

Weekly Market Review

May 24, 2021

Overview

East coast round and roma tomato markets are tight and we expect the market to remain like this for the next several weeks as winter crops come to an end and we transition to North Florida/ South Georgia and eventually the mountain deal. Green beans remain firm this week and supply will be ramping up out of South Georgia while limited supply is crossing from Mexico as the season comes to an end and Coachella supply is still very light. The banana market continues to remain firm due to the Force Majeure declared by major global banana suppliers as growers have suffered major damage to crops and infrastructure, causing a large ripple in the supply chain and we expect this will continue until further notice. The lime market is beginning to improve, particularly on the smaller sizes however supply remains very short on larger sizes and will continue to sub where needed. Avocado demand is currently stable but expected to increase as summer approaches and harvest estimates out of the largest growing region in the world has been very inconsistent causing a nervous market but with California and Peruvian fruit available shippers are pushing promotable volume for the time being.

Market Alert

- Bananas – **ACT OF GOD/FORCE MAJEURE**
- Carrots (Jumbo) – **ESCALATED**
- Garlic – **EXTREME**
- Ginger – **EXTREME**
- Limes – **ESCALATED**
- Pears (Smaller Sizes) – **EXTREME**

WATCH LIST

- Avocados
- Apples (Small size Granny Smith)
- Florida Tomatoes (round, romas, cherries and grapes)
- Mushrooms
- Transportation

Transportation

Freight rates impacting all concepts are resulting from increases on cost of truck loads, the extended mileage from Yuma to Salinas with the transition, increase in fuel prices in addition to labor with shortage of drivers and warehouse pickers. This is coupled with a large increase cost of pallets, and inflation at an 8-10% average. It truly is an unprecedented time in the freight market so please reach out to your Produce Alliance representative to understand solutions available to navigate this market from sourcing outside of produce items to evaluating pricing moving items from whole to processed on account of labor and deeper yield per case.

We will continue to see freight rates 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. National fuel prices have been jumping daily since January; the national average price per gallon for diesel was \$3.18 per gallon with the

east coast averaging \$3.16/gallon and California averaging \$4.00/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 5/20	Fri 5/21	Sat 5/22	Sun 5/23	Mon 5/24	Tue 5/25	Wed 5/26
68° 49°F	65° 49°F	65° 49°F	66° 52°F	71° 56°F	69° 54°F	66° 53°F
Mostly Sunny/Wind	Mostly Sunny/Wind	Sunny	Sunny	Sunny	Partly Cloudy	Sunny
9 AM in	0 in	0 in	0 in	0 in	0 in	0 in

YUMA, AZ:

Thu 5/20	Fri 5/21	Sat 5/22	Sun 5/23	Mon 5/24	Tue 5/25	Wed 5/26
98° 63°F	83° 57°F	83° 57°F	90° 62°F	97° 66°F	99° 68°F	97° 66°F
Partly Cloudy	Sunny	Sunny	Sunny	Sunny	Mostly Sunny	Partly Cloudy
5 AM 0 in	0 in	0 in	0 in	0 in	0 in	0 in

IMMOKALEE, FL

Thu 5/20	Fri 5/21	Sat 5/22	Sun 5/23	Mon 5/24	Tue 5/25	Wed 5/26
87° 66°F	90° 65°F	89° 62°F	93° 63°F	96° 65°F	98° 67°F	98° 68°F
Partly Cloudy	Mostly Sunny					
12 AM 0 in	0 in	0 in	0 in	0 in	0 in	0 in

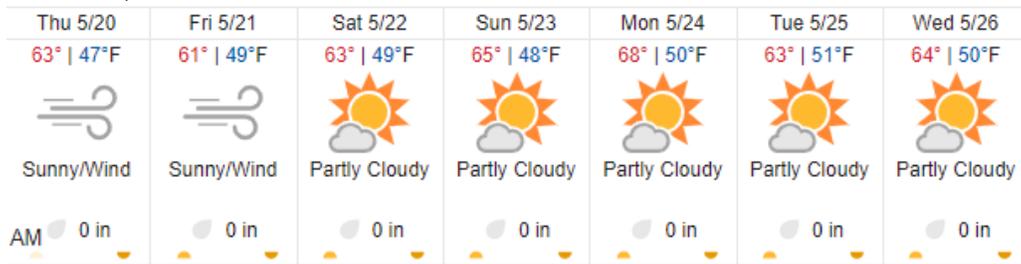
VIZCAINO, BAJA SUR

Thu 5/20	Fri 5/21	Sat 5/22	Sun 5/23	Mon 5/24	Tue 5/25	Wed 5/26
90° 75°F	85° 73°F	83° 71°F	83° 72°F	84° 72°F	86° 71°F	87° 72°F
Mostly Sunny	Partly Cloudy	Mostly Sunny	Mostly Sunny	Mostly Sunny	Mostly Sunny	Partly Cloudy
0 in	0 in	3 AM 0 in	0 in	0 in	0 in	0 in

JALISCO, MX:

Thu 5/20	Fri 5/21	Sat 5/22	Sun 5/23	Mon 5/24	Tue 5/25	Wed 5/26
96° 70°F	95° 69°F	96° 68°F	101° 68°F	101° 67°F	100° 67°F	101° 67°F
Sunny	Partly Cloudy	Partly Cloudy	Partly Cloudy	Mostly Sunny	Sunny	Sunny
0 in	0 in	8 AM 0 in	0 in	0 in	0 in	0 in

SALINAS, CA:



Good Buys

Commodity	Market Update	PRODUCE EXPERT TIP
Pineapple	Volumes have finally started to increase. Quality is good and supply will be good for the foreseeable future.	Smoothie bowls are a great summer treat and the perfect breakfast to kick off any weekday or weekend morning. Slice your strawberries and cut up your pineapple and put it in a freezer safe bag if you do not have frozen fruit. Next, blend with milk or a milk alternative of your choosing. Start out with a little liquid at first, and then add as needed. Once blended, place mixture in a bowl and top with granola, chai seeds, sliced mango, raspberries and/or dried coconut. Enjoy!
Strawberries	We expect our supply volume to increase each week going forward until we eventually reach our peak in 3-4 weeks. Santa Maria is expected to peak next week, while Oxnard continues to produce favorable volumes with good fruit quality. We do expect Oxnard production volume to decrease each week going forward. Watsonville and Salinas production continues to increase each week and will be the primary driver of our peak in 3-4 weeks. Oxnard saw some fruit ripening faster due to longer days as well as some pickers migrating North. The overall quality is good with medium sized fruit. The Northern District continues seeing volume increase with good size and low basket counts. Santa Maria is entering peak volumes with large sized fruit as well. Baja is expecting about 2-3 weeks of production and the district is monitoring quality as they push to close out the season strong.	

Fruits & Vegetables

Avocados: WATCH LIST Avocado demand is currently stable but expected to increase as summer approaches and harvest estimates out of the largest growing region in the world has been very inconsistent causing a nervous market but with California and Peruvian fruit available shippers are pushing promotable volume for the time being.

Bananas: ACT OF GOD We continue to see an increase in demand as the weather is getting better in the U.S and we are working to fill our DC pipeline in response. This process does take longer on the specialty bananas, but we do not anticipate any shortages. Regarding 40lb bananas, we see no national issue with supply even though we are still seeing higher farm acquisition costs. Supply is still lower due to the hurricanes in 2020. Quality should not be an issue at this time.

Pineapples: Volumes have finally started to increase. Quality is good and supply will be good for the foreseeable future.

Grapes: The red grape market is strengthening this week and we anticipate that trend to continue until MX product becomes available. Green grapes out west, are cleaning up and most suppliers only have storage grapes available. Quality available is not as good as the quality that is being seen on the store shelves. Cooler weather in MX, during April, has caused a delay to the start of the MX grape season. Pallet volumes are expected to start next week but that is way behind what was expected. Greens should pick up Week #20/#21. Overall, the end of the import season is upon us, however we anticipate a few more containers of reds over the next two weeks.

Berries

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Blueberries: The Mexican season will continue with gradually decreasing volumes into the spring. Baja volume will continue with stable and increasing production and Florida volume is past their peak and will finish next week. Georgia production will continue to ramp up and SJV will continue to increase over the next two weeks, while North Carolina production have begun and continue to pick up over next week. The San Joaquin Valley is reporting good overall quality although there has been some green fruit presence seen at the docks. Oxnard is starting to decrease in production, but quality continues to be strong and Florida has reported an increase in quality impacts as result of hot, humid weather.

Blackberries: Supply is descending after reaching the spring peak during the last two weeks. For the remaining weeks in May, we'll be in a transition period between the US and Mexico, and we expect the US regions to increase week over week with Oxnard leading the way. In late May, we expect the majority of the Mexico regions to be at the tail end of their production. Fortunately, the minimal rains have not created a disruption to the supply. Oxnard has reported good appearance and flavor with high average brix and Baja has reported good overall quality with no dock rejects and minimal defects observed at the docks. Central Mexico stopped production of Sweetest Batch last week.

Raspberries: Mexico's volume is now on a full down trend and temperatures are cooling down in California, which will slow down the ramp up. Volume will continue to drop over the next 2 weeks, before slowly picking back up as the California regions ramp up into their summer peak. The California crop is delayed, and Baja has reported good overall quality with a slight increase in condition defects as they peak in production. Santa Maria has reported good overall quality with good flavor and size. Oxnard has seen good appearance and size in all varieties and the Northern District has seen a bulk of ranches start harvesting with no major condition issues and good flavor. Central Mexico has seen good overall quality with varieties transitioning as volume is down-trending overall.

California / Arizona Citrus

Navel: Fruit is still tasting very good this time of year, but the struggle on small sizes continues, 88 & Smaller sizes are very tight (both grades). Maximum lead time increases success rate in coverage. **Keep in mind, multiple picks ups will be necessary to fill orders, will continue for the remainder of the Navel**

season. We will do our very best to consolidate, day of orders/changes do not have best outcomes. The condition of the fruit is a bit softer than in early season which is a natural occurrence as the fruit hits its maturity levels. Buyers recommendation to start keeping inventories tight.

Lemons: Currently harvesting and shipping in District 2 (20% Fancy / 80% Choice is the pack-out for District 2). District 2 lemons have more cosmetic scaring than District 1, as well as can be soft to touch from time to time – it is natural to the growing region. Overall peak sizes in D2 is changing as the fruit is growing and we are seeing peak sizing moving to 115/140/165 – with 200s being a bit tight. Anticipate 140s to become tight, as this size will be the preferred size for retailers to sub down to. Recommend getting your orders in early that have 140s or size down to 165 for better coverage (decreases truck wait times).

Limes: ESCALATED The lime market is beginning to improve, particularly on the smaller sizes; however, supply remains very short on larger sizes. We recommend subbing with 200s when possible due to short supply on 110s, 150s and 175s. We expect to see short supply on larger fruit through June.

Grapefruit: California GF is available in Riverside & small sizes are available in Central Valley. Fruit is peaking on the smaller sizes: 40/48/56s (mostly Sunkist/Fancy Grade). With Large sizes in tight supplies, often retail buyers will sub down to 40ct. Putting a lot of pressure on that size. Anticipate 40ct & Large pricing to remain firm and continue to inch up each week.

Imports/Specialties available:

- Cara Caras –Great flavor, beautiful internally, very fragrant. Crop is just about wrapping up – supplies are very tight – Expected finish is 10-days
- Blood oranges – Fruit looks great – Very Attractive Dark Red Flesh - Ask for special pricing!!
- Minneolas – Finished for season.
- 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: Salinas green leaf production volumes are tracking slightly above budget for the week. Carton weights are improving, and overall quality is great. Demand is steady and pricing is at promotable levels so take advantage and promot.

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

Romaine & Romaine Hearts: Production supplies continue to be good, and plants are exhibiting good color and quality overall. Overall demand is relatively steady while pricing is still at promotable levels.

Iceberg Lettuce: Supplies continue to be over budget and are very heavy as a result of last week's rollover, which is happening industry wide. The weather has been very cool and mild, and the crops can easily be pushed and maneuvered. Quality has been very good and there is a lot of volume in the fields to make sure we keep it that way. Markets have been soft and will continue to be so until we get a change in weather or demand.

Eastern and Western Vegetables

Green Bell Pepper: Florida is done for the season and the transition to South Georgia is complete. We expect supply on larger fruit to be tighter this week but should ease up as additional supply becomes available over the next week. In the west, the spring deal is about done out of Mexico while transition to Coachella is now in full swing. Quality will be mixed out of Mexico and new crop out of Coachella is looking great.

Red Bell Pepper: Markets are mixed with the season winding 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 and Shishito supply will remain very limited.

Eggplant: Florida supply is lighter this week and expect transition to South Georgia over the next 10 to 14 days. Quality is marginal and pricing is higher in #1 fruit. 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: Florida volume is winding down and will be transitioning to South Georgia ramp up over the next week. Cucumbers out west are mixed with very little fruit crossing through Otay and will not ramp back up until the end of May. Crossings through Nogales and Texas remain good and overall quality is good.

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 done out of Mexico.

Green Beans: We are seeing good numbers being harvested out of South Georgia and Central Florida. In the west, limited supply is crossing from Mexico is steady and seeing ore volume out of the desert as well. Quality is good.

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 is now done for the season and full transition to South Georgia is underway with strong numbers and excellent quality being harvested. In the west we should see Mexico wrap up the season over the next 10 days and transition with a smooth transition over to the Central Valley and Central Coast starting mid-week. Quality is outstanding.

Herbs

We are seeing very good supply on almost all fresh herbs and flowers at this time and quality is outstanding.

HERB	SUPPLY	QUALITY	COUNTRY OF ORIGIN
Arugula	Steady	Steady	USA
Basil	Steady	Steady	USA/ MEXICO
Opal Basil	Steady	Steady	USA
Thai Basil	Steady	Steady	USA
Bay Leaves	Steady	Steady	USA
Chervil	Limited	Steady	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	Steady	USA
Sorrel	Steady	Steady	USA
Tarragon	Steady	Steady	USA
Thyme	Steady	Steady	USA/MEXICO
Lemon Thyme	Steady	Steady	USA
Lavender	Steady	Steady	USA
Lime Leaves	Steady	Steady	USA

Melons

Cantaloupe: Current cantaloupe arrivals have seen a significant shift in sizing to mostly jumbo fruit (9s and larger). We should start transitioning to the desert early next week with good volume anticipated by June 1.

Honeydew: Current sizing on offshore fruit is also trending to mostly larger fruit (5s and larger). 6s have been fairly limited while 8s have been mostly non-existent recently and quality on the dewes has mostly clean with very good internal quality. Brix levels have mostly been seen in the 11-14% range and we expect to be loading offshore fruit through next week with domestic honeydew will start in approximately 7-10 days.

Watermelon: Markets seem to be improving, but still seeing firm pricing out of Florida despite the volume and attributing to this is logistical challenges due to a limited truck market. Mexican crossings are better this week and quality is very nice out of Florida. Sizing is peaking on 60's this week.

Mixed Vegetables

Artichokes: Quality is excellent, and we expect good volume to continue on large sizes. Prices are low and steady.

Arugula: Supply and quality are good.

Asparagus: Peru: Good volume, quality, and demand **Mexico:** Central Mexico is expecting to start 1st/2nd week of June.

Bok Choy: Supply continues to be very good with excellent quality. With the ideal growing conditions, we expected to see plentiful supplies through the end of May.

Broccoli/Broccoli Florets: Good supply and excellent quality.

Brussels Sprouts: Supplies are forecasted to be below budget for the coming week. Lighter yields from smaller sizing as well as some quality challenges from discoloration and insect injury are the main drivers. Expect higher prices on open market 25lb packs and reduced volume on some VA SKUs.

Carrots: ESCALATED Quality is good, still seeing limited supply on jumbos and very limited on snack packs out of California as Jumbos are still not sizing up. Jumbo Carrots available to load in Arizona.

Cauliflower: Supplies are expected to be plentiful this week. Overall quality and appearance should be very nice.

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 product of Mexico starting next week (week of 3/23) and will be shipping product of Mexico until California starts in approximately 4 to 5 weeks

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

Green Cabbage: Supply is steady and quality remains consistent with sizing and overall appearance.

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. Now is a good opportunity for promoting product.

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): We will have great quality and good supplies over the next few weeks.

Rapini: Good supplies available and quality remains strong overall.

Red Cabbage: Supply is below budget, with cooler weather affecting growth. Anticipate limited supplies over the next couple of weeks with continued cooler temperatures.

Snow Peas: Low volume, good/fair quality and high demand

Sugar Snap Peas: Low volume, good/fair quality and high demand

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. The Northwest is essentially cleaned up on white onions, and just shipping reds and yellows. Shippers with cold storage have been able to make arrival, but this is certainly not the time of year to sit on inventories of storage crop onions as they will

sprout or breakdown shortly thereafter. We anticipate they will be entirely out of onions by the end of the month. Texas onions continue to wind down and will be all but cleaned up by the end of next week. We will see this volume be replaced by New Mexico, which should be ready to go the week of May 24th. The volume in the Imperial Valley is full steam ahead at the moment on all three colors. They continue to feel downward pressure on FOBs in large part due to the unprecedented freight situation. The region continues to have some pretty serious labor challenges in getting their crop harvested and ran. This is largely a result of competing against government subsidized stimulus money, and some change in labor laws that are preventing crews from being able to physically get to the sheds to go to work. The concern over trucking capacity continues to dominate the onion world out of all shipping regions. With demand continuing to increase, and now the latest impending fuel situation, it is not a situation we expect to improve in the near future unfortunately.

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 for now due to the USDA Farmers to Families Box Program. However, the program will come to an end in the coming weeks, and it will be interesting to see what happens as far as potato inventories are concerned. 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 for quite some time.

TOMATOES

East Coast

- **Rounds: WATCH LIST** South Florida volume is gradually decreasing this week out of South Florida and the transition to North Florida, South Georgia and The Carolinas is on the horizon. Quality will remain mixed over the next 10 days based on where fruit is being harvested.
- **Romas: WATCH LIST** Florida supply is very limited this week and expected to remain this way through June as transition to North Florida/ South Georgia will begin soon then settle down in the mountain deal late June. Quality is mixed and FOB prices will remain stronger on all sizes.
- **Grape Tomatoes: WATCH LIST** We are beginning to transition and seeing lighter volume this week. We should see new crop on the market by the first week of June. Volume and quality may be hit and miss over the next 4 weeks.
- **Cherry Tomatoes: WATCH LIST** We are beginning to transition and seeing lighter volume this week. We should see new crop on the market by the first week of June. Volume and quality may be hit and miss over the next 4 weeks.
- **Organic Tomatoes: WATCH LIST** Supply and quality is hit and miss.

Mexico

- **Rounds:** Markets have eased back as volume ramps up out of Sonora and Central Mexico while the Sinaloa season rapidly winds down. We should see better volume crossing through Otay by the end of the month as well. Quality overall is very nice on the new crop production while fruit out of Sinaloa will have quality and shelf-life issues. Good availability on all sizes.
- **Romas:** Markets has begun to ease back as production transitions from Culiacan to Sonora and Central Mexico. Quality should also improve with more availability of new crop production. We hope to see some light crossings through Otay late next week and California to follow in early July.
- **Grape Tomatoes:** We are seeing increased numbers crossing and overall good quality. FOB prices are unchanged this week.
- **Cherry Tomatoes:** **WATCH LIST** Supply remains light this 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 and South Georgia 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.