

Weekly Market Review

September 24, 2020

Overview

We have experienced very hot weather in our Salinas Valley growing region. Some areas in the Salinas Valley have reached upwards to 108 degrees for several days straight. We are now seeing the repercussions of this heat wave which has stressed the plants and compromised cell structure. As a direct result, we are now dealing with a disease in our fields called INSV/ Impatiens Necrotic Spot Virus, which has killed our yields and normal growth patterns of commodities. We are seeing a massive amount of acreage devastated by this virus. For these reasons, we are now seeing bruising to black discoloration, sun scald, tip burn, fringe burn, and other heat related quality issues, as well as a significantly lower yield per acre causing the whole industry to have severe shortages and quality issues. Many of the commodities impacted include iceberg, romaine, tender leaf items, broccoli, baby leaf and berries.



Overall, our industry is seeing severe shortages in product. Currently, we are only able to harvest about 40% as a result of disease and quality. **Please see the picture, to the right, of our field.**

Market Alert

- Berries (All) - **EXTREME**
- Broccoli – **EXTREME**
- Cabbage (Green) – **ESCALATED**
- Cilantro - **ESCALATED**
- Corn - **ESCALATED**
- Garlic - **EXTREME**
- Ginger - **EXTREME**
- Lettuce (Iceberg, Butter, Green Leaf, Romaine) - **EXTREME**
- Limes - **ESCALATED**
- Peppers (Yellow and Green) - **ESCALATED**
- Spinach/Baby Spinach – **ESCALATED**
- Squash (Green and Yellow) East Coast - **ESCALATED**
- Tomatoes (Grape & Round) - **ESCALATED**
- Tomatoes (Organic) - **EXTREME**
- Valencias - **ACT OF GOD**

WATCH LIST






- Cucumber
- English Cucumber
- Eggplant
- Green Beans - West Coast
- Mushrooms
- Squash (Green and Yellow) - West Coast
- Roma and Cherry Tomatoes

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 9/24	Fri 9/25	Sat 9/26	Sun 9/27	Mon 9/28	Tue 9/29	Wed 9/30
73° 56°F	71° 56°F	71° 58°F	73° 58°F	77° 62°F	80° 64°F	80° 64°F
						
Sunny	Sunny	Sunny	Sunny	Sunny	Sunny	Sunny








SALINAS, CA

Thu 9/24	Fri 9/25	Sat 9/26	Sun 9/27	Mon 9/28	Tue 9/29	Wed 9/30
76° 55°F	69° 54°F	81° 60°F	90° 63°F	93° 66°F	86° 64°F	85° 64°F
						
Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy








MOULTRIE, GA:

Thu 9/24	Fri 9/25	Sat 9/26	Sun 9/27	Mon 9/28	Tue 9/29	Wed 9/30
81° 70°F	84° 71°F	85° 69°F	85° 70°F	85° 68°F	85° 63°F	78° 54°F
						
PM Showers	Thunderstorms	Partly Cloudy	Partly Cloudy	Partly Cloudy	Partly Cloudy	Sunny

HERMOSILLO, MX

Thu 9/24	Fri 9/25	Sat 9/26	Sun 9/27	Mon 9/28	Tue 9/29	Wed 9/30
109° 77°F	107° 76°F	106° 77°F	110° 78°F	111° 79°F	108° 79°F	109° 78°F
						
Sunny	Sunny	Sunny	Sunny	Sunny	Sunny	Sunny

JALISCO, MX:

Thu 9/24	Fri 9/25	Sat 9/26	Sun 9/27	Mon 9/28	Tue 9/29	Wed 9/30
88° 66°F	86° 66°F	85° 66°F	85° 67°F	87° 67°F	84° 67°F	87° 65°F
						
Partly Cloudy	PM Thunderstorms	PM Thunderstorms	Partly Cloudy	PM Thunderstorms	Scattered Thunderstorms	PM Thunderstorms

Good Buys

Commodity	Market Update	Produce Expert Tip
Red Bell Pepper	Red bell market is steady, and supply is good out of Oxnard and Somis. Supply crossing through Texas has improved as well. Good volume on Hot House are available this week.	Did you know that red bell peppers are the sweetest variety of bell peppers? They are packed with vitamins and nutrients, making it one of the healthiest veggies you can eat! Whip up a savory side dish for your meals by cutting 2 red bell peppers and 2 red onions into strips. Sauté them along with oil and butter in a pan over medium heat for 2 minutes or until they soften. Season with salt, pepper, and basil. Enjoy!

Fruits & Vegetables

Avocados: We are still seeing solid harvest from Mexico, as there appears to be enough fruit on the trees. The current crop is leaning towards more big fruit and less small fruit, causing the market to come off on big sizes and tighten on small. Peru will mostly be out of the marketplace by the end of month, while California will continue through October on the West Coast.

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

Pineapples: Volume continues to be low but improving. Quality is extremely high, and we should see good quality and supply for the remainder of 2020.

Grapes: Green grapes are currently sizing big and there is little to no volume on small green grapes. Greens grapes are primarily Autumn Kings. Red grapes are showing good quality and pricing is steady.

Berries

Blueberries: **EXTREME** Peru began last month with light volume and will continue to ramp up through year-end. The Mexico season has begun and is ramping up quickly. Baja volumes will continue with light production until the fall. We are post-peak in the Pacific North West, and we will continue to see volume decreasing quickly for the next couple weeks.

Blackberries: **EXTREME** We expect supply to remain low through mid-October. Volume will begin to gradually increase when Mexico contribution increases. Oregon and New Jersey will conclude their season this week.

Raspberries: **EXTREME** Volume continues to be low as a result of negative effects from the extreme heat across all CA regions. Volume is now expected to remain short through September, slowly up trending into a late-October.

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 sun exposure to our plants and has caused fruit development to slow down. In addition to the fires throughout CA, cooler degree days are delaying our off-cycle production in Santa Maria and Oxnard. We believe supply will be negatively impacted 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: EXTREME Supply is below normal due to the very hot weather and virus in our fields.

Green Leaf: EXTREME Supply is tight, and we are seeing increased occurrences of sun scald, dehydration, and wind/fringe burn. Markets is active and pricing is higher.

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

Iceberg Lettuce: EXTREME Supply is poor due to drastic crop losses caused by the two heat waves in the last month and INSV disease in the fields. Quality is poor and shelf life is not at its best due to soil conditions. The market is extremely high, and we are hearing reports that this may improve slightly in two weeks. However, we are expecting another heat wave and will know more about the long-term effects by the end of next week.

Romaine & Romaine Hearts: EXTREME Supply on romaine and romaine hearts will remain tight. We will continue to experience increased fringe/tip burn, sun scald, light weights, and occasional dehydration due to the heat and deceased fields. Reduced supply and elevated markets are expected.

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 (North Carolina) the remaining crops 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 are completely dry in South Georgia and ramp up production. Currently, quality is hit and miss in the east and fair in the west. We expect markets to ease back over the next 1-2 weeks

Red Bell Pepper: Red bell market is steady, and supply is good out of Oxnard and Somis. Supply crossing through Texas has improved as well. Good volume on hot house are available this week.

Yellow Pepper: ESCALATED Yellow bell market is mixed as volume begins to improve. Canadian deals are ramping up and quality is very nice in all regions.

Mini Sweet Pepper: Lighter supply 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 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.

Eggplant: WATCH LIST The transition to South Georgia has begun and volume will be increasing 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 next week.

Cucumbers: WATCH LIST Cucumber demand remains the same, and FOB prices easing back as production ramps up out of South Georgia. We are also seeing improved volume out of Otay Mesa and South Texas. We should see local deal wrap up this week, Nogales volume will continue to increase weekly as fall production begins out of Hermosillo.

English Cucumbers: WATCH LIST Volume seems to be improving and demand seems to be easing back as new crop volume ramps up on pole cucumbers in new growing regions.

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, South Georgia, California, and Mexico) ESCALATED - EAST COAST Soft squash supply will improve as production in South Georgia ramps up. Local deals in Michigan, and North Carolina should wrap up sometime next week. In the west, overall quality and supply should improve out of California; however, FOB prices remain firm, and we are seeing volume increase daily out of Nogales.

Herbs

We are in transition with our basil supply. The two long heat waves and fires ended the local growing season early and our growers have moved to Baja Mexico for the winter. We have started a little earlier than expected but supply remains steady. We will have one more week of getting the logistics and rotation down and we should be back to our normal steady supply and quality. This of course is all based on the weather.

All other herbs remain steady and in good supply. Mint and parsley are looking very strong this week as is dill and chives.

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: Cantaloupe production has still been mostly 9/9Js with few 12/15s, but we anticipate a shift to smaller sizing to occur over the next week. Quality, even with the wildfire issues, has remained consistently good especially internally. Melons have shown brix levels holding mostly in the 12-13% range.

Honeydew: Honeydew production has also decreased but does not have the same support from the USDA box program that cantaloupes have leaving the market steady. 5/6s have been mostly tight with some growers receiving higher numbers of smaller fruit (8/9s). Quality has been affected by some of the poorer weather conditions so anticipate seeing more scarring on the melons.

Watermelon: Market will be stable this week and demand flat. We expect North Carolina and Delaware to wrap up this weekend and very limited supply out of Alabama due to damage from Tropical Sally. Steady volume in the west out of Texas, Nogales, and California. We should start to see watermelons out of Florida and offshore should start Mid-November.

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 and quality. Mexico: Looking to start beginning of October.

Bok Choy: Supply is expected to remain steady.

Broccoli / Broccoli Florets: **EXTREME** Yields and supply continue to be limited due to the adverse weather in the Salinas area. Quality is better although we are seeing some quality defects continue.

Brussels Sprouts: We are expecting better supply due to improved quality.

Carrots: Supply is good for all regular customers. We have regional locations that are ready for Cellos order. Quality and supply are in great shape.

Cauliflower: Due to quality issues we are seeing a lack of availability causing cauliflower to become shorter in supply and higher in pricing.

Celery: Market looks to be slightly higher next week although celery is still aggressively priced compared to most other items.

Corn: **ESCALATED** Demand exceeds supply in many markets in the east and supply will remain short pushing demand to California. We will see quality issues on corn out of South Georgia due to wind damage from Tropical Storm Sally. Prices are higher this week.

Cilantro: **ESCALATED** Supply is expected to be tight.

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: **ESCALATED** Lower supply expected through 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 good, and the market is steady.

Parsley (Curly, Italian): Limited supply is expected through next week.

Rapini: Supply is lower this week. We are seeing quality issues due to the heatwave we had a couple weeks ago.

Red Cabbage: Supply is plentiful with great quality.

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

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

Spinach (Bunched): **ESCALATED** Better supply and quality is improving.

Spinach (Baby): **ESCALATED** Better supply and quality is improving.

Spring Mix: Better supply and quality is improving.

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 will most likely finish up this week quickly shifting demand to the south where Tennessee is starting to wind down as well. Alabama volume has been good. 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 2-3 weeks. 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 pricing for the next several weeks.
- **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 middle 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. We expect active markets through the second week of October.
- **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: ESCALATED** Demand from California and the east coast continue to drive prices higher this week on an already short Mexican Round market. We continue to see significantly lighter crossings as summer regions wind down and transition to fall production begins in Central Mexico. We do expect volume to improve over the next three weeks as we see Southern Baja production scratch, but its critical volume increases out of Central Mexico to absorb the bulk of the demand from the east. We do expect very active markets for at least three weeks until we transition to South Georgia and Florida take place; this should take pressure off the Mexican supply chain.
- **Romas: WATCH LIST** Markets ticked up this week as we see increased demand from the east. Quality remains very nice, however expect to see some issues on the horizon as the older shade house production slows down and transition to the fall crop begins later this week. We do expect the markets to continue firming up as supply in the east on rounds and romas decreases and the local deals wrap up. We still expect Southern Baja roma production to start in approximately three weeks. We do forecast an active market for at least three weeks when we expect Georgia and Florida roma production to start.
- **Grapes: ESCALATED** Good supply and quality crossing through Texas and Otay. However, we expect supply to firm up as demand from the east moves to Mexico and local deals wrap up. Markets should be very active over the next two weeks until South Georgia and Florida begin production.
- **Cherries: WATCH LIST** Supply is firming up this week, quality remains decent this week 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.