

Weekly Market Review

May 3, 2021

Overview

Transition to Salinas is complete. Quality and supply are good on most items except for Cauliflower which will remain tight through next week. The pole cucumber market has turned, as we transition growing regions while dealing with existing crops that were affected by cooler weather, and we should see tighter markets for the next 2 weeks. The green bean market has become extremely short, and supplies are limited. Florida has experienced major rain last weekend, combined with above normal temperatures, which will hamper quality and supply for the next few weeks. South Georgia will be delayed due to the same weather that impacted Florida. In the west, limited supply is crossing from Mexico as the season winds down and Coachella supply is still very light. Banana markets remain firm due to the Force Majeure declared by major global banana suppliers. Growers have suffered major damage to crops and infrastructure, causing a large ripple in the supply chain. We expect an escalated banana market through at least the first quarter of 2021. Limes are very short, particularly in the larger sizes, and we will remain in a Force Majeure with our suppliers. As a result, we expect a very active lime market through the end of May. Avocados remain very active due to higher demand, and lower volume estimates coming out of Mexico due to yield loss. California estimates were revised down and expect a very active market until Peruvian fruit arrives late May. Freight rates are skyrocketing due to shortages on equipment and rising fuel prices. We will start to see some transition in bell pepper supply from Mexico to Coachella over the next few weeks.

Market Alert

- Avocados – **ESCALATED**
- Bananas – **ACT OF GOD/FORCE MAJEURE**
- Berries (Raspberries, Blackberries and Strawberries) – **ESCALATED**
- Carrots (Jumbo) – **ESCALATED**
- Cauliflower - **ESCALATED**
- Garlic – **EXTREME**
- Ginger – **EXTREME**
- Green Beans - **ESCALATED**
- Limes – **ACT OF GOD/FORCE MAJEURE**
- Pears (Smaller Sizes) - **EXTREME**

Watch List

- Apples (Small size Granny Smith)
- Berries (Blueberries)
- Cucumbers
- Mushrooms
- Transportation

Transportation

Freight rates are at record highs due to record demand for trucks and drivers as the Nation emerges from the COVID 19 Pandemic. Programs such as The USDA Box Program, vaccine distribution and FEMA jumping in to provide emergency supplies to those in need have all had impacts on the market averages using all available capacity and driving costs up. Unfortunately, we do not see any relief on the horizon as our industry is set to transition from Yuma to Salinas which is expected to drive rates even higher. National fuel prices have been

jumping daily since January 4th; the national average price per gallon for fuel has increased over 20% from \$2.64 per gallon to over \$3.16 per gallon with the east coast averaging \$3.13/gallon and California averaging \$3.98/gallon. Produce Alliance and its Members are working to negotiate the best freight rates with the most reliable freight companies. We thank you for your partnership as we work through this extremely challenging period facing our industry.

Weather

OXNARD, CA:

Thu 4/29	Fri 4/30	Sat 5/1	Sun 5/2	Mon 5/3	Tue 5/4	Wed 5/5
74° 54°F  Sunny	73° 52°F  Sunny	66° 52°F  AM Clouds/PM	65° 52°F  Partly Cloudy	68° 53°F  Sunny	71° 54°F  Sunny	73° 55°F  Sunny

YUMA, AZ:

Thu 4/29	Fri 4/30	Sat 5/1	Sun 5/2	Mon 5/3	Tue 5/4	Wed 5/5
98° 66°F  Sunny	101° 68°F  Sunny	102° 65°F  Partly Cloudy	96° 64°F  Sunny	94° 63°F  Sunny	96° 65°F  Sunny	98° 66°F  Sunny

IMMOKALEE, FL

Thu 4/29	Fri 4/30	Sat 5/1	Sun 5/2	Mon 5/3	Tue 5/4	Wed 5/5
92° 67°F  Partly Cloudy	93° 65°F  Partly Cloudy	94° 67°F  Partly Cloudy	93° 68°F  Partly Cloudy	95° 69°F  Partly Cloudy	96° 70°F  Isolated Thunderstorms	96° 70°F  Mostly Sunny

VIZCAINO, BAJA SUR

Thu 4/29	Fri 4/30	Sat 5/1	Sun 5/2	Mon 5/3	Tue 5/4	Wed 5/5
85° 71°F  Sunny	83° 71°F  Sunny	83° 70°F  Sunny	88° 61°F  Mostly Sunny	80° 61°F  Sunny	78° 64°F  Sunny	81° 66°F  Sunny

CULIACAN, MX:

Thu 4/29	Fri 4/30	Sat 5/1	Sun 5/2	Mon 5/3	Tue 5/4	Wed 5/5
93° 60°F  Sunny 0 in	92° 60°F  Sunny 0 in	92° 61°F  Sunny 0 in	93° 60°F  Mostly Sunny 0 in	93° 60°F  Mostly Sunny 0 in	94° 59°F  Sunny 0 in	95° 62°F  Sunny 0 in

SALINAS, CA:

Thu 4/29	Fri 4/30	Sat 5/1	Sun 5/2	Mon 5/3	Tue 5/4	Wed 5/5
91° 51°F  Partly Cloudy	88° 52°F  Partly Cloudy	82° 53°F  Partly Cloudy	86° 60°F  Sunny/Wind	89° 58°F  Sunny/Wind	92° 56°F  Sunny	92° 55°F  Sunny

Good Buys

Commodity	Market Update	Produce Expert Tip
Brussel Sprouts	Good supply and quality is excellent.	
Corn	We are seeing good volume and quality out of Florida and California this week.	There is nothing better than fresh corn!

Fruits & Vegetables

Avocados: **ESCALATED** Volume will continue to tighten up, pushing FOB prices higher as we see lighter numbers crossing from Mexico due to revised volume and higher demand. We continue to observe the spring crop as we see losses due to freezing temps in the region earlier in the year. Revisions to the California avocado estimates have been down. We expect active markets until we see relief from Peru in late May.

Bananas: **ACT OF GOD** We have seen an increase in demand as the weather is getting better in the U.S. Supply is still lower due to the hurricanes in 2020 and quality should not be an issue at this time.

Pineapples: We are still experiencing lower than desired volumes on larger pineapples while smaller sizes are available in any quantity. The quality is high, and we anticipate volume on the larger pineapples to pick up shortly.

Grapes: We have finished bringing in green grapes as the quality coming into Holt has been poor over the last few weeks. Red grapes will continue coming into Holt for the next few weeks but will transition to Mexico come mid-May.

Berries

Strawberries: **ESCALATED** We expect volumes to increase gradually the next few weeks, though lower than previous expectations due to continued cool weather and rain forecasted for Sunday. Central Mexico continues to decrease as acres end their season. Overall production volume is tracking much lighter than previous years and initial expectations driven by the cool temperatures. Our contracts are being slightly prorated, and we should see improvement next week.

Blueberries: **WATCH LIST** The Mexican season will continue with gradually decreasing volumes into the spring. Baja volumes will continue with stable and increasing production. The Florida volumes are picking up with strong volumes. Georgia production will continue to ramp up. SJV will start next week with low volumes.

Blackberries: **ESCALATED** We are in our peak production weeks and expect supply volume to maintain at this level for another 1-2 weeks, until beginning to downtrend thereafter. Almost all of the volume will be produced from Central Mexico. California is expected to start ramping up in mid-May. North Carolina is expected to start in 4-5 weeks. Our contracts are being slightly prorated, and we should see improvement next week.

Raspberries: **ESCALATED** Due to unusually dry conditions the past few months across Central Mexico, pest pressure is up leading to less-than-optimal growing conditions, which has resulted in lower production volume. Considering these factors, we have tempered our expectations for the weeks ahead and expect volume to hold steady for the next few weeks. Due to cold conditions the California regions are delayed, and we do not expect California to be a significant contributor until late May. Our contracts are being slightly prorated, and we should see improvement next week.

California / Arizona Citrus

Navels: Quality is great. Peaking on 56/72 for both grades. Some shippers have started with valencias.

Lemons: Minimal issues with quality. Peak sizes are 140/115/165ct.

Limes: **ACT OF GOD/FORCE MAJEURE** Limes continue to struggle as we approach May, and we continue to see sizing lean heavy to smaller sized fruit (200 to 230s) We are receiving assessments from the growing regions that this will continue through May and possibly into June. The main issues we are dealing with are cold weather in February which impacted the bloom by approximately 60% as well as in the southern lime region of Tabasco has yet to receive any substantial rainfall over the last 30 days and the lime trees are stressed, yet there is hope, we did get reports of minor precipitation in the region today, obviously any pro-longed precipitation is preferred which will promote bloom as well as growth of the existing fruit. The other factor we are facing is many growers continue to pick ahead of schedule and source limes from all possible regions to try and mitigate the impact of this tight supply which is affecting the size curve because there is no ability for fruit to size up on the trees.

With 110-175ct limes still extremely short, our contracts are being filled to their best ability. However, to ensure fill rates, we need to be flexible on sizing to maintain supply during this escalated and volatile lime market. We recommend shifting to the 200-230ct limes during this shortage and scaling back portions and garnishments or use lemon as a substitute for the larger lime. We will continue to monitor this weekly and keep you informed of any changes.

Grapefruit: California grapefruit is available in Riverside and in the Central Valley. Fruit is peaking on the smaller sizes – 40/48/56s (mostly Fancy Grade).

Imports/Specialties available:

- Cara Caras – Winding down.
- Blood oranges – most guys are finishing up, some small fruit still available.
- Minneolas – On final floor counts.
- Mandarins – All sizes available.
- Gold Nuggets – All sizes available.
- Ojai Pixie Tangerines – All sizes available.
- Import clementines/mandarins are available.

West Coast Lettuce

Butter: Steady volume and good quality. The market is stable.

Green Leaf: Good volume with very good quality. The market is steady.

Red Leaf: Good volume with good quality. The market is steady.

Romaine & Romaine Hearts: Good volume and quality continue. The market is steady.

Iceberg Lettuce: Overall supply is good. The market firmed up slightly with the increase in demand.

Eastern and Western Vegetables

Green Bell Pepper: Supply continues to improve out of South Florida, and overall quality is good on all sizes. In the west, we are seeing the gradual decline in the winter crop out of Sinaloa and will begin the transition to Coachella over the next 7-14 days. Quality will be mixed out of Mexico and new crop out of Coachella is looking great.

Red Bell Pepper: Markets have tightened back up as the season winds down out of Nogales and transition begins to Baja and Coachella. Quality is outstanding.

Yellow Bell Pepper: Markets have tightened back up as the season winds down out of Nogales and transition begins to Baja and Coachella. Quality is outstanding.

Mini Sweet Pepper: Excellent supply and quality crossing through Nogales.

Mixed Chili Pepper: Supply remains firm on all mixed chilis except for cubanelles out of Florida. In Mexico while quality remains strong, the volume remains light crossing through McAllen and Nogales on key items: Jalapeno, Tomatillo, Anaheim, Serrano and Poblano. Red Fresno supply remains very limited.

Eggplant: Florida supply remains steady, and quality has improved now that we have transitioned to newer blocks. Mexican crossings are expected to remain stable this week as well. Numbers continue to pick up on eggplant out of Coachella this week and quality is beautiful!

Cucumbers: **WATCH LIST** Florida volume is ramping back up this week and supply is improving out of Florida. Crossings from Mexico is steady this week but still not at normal levels. We are starting to see a few cucumbers crossing through Otay but will not see relief for several weeks. Quality is hit and miss and FOB prices are mixed this week.

English Cucumbers: Markets increased this week as demand increases due to lower supply on pole cucumbers. Quality remains strong.

Pickles: Market remains firm as supply remains below expectation out of Florida and winding down out of Mexico.

Green Beans: **ESCALATED** Green bean market has become extremely short, and supplies are limited. Florida has experienced major rain last weekend combined with above normal temperatures which will hamper quality and supply for the next few weeks. South Georgia will be delayed due to the same weather that impacted Florida. In the west, limited supply is crossing from Mexico as the season winds down and Coachella supplies are still very light. At this time, we are not seeing any pro-rates on our contracts, but do recommend subbing to french beans if possible, simply due to the quality of green beans out of the east.

French Beans: Good volume and there is more interest for french beans as the food service sector continue to open as well as the loss of production in conventional beans. Prices are pushing higher this week and quality is excellent.

Zucchini/Yellow Squash: Florida continues to harvest stronger numbers and markets are down. We are seeing light offers of new crop availability out of South Georgia and good volume crossing from Mexico. Quality is outstanding on zucchini, although we are seeing more scarring on the yellow. Central valley shippers are going to scratch over the next 7-14 days

Herbs

Basil continues to be in good supply as we move into more production of our locally grown basil. We are still using our supplies from Baja Mexico to insure a 100% fill rate on all orders. Quality is looking very strong, and we are pleased with the start of the transition. **Mint, parsley, chives and rosemary** are all in good supply.

Savory is the only fresh herb that is not available currently. We should see supplies in the next several weeks.

Fresh Thai Basil should be available in the next several weeks locally as the weather warms up. Current supplies are out of Mexico.

HERB	SUPPLY	QUALITY	COUNTRY OF ORIGIN
Arugula	Steady	Steady	USA
Basil	Steady	Steady	USA/ MEXICO
Opal Basil	Steady	Steady	MEXICO
Thai Basil	Steady	Steady	MEXICO
Bay Leaves	Steady	Steady	COLOMBIA
Chervil	Limited	Marginal	USA
Chives	Steady	Steady	MEXICO
Cilantro	Steady	Steady	USA
Dill	Steady	Steady	USA/MEXICO
Epazote	Steady	Steady	MEXICO
Lemongrass	Steady	Steady	USA
Marjoram	Steady	Steady	USA
Mint	Steady	Steady	USA
Oregano	Steady	Steady	USA
Italian Parsley	Steady	Steady	USA
Rosemary	Steady	Steady	USA
Sage	Steady	Steady	USA
Savory	Limited	N/A	N/A
Sorrel	Steady	Steady	USA
Tarragon	Steady	Steady	MEXICO
Thyme	Steady	Steady	USA/MEXICO
Lemon Thyme	Limited	N/A	N/A
Lavender	Steady	Steady	USA
Lime Leaves	Limited	Steady	USA

Melons

Cantaloupe: Cantaloupe production for Classic Fruit continues as projected which will hopefully allow us to carry contract business through the week of May 17th in Florida. Sizing has been primarily more to the 9/9Js but a good amount of 12s are also being harvested. 15ct though will remain in an extremely limited position. Overall quality has been very good as it has been during the entire Spring cycle. Internal quality has consistently been in a 12-14% brix range with good flavor.

Honeydew: Honeydew production remains fairly limited from the offshore side with Mexican production expected to begin picking up by the first week of May. There has been a very nice spread of sizing which has allowed all orders to be covered as requested. Quality has been mostly clean externally with solid internal characteristics.

Watermelon: Markets seem to be improving, but still seeing firm pricing out of Florida despite the volume and attributing to this is are logistical challenges due to a limited truck market. Mexican crossings were better this week and quality is very nice out of Florida.

Mixed Vegetables

Artichokes: Quality is excellent although some artichokes are showing a little purple color near the base, but are free of any frost damage. We expect good volume to continue on larges sizes through the end of April. Prices are steady to lower.

Arugula: Supply and quality are good.

Asparagus: Peru: Good/Steady volume and good quality. **Mexico** Fair quality, low volume. Caborca growing region is finishing for the season, central Mexico will be starting in early June. California has steady volume with good quality and Washington season has started. Market continues a slight upward trend.

Bok Choy: Supply is expected to be plentiful for the next three weeks. Now is an opportunity for promotion.

Broccoli/Broccoli Florets: Good supply and excellent quality.

Brussels Sprouts: Good supply and quality is excellent.

Carrots: **ESCALATED** Quality is good, still seeing limited supply on jumbos and very limited on snack packs.

Cauliflower: **ESCALATED** Recent weather conditions in California growing areas, with rain/hail a few weeks ago and recent cool weather, has caused fields to be off schedule with reduced yields. These weather conditions have created a temporary shortage on cauliflower supply. The forecast for this week, and through the weekend, is for daytime highs to reach high 60s, which will make the lighter than normal supply continues through this week and next. We do not feel this will be long term and shippers are doing all they can to fill orders, but we do anticipate some pro-rates due to the current shortages. We will continue to monitor and keep you informed of any changes.

Celery: Good supply and quality. The market is steady.

Corn: We are seeing good volume and quality out of Florida and California this week.

Cilantro: Supply is good with good quality.

Fennel: Lower volume this week. Quality is strong overall.

Garlic: **EXTREME** California garlic supply will be very short for the balance of the season until new crop gets started in late June / early July. We will be shipping California garlic for a short while and then will be transitioning to product of Mexico until the new crop California garlic gets going. Market remains extreme.

Ginger: **EXTREME** Ginger is very volatile due to very inconsistent supply and market is higher. Supply remains tight for the foreseeable future.

Green Cabbage: Steady supply with good quality.

Green Onions: Quality is good with good supply.

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** We are seeing an overall stable market however there going to be potential shortages of button sized mushrooms as labor costs and a shortage of labor continue to impact the mushroom industry nationwide. These shortages are forcing growers to make economic decisions that produce the best yield per man hour, the smaller mushrooms tend to produce the lowest yields per man-hour.

Napa: Supply is fair. Quality is good.

Parsley (Curly, Italian): Great quality with good supply.

Rapini: We expect lower volume the next couple weeks. Fields have slowed down slightly due to the colder weather. Quality remains strong overall.

Red Cabbage: Anticipate limited availability over the next week.

Snow Peas: Good steady volume and good quality.

Sugar Snap Peas: Good volume and good quality.

Spinach (Bunched): Supply and quality are good.

Spinach (Baby): Supply and quality are good.

Spring Mix: Supply and quality are good.

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 starting to dwindle, and inventory is getting tight, but supply should hold to avoid gap.

Onions:

FOB pricing remains stagnant on all three colors at the moment. While several sheds have finished in the Northwest, there are still abundant supply in the region that are now at serious risk of sprouting and breakdown. Growers are having no choice but to take lower priced orders to keep the crop moving, or they will risk having to dump voluminous amounts of product. Mexican onions all but finished, we are seeing Texas onions continuing to ramp up their supply in McAllen that is replacing the lost Mexican product. In the Imperial Valley, California, is now shipping all three colors. They are having to lower FOBs in certain markets to remain competitive and get buyers to start pulling from their region. They are expected to have a strong crop both in terms of quality and yields, however, they are having some pretty serious labor challenges in getting the crop harvested and ran. We may see some production challenges this season at times, which could cause delays or product to be tight at times. There is concern that the challenge of available truck capacity will continue into the summer, and potentially worsen as onion shipments will be forced to compete with higher paying veg/fruit shipments also originating out of California. We are seeing the lowest available equipment that we have in the last eight years. Unfortunately, we do not see the situation improving until demand levels off, and truck supply increases back to a normal level.

Potatoes:

The potato market continues to move upward due to increased demand for foodservice. Burbanks, Norkotahs, and White Russets continue to ship all at once, with Norkotahs beginning to wind down for the season. We are seeing Norkotahs shipping in greater volumes at this point in the season than we typically do, mostly due to abbreviated demand resulting from COVID, as well as the shortage of trucks limiting movement. Quality remains strong on all varieties. Larger size cartons continue to tighten up throughout the state on all varieties. Demand for small potatoes remains strong due to the USDA Farmers to Families Box Program. However, since growers remain in smaller lots, the strong demand on small potatoes has not been enough to keep sheds cleaned up. Additionally, as more growers transition from Burbanks to Norkotahs, we are seeing heavier inventories of smaller sizes as burbanks do not generate the same level of large size cartons as Norkotahs. We expect this trend to continue as more Norkotah shippers migrate over to Burbanks. Demand continues to increase, and we anticipate this to continue in the coming week. Warmer temperatures will also help demand increase as we move toward spring and summer. Other russet growing regions will finish shipping in the coming weeks, so there will be less overall supply in the market, and this will help increase FOB pricing. Truck capacity remains the biggest challenge. We are seeing the lowest available equipment that we have in the last eight years. Unfortunately, we do not see the situation improving until demand levels off, and truck supply increases back to a historically normal level.

TOMATOES

East Coast

- **Rounds:** Florida supply is stable this week and we are seeing improved quality now that we have moved through the rain impacted fruit from last week. We expect stable supply and good quality over the next week.
- **Romas:** Florida supply is stable this week and we are seeing improved quality now that we have moved through the rain impacted fruit from last week. We expect stable supply and good quality over the next week.
- **Grape Tomatoes:** Florida supply is stable this week and we are seeing improved quality now that we have moved through the rain Impacted fruit from last week. We expect stable supply over the next week.
- **Cherry Tomatoes:** Florida supply is stable on cherries this week.
- **Organic Tomatoes:** Supply and quality improving.

Mexico

- **Rounds:** Markets are reacting as the winter corps are winding down, but volume remains strong. We are starting to see a size shift as larger fruit becomes short and flushing on smaller sizes. Quality is fair.
- **Romas:** Promotable volume crossing through McAllen and Nogales. Quality is outstanding.
- **Grape Tomatoes:** We are seeing increased numbers crossing and overall improved quality. FOB prices are down this week.
- **Cherry Tomatoes:** **WATCH LIST** Supply remains light this week out of Mexico and quality is mixed.

APPLES & PEARS

Apples: **WATCH LIST** Granny smith apples remain tight, especially on the smaller sizes. East coast growers will have minimal availability through May. Import apples will start arriving at the end of this month on the east coast.

Pears: **EXTREME ON SMALL SIZES** Small pears will remain tight through August. Imports are available on the east coast.

Stone Fruit: We will start to see domestic fruit available out of California over the next 2 to 3 weeks.

Cherries: Limited supply available.

Kiwi Fruit: Steady supply available on both coasts. Californian and Italian Haywards are available.