

Weekly Market Review

September 18, 2020

Overview

There is damage overall from the heat that we experienced last weekend, and this is showing up on arrivals. We are seeing industry-wide issues, shortages in supply, and disease and heat related quality issues. The items impacted include broccoli, spinach, romaine, berries, oranges, iceberg, and tender leaf. Broccoli, corn, english cucumbers, pole cucumbers, grape tomatoes, eggplant, romaine, and spinach are **ESCALATED**. Strawberries, garlic and ginger are **EXTREME**, and valencias are in an **ACT OF GOD**.

Market Alert

- Broccoli - **ESCALATED**
- Corn - **ESCALATED**
- Cucumbers - **ESCALATED**
- English Cucumbers - **ESCALATED**
- Eggplant - **ESCALATED**
- Garlic - **EXTREME**
- Ginger - **EXTREME**
- Lettuce (Iceberg) - **ESCALATED**
- Limes - **ESCALATED**
- Peppers (Yellow and Green) - **ESCALATED**
- Romaine - **ESCALATED**
- Spinach/Baby Spinach - **ESCALATED**
- Strawberries - **EXTREME**
- Tomatoes (Grape & Round) (**East**) - **ESCALATED**
- Tomatoes (Organic) - **EXTREME**
- Valencias - **ACT OF GOD**

WATCH LIST

- Green Beans - West Coast
- Mushrooms
- Squash (Green and Yellow) - East Coast
- Roma and Cherry Tomatoes
- Watermelon

Transportation

Freight rates are staying firm due to high demand and light availability. LTL Trucks are particularly difficult to source, and national fuel prices were up slightly. East Coast is averaging \$2.52/gallon, while California's average for diesel remains the highest at just under \$3.27/gallon.

Weather

OXNARD, CA:

Thu 9/17	Fri 9/18	Sat 9/19	Sun 9/20	Mon 9/21	Tue 9/22	Wed 9/23
74° 61°F	75° 60°F	72° 57°F	67° 55°F	66° 55°F	67° 56°F	69° 58°F
						
Partly Cloudy	Partly Cloudy	Sunny	Sunny	Partly Cloudy	Sunny	Sunny

SALINAS, CA

Thu 9/17	Fri 9/18	Sat 9/19	Sun 9/20	Mon 9/21	Tue 9/22	Wed 9/23
70° 58°F	71° 56°F	68° 54°F	72° 55°F	66° 53°F	65° 54°F	70° 55°F
						
AM Clouds/PM	AM Clouds/PM	Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy

MOULTRIE, GA:

Thu 9/17	Fri 9/18	Sat 9/19	Sun 9/20	Mon 9/21	Tue 9/22	Wed 9/23
80° 69°F	82° 68°F	74° 59°F	71° 56°F	73° 54°F	74° 55°F	76° 58°F
						
AM Showers	Mostly Cloudy	Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy

HERMOSILLO, MX

Thu 9/17	Fri 9/18	Sat 9/19	Sun 9/20	Mon 9/21	Tue 9/22	Wed 9/23
110° 81°F	107° 79°F	105° 79°F	105° 79°F	104° 79°F	105° 80°F	108° 80°F
						
Sunny	Sunny	Sunny	Mostly Sunny	Mostly Sunny	Sunny	Sunny

JALISCO, MX:

Thu 9/17	Fri 9/18	Sat 9/19	Sun 9/20	Mon 9/21	Tue 9/22	Wed 9/23
79° 65°F	83° 67°F	84° 66°F	84° 66°F	83° 66°F	84° 67°F	86° 66°F
						
Thunderstorms	Thunderstorms	PM Thunderstorms	Thunderstorms	Scattered Thunderstorms	Thunderstorms	PM Thunderstorms

Good Buys

Commodity	Produce Expert Tip
Pears	Grilling season is coming to an end, so what better way to send it off than with throwing one of your favorite produce items on the grill? Slice pears in half and core them with a melon baller. Brush them with melted butter and place them on the grill flesh side down. Cook until you see beautiful grill marks and then sprinkle with some salt and cinnamon for a sweet and salty bite!
Kiwi	Kiwi is stellar in a cocktail! Try mixing up your night-cap or late summer vibe with a kiwi mojito. Cut and peel 3-4 kiwi fruit and place them in a glass, add a splash of simple syrup, mint, lime juice, and crush the ingredients. Add 1 oz of rum, or sparkling water instead for a mocktail version of this drink. Enjoy!

Fruits & Vegetables

Avocados: Peruvian fruit is still on track to mostly finish by the end of the month and California is winding down with volume into October. While Mexico has good supply, we have seen a shift in size with trees yielding more large fruit and less small fruit. As a result, availability on small fruit has tightened significantly and larger sizes are more available. There is an expectation for the incoming Aventajada crop to somewhat normalize the size curve which will hopefully bring balance. The new crop will start coming in over the next few weeks.

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

Pineapples: Volume continues to be low but improving especially regarding the larger sizes. Quality is extremely high. We should see good quality and supply for the remainder of 2020.

Grapes: Currently, green grapes are sizing big. There is little to no volume on small green grapes. The green grape variety at this time are primarily Autumn Kings. Red grapes are showing good quality, and pricing is steady.

Berries

Blueberries: Although the PNW is far past peak production, their fruit is still the main driver for most of our supply line and will remain for another week to 10 days. We have some offshore production; however, this is very light and will remain that way. Our transition into Mexican production has started; however, most of the production will remain in Mexico. Over the next several weeks, we will start to see an increase in their production and once this happens, we will start to see some of this product trickle into our DC's in California.

Blackberries: Some lingering effects from the heat event we experienced over the last two weeks has caused disruption in our supply. The weather forecast calls for more heat next week, and we will continue to monitor quality and inform you if there is an additional impact to our already short production. Domestic production will continue to wind down through the month of September and October, while Mexico's production will increase.

Raspberries: Solid production continues this week. Although our volume is at very good levels now, we will see a slight reduction in the coming weeks through September as domestic production starts its gradual decline. By the third week of September, Central Mexico's contribution to our volume will grow, and by early October will dominate in its contribution to our supply.

Strawberries: **EXTREME** Due to another heat event in September, we have extreme conditions that have significantly disrupted supply. We have seen more instances of pin rot and malformed fruit in each district. In addition, fires throughout California have maintained smoke layers, which has limited our plants sun exposure, slowing down fruit development, along with cooler degree days delaying our off-cycle production in Santa Maria and Oxnard. We believe supply will be impacted negatively beyond two weeks, with lower volumes forecasted.

California / Arizona Citrus

Valencias: **ACT OF GOD** This season's orange crop has been one of the most challenging we have seen in years. Warmer weather has caused the crop to peak very early. Navels are tentatively scheduled to start around October 18th and most growers will be done with Valencia's within a week or two, which will cause a gap in supply. Growers are already calling an Act of God because they are done for the season. Please expect to see EXTREME shortages to virtually no product available for a two-week period. We are doing our best to

secure as many oranges as we can to prepare for this situation and expect things to get much better around October 18th.

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

Limes: **ESCALATED** Regardless of some rain this week down in Mexico the market steady. However, we expect over the next couple of days, and going forward, that there will be more supply. Since its new crop the fruit is on the smaller end, but as that market comes off, we should start to see bigger fruit ease in pricing. Currently, the crossings on big fruit are very light and we will do our best to fulfill those sizes.

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

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 slightly better.

Green Leaf: Production volumes are steady for the week. Overall quality is nice; however, we are seeing increased occurrences of sun scald, dehydration, and wind/fringe burn. Markets are forecasted to stay strong.

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

Iceberg Lettuce: **ESCALATED** Supply continues to decrease, and quality has been fair. The market has been active and will continue to be active all week due to lighter supply. Potential forecast for higher pricing.

Romaine & Romaine Hearts: **ESCALATED** Romaine and romaine hearts remain well below normal budget volumes. We have been, and will continue to, experience increased fringe/tip burn, sun scald, light weights, and occasional dehydration. We expect reduced supply to continue and expect markets to remain strong at elevated levels.

Eastern and Western Vegetables

Green Bell Pepper: **ESCALATED** Overall demand has been good and volume in the west has tightened up due to the heat while in the east the remaining crops in North Carolina are about to get washed out by Tropical Storm Sally. We have seen markets skyrocket this week and expect them to remain active until we completely dry in South Georgia and ramp up production. Currently, quality is hit and miss in the east and fair in the west.

Red Bell Pepper: Red bell market is easing back as production out of Oxnard and Somis are ramping up. Central Valley is done for the season and will continue to watch for potential bloom drop in new crops out of Oxnard. Supply crossing through Texas has improved as well. Good volume on Hot House are available this week.

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: Steady volume continues, 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 is firming up and prices on all varieties are on the rise due to heavy precipitation in Central Mexico. Texas remains light on tomatillo, Anaheim, poblano, jalapeno and caribe peppers. East coast supply is limited as the local deals wind up. You should expect delays in South Georgia due to heavy rains from Tropical Storm Sally.

Eggplant: ESCALATED Volume has decreased as local deals wrap up. The transition to South Georgia has begun on a rough note due to the heavy rains affecting the region. We should see this improve as the region dries out this week. Demand is moderate. In the west, markets have firmed up as supply has tightened due to heat related quality issues. We may see new crop crossing through Nogales in two weeks.

Cucumbers: ESCALATED Cucumber demand remains the same, and FOB prices are up again this week. Quality is good in the west crossing through Otay Mesa, but volume is off. Crossings through South Texas is improving while east coast volume is extremely short and will be escalated this week. Local deals are wrapping up and we are transitions to South Georgia over the next 10 days. Nogales is starting to see a few crossings this week.

English Cucumbers: ESCALATED Volume has dried up and markets are extremely active due to lighter volume as local deals wrap up on pole cucumbers in the east.

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, South Georgia, and California) Soft squash supply in the east will be hit and miss as Michigan, and North Carolina wrap up. South Georgia has started, however may see some delays this week as Tropical Storm Sally brings heavy rain to the region. In the west, overall quality and supply is good. Pricing remains mixed this week. New crop will begin crossing through Nogales in a light way this week.

Herbs

The recent heat wave has caused some issues with our local basil. We have moved to our Mexico growers and will be starting off earlier than normal this season. We do have basil and the first harvest has started. Quality is pretty good but there may be a leaf of two that show some spots. All other herbs seem to be steady with no reported heat related quality issues.

HERB	SUPPLY	QUALITY	COUNTRY OF ORIGIN
Arugula	Steady	Steady	USA
Basil	Steady	Steady	USA/MEXICO
Opal Basil	Steady	Steady	USA/MEXICO
Thai Basil	Steady	Steady	USA/MEXICO
Bay Leaves	Steady	Steady	USA
Chervil	Steady	Steady	USA
Chives	Steady	Steady	MEXICO

Cilantro	Steady	Steady	USA
Dill	Steady	Steady	USA/MEXICO
Epazote	Steady	Steady	MEXICO
Lemongrass	Steady	Steady	USA
Marjoram	Limited	Flowered	USA/MEXICO
Mint	Good	Good	USA
Oregano	Limited	Steady	USA/MEXICO
Italian Parsley	Good	Good	USA
Rosemary	Good	Good	USA
Sage	Good	Good	USA
Savory	Limited	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

Cantaloupe: Overall cantaloupe supply has plummeted over recent days as some growers are experiencing either a skip in production or the effects from the poor air quality due to the California wildfires. A blanket of smoke has hovered over the valley which has negatively affected the growing cycle of the melons as well as wreaked havoc on field crews attempting to harvest melons. We expect supply to remain affected by the elements over the next several weeks which will cause availability to remain in a very short position with markets holding strong. Cantaloupe quality has been solid with mostly 9s being produced followed by 12s. Melons are more on the greener side due to the conditions (lack of sunlight) but have had good internal quality with brix levels still in the 12-14% range.

Honeydew: Honeydew production has also shortened up for the same reasons as above. Sizing for some growers has been mostly 5s while the production of others has focused on smaller sizes (8/9s).

Watermelon: **WATCH LIST** Watermelon prices are stronger this week and supply is limited due to rain and virus pressure in the mid-Atlantic. Steady volume in the west out of Texas, Nogales, and California

Mixed Vegetables

Artichokes: Light supply of artichokes continue this week and quality is good. We expect light volume to continue through at least the middle of September, possibly longer. Prices are steady.

Arugula: Supply and quality are good.

Asparagus: Peru: Good volume, good quality, and steady demand. Mexico: Looking to start beginning of October.

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

Broccoli / Broccoli Florets: **ESCALATED** Supply is lighter due to the recent heatwave and we are seeing reduced yields. The market is very strong.

Brussels Sprouts: We are expecting good supply on sprouts for the coming week. Quality challenges remain and some discoloration from mildew and insect pressure 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: Average supply available. Quality is fair with some heat related issues in the fields due to the recent heat waves. The market is steady, business is good on celery, and we are expecting a slight increase in the market next week.

Corn: **ESCALATED** Demand exceeds supply in many markets in the east and supply will remain short pushing demand to California. Prices are higher this week.

Cilantro: Lighter supply. The market is stronger.

Fennel: We should have good supply on fennel this week. We will see a majority of 24/30ct this week with extra volume available to sell, while 18ct will be normal with just enough to cover our regular business. Quality remains strong overall.

Garlic: **EXTREME** We are about 65-70% complete with our 2020 late California harvest. To date, the yields are unfortunately around 5-7% less than estimated. However, the quality of the raw material remains a little above average. For the remaining 3 weeks, we're hoping to hold steady. The market for domestic garlic remains strong. Concerning Chinese product, the whole bulb market had decreased considerably, but the Chinese peeled market remained high. In the past few weeks, the Chinese peeled price has also softened.

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 is stable. Market is slightly stronger.

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 good, and the market is steady.

Parsley (Curly, Italian): Limited supply this week because of the recent heat waves.

Rapini: We are expected to be well below budget this week. We are running into some brown bead out in the field due to the heatwave we had a couple weeks ago. This has decreased our overall yields and reduced our numbers for the week.

Red Cabbage: Supply is plentiful with great quality.

Snow Peas: Guatemala: Low Volume due to production/weather, good demand quality is fair. Peru: Steady / low volume, good quality, good demand. Expecting volumes to increase early October.

Sugar Snap Peas: Guatemala: Low Volume due to production/weather, good demand quality is fair. Peru: Steady / low volume, good quality, good demand. Expecting volumes to increase early October.

Spinach (Bunched): **ESCALATED** Supply and quality are marginal. Market is higher.

Spinach (Baby): **ESCALATED** Supply and quality are marginal. Market is higher.

Spring Mix: Supply and quality are poor.

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 continues to be plentiful as harvest is in full swing. We are exclusively into new crop Norkotahs. 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. We will not see Burbanks for another 6 weeks approximately. During that time, I expect the market will find its footing and pricing should stabilize as harvest will be over with. The situation to watch is the snowstorms in Colorado. Their harvest is still under way, and there is concern that a large portion of their crop could be in danger. If that does happen, it will affect the overall available supply for both the processors and the fresh market. We would likely see all FOBs remain elevated through much of the year if that does take place. We did see a spike in consumer volume as the USDA Box Program has been extended for another three weeks before any awards are being issued. This sent buyers into a bit of tailspin as they needed to react fast and load heavy on new inbound shipments. 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: ESCALATED** Markets are extremely active in the east. Mid-Atlantic and Michigan production is slowing down quickly shifting demand to the south where Tennessee is starting to wind down as well. Alabama volume has been good but like most southeastern tomato regions. Tropical Storm Sally will dump heavy rain affecting the fruit remaining on the plants and could cause a supply GAP until South Georgia ramps up in approximately ten days. We are watching this closely and will continue to evaluate the situation as the fields dry out this week. In California, the pricing trend continues upward as the Mature Green Program is expected to finish up weeks early, which will drive demand to Mexico. We will see escalated, and potentially, triggered pricing either this week or next.
- **Romas: WATCH LIST** Higher demand due to lower round volume is driving FOB prices up. Quality is good out of Alabama, Eastern Tennessee, and North Carolina but expected to wind down rapidly due to the heavy rain Tropical Storm Sally is bringing to the region. In California, the market will be active as production is winding down rapidly due to the ongoing pressure on the crop from the excessive heat. Markets are up slightly this week and expected to continue rising the rest of the week. We should see triggered or escalated pricing this week or next week. Markets will remain active through the rest of September and possibly first week of October.
- **Grapes: ESCALATED** Volume and quality have dropped significantly as crops finish up early in New Jersey and Virginia. We expect a very active market for the next two weeks until we see new crop production out of South Georgia. Tropical Storm Sally may delay the transition driving prices even higher next week.
- **Cherries: WATCH LIST** Cherry production will wind down rapidly due to the heavy rain that will impact the region over the next 48 hours due to Tropical Storm Sally and may end production prematurely out of Tennessee and Virginia. Quality is mixed and FOB prices are higher this week. We should see transition to South Georgia on this item and grape tomatoes in two weeks.
- **Organic Tomatoes: EXTREME** There is a very limited supply and expect this to remain the situation until we transition to Florida next month.

Mexico

- **Rounds: WATCH LIST** Markets remain firm and prices are significantly higher this week due to lighter crossings and higher demand from the east. We do expect volume to improve over the next three weeks as fall production ramps up in Southern Baja. Central Mexico continues to produce lighter numbers this week but should see additional volume from the mountain regions any day. Markets are

expected to remain active until we transition to South Georgia and Florida early next month taking pressure off the Mexican supply chain.

- **Romas: WATCH LIST** Markets ticked up this week as we see increased demand from the east. Quality is very nice. We do expect the markets to continue firming up as supply in the east on rounds and romas decreases and local deals wrap up. We still expect Southern Baja roma production is expected to begin in three weeks.
- **Grapes: WATCH LIST** Good supply and quality crossing through Texas and Otay. Markets are firming up with increased demand in the east as supply on the local deals wrap up. Markets should be very active over the next two weeks.
- **Cherries:** Good supply and quality crossing through Texas and Otay.

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

Peaches: Good supply and quality available out of California and Washington.

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