

## Weekly Market Review August 19, 2022

### Overview

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Colored bell peppers continue to be a challenge due to low production and insect pressure causing quality issues, while green production is finally improving. Corn availability is easing up as some newer regions start ramping up production and newer fields are being harvested in the west. Tomato volume remains extremely light in the east due to rain and harvest delays, while in the west production continues to be lighter than normal due to water shortages and higher growing costs. Decent volume crossing from Mexico on all varieties. Soft squash is very short in the west as we are transitioning fields while in the east weather has impacted yield making supply extremely short. Bananas are expected to remain short through the second week of August and 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. In the Salinas Valley, the INSV virus continues to be more prevalent in many iceberg lettuce and romaine fields. Lime markets are getting active out of Mexico as production is decreasing due to quality.

### Market Alert

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- Asparagus – **ESCALATED**
- Bell Peppers (Red and Yellow) - **ESCALATED**
- Cabbage (Red) – **ESCALATED**
- Carrots (Jumbo) – **ESCALATED**
- Cilantro - **ESCALATED**
- Cucumbers- **ESCALATED**
- Garlic – **EXTREME**
- Ginger – **EXTREME**
- Green Onions – **ESCALATED**
- Lettuce, Iceberg, Romaine, & Romaine Hearts – **ESCALATED**
- Potatoes - **EXTREME**
- Soft Squash- **ESCALATED**
- Limes - **ESCALATED**
- Mushrooms – **ESCALATED**
- Tomatoes (Domestic) - **ESCALATED**
- Oranges – **ESCALATED**

### WATCH LIST

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- Lettuce, Green Leaf
- Pineapples
- Seedless Watermelon, Mini Seedless Watermelon, Honeydew
- Snow Peas
- Sugar Snap Peas
- Hot Peppers

### 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.

## Weather

### OXNARD, CA:

Thu 8/18 69°   59°F  Mostly Sunny	Fri 8/19 69°   60°F  Mostly Sunny	Sat 8/20 72°   61°F  Mostly Sunny	Sun 8/21 72°   60°F  Mostly Sunny	Mon 8/22 71°   61°F  Mostly Sunny	Tue 8/23 73°   61°F  Sunny	Wed 8/24 74°   62°F  Sunny	Thu 8/25 74°   63°F  Sunny
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### HENDERSONVILLE, N.C.

Thu 8/18 75°   63°F  Showers	Fri 8/19 69°   63°F  Rain	Sat 8/20 78°   63°F  Scattered Thunderstorms	Sun 8/21 79°   64°F  Scattered Thunderstorms	Mon 8/22 77°   63°F  Scattered Thunderstorms	Tue 8/23 76°   62°F  Scattered Thunderstorms	Wed 8/24 78°   63°F  Scattered Thunderstorms	Thu 8/25 78°   63°F  Scattered Thunderstorms
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### JALISCO, MX:

Thu 8/18 80°   64°F  PM Thunderstorms	Fri 8/19 82°   64°F  PM Thunderstorms	Sat 8/20 79°   64°F  Thunderstorms	Sun 8/21 78°   64°F  Thunderstorms	Mon 8/22 79°   64°F  Thunderstorms	Tue 8/23 79°   64°F  Thunderstorms	Wed 8/24 80°   65°F  PM Thunderstorms	Thu 8/25 80°   66°F  PM Thunderstorms
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### FRESNO, CA:

Thu 8/18 106°   74°F  Sunny 0 in	Fri 8/19 106°   72°F  Sunny 0 in	Sat 8/20 107°   70°F  Sunny 0 in	Sun 8/21 102°   68°F  Sunny 0 in	Mon 8/22 99°   68°F  Sunny 0 in	Tue 8/23 101°   69°F  Sunny 0 in	Wed 8/24 105°   72°F  Sunny 0 in	Thu 8/25 105°   73°F  Sunny 0 in
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### SALINAS, CA

Thu 8/18 71°   56°F  Partly Cloudy 0 in	Fri 8/19 73°   57°F  Partly Cloudy 0 in	Sat 8/20 70°   57°F  Mostly Sunny 0 in	Sun 8/21 72°   57°F  Mostly Sunny 0 in	Mon 8/22 75°   58°F  Sunny 0 in	Tue 8/23 71°   58°F  Mostly Sunny 0 in	Wed 8/24 76°   61°F  Sunny 0 in	Thu 8/25 78°   61°F  Sunny 0 in
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## Good Buys

Commodity	Market Update	Expert Tip
Table Grapes	Overall good quality and good volume out of the Central Valley on all varieties.	Grape Jam? Well, that's as easy as 1 – 2- 3! Grapes, sugar, and lemon juice.. That's all you need! Add these three ingredients into a pan and start to break down the grapes. Once the sugar has fully dissolved remove from the heat and blend, then place it back on the heat for 25 minutes and bring to a boil. Once it is cool, transfer it to a jar and enjoy!

## Fruits & Vegetables

**Avocados:** Jalisco, the new region in Mexico, is now approved for shipping to the U.S. and accounting for 9% of the volume from Mexico. Peru continues to be a significant player in the market bringing in 35% of the total volume to the U.S., while California has dropped to 4%. The size curve out of Mexico is adjusting, and 40cts and larger has grown by 9% over the past 4 weeks, while 60cts and smaller have shrunk by 13%. Peru continues to favor larger sizes 40cts and larger. Peru's smaller fruit will likely finish their season before the large avocados and markets are expected to remain stable until late September. Late September is the next time frame to watch as Peru volumes will start dropping and demand will shift back to Mexico.

**Bananas:** Despite the continued upward pressure on pricing this quarter due to inflationary pressures, we are starting to see volume improve at the ports. Quality will be improving weekly.

**Pineapples:** **WATCH LIST** 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.

## Berries

**Strawberries:** Overall volumes remain lighter due to smaller fruit sizes and increased cull rates in the fields. Volumes are expected to stay light but steady until early September. Overall quality is good across all growing regions.

**Blackberries:** Volume are slowly increasing out of Mexico while production remains steady in the domestic growing regions. Volumes will likely remain steady through August and overall good quality, size, and flavor.

**Raspberries:** Volume remains light and are expected to remain light for the next 1-2 weeks until Central Mexico begins. The California growing regions will continue their downtrend while British Columbia and Quebec uptrend and hit peak season at the end of August.

**Blueberries:** Domestic production is about the same this week from Michigan, and British Columbia continues their peak. Overall quality and sizing is good.

## **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 now that D1 lemons (Central Valley) have 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. As is typical this time of year, as domestic supplies of lemons start to wind down, some shippers will supplement with Chilean and Mexican fruit. We will see Chilean fruit arriving very soon with Mexican fruit shortly thereafter.

**Limes:** **ESCALATED** The market continues to react as costs increase in Mexico. There is declined representation of #1-grade fruit due to low pack-out yields. Overall quality is deteriorating, including lighter coloring, decreased shelf life, and increased skin breakdown/styler that typically appears after the fruit is packed and shipped. This is typical of seasonality trends caused by extremely high temperatures and humidity.

**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:** Imported clementines are available.

### **West Coast Lettuce**

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#### **Iceberg Lettuce, Romaine, Romaine Hearts, Green Leaf, Red Leaf, Butter Lettuce: (Iceberg, Romaine & Romaine Hearts – Escalated)**

Iceberg, romaine, and romaine hearts have been impacted by the **\*\*INSV Virus and \*\*Fusarium** along with other viruses that have taken over the fields this past month throughout the Salinas Valley. These viruses are not allowing product to fully develop and in many cases, causing growers to disc entire fields. Our growers are working to put only the best product available in the boxes and bring the best quality into the plant for processing as crews have been working diligently in the fields to leave any affected product behind. For the lettuce fields designated for processing, that are currently unaffected by the disease, there is some variation in core sizing/growth, where some cores are curved in the head of lettuce making it a bit difficult for crews to see as they remove what they can in the field. This means, harvesting at an extremely slow pace to minimize the risk as much as possible. Growers are having to place additional inspection on the lines to cull out any defects not removed in the field. Currently, the market is in a demand exceeds supply situation due to lighter supply industry wide and we are anticipating a very unstable market situation to continue for the remainder of the Salinas season. Some weeks will be better than others, but as we see the local deals finish for the season, this will put more pressure on California, increasing demand on already shorter crops. Green leaf is starting to feel the effects of this situation as well as available supply is getting shorter. Red leaf and butter lettuce may be affected as we work through the balance of the season, but currently, quality issues are not as severe.

## **Eastern and Western Vegetables**

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**Green Bell Pepper:** Volume continue to improve in the west, yet markets remain firm for this time of year as overall supply in the east remains short due to late starts and weather related pressure. We hope over the next 10 days this improves.

**Red Bell Pepper:** **ESCALATED** Markets are holding strong as supply remains limited this week due to heat and insect pressure causing quality issues in the fields.

**Yellow Bell Pepper:** **ESCALATED** Markets are holding strong as supply remains limited this week due to heat and insect pressure causing quality issues in the fields.

**Mini Sweet Pepper:** Better availability this week and quality is outstanding

**Mixed Chili Pepper:** **WATCH LIST** In the east, we continue to see light volume on jalapeno and very short on all other varieties. 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 improving this week out of Michigan. While in the west harvesting is expected to be normal and quality good.

**Slicer Cucumbers:** **ESCALATED** We are seeing a split market with stable volume crossing through Otay, while the east production is very light this week due to rain. Texas crossings remain snug this week and markets firmed up due to high demand from east coast customers. We hope to see improvement in the east once the rain delays cease and return to a normal productions cycle.

**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:** Quality is hit and miss. We are seeing a split market with light volume out of the west this week due to heat, although improving supply out of the east as production moves north.

**French Beans:** Steady supply and good quality out of both Guatemala and Mexico growing regions.

**Zucchini/Yellow Squash:** **ESCALATED** Short supply this week is expected as we are in transition in California, while the east is dealing with losses due to weather. With the short supply in the east, we are seeing a vacuum affect as they are pulling more volume from the west and driving prices higher. We expect extremely short markets through the 2nd week of September. We do not expect and pro-rates of shortages on contracts at this time but will advise should we see the issues escalate.

## **Herbs**

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Rain is still affecting all herbs from Colombia. Quality and production have improved from Mexico.

**CHERVIL, MARJORAM, and OREGANO** quality continues to be affected by heat in Mexico and domestic growing regions.

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	Limited	Marginal	USA
Chives	Steady	Steady	MEXICO
Cilantro	Steady	Steady	USA
Dill	Steady	Steady	USA
Epazote	Steady	Steady	MEXICO
Lemongrass	Steady	Steady	USA
Marjoram	Limited	Flowering	MEXICO
Mint	Steady	Steady	USA
Oregano	Limited	Flowering	MEXICO
Italian Parsley	Steady	Steady	USA
Rosemary	Steady	Steady	MEXICO
Sage	Steady	Steady	MEXICO
Savory	Steady	Steady	USA
Sorrel	Steady	Steady	USA
Tarragon	Steady	Steady	MEXICO
Thyme	Steady	Steady	USA
Lavender	Steady	Steady	USA
Lemon Thyme	Steady	Steady	USA
Lime Leaves	Steady	Steady	USA

## Melons

**Cantaloupe:** As supply increased, the impact of the local regional deals in North Carolina, Indiana and Ontario have come more into focus. Availability of fruit in those markets has put downward pressure on the California pricing and we anticipate an overlap of growing regions for another 10-14 days. California production pushes into September and we are predicting for supply stabilize which should strengthen the market again. Quality on the cantaloupe continues to be very high with excellent shell color and internal brix levels showing 14-16%. Good amount of smaller fruit (12/15s) hit the market, but new fields should focus back to mostly larger sizes.

**Honeydew: WATCH LIST** The honeydew market remains in a very limited position and larger dews continue to be extremely limited while some 8ct have become sporadically available. Flexibility of sizing may be required at the time of loading.

**Watermelon: WATCH LIST** Overall quality is very nice, strong demand and light volume are keeping markets firm this week. Fortunately, there are plenty of loading options out there from California to Illinois, Texas, North Carolina, Michigan, 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, and supply will be lighter over the next several weeks.

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

**Asparagus: ESCALATED** Guanajuato's production remains the same as last week. Peruvian production continues to be steady with the normal cold weather in the growing region. We continue to see short supply on Large, XL, and Jumbo, but this should change in about two to three weeks with growers opening fields in the south. Markets remain extremely active on the bigger sizes due to the short supply.

**Broccoli/Broccoli:** Quality is very good with good availability. Supply continues to be lighter out of Salinas and Santa Maria as local summer growing regions are shipping and California growers have reduced acres planted although there is supply available. We will continue to see unstable supply for the next two months as volume in various local regions will vary.

**Brussels Sprouts:** Some shippers are reporting very minor insect damage and longer stems but overall quality is good, with very good supplies

**Carrots: JUMBOS-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:** Good quality and good supply. Shippers reporting supplies may be getting lighter going into the rest of the month of August.

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

**Cilantro: ESCALATED** Cilantro supply remains light, although some shippers are reporting that supply will be slightly better going through the balance of August.

**Corn:** In the west, we are seeing improved supply out of the San Joaquin valley as well as other local regions and FOB prices have retreated. In the east, supply is ramping up and prices are dropping. We expect to see good supply over the next week.

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

**Garlic: EXTREME** New crop California has started although domestic supply is very tight, and shippers are holding to averages. We expect this volatile market to continue through the summer.

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

**Green Cabbage:** Good supply and quality is good.

**Green Onions:** Over the last few weeks, green onion supplies have tightened up significantly as the extreme high heat during the planting and growing season has been much worse than in normal years and growers are seeing even more severe field loss than was originally forecast. This is due to the abnormally high temperatures this May, June & July (temps as high as 103-115 deg). This growing loss is hurting the plantings that growers are currently harvesting and projected to harvest through the balance of August and through September. In addition, fewer growers are planting during the summer months and others have reduced acreage over pandemic concerns and ballooning costs, also contributing to the shortages. Supply is forecast to be down 25-35%, with some shippers reporting supplies to be down as much as 40%-50% from the projected harvest volumes that were originally forecast. Additionally, the rain and heat in other local growing areas, Ohio Valley and Canada, is creating loss as well which is causing additional pressure and demand on green onions.

**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:** Market is very active as some shippers have below average supply due to quality issues in the fields and are not able to take on additional business other than averages.

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

**Rapini:** Good supply continues with very good quality.

**Red Cabbage: ESCALATED** Although pricing continues to be escalated, supply is improving, and pricing is declining slowly. Quality is very good.

**Snow Peas and Sugar Snaps: WATCH LIST** Production on snow peas continues to improve from Guatemala. Sugar snaps should improve over the next 10 days and Mexican and domestic products are good overall, with occasional heat issues.

**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 has significantly tightened up this past week, with California and New Mexico winding down. This is not atypical for this time of year, although it is a little earlier than normal. The big difference is that the Northwest crop is still behind. Because of the late planting, and slow start due to cool temps and rain during harvest, the crop is about 10 days behind. Additionally, the bouts of heat these past two weeks have really prevented onion plants from sizing up further. The crop is starting to look very similar to last season, where tonnage was down, and supply was short. Additionally, the sizing challenges we faced last year with colossal and super colossal onions appear to be repeating themselves again. Washington seems to be a little bit ahead of Idaho at this point, although they certainly will still have shortages on product too. The week of 08/29 is when there will be a lot more suppliers coming online in both Idaho and Washington, with the full gamut of grower/shippers starting on September 6th. The August NOA report showed that acreage is down from where it was last year throughout all growing regions in the country. This crop has the highest input costs of all time, and at this point, it does appear as though the market will be strong throughout the year. Trucks have remained relatively plentiful out of all regions and rates remain flat. We do anticipate a 'spike' as we get closer to the holidays.

### **Potatoes: EXTREME**

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The potato market continues to reach historic pricing levels, with price increases taking place each day. We are anticipating the current week we are in to be the most challenging potato supply week we have seen thus far. Next week should begin to loosen up a bit as more growers begin shipping. However, we do not anticipate pricing relief will come for several weeks. The supply pipeline is so far depleted below the current demand levels, that the only way we will experience pricing relief is when customers are able to start turning down orders. We do not anticipate this will happen until early to mid-September. Because of where the current pricing levels are, it is believed that they will come down fast and at an unprecedented level. By no means will it reach the low levels we have seen in years past, but it will certainly get back to 'more normal' levels. Storage crop is essentially done entirely at this point, and we will be looking at Norkotahs only until new crop Burbanks start in early October. This is typically the time of year where end users negotiate their new pricing contracts. This season, growers are looking for significant price increases on contracted supply for several reasons. Not only have potato growers been subject to the same inflationary overhead costs we are seeing in all industries, but potato acreage is significantly down in Idaho, and yields appear to be like last season. The processor demand has only heightened since last year, and as of this writing, the industry should expect a similar market to last season. Trucks have remained relatively plentiful out of all regions and rates remain flat. We do anticipate a 'spike' as we get closer to the holidays.

## **TOMATOES**

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### **East Coast**

- **Round and Roma Tomatoes:** **ESCALATED** Volume is lighter in all local regions due to weather related pressure on the crops. We are seeing very high losses due to quality and expect markets to be short for the next 2-3 weeks.
- **Grape and Cherry Tomatoes:** Markets are firming up as growers struggle to keep a decent yield as weather related pressure is causing a tremendous amount of quality issues post-harvest. We expect light demand this week and are hoping we see a turn on supply over the next 2-3 weeks.
- **Organic Tomatoes:** **ESCALATED** Supply will remain limited this week on the entire category.

### **Mexico**

- **Round and Roma Tomatoes:** Overall volume remains steady this week; demand on rounds remains strong as California and the east struggle with production. Quality is very nice out of Baja and Mainland Mexico.
- **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 remains light this week, particularly on rounds. Between the decrease acreage due to water issues and the cost of labor in California it's been a struggle, this week's heat in the valley certainly is not helping and keeping upward pressure on markets. We will see firmer markets on the horizon out of California which will drive more demand continue moving to Mexican production.

## **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:** VA, WV, MD PA and SC all seeing steady and good quality on yellow flesh peaches.

**Cherries:** Limited Supply available out of the Pacific Northwest and Canada.

**Apricots:** Limited supply available out of California and Washington.

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