Steady	USA
Sage	Steady	Steady	USA
Savory	Limited	Tip Burn	USA
Sorrel	Steady	Steady	USA
Tarragon	Steady	Good	USA
Thyme	Steady	Good	USA
Lemon Thyme	Steady	Steady	MEXICO
Lavender	Steady	Steady	USA
Lime Leaves	Steady	Good	USA

## **Melons**

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**Cantaloupe:** Current cantaloupe production has been providing mostly 9/12s with some jumbo fruit being included. Very few if any smaller sizes (15/18s) are being harvested. Melons continue to show good external quality with higher shell color. Internal quality has also been consistent with brix levels mostly in the 12-14% range.

**Honeydew:** Current honeydew production has shifted to primarily larger sizes as new fields broke yesterday showing a spike in 5/5Js. There were very few 6/8s on the first cuts of these fields. The market has been able

to support all sizes fairly well, enabling orders to be covered as requested. Brix levels on the dews have been in the 12-14% range, with very good flavor.

**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**

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**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:** Good volume and quality. Steady demand, no foreseeable changes until December.

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

**Broccoli / Broccoli Florets:** Supply will suffer due to the recent heatwave. We have lost acreage and will see reduced yields.

**Brussels Sprouts:** Total supply is leveling off but still slightly lighter for the next 7-14 days.

**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 being observant of quality due to recent hot weather in the Salinas Valley.

**Celery:** Demand is good, and the market is slightly stronger this week.

**Corn:** **WATCH LIST** Markets are steady this week as we see additional volume out of Michigan and New York, but markets are mixed due to the weather last week affected crops in the Midwest. In the west, markets are slightly down, and we could start seeing heat related quality issues. 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 are expected to be at budget on fennel this week. Quality has started to improve overall and sizing is stronger as well. We will start to see more 18/24ct available.

**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.

**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. Continuing to be observant of quality due to recent hot weather in the Salinas Valley.

**Rapini:** We are expected to have good supply this week and quality remains strong overall.

**Red Cabbage:** Supply remains steady this week.

**Snow Peas:** **Guatemala:** Steady volume, no demand, quality is good/fair. **Peru:** Minimal volume, good quality, no demand. Expecting volumes to increase early September.

**Sugar Snap Peas:** **Guatemala:** Steady volume, no demand, quality is good/fair. **Peru:** Minimal volume, good quality, no demand. Expecting volumes to increase early September.

**Spinach (Bunched):** Current supply is good. Continuing to be observant of quality due to recent hot weather in the Salinas Valley.

**Spinach (Baby):** Current supply is good. Continuing to be observant of quality due to recent hot weather in the Salinas Valley.

**Spring Mix:** Current supply is good. Continuing to be observant of quality due to recent hot weather in the Salinas Valley.

**Sweet Potatoes and Yams:** New crop harvest starts as soon as next week for some sweet potato growers. We are looking at new crop shipments starting in about 6 weeks after they cure. Last year's crop is beginning to dwindle, and inventory is getting tight, but supply should hold to avoid a gap.

**Onions:**

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The FOB pricing on all colors and sizes has stabilized for the time being in Northwest. Supply will continue to ramp up and depending on demand will determine whether pricing remains stable. Both California and New Mexico are essentially done shipping, except for a few sporadic pockets of supply. We should get a good sense of what the supply situation is over the next two months. Growers are optimistic that the early finish in California and New Mexico, coupled with the early volume moving out of the Northwest, should keep supply in line with demand without one region becoming too long. 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:**

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**ESCALATED**

Supply has significantly improved as harvest is now in full swing. We are almost exclusively into new crop Norkotahs with very few storage crop Burabanks available. FOB prices on count cartons, as well as consumer potatoes, have all significantly come down and we expect they will continue to until the market reaches a point of stability. While acreage in Idaho is down approximately 6-7%, it remains to be seen how yields will affect the overall supply this season. Additionally, the USDA Box Program has reached a point of uncertainty as the existing bid period is set to expire, and distributors are waiting to see what the new award will be. 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**

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### **East Coast**

- **Rounds:** Demand is stable, and markets are normal...several local deals are seeing good production and very nice quality out of Alabama, Eastern Tennessee, and North Carolina. In California, pricing has eased back as well on the Mature Green Program, but quality and supply will be impacted by the heat this week, this will have an effect on supply by the 3<sup>rd</sup> week of September.
- **Romas:** Demand is stable, and markets are normal...several local deals are seeing good production and very nice quality out of Alabama, Eastern Tennessee, and North Carolina. In California, pricing has eased back as well on the Mature Green Program, but quality and supply will be impacted by the heat this week, this will have an effect on supply by the 3<sup>rd</sup> week of September.
- **Grapes:** Good volume in quality continues in the East. Quality is very nice.
- **Cherries:** Cherry production has improved out of Tennessee and Virginia. Quality is very nice and FOB prices are down this week.
- **Organic Tomatoes:** Markets mixed this week and quality is fair; limited supply continues.

### **Mexico**

- **Rounds:** Markets are stable this week, however volume crossing through Baja continues to be lighter than normal due to quality issues. Good supply crossing through Texas this week.
- **Romas:** Markets are stable this week, however volume crossing through Baja continues to be lighter than normal due to quality issues. Good supply crossing through Texas this week. Quality is fair, and we are seeing some puffiness due to heat.
- **Grapes:** Good supply and quality crossing through Texas and Otay.
- **Cherries:** Good supply and quality crossing through Texas and Otay.

## **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:** 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.