

Weekly Market Review

May 28, 2021

Overview

Ideal growing conditions continue in California with excellent quality and good supply on all row crops. East coast round and roma tomato markets have tightened and will 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. Grape tomatoes are tight this week, as transition takes place in the south as well as Mexico, but we should see markets stabilize over the next 7 to 10 days. The banana market continues to remain firm due to the Force Majeure declared by major global banana suppliers. The lime market is beginning to improve, particularly on the smaller sizes, but supply remains short on larger sizes, and we will continue to sub where needed.

Market Alert

- Bananas – **ACT OF GOD/FORCE MAJEURE**
- Carrots (Jumbo) – **ESCALATED**
- Garlic – **EXTREME**
- Ginger – **EXTREME**
- Grape Tomatoes (Mexico and Florida) - **ESCALATED**
- Limes (Large Sizes) - **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. Lastly, as a result of the cyber-attack on the Colonial Pipeline, we are seeing fuel shortages throughout the southeast and therefore this is causing drivers to be hesitant to go to that area. 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

Good Buys

Commodity	Market Update	PRODUCE EXPERT TIP
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.	Green beans are not just a Thanksgiving side dish, they can be the main star with a sprinkle of protein. Cook the green beans until they are bright green. Slice bacon in thin strips, cook until done, and place to the side. Then sauté shallots and garlic in the bacon fat until fragrant. In the meantime, toast some pecans in butter with a pinch of salt. Lastly, combine all of the ingredients and enjoy!
Seedless Watermelon	Markets are 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.	If you have never sprinkled a dash of salt on a slice of watermelon, you are missing out! Did you know that this commodity is 92% water making them a perfect refresher for those hot summer months! Watermelons usually have red flesh, but some watermelons have white, yellow, orange or even green flesh. Guess what!! Americans eat more watermelon by weight than any other fruit. Watermelon producers in America grow around 4 billion pounds of watermelon annually.

Fruits & Vegetables

Avocados: Since last week's update things have changed significantly. Volume is now surging and in excess of 71 MM lbs. as of yesterday and demand has been well below incoming volumes. We are seeing small amounts of Colombian fruit in the east, while the first significant shipments from Peru have arrived. Avocado volume into the US market, last week saw Mexico and California contributing 46.9 and 11.6 million pounds respectively. Peru was listed at having 500K and Colombia 40K. Combined, this amounts to a total of 59.2 million pounds received into the US. To begin this week, harvest is taking place at a much lower rate than last. While this is welcome in the current oversupply situation, it is far too little to reconcile the inventory vs demand imbalance that currently exists. This week Mexico is projected to ship 41.7MM pounds, while California's contribution is expected to be close to 11.9 MM, and Peru has 2.2 MM slated to arrive, for a total projection of 56 MM. Oil content in fruit remains very high at nearly 36%. This makes for outstanding eating quality but greatly reduces shelf life and demands the fruit keep moving efficiently through the system.

Bananas: ACT OF GOD Banana sales continue to be up! The foodservice industry is experiencing the reopening of the states and we are working hard to have proper color in our DCs. Port delays in Hueneme have caused further issues on the West Coast but this is just two weeks from being corrected as we will be introducing a new Del Monte ocean vessel direct to the port of Hueneme.

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

Grapes: The import grape season is OVER. The Mexican grape market is showing high prices but will come down here within the next week. The market continues to decrease, and Mexico continues to experience heavy rains this week delaying the harvest process and causing quality issues on the fruit. Product will take around 3-4 days to start showing quality issues. With the excess of rain and high temperatures shelf life will be affected, we will continue to rest the fruit for a longer period of time to avoid these issues.

There is still a two-tier market at the border, Mexico showing higher prices on fresh product and shippers continue to move high inventories at lower prices. Demand remains low and clients continue to request protection when loading. Weather permitted, we should see more product crossing to the U.S. and prices decreasing.

Berries

Strawberries: Volume has taken a sharp decline compared to previous expectations, primarily due to unfavorable weather such as heavy winds and cool temperatures which have negatively impacted fruit production. We expect production volume to remain low next week, followed by a gradual uptrend thereafter. Santa Maria is expected to reach peak harvest this week and next, Oxnard is slowly decreasing and will likely end their season in the coming weeks, Watsonville and Salinas continue to gradually uptrend. Oxnard continues with peak volumes with some bruising seen at the docks as a result of longer days and harvesters migrating North. Santa Maria has seen good overall quality as they continue with peak volumes. The Northern District has reported some weather impacts with minor impacts across the district. Baja wrapped up their season over the weekend and shift production into processed.

Blueberries: The Mexican season will continue with gradually decreasing volumes into the spring. We have entered the peak of Baja production and we will continue to see peak volumes for 3 more weeks. Florida is finished for the season and Georgia production will continue for one more week before the season end. SJV will continue to increase as the season ramps up and North Carolina production will peak next week. The San Joaquin Valley is entering peak production numbers with minor rejections while fruit size varies from medium to large. Georgia is seeing good quality with good flavor especially in the sweetest batch production with minor defects.

Blackberries: The central Mexico season is winding down and we expect the volume to continue descending as approach the end of their season. California and North Carolina are experiencing colder weather which is delaying the production from starting or ramping up. We expect to continue with the transition between central Mexico and the US regions through mid-June. The Northern District has seen minimal quality issues with largely new plantings producing now. There has been high average brix overall. Oxnard has reported minor rejections, but the district anticipates quality to improve moving forward. Baja experienced no dock rejections last week and size and brix have been good overall. Central Mexico has reported good quality in general with minor rejections.

Raspberries: We are falling short of expected volume this week as production between Mexico and California gaps. We are receiving less fruit out of all production areas, yield loss in Mexico and delays due to cold weather in California. The expectation is to remain steady into next week or lightly drop, before picking back up with California production in early June. The Northern District reported minor dock rejects while overall reject rates continue to stay low. Santa Maria has seen good overall quality with large fruit and Oxnard has seen good, consistent sized fruit with good appearance. Baja has reported some rejections due to quality, but quality in general is good overall. Central Mexico has seen good quality with minimal rejections as a result of recent weather.

California / Arizona Citrus

Navels: The small sizes continue; 88s and smaller sizes are very tight (both grades)! Multiple picks ups are necessary to fill orders, and this will continue for the next 6-8 weeks. **48/72hrs lead time is very helpful for covering orders (especially with the Memorial Day Holiday approaching).** The condition of the fruit is a bit softer than it was in early season which is a natural occurrence as the fruit hits its maturity levels. Buyers' recommendation to start keeping inventories tight. Fruit still tastes very good.

Lemons: Currently harvesting & shipping in District 2 (20% Fancy / 80% Choice is the pack-out). District 2 lemons have more cosmetic scarring 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. 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 over to 200's where possible simply due to short supply on 110's and 150's 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 wrapping up, supplies are very tight, and expected finish this week.
- 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 promote!

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

Romaine & Romaine Hearts: Supply is above budget for the week and plants are exhibiting good color and quality overall. We are experiencing light fringe burn at the field level. Carton weights are back up to desirable levels and overall demand is relatively steady, while pricing is still at promotable levels.

Iceberg Lettuce: Supply continues to be over budget and is very heavy. The forecast for the next few weeks is also heavy and quality continues to be above normal with great color, texture, and solidity. We are cutting to order to keep it fresh, and fancy and the market remains soft and at this point looks like there are no changes for the week. Now is a great time for promotions!

Eastern and Western Vegetables

Green Bell Pepper: Florida is about done for the season and the transition to South Georgia has been rather smooth. Strong numbers on larger fruit this week as growers are in on the crown pick which should ease off over the next few days as additional supply becomes available. 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 has been improving daily on all mixed chilis except for cubanelles out of Florida. In Mexico while quality from the winter mainland crop is declining and transition to summer crops and Baja are underway. Red Fresno and Shishito supply will remain very limited.

Eggplant: Florida is about done and transition to South Georgia is complete. Quality is marginal and pricing is higher in #1 fruit. Mexican crossings are expected to drop off daily and wrap the season up this weekend while numbers out of the desert remain strong with Central Valley fruit on the horizon. Quality is beautiful out of the desert!

Slicer Cucumbers: Florida is about done and transition to South Georgia is complete with decent numbers and quality. Cucumbers in the west are coming on stronger this week through Otay Nogales and McAllen. Overall quality is good.

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

Pickles: Markets are easing back as volume increases out of Florida.

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 more 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: Strong production now underway out of South Georgia and quality is excellent. In the west we should see Mexico wrap up the season any day 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 production has shown a nice mix of sizing so far. Short term weather forecasts should put temperatures at optimal levels to hopefully maintain a decent spread of sizing. Early reports on internal quality have shown solid brix levels in the 12-15% range. Supply is available out of the desert while the offshore deal closes for the season. There are some Athena Melons available in bins out of Florida.

Honeydew: Overall honeydew supply remains very low on both domestic melons and from Mexico. Honeydew availability could be an issue throughout the Arizona season over the next 4-5 weeks if Nogales crossings does not increase. As with the cantaloupe there has so far been a nice mix of sizing but just not much volume.

Watermelon: Markets are 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 crossing is 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: Supplies are 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: Supplies are again expected to be below normal weekly budgets; expect to see the open market on a strong FOB advance. Quality is still mostly good to fair; more elongated seed core is noted along with some insect injury. Expect to see some reduced fill rates on the VA category in particular.

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: Business is steady this week with fair to light supplies for us and average supplies in the industry. Quality is good, with seeders posing a small issue. 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: Supplies are steady. 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 supplies are 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: Supplies are expected to be plentiful for the next three weeks. Now is an opportunity for promotion.

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: Supplies are 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. South Texas is all but finished besides a few clean up deals on Mexican white onions, and yellows. The product grown in South Texas has little shelf life on what's left. The Imperial Valley, CA crop has approximately 7-10 more days of packing before

they are entirely finished. New Mexico has started clipping this week on yellows and will begin harvesting reds and whites this weekend and the plan is start with all three colors on Tuesday 06/01. The San Joaquin Valley onion crop will start next week as well and there is optimism that as the country continues to open back up, the demand in June could see a spike. As the older shipping regions continue to finish, it should pave the way for the supply situation to begin to meet the demand, as opposed to exceeding it. Early size profiles out of both New Mexico and San Joaquin valley are showing heavy to Jumbos for foodservice. There will be a good mix of larger onions, as well as medium onions within the crop as well. Many are awaiting how this year's market will behave now that the Farmers to Families Box Program is entirely cleaned up. The concern surrounding trucks continues to dominate the onion world. We continue to see the worst refrigerated trailer capacity originating out West that we have ever seen. The rates have been pressuring FOBs down, and we anticipate that this may continue as demand increases throughout the country. There does not appear to be any relief in sight as far as rates are concerned. Many believe there is a chance for some temporary relief between the 4th of July and the Thanksgiving/Christmas Holiday push.

Potatoes:

The potato market continues to move upward due to increased demand for foodservice. Norkotahs have finished up, and it is all Burbanks and White Russets from here on out until new Crop starts toward the end of July. Because Burbanks do not run as large as Norkotahs, large size count cartons have further tightened on what was already a short supply. 40ct Potatoes are exceptionally limited. Now that the USDA Farmers to Families Box Program has finished up, we anticipate that the supply on small size potatoes will continue to increase, which could lead to some truckload deals on 90ct and smaller, and small bags for retail. As foodservice demand continues to improve around the country, we expect we will further see large and mid-size carton supply tighten. Additionally, as other growing regions finish their crop, Idaho should see their supply further stressed as one of the last remaining regions with product. Processor demand has also remained elevated and is expected to continue as well, which has kept off grade and #2 product cleaned up. All of these factors are resulting in a situation where the potato market should continue to increase until we get to new crop. Truck capacity remains the biggest challenge. We are seeing the lowest available equipment that we have in the last eight years. Unfortunately, there does not appear to be any relief in sight as far as rates are concerned. Many believe there is a chance for some temporary relief between the 4th of July and the Thanksgiving/Christmas Holiday push.

TOMATOES

East Coast

- **Rounds: WATCH LIST** We are in our season transition and volume out of Central and South Florida is rapidly declining; we should see transition begin to Quincy, South Georgia and South Carolina over the next 7 to 10 days. We should run this region through June then transition to the mountain programs in Tennessee and North Carolina in July. With regards to quality, we do feel that we will see some challenges over the next two weeks, particularly on larger fruit.
- **Romas: WATCH LIST** We will continue to see lighter numbers out of Florida and South Georgia through the month of June. We should see a vast improvement on quality and volume once we start the mountain deals in July. In the meantime, quality and supply are expected to be marginal.
- **Grape Tomatoes: ESCALATED** We are in transition with grapes and supplies are extremely light this week. We should see some improvement over the next week however expect an active market through June despite our growers transitioning to new crops in North Florida/ South Georgia and South Carolina.
- **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: ESCALATED** Mexico is right in the middle of their seasonal transition and despite seeing good numbers crossing they cannot keep up with the increased demand this week. FOB prices are higher.
- **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.

Peaches: Yellow and white flesh available out of California and yellow flesh available out of South Carolina.

Nectarines: Yellow and white flesh are available out of California

Cherries: Good supply available out of California

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