

Weekly Market Review

July 29, 2022

Overview

A heat wave has impacted 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. Tomato volume remains light in the east out of North Carolina, Alabama, and Tennessee mostly due to rain and harvest delays. In the west, we may see some quality issues out of Northern California on tomatoes; Southern California and Baja production should be stable, and demand is stronger this week as the east is dealing with rain. Bananas are expected to remain short through the second week of August. Pineapple volume is down as part of the natural harvest cycle and large fruit is lighter in volume. We do not expect shortages, but we are evaluating with our partners daily.

Market Alert

- Asparagus – **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
- Lettuce, Iceberg
- 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 7/28 70° 60°F  Mostly Sunny	Fri 7/29 71° 62°F  Mostly Sunny	Sat 7/30 72° 62°F  Partly Cloudy	Sun 7/31 72° 61°F  Mostly Sunny	Mon 8/1 71° 61°F  Partly Cloudy	Tue 8/2 70° 61°F  Partly Cloudy	Wed 8/3 69° 61°F  Sunny	Thu 8/4 70° 61°F  Mostly Sunny
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HENDERSONVILLE, NC

Thu 7/28 88° 68°F  PM Thunderstorms	Fri 7/29 86° 68°F  PM Thunderstorms	Sat 7/30 80° 67°F  Thunderstorms	Sun 7/31 79° 67°F  Scattered Thunderstorms	Mon 8/1 82° 65°F  Scattered Thunderstorms	Tue 8/2 87° 66°F  Mostly Sunny	Wed 8/3 87° 67°F  PM Thunderstorms	Thu 8/4 90° 68°F  Mostly Sunny
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JALISCO, MX:

Thu 7/28 78° 63°F  Thunderstorms	Fri 7/29 79° 63°F  Thunderstorms	Sat 7/30 78° 63°F  Thunderstorms	Sun 7/31 78° 64°F  Thunderstorms	Mon 8/1 79° 64°F  Thunderstorms	Tue 8/2 81° 64°F  Thunderstorms	Wed 8/3 82° 64°F  PM Thunderstorms	Thu 8/4 81° 64°F  Thunderstorms
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FRESNO, CA:

Thu 7/28 104° 72°F  Sunny	Fri 7/29 106° 73°F  Sunny	Sat 7/30 106° 73°F  Sunny	Sun 7/31 104° 75°F  Mostly Sunny	Mon 8/1 103° 72°F  Partly Cloudy	Tue 8/2 100° 70°F  Partly Cloudy	Wed 8/3 100° 69°F  Sunny	Thu 8/4 100° 69°F  Sunny
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SALINAS, CA

Thu 7/28 68° 57°F  Partly Cloudy	Fri 7/29 68° 57°F  Partly Cloudy	Sat 7/30 68° 58°F  Partly Cloudy	Sun 7/31 72° 58°F  Partly Cloudy	Mon 8/1 72° 57°F  Mostly Sunny	Tue 8/2 70° 57°F  Partly Cloudy	Wed 8/3 72° 56°F  Partly Cloudy	Thu 8/4 72° 58°F  Mostly Sunny
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Good Buys

Commodity	Market Update	Expert Tip
Grape Tomatoes	<p>East Coast: Light demand and improving supply available out of Virginia and North Carolina will leave the market flat on snacking tomatoes this week. Mexico</p> <p>Mexico: Strong volume and quality available out of Central Mexico.</p>	<p>Grape tomatoes are the perfect snacking fruit! Although they are sweet on their own, and totally do not need any dip. They pair amazing with hummus, a creamy dip, or even drizzled with olive oil or balsamic glaze and a sprinkle of salt and pepper.</p>

Fruits & Vegetables

Avocados: Standing inventories in the US are still high at 63 million pounds, which has only reduced by 4 million pounds over a week. The competition remains strong to drive this volume through the industry. Demand has been reshaped with record high pricing and extreme volatility for most of the year. Volume projections are strong through August, and with lower price levels here to stay for a while. Volumes and price points will continue to adjust slightly while the market corrects itself to available volumes. The current size curve favors small fruit, and because avocados have the luxury option of being held on the trees, we can expect Q4 to bring a higher percentage of larger sizes. The California season has another week before harvest volumes are expected to decrease drastically.

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 marts remain firm.

Berries

Strawberries: Supply has tightened as the California growing regions have passed their peak season and will continue to be tight until the Mexican growing season begins. Overall quality is good with occasional green tips and overripe fruit.

Blackberries: Production is at the lowest production period for the summer. The North Carolina season is coming to an end and in the US growing regions are tight and until overall temperatures increase in the growing 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 continue to trend upward and are expected to peak at the start of mid to late August. Quality continues to improve weekly.

Blueberries: Volume out of the Pacific Northwest continue to increase weekly. Volume is expected to remain steady for the next few weeks. We see good quality with good fruit size and flavor.

California

Citrus

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

Iceberg Lettuce: We have started to see some significant effects of the INSV virus effecting many lettuce fields, reducing available supplies from many shippers with some shippers crop losses as high as 20%. Quality is medium with lots of pressure from disease and viruses. The market has reacted with lower volumes industry wide. Market has strengthened considerably.

Butter Lettuce, Green Leaf lettuce, Red Leaf lettuce: A few shippers are reporting significant bug pressure in some fields and we are still seeing some tip burn but overall quality remains good with good supply, market is steady. 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 and Romaine Hearts: Quality remains good with overall good supply, although some shippers are feeling the effects of the INSV virus and have lost some fields. Light tip burn in the fields and potential for quality issues from INSV virus will continue. Market has stabilized for now with a few deals being made but market could strengthen again as INSV continues to be more prevalent in many fields.

Eastern and Western Vegetables

Green Bell Pepper: **ESCALATED** Volume is very light in slowly improving in the west, but production is still down. In the east, production is slow to start, and we are seeing regions delayed this week due to weather. Once the weather improves we will see more production out of 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. 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 to continue for the next several weeks.

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 Production remains good out of Guatemala, but the rain has hurt shelf life. Out of the west, new fields are coming on, albeit slowly, resulting in lower yields than anticipated. Mexico growers expect yields to increase over the next 10-14 days.

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

Herbs

OREGANO continues to struggle with the local heat as it flowers out. CHERVIL supply will remain tight until November. The hot weather caused the leaves to turn yellow a little quicker than normal. Growers have had to pull their crops.

HERB	SUPPLY	QUALITY	COUNTRY OF ORIGIN
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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

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** New blocks of fields are now being harvested that are providing higher daily production and this trend should continue over the next few weeks. Sizing has been primarily 9/9Js with a handful of 12s sprinkled in each day. We are optimistic that a new field will be breaking later this week and provide a slightly higher percentage of 12s to provide a little more availability. Quality continues to hit optimum levels with sizing, color, flavor profile and high brix levels (14-17% range).

Honeydew: WATCH LIST Overall within the industry honeydews remain fairly short. No growers have realized very high production days which has allowed markets to remain at record levels for this time of the year. Due to water restrictions fewer honeydews have been grown leaving the market in a limited position. Mostly what is being harvested is larger fruit (5/5Js) leaving 6s much shorter and 8s obsolete.

Watermelon: Overall quality is very nice and lighter volume this week, but markets are firm. Plenty of loading options out there from California to Illinois, 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

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

Arugula: Supply and quality are good.

Asparagus: ESCALATED Guanajuato's production is unchanged from last week. Peruvian production continues to be low due to cold weather in both growing regions. Due to this cold weather, we continue to see a short supply on Large, XL, and Jumbo. This trend will continue until the 3rd week in August when new fields open up in the South. Markets have become extremely active.

Broccoli/Broccoli Florets: Current supplies have improved with good quality although supplies continue to be lighter heading into the month of August out of Salinas and Santa Maria as local summer growing regions have started and California growers have reduced acres planted. 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: The general open market tone is still soft, Quality is very good. Some insect damage and longer stems are noted.

Carrots: (JUMBO) ESCALATED Supply on carrots are much improved and Quality is "Very Good". Good supplies on all items although shippers continue with labor so supplies on Jumbo's continue to be a struggle.

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

Celery: Quality is very good, with very good supply.

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 10-14 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 Supply is increasing, although pricing remains escalated. Quality is good.

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 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:

Red onions continue to remain plentiful in California and New Mexico. We are beginning to see more 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 actually running into some unexpected challenges there, 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 should be all but finished at the end of August, save for a few smaller supply pockets. 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:

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 in order 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 out of all regions and rates remain flat.

TOMATOES

East Coast

- **Round and Roma Tomatoes: WATCH LIST** We have transitioned to North Carolina, Alabama and Tennessee, and volume is lighter this week due to rain delays and quality will be marginal due to hit and miss due to weather related pressure. Romas continue to be short out of the east but expect more volume over the next 2-3 weeks.
- **Grape and Cherry Tomatoes:** Light demand and improving supply available out of Virginia and North Carolina will leave the market flat on snacking tomatoes this week.
- **Organic Tomatoes:** Supply will remain limited this week on rounds and romas while supply will improve on snacking tomatoes.

Mexico

- **Round and Roma Tomatoes:** Markets were lighter this week due to rain on the mainland. Overall demand was much stronger as well due to higher demand from both coasts. Volume and quality remain steady as we settle into production out of Baja and Jalisco.

- **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** Volume was lighter this week mainly due to heat related impacts to the crop. With a much smaller harvest on the horizon due to lower yields stemming from weather related pressure, less acreage being planted due to higher growing cost and lack of water, we will see firmer markets on the horizon out of California which will drive more demand to Mexico and the east.

APPLES, PEARS, STONE FRUIT

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.