

## Weekly Market Review July 22, 2022

### Overview

A heat wave is hitting the central valley this week causing production delays and lower production yields. 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 at the very least. Corn remains very short in the west, but we are seeing improved volume out of the east and should see Olathe Valley start over the next 10 days. Tomatoes volume remains light in the east out of North Carolina, Alabama, and Tennessee. In the west, we may see some quality issues out of Northern California on tomatoes; Southern California and Baja production should be stable. 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

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

### WATCH LIST

- Bananas
- Broccoli Bunch and Broccoli Crowns
- Mini Seedless Watermelon, Cantaloupe & Honeydew
- Snow Peas
- Sugar Snap Peas
- Tomatoes (Domestic)
- Eggplant
- French Beans

### Transportation

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.

### Weather

#### OXNARD, CA:

| Thu 7/21  | Fri 7/22  | Sat 7/23  | Sun 7/24  | Mon 7/25  | Tue 7/26   | Wed 7/27  | Thu 7/28  |
|---|---|---|---|---|--|---|---|
| 69°   60°F  | 70°   59°F  | 69°   59°F  | 69°   58°F  | 69°   59°F  | 69°   59°F   | 69°   60°F  | 69°   61°F  |
|  |  |  |  |  |  |  |  |
| Mostly Sunny  | Partly Cloudy   | Mostly Sunny  | Sunny   | Mostly Sunny  | Mostly Sunny   | Sunny   | Mostly Sunny  |

## HENDERSONVILLE, NC

|   |  |   |  |  |  |   |  |
|---|--|---|--|--|--|---|--|
| Thu 7/21<br>86°   67°F<br><br>Scattered<br>Thunderstorms | Fri 7/22<br>89°   66°F<br><br>Partly Cloudy | Sat 7/23<br>91°   66°F<br><br>Mostly Sunny | Sun 7/24<br>92°   67°F<br><br>Partly Cloudy | Mon 7/25<br>89°   68°F<br><br>PM<br>Thunderstorms | Tue 7/26<br>86°   68°F<br><br>Scattered<br>Thunderstorms | Wed 7/27<br>85°   68°F<br><br>Scattered<br>Thunderstorms | Thu 7/28<br>87°   68°F<br><br>PM<br>Thunderstorms |
|---|--|---|--|--|--|---|--|

## JALISCO, MX:

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|--|--|--|--|--|---|--|--|
| Thu 7/21<br>87°   68°F<br><br>PM<br>Thunderstorms | Fri 7/22<br>81°   65°F<br><br>Thunderstorms | Sat 7/23<br>78°   65°F<br><br>Thunderstorms | Sun 7/24<br>79°   65°F<br><br>Thunderstorms | Mon 7/25<br>79°   65°F<br><br>Thunderstorms | Tue 7/26<br>79°   65°F<br><br>Thunderstorms | Wed 7/27<br>81°   65°F<br><br>Thunderstorms | Thu 7/28<br>81°   65°F<br><br>Thunderstorms |
|--|--|--|--|--|---|--|--|

## FRESNO, CA:

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|---|---|---|---|---|---|--|---|
| Thu 7/21<br>106°   70°F<br><br>Sunny | Fri 7/22<br>105°   66°F<br><br>Sunny | Sat 7/23<br>103°   66°F<br><br>Sunny | Sun 7/24<br>104°   68°F<br><br>Sunny | Mon 7/25<br>104°   68°F<br><br>Sunny | Tue 7/26<br>103°   69°F<br><br>Sunny | Wed 7/27<br>102°   71°F<br><br>Mostly Sunny | Thu 7/28<br>104°   73°F<br><br>Sunny |
|---|---|---|---|---|---|--|---|

## SALINAS, CA

|  |  |  |  |  |   |  |   |
|--|--|--|--|--|---|--|---|
| Thu 7/21<br>69°   53°F<br><br>Partly Cloudy | Fri 7/22<br>69°   54°F<br><br>Partly Cloudy | Sat 7/23<br>67°   53°F<br><br>Partly Cloudy | Sun 7/24<br>69°   54°F<br><br>Partly Cloudy | Mon 7/25<br>70°   54°F<br><br>Partly Cloudy | Tue 7/26<br>71°   56°F<br><br>Mostly Sunny | Wed 7/27<br>71°   57°F<br><br>Partly Cloudy | Thu 7/28<br>73°   58°F<br><br>Mostly Sunny |
|--|--|--|--|--|---|--|---|

## Good Buys

| Commodity | Market Update   | Expert Tip   |
|-----------|---|--|
| Cucumbers | Good volume available out of all locations and quality is good. | There is a lot of local veg available in the summer, tomatoes, zucchini, and pepper are just a few up them. However, there is nothing like taking a bite into a cucumber. This versatile veg can be sliced and eaten by itself, or with some hummus or dip, or even diced or thinly peeled on a salad! |

## Fruits & Vegetables

**Avocados: ESCALATED** Last week closed out at 66.3 Mil lbs. for the US, the largest volume week of all 2022 and Mexico accounted for almost half of the volume. The Loca crop is in full swing, and estimates continue to show that the 2022/23 season will be at least 20% larger in volume. Peru estimates have been revised higher for the next several weeks as fruit is diverted from countries at war. With this additional volume comes some long-awaited market stability that's expected to continue. The California harvest is decreasing as the season is now close to its end. Overall sizing is trending towards 48 counts and smaller.

**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 and good volume out of the Central Valley on all varieties. Demand is strong and markets remain firm.

## **Berries**

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**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 but should remain steady over the next several weeks.

**Blackberries:** Production is at the lowest production period for the summer. North Carolina is past its peak production. Once we enter August, we should be back in peak production from the USA regions. Quality is good, with good flavor and minimal defects.

**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:** Volumes out of the Pacific Northwest are picking up significantly. Volumes are expected to remain steady for the next few weeks. We see good quality with good fruit size and flavor.

## **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 scars – 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 we face 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. Once the clouds clear we will see more production out of North Carolina, New Jersey, and Michigan. Product is extremely short, and we may see some pro-rates on orders this week. We recommend scaling back portions over the next 10 days if necessary.

**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. Improving 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, volume is steady 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:** Good volume available out of all locations and quality is good.

**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 a split market with light volume out of the west this week. Improving supply out of the east as production moves north. Quality is hit and miss and sure to see lighter volume in the west due to heat.

**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

The summer heat continues in California, influencing several fresh herbs. OREGANO and MARJORAM like to flower when they feel the warmth/heat of the sun, and this is what is happening with these two fresh herbs. Our growers have to cut back their crops, which will cause a short supply situation for about ten days or so. We will try to pick out the flowers of what we do ship, but this will not be 100%.

| 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:** High temps are hitting the Central Valley, and this is forcing production crews to shorten their days which will ultimately affect shipping and logistics as well. Fruit is all peaking on large sizes on all varieties.

**Cantaloupe:** **WATCH LIST** This heat has pushed sizing to larger sizes (9s+). Availability on smaller sizes (12/15s) have both been negatively impacted with light availability on most days. Flexibility of sizing may be necessary, but quality of the cantaloupe has been outstanding with an excellent shell color to show a good appearance while producing consistently high brix levels of 14-16%.

**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 dews 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 to South Georgia, Texas, North Carolina, and Missouri.

**Mini Seedless Watermelon:** **WATCH LIST** extremely limited supply available this week mainly due to high demand and excessive heat.

## 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 has decreased this week due to the region's lack of rain and water. Peruvian production is still low due to cold weather in both growing regions. Due to this cold weather, we continue to see very short supply of Large, XL, and Jumbo. Markets have become extremely active with the lower supply.

**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** In the west, there is short supply, heat restrictions and less acreage keeping FOB prices very high. We may see this worsen should California further restrict water to growers on the West Side. In the east, supply is ramping up, prices remain firm and demand is strong out of the Mid-Atlantic States followed by the Ohio Valley and Midwest. Colorado should ramp up over the next 10 days.

**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 on snow peas has improved in Guatemala, but we've started to see a decline on the sugar snaps this past week. Peruvian production remains the same. US-grown product is fair to good; FOB prices are starting to rise on both snaps and snows.

**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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Red onions continue to remain plentiful in California and New Mexico. We are beginning to see consistent supply on yellows out of both California and New Mexico. The market does not feel 'softer' in terms of pricing, but it does appear we are through any supply gap challenges for the time being. Size profiles appear to be improving from certain shippers, while others are running into some unexpected challenges and generating more mediums than they had been previously. California and New Mexico should begin to wind down around the second week of August and be all but finished at the end of August. There are some onions in Washington beginning to trickle in, and over the next two weeks there will be a few more shippers coming online out of this region. As expected, size profiles are on the smaller end to start with size peaking to medium and smaller sized jumbos. Given the cool growing season they have experienced, we do not anticipate the situation to vastly improve until approximately the middle of August. Colossal and Super Colossal sized onions may not realistically come on until September. The concerns for yield and size in the Northwest crop continue to loom as purchasers begin to seek out new contracts. It appears that Washington may be in slightly better shape than the Idaho/Oregon shipping region, but there is still much to be determined. 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 ship anything at this point and size profiles remain heavy to smaller potatoes, however, everything is tight. Most shippers cannot take outside orders beyond their normal program commitments and contracts. Prices have 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 to stay supplied. We do not anticipate this to

happen until September, as August new crop will be slow to start. The challenges next season remain alive as 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 out of all regions and rates remain flat.

## **TOMATOES**

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### **East Coast**

- **Round and Roma Tomatoes: WATCH LIST** 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: WATCH LIST** Volume is lighter as we transition north to Virginia and North Carolina.
- **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**

- **WATCH LIST** 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:** Limited Supply available out of the Pacific Northwest and California is done.

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

**Black Plums:** Stable supply available out of the Central Valley.