

Weekly Market Review

July 16, 2021

Overview

We are observing crops in California closely as the Central Valley experienced yet another hot weekend with temperatures ranging from 111-115 degrees, Friday through Sunday. In addition to California, we are also watching crops in the Pacific Northwest as they experienced heat over the last few days as well. In the east, we are seeing delays due to rain resulting from Tropical Storm Elsa that affected crops from South Carolina to New Jersey over the weekend. As a result of the weather, we may see delays this week which could impact markets and supply over the next several weeks. We are keeping a close eye on this issue and will keep you informed as any concerns develop. In the meantime, tomato supplies are improving out of the west as production ramps up out of Baja and southern California on vine ripe tomatoes. We are seeing a tighter bean market, mostly weather driven, and a return to a normal banana market! Lime sizes have begun to make their seasonal shift now that the rainy season has begun, we are starting to see larger fruit become readily available and smaller fruit tighten up a bit, but overall good volume and quality continues to cross through Texas.

Market Alert

- Carrots (Jumbo) – **ESCALATED**
- Garlic – **EXTREME**
- Ginger – **EXTREME**
- Pears (Smaller Sizes) – **EXTREME**
- Tomatoes – Grape, Cherry & Roma (Mexico and Florida) - **ESCALATED**

WATCH LIST

- | | |
|------------------------------------|-----------------------------------|
| • Apples (Small size Granny Smith) | • Eggplant |
| • Avocados | • Mushrooms |
| • Beans - Green | • Slicer Cucumber |
| • Bell Pepper Green and Red | • Tomatoes East and West (Rounds) |
| • Cucumbers - East | • Transportation |
| • Corn | |

Transportation

Freight rates continue to impact all concepts resulting from increases on the cost of truck loads, due to the ongoing upsurge 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%. It truly is an unprecedented time in the freight market, so please reach out to your Produce Alliance representative to understand solutions from sourcing outside of produce items, to evaluating pricing moving items from whole to processed on account of labor, and deeper yield per case.

National fuel prices have been jumping daily since January; the national average price per gallon for diesel was \$3.28 per gallon with the east coast averaging \$3.27/gallon and California averaging \$4.09/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
Round Tomatoes (Mexico)	Markets have ticked up once again due to lighter production and we are struggling with color and volume due to heavy cloud cover and rain in Central Mexico and will need to watch this closely. Volume on the Baja is slow to ramp up. Quality overall is very nice, good availability on all sizes.	Round tomatoes are beautiful and juicy! Sliced or diced for any dish, they are a great commodity to top a burger with or to add to a salad. Personally, we loved them sliced up with a touch of salt, pepper, and olive oil... Y-U-M
Cantaloupe	Cantaloupe production in California has started to ramp up. Markets have settled to lower levels following an initial decrease in demand after the Fourth of July holiday. Many retailers have planned promotions over the next 7-14 days which should assist in stabilizing the market. Early fields were providing a good split of 9/12s but new fields that will be breaking this week and should give us higher percentages of 9s and larger reducing the number of 12s we receive. Early quality has been very good, with solid internal quality characteristics.	Big. Fan. Of. CANTALOUPE! We LOVE this melon... especially in the summertime. Turn your prosciutto and melon combo into a salad. Lay out a bed of arugula, and add burrata, and sliced melon on top! Then, instead of regular prosciutto... lay it out on parchment paper and put it in the oven for a few minutes to crisp up, then crumble it on top for that salty bite! This is a salty, sweet, creamy, spicy, and delicious dream of a dish!

Fruits & Vegetables

Avocados: Market pricing has declined as last week Mexico had a big harvest bringing over 50 MIL lbs. to the U.S. with a total volume to the U.S. at 72MIL lbs. The size curve remains skewed to the larger sizes and that's where the market is weak. Mexico's current crop "Normal" is winding down, the fruit on the trees is sized up and smaller fruit: 60/70/84s are tight. Additionally, Peru arrivals to the U.S. are mostly 48s and larger adding to the stronger market on small fruit. Mexican avocados are high in dry matter - 34.5%, the fruit is eating fantastic, but its shelf life is shorter, best to keep inventories lighter as fruit will ripen quickly. The next crop will begin in approx. 2 weeks and at that time dry matter will decrease as fruit is less mature.

Bananas: Banana quality and availability are good as we have recovered from the Q4 2020 hurricanes.

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

Grapes: The grape season, from Mexico, is coming to an end as many growers have finished packing for the season. There will be supply available until inventory is cleaned up, so look for the market to strengthen. Hot weather in the California desert may shorten their season, so look for Coachella to be finished soon. We are seeing good quality out of San Joaquin valley with good supply.

Berries

Strawberries: Volumes are slowly down trending through the end of July. Warmer temperatures are forecasted during the next 4 days in northern California and Santa Maria, but we are not expecting

significant impacts to fruit quality or harvest volume due to these temperatures. The Northern District has reported an improvement in bruising rates. There has been a bit of morning drizzle in some of the district which the region is monitoring. Santa Maria quality has improved compared to previous weeks with favorable weather in the forecast for the next 10 days. Most growers have finished their summer plantings.

Blueberries: This is the final week of production for this season in Baja and San Joaquin Valley. New Jersey volume will continue with low and increasing volumes. PNW volume was impacted the recent heatwave but is expected to quickly ramp up as fruit begins to ripen after being stalled by the weather. New Jersey continues with low volumes with some quality challenges and are being monitored. Baja has reported good size and flavor, especially in the 2 remaining ranches with Sweetest Batch in production. The Pacific Northwest is still monitoring the impacts of the recent heatwave seen across the region.

Blackberries: We are in a transition period between producing applications in the US regions which is creating a supply gap. We expect lower supplies for 2-3 weeks. Supply will then increase at the end of July as we head into our summer peak in August. Santa Maria has reported good flavor with brix with no major defects observed at the docks. The Northern District has reported good condition and appearance overall. Oxnard continues with peak production with good flavor because of high brix. New Jersey has good quality with minor defects and good size and flavor.

Raspberries: Volume is trending down as our California regions are now post peak and are transitioning into summer/fall producing applications. Volume will continue decreasing week over week for the next few weeks and then hold steady through September. Surprise heat events could reduce the volume outlook. Oxnard continues with peak production with good size and quality overall. The Northern District has reported that most of the ranches in the district are staying on top of their harvest. Santa Maria has reported medium sized fruit with good color and flavor.

California

Navels: Late Navels are still available, mostly large sizes, 40-72ct. Shippers are expecting to have product available for another 2 weeks. Quality is decent but seeing some softness. Import navels will arrive mid-July on the east and west coast.

Valencias: Some shippers are in full swing on their Valencia crop. Market is starting to come down, but still seeing a high market price on small fruit. It is expected to remain this way until valencias phase out. Quality is good, peaking 72/88.

Lemons: Market remains very active on lemons; shippers are holding to averages and barely covering commitments. Quality issues are common for this time of year, with the pack out about 80% choice grade. Mexican imports will start arriving in about 2 weeks and will bring some relief to the market. Chilean and Argentine lemons are slowing starting to arrive on the East Coast.

Limes: Availability has increased, and we are seeing consistency daily from harvest. Overall market remains stable and a good availability on sizes is available, however, we are starting to see some tighter supply on smaller sizes as we see more rain size the fruit up. We do not see this as an issue at this time, however, we are keeping a close watch on this as we could see tighter supply on 200-250 ct. over the next several weeks.

Grapefruit: California grapefruit is available in Riverside & small sizes are available in Central Valley. Fruit is peaking on the smaller sizes 40, 48, and 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. We anticipate 40ct & large pricing to remain firm and continue to inch up each week.

Imports/Specialties available:

- Mandarins – Expected to finish up this week.
- 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 on this delicate item.

Green Leaf: Salinas green leaf production volumes are tracking slightly higher for the week. Overall quality is nice with a good green color, full heads, and good texture. Demand and pricing is steady.

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

Romaine & Romaine Hearts: Romaine and romaine heart production supplies are steady for the week. Plants are exhibiting good color, texture, and quality overall. We are experiencing some occasional fringe burn at the field level. Overall demand has leveled off a bit while FOB prices remain constant.

Iceberg Lettuce: Lettuce blocks are yielding slightly lower than anticipated budget volumes. Fields are trending to come off closer to scheduled harvest dates moving forward as we get back on track. Pricing fairly steady this week.

Eastern and Western Vegetables

Green Bell Pepper: WATCH LIST Good volume will begin ramping up out of North Carolina and other local regions in Tennessee, and Michigan. In the west, the Central Valley is now in full swing, supplies are very good, and growers are picking ahead to beat this week's heat wave. We will need to assess this next week and review quality, supply etc. with the growers. Overall quality has been good but still need to watch for potential quality issues such as sun scalding, sizing, etc. as some of the crops mature.

Red Bell Pepper: WATCH LIST Supply remains steady this week and we are out in the fields assessing heat pressure due to the heatwave in the Central Valley. We should be booking orders ahead as much as possible to make sure we are keeping good service levels. Quality may be an issue over the next several days, and color as well. We could see greener fruit and "chocolate" (when a pepper is turning from green to red, sometimes extreme temperatures will make them turn shades of brown instead) as growers trying to pick ahead to protect the plants and fruit from the heat. In the east, supply is still good crossing from Canada, but we will need to watch how the plants react to the heatwave over the weekend as with extreme heat we could see sun scalding, sizing, and other quality issues for the next several weeks.

Yellow Bell Pepper: Lighter supply this week with strong 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 We are in transition to North Carolina, Michigan, and other local deals. Overall quality is excellent. In the west, the valley is now in full swing with outstanding quality.

Slicer Cucumbers: WATCH LIST Supply is now in full swing out of North Carolina, Michigan, and New Jersey. 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 tighter this week.

Green Beans: WATCH LIST We are seeing extremely tight numbers in the east this week with Georgia and North Carolina wrapping the season up and transitioning to Tennessee. We do expect to see production from Michigan and New York over the next several weeks barring further weather impacts which could help ease some of these escalated markets back in line. 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 last week's heatwave may affect supply out of Fresno and Brentwood areas. We should see some additional supply out of the central coast, some light volume available out of Baja.

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	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	Flowering		USA
Mint	Steady	Steady	USA
Oregano	Flowering		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	Limited		USA
Lime Leaves	Steady	Steady	USA

Melons

Cantaloupe: Cantaloupe production in California has started to ramp up. Markets have settled to lower levels following an initial decrease in demand after the Fourth of July holiday. Many retailers have planned promotions over the next 7-14 days which should assist in stabilizing the market. Early fields were providing a good split of 9/12s but new fields that will be breaking this week and should give us higher percentages of 9s and larger reducing the number of 12s we receive. Early quality has been very good, with solid internal quality characteristics.

Honeydew: Honeydew production remains very limited which continues to translate to higher markets. Regular weekly contract demands have been chewing up available inventories each day leaving minimal quantities for the open market. The sizing profile has shown mostly larger melons with 6/8s being in shorter supply. We anticipate better availability over the next 7-10 days as new regions begin breaking fields.

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 and sizing is peaking on 60's this week. We are also seeing volume ramp up out of the central valley on bins and minis. Quality in the west is very nice.

Mixed Vegetables

Artichokes: Volume is low this week, we expect to harvest only 2 days. Quality is excellent. We expect volume to remain low this month. Prices are higher on some sizes.

Arugula: Supply and quality are good.

Asparagus: Market for next week is slightly stronger. **Peru:** Good volume, quality, and demand. **Mexico:** Central Mexico supplies are expecting to increase after mid-July.

Bok Choy: We continue to see good supplies and quality and expect this to continue for the next several weeks.

Broccoli/Broccoli Florets: Supplies are lighter this week. We are seeing some hollow core.

Brussels Sprouts: Sprout supplies will be good for the near term and the category is a great choice for promotion. Production in Mexico look to be wrapped up for the season and transition to domestic sources is uninterrupted. Quality is good to excellent; some elongated seed stem/core is still noted.

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 average this week with good supplies for us and in the industry. Quality is good and the market is steady in Salinas. We are fully transitioned to Salinas.

Corn: **WATCH LIST** We are seeing volume get snug out of South Georgia. In the west, we have steady supply available, however, we need to watch the conditions closely due to last week's heatwave that could affect quality over the next several weeks. We are also seeing curtailed harvesting due to shortages of labor.

Cilantro: Cilantro supplies are expected to be on the lighter side again this week as we continue to experience some issues with bacterial spotting.

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

Garlic: **EXTREME** New crop California garlic is getting ready to get started but we will still be shipping product of Mexico for another 1 to 2 weeks until California starts. Quality from Mexico still looks good, and we are anticipating very good quality from California when the new crop starts. 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 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 and now is an opportunity for promotion.

Parsley (Curly, Italian): Parsley supplies are expected to be plentiful for the next three weeks. Now is an opportunity to promote!

Rapini: We will see lighter volume on rabe. Our Salinas fields are not coming in as fast as anticipated – the planting scheduled for the end of the week will not be ready until next week. Quality remains strong overall.

Red Cabbage: Supplies are steady with good quality.

Snow Peas: Quality is good. Guatemala has good volume and Peru volume is light but will be increasing Mid-July.

Sugar Snap Peas: Quality is good. Guatemala has good volume and Peru volume is light but will be increasing Mid-July.

Spinach (Bunched): Cool foggy mornings are causing some mildew and warmer afternoons are causing insect presence.

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:

We are continuing to see the effects of supply interruptions from the last several weeks in both San Joaquin Valley and New Mexico shippers. The heat in California has been damaging to fields and created a gap between the old crop and early crop, while more rain in New Mexico continued to prevent fields from drying out. The humidity and overcast weather are preventing shippers from being able to clean up the staining on the outside of onions as well. Quality is sound and the onions are 'hard,' but there will be some less than appealing aesthetics at times due to this. The resulting effect has been that the market has moved up quickly on all colors and sizes – particularly on white and red onions. When the onion market goes up during the summer months, it usually can control the supply enough to meet demand without flooding the market. Once New Mexico gets back to full production, we should see things level off and 'normalize,' across the board. It is unlikely we will see FOBs fall very far from where they are at. Northwest growers are continuing to express great concern for the upcoming crop due to record high temperatures in Idaho/Oregon/Washington. While we have seen heat waves like this in the past, it rarely arrives this early in the season at this level of intensity. The plants have not grown enough to form a protective canopy and causing challenges in keeping up with the necessary irrigation requirements. The belief is that both yields and sizing may be negatively impacted. Freight continues to be challenging out of all onion growing regions. Finding the right truck and rate seems to be as much about timing and finding 'one-off' deals in comparison to what most carriers are commanding. There remains hope that we will see some temporary relief in the coming weeks as summer holidays will be done until Labor Day. Jumbo red and white onions out of southern New Mexico are escalated.

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. We will continue to see product tighten up as sheds begin to finish up and shut down for the season until they resume packing new crop in August. Quality is about what you would expect for this time of year in Idaho. There will be signs of age on the crop, with some rots packing out worse than others. Processor demand has also remained elevated and is expected to continue as well, which has kept off grade and #2 product cleaned up. Idaho and Washington potato growers are expressing great concern for the upcoming crop due to record high temperatures in the region. While we have seen heat waves like this in the past, it rarely arrives this early in the season at this level of intensity. The plants have not grown enough to form a protective canopy and causing challenges in keeping up with the necessary irrigation requirements. The belief is that both yields and sizing may be negatively impacted. The concern surrounding trucks continues to be a challenge. There remains hope that we will see some temporary relief in the coming weeks as summer holidays will be done until Labor Day. As harvest begins in August, supply will be coming out of the fields fast and in large quantities. Historically, trucks generally 'flock' to this region for loads as there is no shortage of available product to ship since the initial potatoes being dug cannot be stored and must ship. If the truck supply does not improve this year, we may see added challenges this year during harvest.

TOMATOES

East Coast

- **Round Tomatoes: WATCH LIST** Production has finished up in South Carolina and transition to the mountain programs in Tennessee and North Carolina. With regards to quality, we will see some challenges over the next two weeks, particularly on larger fruit.

- **Roma Tomatoes: 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 over the next 10-14 days.
- **Grape Tomatoes: ESCALATED** We seem to be stalled in transition on snacking tomatoes but should start seeing some volume out of North Carolina and Tennessee over the next week followed by Virginia. Currently, we are not anticipating any pro-rates or shorts on our contracts.
- **Cherry Tomatoes: ESCALATED** We seem to be stalled in transition on snacking tomatoes but should start seeing some volume out of North Carolina and Tennessee over the next week followed by Virginia. Currently, we are not anticipating any pro-rates or shorts on our contracts.
- **Organic Tomatoes: WATCH LIST** Supply very limited, and quality is marginal.

Mexico

- **Round Tomatoes: WATCH LIST** Markets have ticked up once again due to lighter production and we are struggling with color and volume due to heavy cloud cover and rain in Central Mexico and will need to watch this closely. Volume on the Baja is slow to ramp up. Quality overall is very nice, good availability on all sizes.
- **Roma Tomatoes: ESCALATED** Volume remains slow to ramp up out of some regions in Central Mexico due to rain and ongoing cloud cover. Quality has been fair and should begin to improve over the next week as weather and volume improve. On the Baja, volume will improve daily crossing through Otay and quality is outstanding on all sizes.
- **Grape Tomatoes: ESCALATED** Mexico continues to struggle with volume, particularly out of Central Mexico due to lack of sun however we are seeing numbers begin to improve. We do anticipate better number crossing through Otay over the next week as well. Currently, we do not anticipate any shortages or pro-rates on contracts despite ongoing strong demand and escalated pricing.
- **Cherry Tomatoes: ESCALATED** Supply remains light this this week out of Mexico and quality is mixed.

California

- **Romas and Rounds: WATCH LIST** We continue growers harvesting daily round and roma tomatoes out of the Central Valley. Volume has been improving daily, however, due to last week's heat we do expect to see some compromised quality on newer picks. We will certainly expect some shelf life and appearance issues as we continue into the harvest over the next few weeks. Good supply available on South San Diego County Vine Ripe Rounds and Romas.

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, however, will need to watch how the PNW crop reacts to the latest heatwave to hit Washington State.

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