

# Weekly Market Review

August 28, 2020

## Overview

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Thankfully over the weekend the weather in our growing regions was favorable. Cooler temps and high humidity helped contain fires and lessen the ash and smoke. The overall quality is looking better than expected. Please note, we are seeing some manageable levels of tip burn and heat damage on our leafy items. Growers have done a great job cleaning up ash in the fields and the berry patch is also looking better than we initially thought. Currently, we do not expect to see issues with supply. Lemons are a good buy.

## Market Alert

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

## WATCH LIST

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

## Hurricane Laura

Hurricane Laura made landfall last night as a category 4 storm and has inflicted heavy damage to Louisiana. At this time, we are tracking the storm as it heads north and expected to turn east potentially affecting growing areas in Tennessee, North Carolina, Virginia, Maryland, and New Jersey. We will keep you posted of any updates, should we foresee, and supply issues in the coming week.

## 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

### BAKERSFIELD, CA:

Thu 8/27	Fri 8/28	Sat 8/29	Sun 8/30	Mon 8/31	Tue 9/1	Wed 9/2
99°   73°F	101°   71°F	100°   71°F	98°   71°F	97°   70°F	97°   70°F	98°   71°F
						
Sunny	Sunny	Sunny	Sunny	Sunny	Sunny	Sunny

### ASHVILLE, NC:

Thu 8/27	Fri 8/28	Sat 8/29	Sun 8/30	Mon 8/31	Tue 9/1	Wed 9/2
85°   68°F	85°   70°F	79°   66°F	80°   60°F	80°   63°F	79°   64°F	80°   63°F
						
Mostly Cloudy	PM Thunderstorms	Scattered Thunderstorms	Partly Cloudy	Partly Cloudy	PM Thunderstorms	Partly Cloudy

### OXNARD, CA:

Thu 8/27	Fri 8/28	Sat 8/29	Sun 8/30	Mon 8/31	Tue 9/1	Wed 9/2
76°   62°F	74°   60°F	73°   59°F	71°   59°F	71°   59°F	72°   60°F	74°   61°F
						
Partly Cloudy	Sunny	Sunny	Sunny	Sunny	Partly Cloudy	Partly Cloudy

### SALINAS, CA

Thu 8/27	Fri 8/28	Sat 8/29	Sun 8/30	Mon 8/31	Tue 9/1	Wed 9/2
72°   56°F	76°   57°F	74°   57°F	73°   58°F	74°   58°F	75°   60°F	78°   60°F
						
Partly Cloudy	Partly Cloudy					

### JALISCO, MX:

Thu 8/27	Fri 8/28	Sat 8/29	Sun 8/30	Mon 8/31	Tue 9/1	Wed 9/2
79°   65°F	80°   65°F	78°   65°F	76°   65°F	76°   64°F	79°   64°F	80°   65°F
						
Thunderstorms	Thunderstorms	Thunderstorms	Thunderstorms	Thunderstorms	Thunderstorms	Thunderstorms

## Good Buys

Commodity	Market Update	Produce Expert Tip
Lemons	California lemons and import lemons are available, good quality and supply.	Lemons are such a versatile item that can really brighten any sweet or savory dish! As we enter the cooler months let's give a little homage to summer with this sweet little lemon sorbet recipe! In a saucepan combine sugar and water and boil until the sugar dissolves. Then stir in lemon juice and lemon zest and combine. Then pour into an ice cream maker and churn per the instructions. Yum!

## **Fruits & Vegetables**

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**Avocados:** Peruvian fruit volume rains strong and shippers are looking to push volume. Programed fruit remains steady, but we are seeing shorter supply on 48's, and larger pushing prices higher this week. Overall supply remains stable on 60's and smaller.

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

**Pineapples:** Volume continues to be very low which not just an issue with our production, but with all growers. Weather has been the major cause as major rain was then followed with hot high sun which has created very high brix levels and bent crowns.

**Grapes:** Red grape pricing is up slightly, with green pricing remaining steady.

## **Berries**

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**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:** **ESCALATED** As a result of last week's hot weather in Salinas and Santa Maria there are some light to moderate quality issues (soft and bruised berries) in the field. We are expecting to see a few quality issues continue although mild weather has returned and quality in the fields continues to improve. We are anticipating quality to get much better as we go forward. Most growers are being very selective with what is being packed.

## **California / Arizona Citrus**

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**Valencias:** **ACT OF GOD** Valencia oranges continue to be a challenge, especially on small sizes, as the warmer weather has caused the crop to peak toward larger sizes and the industry continues to harvest fewer 88/113/138's. Quality on the Valencia's is steadily declining as we near the end of the season. A lot of shippers have had issues with softness and lighter color. We are expecting this situation to continue until mid-October when the early Navel season starts.

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

**Limes:** **EXTREME** Lime market is beginning to ease back as transition to newer production ramps up. Large fruit is still extremely tight and 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:** Production volumes are below budget this week. The weather we are experiencing has introduced dehydration and sun scald. Overall demand is steady while markets are firming up.

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

**Red Leaf:** Lower yields and weights. We are seeing light internal tip burn due to warm weather. Market is slightly stronger.

**Iceberg Lettuce:** Supply for this week looks to be steady and right on budget. Quality overall is better than expected after the heat last week, however there are some light heat related issues along with light traces of ash from the fires. The market has been steady to slightly lower this week although we could see the market rebound early next week.

**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:** Steady volume available and quality is very nice from all growing regions.

**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, in a light way next week. We will need to keep a close eye on volume and the potential for bloom drop in new crops out of Oxnard. 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 remains down this week due to quality.

**English Cucumbers:** Volume has declined, and markets remain firm. Canadian volume was hit and miss this week.

**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 ticked up slightly this week.

## Herbs

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The fires are affecting the air quality in Salinas, but we are showing no affects from the fires in Southern California. The heat wave is starting to cool off with little to no damage to our fresh herbs. Marjoram is the only fresh herb that was affected so far. Supplies of basil, chives, mint, parsley, dill, rosemary, thyme and oregano continue to be steady with good quality.

HERB	SUPPLY	QUALITY	COUNTRY OF ORIGIN
Arugula	Steady	Good	USA
Basil	Steady	Good	USA
Opal Basil	Steady	Good	USA/MEXICO
Thai Basil	Steady	Steady	USA/MEXICO
Bay Leaves	Steady	Steady	USA
Chervil	Steady	Steady	USA
Chives	Steady	Steady	USA
Cilantro	Steady	Steady	USA
Dill	Steady	Steady	USA/MEXICO
Epazote	Steady	Steady	MEXICO
Lemongrass	Steady	Steady	USA
Marjoram	Tight Market	Flowering	
Mint	Good	Good	USA
Oregano	Steady	Steady	USA/MEXICO
Italian Parsley	Good	Good	USA
Rosemary	Good	Good	USA
Sage	Good	Good	USA
Savory	Steady	Steady	USA
Sorrel	Steady	Steady	USA
Tarragon	Steady	Steady	USA

Thyme	Steady	Steady	USA
Lemon Thyme	Steady	Steady	USA
Lavender	Steady	Steady	USA
Lime Leaves	Steady	Steady	USA

## Melons

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**Cantaloupe:** There is momentum in the cantaloupe market as we approach Labor Day weekend with higher pricing anticipated. There has been slightly less volume overall than there has been over the past few weeks. Sizing has seen a shift back to 9/9Js with limited availability on 12s and even less on 15s. Quality has been consistently strong on the cantaloupe with a little less color but still very good internal quality. Brix levels remain in the 12-14% range.

**Honeydew:** Some growers still have ample supply of honeydews while others struggle to cover daily orders which has left the market in a stagnant position. Sizing has been peaking on the 5s but there has been plenty of 6/8s to cover those orders calling for those sizes. The honeydew externally remains mostly clean with solid internal quality. If you like honeydews, this is the best time of the year to enjoy them due to their higher sugar and flavor.

**Watermelon:** **WATCH LIST** Watermelon prices are stronger this week and supply is limited due to rain and viral pressure.

## 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, market slightly higher. We anticipate steady demand, with no substantial 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. Market is stronger!

**Brussels Sprouts:** Supply looks to be slightly under budget for the coming week but there should be no interruptions in availability. Quality remains generally good to very good, and some elongated stems are 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:** Quality is fair with some burnt tops in the next two fields due to excessive heat. The market is steady.

**Corn:** **WATCH LIST** Markets are firming up this week and FOB quotes are slightly higher out of Michigan and New York. In the west, markets are firmer and supply extremely light due to crop loss from the heat wave last week.

**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:** Steady supply available crossing through McAllen.

**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 steady 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:**

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:**

Supply has significantly improved as harvest is now in full swing. We are exclusively into new crop Norkotahs with Burbanks being done entirely. 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. Early reports are showing a larger size profile on Norkotahs, which is typically indicative of good yields. However, there are still plenty of harvest and storage factors that can alter this supply situation significantly. 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 firmed up this week due to lighter crossings through McAllen as well as Otay Mesa resulting in an uptick in pricing due to quality issues and crop transitions. We expect volume to improve later 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:** California apricots are finished for the season.

**Cherries:** California cherries are finished for the season.

**Peaches:** Good supply and quality available out of California, Georgia, and South Carolina.

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