

## Weekly Market Review July 18, 2022

### Overview

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We are seeing a lot of weather-related pressure delaying production along the eastern seaboard which is impacting yield and lighter fruit across all categories this week. We continue to struggle with the green bell peppers market as production gets moving in the right direction and we expect light volume for at least another week. Cucumber volume continues to improve as growers break fields in Michigan and New Jersey. Corn volume will continue to be light this week while tomatoes are ramping up out of North Carolina, Alabama, and Tennessee. In the west, we are seeing more volume out of the Central Valley and Baja on all tomato varieties, however, we are seeing concerns in the west due to an extreme heat advisory throughout the central valley. Corn will be hit and miss this week, squash and beans are plentiful. Bananas are expected to remain short through the second week of August. Pineapple volume is down as part of the natural harvest cycle; large fruit is lighter in volume; we do not expect shortages currently and are evaluating with our partners daily.

### Market Alert

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- Asparagus (XL & Jumbo) – **ESCALATED**
- Avocados – **ESCALATED**
- Bell Peppers - **ESCALATED**
- Cabbage – **ESCALATED**
- Carrots (Jumbo) – **ESCALATED**
- Cilantro - **ESCALATED**
- Cucumbers- **ESCALATED**
- Corn - **ESCALATED**
- Garlic – **EXTREME**
- Ginger – **EXTREME**
- Green Beans - **ESCALATED**
- Hot Peppers – **ESCALATED**
- Romaine Heart - **ESCALATED**
- Mushrooms – **ESCALATED**
- Oranges - **ESCALATED**

### WATCH LIST

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- Bananas
- Broccoli Bunch and Broccoli Crowns
- Melons - Cantaloupe and Honeydew
- Snow Peas
- Sugar Snap Peas
- Eggplant
- French Beans

### Transportation

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Decreased demand and improved capacity have reduced the base cost of freight through Q1, but the increased cost of diesel has mitigated the savings seen with the improved capacity. The average fuel surcharge per mile in December 2021 was \$0.40/mile with the current May average now at \$0.71/mile. Diesel prices are projected to remain high as global oil demand has surged above pre-Covid levels while supply has tightened due to international sanctions on Russian oil exports caused by the Russian invasion of Ukraine.



## Good Buys

Commodity	Market Update	Expert Tip
Round Tomatoes - Mexico	We are seeing better volume and quality has improved considerably as we continue to transition to Baja and Jalisco. Volume will continue to improve, and quality is outstanding.	Tomatoes and zucchini are two of the most amazing local summer-time commodities! Change up your typical potato au gratin, with zucchini tomato gratin. Slice the tomatoes, zucchini, and potatoes and then alternating between the three fit them tightly against one another in a baking dish until it is full. Drizzle with olive oil, Italian seasoning, salt, pepper and bake in the oven until tender and bubbly. Enjoy!
Zucchini	Good supply available at this time and quality is good out of all production areas.	

## Fruits & Vegetables

**Avocados: ESCALATED** The Loca crop is in full swing, and estimates show this season to be much larger in volume. Standing inventories in the U.S. are up to 55 million pounds – relatively close to last week’s 51 million pounds. Expectations are for more modest adjustments both up & down over the next few weeks as the industry adapts to lower pricing points and promotions start to come back online. After pricing settles with this initial wave of volume, we anticipate some stability to come back to the avocado category. Additionally, Mexico’s rainy season is now through September, and historically July is the wettest month – bringing more rain delays to harvest plans.

**Bananas: WATCH LIST** We are seeing upward pressure on pricing this quarter due to inflationary pressures here in the States as well as Central America. Components such as corrugate, resin, fungicide, labor, and shipping costs continue to rise to record levels. In addition to this, we expect to see lighter volume out of Central America because of some growing issues related to Hurricane Agatha as well as a spike in demand from Europe and Russia. In addition to these inflationary pressures, we are seeing some of our partners be impacted by a tropical storm that has brought heavy rain to Guatemala. We are seeing some supply disruptions in getting fruit to the ports for shipment, but we are in contact with our partners should this continue to be an issue. Currently, we do not anticipate any shortages, but again, are assessing this daily with our partners to ensure consistency in the supply chain.

**Pineapples:** Pineapple availability is lighter than normal due to the groves are in the flowering process. Size curve is leaning heavy to 8’s with 5 and 6’s being shorter than normal.

**Grapes:** Overall good quality continues. Good volume continues to cross from Mexico where deals are being made. We are seeing some fruit available out of Coachella as well.

## Berries

**Strawberries:** Strawberry volume saw an increase due to warmer temperatures. Currently fruit size and quality continue to improve, and production is expected to be on a slight downward trend moving forward.

**Blackberries:** Cooler temperatures have slowed supplies, but this will be short-lived. Supply is expected to bounce back in two weeks and enter peak production in early August. Quality overall is good, and sizing is trending towards larger fruit sizes.

**Raspberries:** Supply is on the downtrend across most California growing regions beginning next week. BC and Quebec are up trending slightly and are expected to peak at the start of August. Baja volumes are steady and will hit peak volumes by the end of July. Quality continues to improve weekly

**Blueberries:** Growers have begun harvesting in the Pacific Northwest, but volumes are lower than anticipated this week. The fruit has been right on the edge of harvest due to the fruit not having enough warm weather to finish the ripening process. Temperatures are expected to warm up, and supplies should ramp up over the next four weeks. We may see a sharper peak now as varieties overlap more than in a typical year. Overall quality is excellent to start the season.

## **California**

### **Citrus**

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**Oranges:** **ESCALATED** Valencia's are showing to be 25% down as an industry peaking on smaller fruit. Due to the industry being 25% down this season, we are anticipating the market to stay very strong all summer. The average diameter of the fruit is the smallest it's been for many years to start.

**Lemons:** Lemons have started to tighten up. D1 lemons (Central Valley) have now finished for the season, which was much later than usual. D2 (coastal region) has had very little fancy fruit, very heavy choice, and standards, but some rough fruit this season. D2 is very yellow, soft, and has heavy scares – this is normal for D2 lemons, and growers will grade as hard as they can and work through it.

**Limes:** Volume is steady on small limes; however, the crop is simply not sizing up at this point and expect larger sized fruit to be an issue and ask to be flexible on sizes until we see improvement on volume on large sized fruit. We expect the potential for volatile markets to continue through August due to size and various weather-related pressures.

**Grapefruit:** Ruby grapefruit now available and size is peaking on 32s and larger fancy and all small sizes 36s and smaller are tight. Texas is expected to start very late.

**Imports/Specialties:** Blood oranges are available in good supply. Imported clementines are available.

### **West Coast Lettuce**

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**Butter Lettuce, Green Leaf lettuce, Red Leaf lettuce, Romaine, and Iceberg Lettuce:** Overall, quality is very good on all items and over the next several weeks, supply is forecasted to remain steady with very little fluctuation. There are reports of light tip burn on some of the lettuce, romaine, and leaf lettuce fields but nothing excessive. As we continue through the summer, we will be getting into the fields that may have been affected by the excessive heat that hit the Salinas Valley a couple of weeks ago, when the product was young, but shippers are not currently harvesting in those blocks yet, so nothing is being reported. In addition, the Salinas Valley is still dealing with some production issues with the INSV virus and that is cutting back some of the volume in Salinas but certainly not curtailing volume completely. We could see more drastic impact like we have in past years as the more insects that spread the virus, the more virus.

**Romaine Hearts:** **48ct ESCALATED:** Quality remains good and good demand continues. Light tip burn in the fields and potential for quality issues from INSV virus may be ahead of us.

### **Eastern and Western Vegetables**

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**Green Bell Pepper:** **ESCALATED** Volume is very light in the west as transition from the desert to the Central Valley is underway in the west. We are also facing a heat wave that will slow production and harvesting down this week which will further delay availability. In the east, production is slow to start, and we are seeing regions delayed this week due to weather related pressure. Once the clouds clear we will see more production of our North Carolina, New Jersey, and Michigan.

**Red Bell Pepper:** **ESCALATED** Markets are holding strong as supply remains limited this week due to excessive heat and limited production hours due harvest crews being restricted to half day production. Good availability on Mexican and Canadian Hot House.

**Yellow Bell Pepper:** **ESCALATED** Markets are holding strong as supply remains limited this week due to excessive heat and limited production hours due harvest crews being restricted to half day production. Good availability on Mexican and Canadian Hot House.

**Mini Sweet Pepper:** Strong demand and lower yields expected through July.

**Mixed Chili Pepper:** **ESCALATED** In the east, we continue to see light volume on jalapeno and very short on all other varieties. We hope to see this improve over the next ten days. In McAllen, Improving volume on all varieties but tomatillo, habanero, and Anaheim. Seeing quality issues and low production from Coahuila and Chihuahua. In the far west, we are seeing improving numbers cross through Otay on all varieties and should see better volume weekly out of the Central coast as well.

**Eggplant:** Supply will be light this week as we transition to North Carolina, Michigan, and New Jersey. We should see improving markets in 7-10 days. In the west we are seeing stable numbers this week out of Fresno however due to heat we will see those numbers drop back as production drops and harvest times will be restricted.

**Slicer Cucumbers:** **ESCALATED** Improving volume out of Michigan and New Jersey are bringing much needed relief to the markets in the east now that Georgia is done. In the west, crossing continue through McAllen, Nogales and Otay with very high demand as quality and availability remain better than in the east. We are starting to see downward pressure on the FOB prices this week.

**English Cucumbers:** Good quality and supply available out of Mexico and Canada, as well as a few crossings at Otay as well.

**Pickles:** We good volume out of Central Mexico, Canada, and Michigan and quality is very nice.

**Green Beans:** **ESCALATED** We are seeing light volume out of Fresno as well as the southeast this week. Lighter supply also on the east coast and quality is hit and miss.

**French Beans:** **WATCH LIST** Improved production and quality from Guatemala. Mexico product quality has been good but with increased temperatures, we are starting to see heat related issues affecting quality and shelf life.

**Zucchini/Yellow Squash:** Good supply available currently and quality is good out of all production areas.

## Herbs

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Chervil supplies will remain tight for the summer due heat damage. Tarragon and Parsley are good substitutes. Dill also was affected as the heat will cause dill to have a purple tint instead of green. Growers will do their best to clean the issue out. OREGANO, THYME, and MARJORAM saw flowering due to the heat. Growers will do their best to clean out the flowers.

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

## Melons

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**Mixed Melon Outlook:** We are seeing production ramp up on the Westside district of California, yet still not hitting the forecasts. The entire growing region saw an uptick in temperatures the past couple days (105-110) which has caused afternoon harvesting to be curtailed out of concern for the packing crews.

**Cantaloupe:** **WATCH LIST** Sizing remains on the high side of the curve seeing mostly with 9ct followed closely by 12s. Good netting and high brix continue as high as 16% and quality is outstanding.

**Honeydew:** **WATCH LIST** Honeydew production is late and slower due to the heat restrictions. Like cantaloupe, larger sizing is being contended with as we see primarily 5/5Js and very few 6s or smaller so far. Quality on the dewes has been very good with melons being clean externally with limited scarring but brix levels are showing in the 13-15% range.

**Watermelon:** Overall quality is very nice and lighter volume this week, but markets are firm. Plenty of loading options out there from California, Arizona, South Georgia, Texas, South Carolina, and Missouri.

**Mini Seedless Watermelon:** Limited supply this week out of Arizona; limited supply in the east and California.

## Mixed Vegetables

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**Artichokes:** Quality is very good with moderate supply and market is steady.

**Arugula:** Supply and quality are good.

**Asparagus:** **ESCALATED (X-Large & Jumbo)** Guanajuato's production continues to increase with excellent weather in the region. Sizing is still mostly standard and large. Peruvian production continues to slow down due to cold weather in the growing regions. Due to this cold weather, we continue to see a short supply on the large, XL, and Jumbo. Markets are less active after the holiday.

**Broccoli/Broccoli Florets:** **WATCH LIST** Broccoli supply will be lighter through the rest of July and the month of August out of Salinas and Santa Maria as local summer growing regions have started and California growers have reduced acres planted. Very good demand is keeping the current markets very active with pricing in the high teens, inching towards trigger points and we may see pricing escalate but for now contract pricing will remain steady and regular business is being covered with no prorates. We will continue to see supplies and market bounce up and down for the next two months as volume in various local regions will vary.

**Brussels Sprouts:** Sprout demand remains good, and supply is somewhat improved this week, but we continue to ongoing quality issues.

**Carrots:** **ESCALATED** Current demand exceeds predicted supply while lower than average yields caused by cold wet weather has limited availability. Shippers continue to struggle with labor due to COVID and not having enough workers show daily to pack carrots.

**Cauliflower:** Quality is very good, with very good supply.

**Celery:** Steady volume and quality is improving.

**Corn:** **ESCALATED** Short supply, heat restrictions in the west and less acreage will keep FOB prices very high in the west. We may see this worsen should California further restrict water to growers on the West Side. In the east, Georgia is about done; we will see production ramp up over the next several days in states from Ohio and North Carolina. Prices in the east remain firm and demand is strong.

**Fennel:** Good supply continues with very good quality

**Garlic:** **EXTREME** Domestic supply is very tight, and shippers are holding to averages but we expect this volatile market to continue through the summer. Garlic Co. is now shipping product of Mexico with the transition to new crop California estimated to start next week.

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

**Green Cabbage:** **ESCALATED** Quality is good; supplies saw a considerable decrease due to adverse weather. Market remains active

**Green Onions:** Supply is good with very good quality, market is steady

**Jicama:** Steady supply available crossing through McAllen.

**Kale (Green):** Supply is steady, quality is very good

**Mushrooms:** **ESCALATED** Quality is good despite supply being lighter than expected. We continue to see lack of labor, shortages in component of growing such as peat moss and other inflationary pressures. We expect to see this continue to be a challenge until some of the growing costs can get under control of this particularly labor intensive and cost sensitive item.

**Napa Cabbage:** Quality is good, supply is improving, market continues active.

**Parsley (Curly, Italian):** Quality is good, supply is improving with good demand. Market is slowly declining

**Rapini:** Excellent supply this week and next.

**Red Cabbage:** **ESCALATED** Market continues active with extremely light supply

**Snow Peas and Sugar Snaps:** **WATCH LIST** Production of snow peas and sugar snaps in Guatemala has improved with better weather last week. US product is good on supply and quality.

**Spinach (Bunched & Baby):** Supply and quality are good.

**Spring Mix:** Supply and quality are good.



**Sweet Potatoes and Yams:** There is plenty of availability across all sizes out of North Carolina with some good deals to be had on straight loads of #1's. There seem to be more potatoes available out of North Carolina compared to Mississippi who anticipate to finish the current crop just in time for new crop to be cured. We are also currently seeing a small gap with some specialty sweets like Red Garnets out of Livingston, CA. They expect to be back in with their new crop at the beginning of August.

### **Onions:**

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The market continues to remain tight out of all shipping regions. Between gaps between the early and late plantings in California, as well as interruptions due to rain over the last several weeks in New Mexico, growers have not had much product on the floor to sell outside of red onions. This is about the only onion item that seems to be rather plentiful in both California and New Mexico. Size profiles appear to be getting smaller as well, as colossal, and super colossal size onions have been anything but plentiful. That being said, mediums remain very tight as well as retailers all run heavy ads for consumer packs during the summer months. We anticipate this to be the case for another three weeks, until Washington can start shipping new crop onions around the first week of August. Given the cool growing season they have experienced, we do not anticipate the market will be flooded all at once as we have seen in years past. It should be slow out of the gate to start, and sizing will likely be heavy to mediums and smaller jumbos. This will still provide some much-needed relief, and their supply will continue to ramp as they get deeper in to harvest. California and New Mexico growers remain confident that there will not be enough supply to meet demand on what they have left to sell, and the Northwest will come late enough that pricing should hold until later into the month of August. The concerns for yield and size in the Northwest crop continue to loom as purchasers begin to seek out new contracts. Trucks have remained relatively plentiful out of all regions and rates remain flat.

### **Potatoes:**

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The potato market continues to further tighten on all sizes and grades. There is going to be a true gap between old crop and new crop, and the situation has gone from bad to extreme. Growers are about 7-14 days out to even ship anything at this point. Size profiles remain heavy to smaller potatoes; however, everything is tight. Most shippers cannot take outside orders beyond their normal program commitments and contracts. Price has become secondary to simply having supply at all. We are approaching a point where operators may have to sub any size, grade, and even color of potato from their normal spec to stay supplied. Relief cannot come soon enough for the industry in terms of staying supplied. We do not anticipate this to fully happen until September, as August new crop will be slow to start. The challenges next season remain alive and well as the cold and rainy Spring did not do the crop any favors. Additionally, we continue to feel pressures from processors at an unprecedented rate. This particular year, growers are very apprehensive to offer contracts at all. The ones that do, will likely come with a hefty increase as well as some type of escalation clause or language that gives growers the ability to capture the upside of the market when it does go up. Trucks have remained relatively plentiful and rates remain flat.

## **TOMATOES**

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### **East Coast**

- **Round and Roma Tomatoes:** We have transitioned to North Carolina, Alabama and Tennessee, and volume is lighter this week. Quality on rounds is very nice and peaking in XL's. Romas are tight out of the east but expect more volume over the next 2-3 weeks.
- **Grape and Cherry Tomatoes:** Excellent supply and quality available.
- **Organic Tomatoes:** Supply will remain limited this week.

## Mexico

- **Round and Roma Tomatoes:** We are seeing better volume and quality has improved considerably as we continue to transition to Baja and Jalisco. Volume will continue to improve, and quality is outstanding.
- **Grape Tomatoes and Cherry Tomatoes:** Strong volume and quality available out of Central Mexico.
- **Medley Grape Tomatoes:** Strong numbers continue out of all regions and quality is outstanding.
- **Tomato on the Vine:** Excellent quality and supply available.

## California

- Good quality and availability on both rounds and romas. The market has firmed up as demand from the east has increased. We will need to watch markets closely as extreme heat will impact the central valley affecting quality and restricting harvest hours.

## **APPLES, PEARS, STONE**

### **FRUIT**

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**Apples:** West coast new crop apples are being packed; however small sizes remain tight. East coast apples are available as well. Market price remains firm on small fruit as local schools take most of the volume.

**Pears:** This year's pear crop was down significantly, with mostly larger fruit available. Growers are trying to drag out supply as best as possible until new crop starts next August.

**Stone Fruit: California:** Good volume available on white and yellow flesh variety peaches and nectarines. Good volume available on yellow and white flesh nectarines. **East Coast:** South Carolina volume is steady and quality outstanding on yellow flesh peaches.

**Cherries:** Extremely light supply available due to production GAPS. California is done.

**Apricots:** Fair supply available out of California.