

Weekly Market Review

June 18, 2021

Overview

California is experiencing a heatwave in all growing areas which is affecting many markets. Roma and grape tomatoes should improve over the next week as production slowly ramps back up and newer areas begin in the east, west and Mexico. We see new crop tomatoes becoming available out of the central valley this week, but we may have a setback as extreme heat is forecasted over the weekend and expected to reach as high as 115 degrees. This will impact crops and will need to assess the situation as the weather develops. The banana market continues to remain firm as sales surge and the Force Majeure continues. With that said, this will be lifted around week 26 and should see relief on the horizon early July.

Market Alert

- Bananas – **ACT OF GOD/FORCE MAJEURE**
- Carrots (Jumbo) – **ESCALATED**
- Garlic – **EXTREME**
- Ginger – **EXTREME**
- Pears (Smaller Sizes) – **EXTREME**
- Tomatoes – Grape, Cherry & Roma (Mexico and Florida) - **ESCALATED**

WATCH LIST








- Avocados
- California Veg - Due to Heat Wave
- Corn
- Apples (Small size Granny Smith)
- Florida Tomatoes (Round, Romas, & Cherries)
- 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

JALISCO, MX:

Thu 6/17	Fri 6/18	Sat 6/19	Sun 6/20	Mon 6/21	Tue 6/22	Wed 6/23
84° 66°F	81° 66°F	76° 63°F	71° 63°F	75° 63°F	77° 64°F	77° 63°F
						
PM	PM	Thunderstorms	Thunderstorms	Thunderstorms	PM	Thunderstorms
Thunderstorms	Thunderstorms				Thunderstorms	
1 AM 0.26 in	0.56 in	1.28 in	0.64 in	0.23 in	0.13 in	1.35 in

SALINAS, CA:

Thu 6/17	Fri 6/18	Sat 6/19	Sun 6/20	Mon 6/21	Tue 6/22	Wed 6/23
85° 57°F	79° 57°F	74° 58°F	75° 56°F	73° 57°F	72° 56°F	73° 57°F
						
Mostly Sunny	Sunny	Sunny	Sunny	Partly Cloudy	Partly Cloudy	Partly Cloudy
1 AM 0 in	0 in	0 in	0 in	0 in	0 in	0 in

Good Buys

Commodity	Market Update	PRODUCE EXPERT TIP
Slicer Cucumbers	Excellent supply out of South Georgia and North Carolina this week. Quality is very nice. Cucumbers in the west are coming on stronger this week through Otay Nogales and McAllen. Overall quality is good.	Cucumbers are the perfect base for ANY delicious summer salad. Slice up a cucumber and mix it with thinly sliced red onion and sugar and vinegar mixture with dill. Better yet, throw sliced cucumbers in with some white onion, dill, and a Greek yogurt mixture of a cool, creamy side dish.

Fruits & Vegetables

Avocados: 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 of 6cts are tight, but 5s, 7s and 8s are available. Quality is good and supply will be really good for the foreseeable future.

Grapes: The Mexican grape market is showing high prices but will come down here within the next week or so. Market continues to decrease. 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 and Mexico is 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 permitting, we should see more product crossing to the US and prices decreasing.

Berries

Strawberries: Total production volume has stabilized, and we expect to see slight increases over the next few weeks. In Santa Maria, the volume is expected to drop starting next week. In the Northern District, we expect volumes to increase as plants show a strong crop load and warm weather is expected starting on Saturday. Santa Maria has seen good quality with low bruising rates and good flavor on average as a result of recent good weather. Oxnard production is done for the season, other than 20 acres of tabletops, which remain with good quality. The Northern District has seen an uptick in volume with good overall quality.

Blueberries: Mexico continues it's decreasing for 2 more weeks. We are past the peak of Baja production, and we will continue to see volumes for 3 more weeks. SJV is past peak and will decrease over the next few weeks, North Carolina production is past peak but will continue for a few more weeks and New Jersey volume will continue with low volumes. The San Joaquin Valley has reported some quality issues related to mechanical harvesting that they are monitoring, and Oxnard has seen good overall quality with minimal defects as they near the end of their season. North Carolina has seen an increase in quality challenges as a result of recent rains and Baja volume is decreasing, but the remaining volume remains good.

Blackberries: We are ending the CMEX season as scheduled. For the next few weeks, we continue with the upward trend with the California and North Carolina regions as the main contributors. Oxnard is starting with peak production weeks, and they are maintaining quality and flavor. Santa Maria has reported good quality with high flavor as a result of favorable weather. North Carolina has reported some quality challenges as a result of humidity and recent hailstorms. Baja has reported good size and flavor.

Raspberries: We are currently experiencing a production gap due to an earlier than expected end to the Central Mexico season and the California crop tracking later due to weather. Looking ahead volume is expected to increase as the first set of CA season applications peak in the next few weeks. The Northern District has been paying special attention to raspberry quality to create focus on maintaining condition and flavor. Oxnard has been monitoring condition defects as they peak in production. Santa Maria has reported good flavor and fruit size with low condition defects as a result of growers staying on top of harvest intervals.

California / Arizona Citrus

Navels: Peaking on 72s and larger in Fancy grade. 88s/113s/138s are tight and being reserved for commitments. Tightness is coming from it inching towards the end of Season as we transition into CA Valencia's. For commitments, we have small Valencia's available if needed to cover where Navels are tight.

Lemons: With labor down, we are very tight and almost sold out weekly. All fruit being used is to go towards commitments. If any orders are out of commitment, we will always evaluate and check availability, but there are no promises on coverage at this time.

Limes: Availability has increased, and we are seeing consistency daily from harvest. The market isn't completely stable, but prices have decreased. Mostly 150s/175s/200s/230s/250s available, and minimal 110s. Supply is expected to be strong during June and July with manifest peaking on 200's, ideal to support promotional activity. We need to be vigilant regarding the weather as there is high probability for an active hurricane season.

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 – Expected to finish up season the week of the 20th with final harvest around that time. Currently peaking on 36/40's.
- Gold Nuggets – All sizes available.
- Ojai Pixie Tangerines – All sizes available.
- Import clementines/mandarins are available.

West Coast Lettuce

Butter: Salinas production volumes are steady this week. Warming daytime temperatures could present some increased occurrence of light burn.

Green Leaf: Salinas green leaf production volumes are tracking slightly above budget for the week. Overall quality is nice with a good green color, full heads, and good texture. Recent winds have produced some fringe burn, while warming weather trends on the horizon could limit harvest capacity and introduce some wilted appearance. Demand is steadily increasing along with FOB pricing.

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

Romaine & Romaine Hearts: Romaine and romaine heart production supplies remain good for the week. Plants are exhibiting good color, texture, and quality overall. We are experiencing some light fringe burn at the field level. We are forecasting some warmer weather trends that could limit harvest capacity while causing some additional wilted appearance. Overall demand is increasing, and FOB prices are advancing as well.

Iceberg Lettuce: Lettuce supplies this week are lower for the first time in months. The cold weather that had been holding fields back has finally changed and now we are back to the cut it or lose it game. On top of lighter supplies, we also have had better demand. Last week was by far our biggest sales week this year. Lower supplies and higher demand equate to higher prices this week.

Eastern and Western Vegetables

Green Bell Pepper: **WATCH LIST** South Georgia is now in full swing with excellent supply and outstanding quality; we are seeing very strong numbers and even distribution on all sizes. We should see other local

regions break field over the next two weeks in North Carolina and Tennessee. In the west, Coachella is transitioning to the Central Valley where we are expected to see a have a heat wave this weekend which could interrupt supply and affect crops. We will need to assess the situation as the weather develops. With extreme heat like we are about to see we could see sun scalding, sizing and other quality issues for the next several weeks.

Red Bell Pepper: **WATCH LIST** Excellent supply available out of Coachella, Baja, Canada and Central Valley. We will need to watch how the plants react to the heatwave over the weekend. With extreme heat, we could see sun scalding, sizing and other quality issues for the next several weeks.

Yellow Bell Pepper: Steady supply and good quality available

Mini Sweet Pepper: Excellent supply and quality crossing through Otay Mesa.

Mixed Chili Pepper: **WATCH LIST** Supply has been improving daily on all mixed chilis out of South Georgia and should see stable markets for several weeks. Loading in McAllen there should be no supply or quality issues expected over the next several weeks. Nogales finished crossing early due to heat related quality issues and a hot National Market. California is seeing delays and quality issues due to heat leaving Baja as the sole provider of reliable pepper for the next several weeks until the Central Coast ramps up.

Eggplant: **WATCH LIST** Good supply now available out of South Georgia and other local growers will be ramping up over the next two weeks and quality is excellent. In the west, Mexico is done, the desert is winding down, and Fresno is scratching. We may see lighter supply over the weekend, due to the heat, which will limit harvest crews time in the fields and their exposure to the extreme temperatures.

Slicer Cucumbers: Excellent supply out of South Georgia and North Carolina this week. Quality is very nice. 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: **WATCH LIST** We are seeing declining numbers being harvested out of South Georgia and should start transitioning north over the next week. In the west, supply is ramping up out of Fresno and other local regional districts; however, will need to watch quality and supply closely as the heatwave over the weekend may affect supply out of Fresno and Brentwood areas. We should see some additional supply out of the central coast and Baja become available soon.

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	Limited	Marginal	USA
Basil	Steady	Steady	USA/ MEXICO
Opal Basil	Steady	Steady	USA
Thai Basil	Steady	Steady	USA
Bay Leaves	Steady	Steady	USA
Chervil	Steady	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	Steady	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: Cantaloupe availability remains very limited especially on larger sizes. Reduced daily pack-outs combined with strong retail demand this time of year is keeping available supply short and pricing high. Melons that we have seen have shown excellent overall quality. The flavor profile of the cantaloupe has been exceptionally good with high brix.

Honeydew: Honeydew production continues to be in an extremely limited situation. An overall lack of production both domestically and from Mexico is being realized while negatively affecting the supply chain. We do not anticipate any relief on the honeydews until the Westside region begins in early to mid-July. Flexibility of sizing may be required dependent upon availability at time of loading.

Watermelon: Markets firmed up this week with strong demand out of Florida, Georgia and Alabama. Texas is also seeing more demand than normal. Logistics continues to be a challenge in all markets. Sizing is peaking on 60's this week.

Mixed Vegetables

Artichokes: We expect volume to slowly decline as we move through the month of June. Prices are steady to lower depending on size.

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: Supplies are good this week but with weather warming up we may start to lose yields and acres. We are seeing some hollow core and occasional brown bead.

Brussels Sprouts: There should be better news on the supply front as we move into this week. Quality and yields are very good on the beginning of our new local crop, but labor challenges persist for reaching harvest goals. Expect to see a continued strong market; promotional volume may be possible in 3-4 weeks.

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 good supplies for us and in the industry. Quality is good and the market is steady. Oxnard and Mexico are now finished and we are fully transitioned to Salinas.

Corn: WATCH LIST We are seeing good volume and quality out of Florida and California this week. We will need to watch the conditions closely out on California due to the heat that will be hitting the valley this weekend.

Cilantro: Supplies are expected to be plentiful for the next three weeks. Now is an opportunity for promotion.

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. Now is a great time to promote product with additional availability.

Green Onions: Supplies and quality are good this week.

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: Production volumes are slightly lighter than budget and quality is good at the field level. Demand fluctuates up and down and spot pricing trading is at normal ranges.

Red Cabbage: We continue to see good supplies and quality is good overall.

Snow Peas: Quality is good. Guatemala has good volume and Peru volume is light but will be increasing 2nd week of July

Sugar Snap Peas: Quality is good. Guatemala has good volume and Peru volume is light but will be increasing 2nd week of July

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:

The Imperial Valley still has a few growers shipping, and both San Joaquin Valley and New Mexico shippers are shipping at full capacity. FOB pricing has begun to weaken on all jumbo size colors and smaller. Colossal and Super Colossal onions are available in all regions in mixer quantities, but shippers are not looking to move straight loads of these sizes. Size profiles out of all shipping regions are heavy to jumbos for foodservice. High temperatures in virtually all onion shipping regions are not affording shippers the luxuries to pass on orders with trucks in hand. While the country has continued to open up, and foodservice demand has largely returned, movement and FOBs continued to be pressured down due to the shortage in truck capacity, and exorbitant rates. The concern surrounding trucks continues to dominate the onion world. There does appear to be some temporary relief on the horizon as it appears more drivers are getting back to work with a lot of the elevated stimulus programs coming to an end. Additionally, lumber prices have fallen by as much as 40% in recent weeks, and many are predicting that this could be a sign of a correction coming in other industry and commodities as well. However, with the 4th of July around the corner, we expect rates will bounce back up in the coming weeks, and then there may be a chance we will see a bit of longer-term relief in the Fall until the Thanksgiving/Christmas Holiday push kicks in.

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 in early August. 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. The concern surrounding trucks continues to be the most pressing challenge at the moment. There does appear to be some temporary relief on the horizon as it appears more drivers are getting back to work with a lot of the elevated stimulus programs coming to an end. Additionally, lumber prices have fallen by as much as 40% in recent weeks, and many are predicting that this could be a sign of a correction coming in other industry and commodities as well. However, with the 4th of July around the corner, we expect rates will bounce back up in the coming weeks, and then there may be a chance we will see a bit of longer-term relief in the Fall until the Thanksgiving/Christmas Holiday push kicks in.

TOMATOES

East Coast

- **Rounds: WATCH LIST** We should see volume continue to be steady this week out of 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 will see some challenges over the next two weeks, particularly on larger fruit.
- **Romas: ESCALATED** Roma production will continue to be lighter than expected through the next week. We should see a vast improvement on quality and volume once we start the mountain deals in July.
- **Grape Tomatoes: ESCALATED** We are in transition with grapes and supply continues to be 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. Currently, we do not anticipate any shortages or pro-rates.
- **Cherry Tomatoes: ESCALATED** We are in transition with cherries and supply continues to be 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. Currently, we do not anticipate any shortages or pro-rates.
- **Organic Tomatoes: WATCH LIST** Supply very limited, and quality is marginal.

Mexico

- **Rounds:** Markets have eased back as volume ramps up out of Sonora, Central Mexico and The Baja. We should also see a few tomatoes out of California this week. Quality overall is very nice, good availability on all sizes.
- **Romas: ESCALATED** Volume was expected to increase but is still slow to improve with almost no fruit crossing from the Baja. We expect this to improve late next week as we will see more fruit cross from McAllen and growers scratch out of the Central Valley. Quality should remain very nice from all shipping points.
- **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. At this time, we do not anticipate any shortages or pro-rates.
- **Cherry Tomatoes: ESCALATED** Supply remains light this this week out of Mexico and quality is mixed.

California

- **Romas and Rounds: WATCH LIST** We are starting to see some light production numbers out of the Central Valley on Round Tomatoes and Roma Tomatoes. Volume has been improving daily and growers are trying to pick ahead of the heat and hopefully avoid some initial quality issues. We will certainly expect some shelf life and appearance issues as we continue into the harvest.

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.