

ATLANTIC

FOOD DISTRIBUTORS

Week of 7/13/2020

Weekly Produce Update

Overview

There are very active markets due to short supply on brussels sprouts and romaine hearts. The Salinas Valley growing region has experienced adverse weather variances during the months of April and May. Hotter than normal temperatures, high humidity, and late spring rain has adversely affected many crops and made this has been a very challenging growing period. As a result, we are currently experiencing reduced yields, weights, and supply gaps on romaine crop. Garlic, ginger, and value-added carrots continue to remain EXTREME. Green bell peppers remain short nationwide and are EXTREME. Cauliflower and Zucchini are good buys.

Market Alert

- Brussel Sprouts—**ESCALATED**
- Cantaloupe – **ESCALATED**
- Carrots (Value Added)—**EXTREME**
- Garlic – **EXTREME**
- Ginger—**EXTREME**
- Peppers (Green, Yellow & Red) - **ESCALATED**
- Romaine - **ESCALATED**
- Tomatoes (Grapes, Cherries) – **ESCALATED**

WATCH LIST

HONEYDEW

WATERMELON

ROUND TOMATOES, OUT OF
THE EAST COAST

Transportation

Freight rates were mixed this week and LTL trucks continue to become extremely difficult to find as businesses open back up across the country. Fuel prices were up slightly; the East Coast is averaging \$2.51/gallon, while California's average for diesel remains the highest at just under \$3.25/gallon.

Good Buys

Each week, our team spotlights commodities based on how favorable prices, quality, and supply are in the market. Stay ahead of the trends and look to these good buys for their stellar performance in the fields!

Cauliflower & Zucchini – Roasted cauliflower and zucchini are a great staple atop a pasta dish, salad, or as a side dish by itself. Cut cauliflower into florets, and zucchini into rounds and then quarters. Spread the vegetables on a cookie sheet and then drizzle with olive oil, salt, pepper, and herbes de provence. Roast until they are tender and crispy.

Weather

OXNARD, CA:

Thu 7/9	Fri 7/10	Sat 7/11	Sun 7/12	Mon 7/13	Tue 7/14	Wed 7/15
73° 60°F	77° 62°F	80° 63°F	79° 64°F	78° 63°F	76° 62°F	74° 61°F
						
Sunny	Sunny	Mostly Sunny	Sunny	Sunny	Sunny	Partly Cloudy

COACHELLA, CA:

Thu 7/9	Fri 7/10	Sat 7/11	Sun 7/12	Mon 7/13	Tue 7/14	Wed 7/15
111° 79°F	113° 84°F	118° 88°F	120° 88°F	117° 83°F	113° 80°F	112° 79°F
						
Sunny	Sunny	Mostly Sunny	Mostly Sunny	Mostly Sunny	Mostly Sunny	Sunny

SALINAS, CA

Thu 7/9	Fri 7/10	Sat 7/11	Sun 7/12	Mon 7/13	Tue 7/14	Wed 7/15
73° 54°F	72° 53°F	74° 54°F	75° 54°F	72° 55°F	73° 55°F	72° 56°F
						
Partly Cloudy	Partly Cloudy	Sunny	Sunny	Sunny	Sunny	Partly Cloudy

JALISCO, MX:

Thu 7/9	Fri 7/10	Sat 7/11	Sun 7/12	Mon 7/13	Tue 7/14	Wed 7/15
81° 65°F	83° 66°F	89° 69°F	86° 68°F	83° 67°F	83° 68°F	86° 68°F
						
Thunderstorms	PM Thunderstorms	Mostly Sunny	PM Thunderstorms	Thunderstorms	PM Thunderstorms	PM Thunderstorms

Fruits & Vegetables

Avocados: Mexican supply of avocado was flat this week and markets are down slightly despite growers attempts to keep filed prices higher. We continue to see good harvest number this week and are seeing more demand on smaller fruit for retail ads. 80% of the Mexican crop has been harvested to date but still anticipating promotable supply through summer. California's harvest continues to show robust. Volume and expect the same through June. Quality is very good, and sizing continues to be consistent on small fruit this week. Estimates are that approximately 50% of California's crop has been harvested to date. Promotable supply expected through August. Peruvian product has begun to arrive in light numbers on the east coast. Quality out of Mexico is good however due to the higher oil content in the fruit, we are seeing shorter shelf life days in storage.

Bananas: Overall quality of conventional bananas is good. Plenty of volume available.

Pineapples: Volume has stabilized and will continue to be good moving into mid-July. Quality is high and taste is wonderful.

Grapes: Mexico is coming to an end with mixed quality and prices all over the board on both Red and Green. We are in full swing with Arvin, CA grapes.

APPLES & PEARS

Apples: There is good supply on new crop fruit out of all major domestic growing areas. The Granny Smith market for foodservice will remain tight due to a shift in sizes; there is lighter than normal crop on 100s. Quality is very nice across all varieties.

Asian Pears: Asian pear supply is available. Chilean & Argentine Bartlett Pears in LA.

Berries

Blueberries: Central California production is finished for the season. The Pacific Northwest season started last week and will increase rapidly. The NJ season will peak next week. Baja will continue to have low volume for the next two months. Good flavor and appearance out of Oxnard.

Blackberries: We are seeing a faster decline from California regions and North Carolina which is resulting in shorter supply than expected. Supply will be low for the next 2-3 weeks before ramping up in late July. Good quality out of Oxnard.

Raspberries: We continue to see peak volume and expect supply to start declining next week and it will continue to decline each week until it picks back up in September. Good overall quality.

Strawberries: We expect supply to steadily decrease going forward. Quality is good with some bruising but available supply is very short.

California / Arizona Citrus

Valencias: Domestic navels are done for the season. USDA business has continued to drive demand for valencias. Fruit is peaking 88/72 mostly fancy. Import navels will be arriving a few weeks later than expected, keeping Valencia market demand high.

Lemons: Small lemons are tight. Mainly large fruit out there right now and will remain this way for the remainder of the month. Import lemons are starting to arrive and will offer some relief.

Limes: Limes are stable right now. No sudden increases for the next coming week.

Grapefruit: Rio Reds grapefruit is what we are running, the volume is limited with a red hot market. Big fruit is nonexistent and will be a struggle. The USDA program is also pulling grapefruit, this will definitely keep the market extremely limited and pricing above historical averages. The fruit is amazing and supply will continue to go up. The fruit is running very clean with a very limited amount of Choice fruit.

West Coast Lettuce

Butter: Production volumes are on budget this week. Overall demand is steady, while markets remain flat.

Green Leaf: Production volumes are close to budget for the week. Blocks that are being harvested are nice with good texture, size, and weight. Demand has picked up in some areas and markets look to be firming up for this week and next.

Red Leaf: Good supply and quality.

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Iceberg Lettuce: Quality and supply are slowly increasing, quality is good.

Romaine/Romaine Hearts: **ESCALATED** Romaine and Romaine Heart production supply is below normal budget volumes. Industry supply is becoming limited. We expect reduced supply for at least the next month. With the recent demand increase, we have seen market pricing advance dramatically. Quality is fair to good.

Eastern and Western Vegetables

Green Bell Pepper: **ESCALATED** We are still seeing extremely short supply of green bell peppers on the east coast, as Georgia finishes harvest, and very light supply available out of the Carolinas, New Jersey, and Michigan. The cause of this market and lack of supply is harvest plans and schedules as they did not overlap as planned due to several weather events from rain and severe weather in the south to cold weather in May delaying plantings in the Mid-Atlantic and Michigan. We are currently in the crown pick {crown pick is the first picking, typically the largest harvest with the biggest sized fruit}, throughout several east coast regions resulting in size yields from jumbo to extra jumbo. There will be very limited supply on large, medium, and choice peppers over the next 7 to 10 days so please be flexible on sizing as we may need the ability to sub Sun-Tans where necessary to maintain service level.

Red Bell Pepper: **ESCALATED** Red Bell market is up this week and very short; volume crossing through Texas is down due to weather related production issues in central Mexico. We also continue to see decent number this week out of Coachella. Canadian deals are steady however a lock of labor is slowing down production. Volume improving on Suntans in the east. Markets expected to remain active until we transition over to the Central Valley. We could see active markets for the next 10 to 14 days.

Yellow Pepper: **ESCALATED** Yellow Bell market is up and supply extremely short this week as we see significant shortfalls on supply out of Central Mexico combined with very light numbers out of Baja. Canadian deals are also ramping up and quality is very nice on all regions. Domestic numbers are very light, and we may not see any true relief until the second week of July.

Mini Sweet Pepper: Baja and Sonora production are ramping up and promotable volume available soon. Quality is very nice

Mixed Chili Pepper: Supply is good, and demand remains moderate which will keep prices higher this week on the entire category. Quality is good across the entire category. New crop Jalapeno, Caribe, and Anaheim now available in California as well! Supply good out of South Georgia on Poblano, Cubanelle and Jalapeno

Eggplant: Quality is good and supply fair out of South Georgia. In the west, good supply and quality out of Coachella. Demand remains moderate.

Cucumbers: Cucumber demand is good out of South Georgia and North Carolina and are seeing volume ramp up out of Michigan this week. Markets remain steady and quality is good. In the west, good supply crossing through Otay Mesa and South Texas.

English Cucumbers: Volume has decline and markets are firming up with lighter Canadian volume available.

Green Beans: We are beginning to see this market ease back as new fields are being harvested out of Virginia, we are still seeing some residual market increases based on demand but expect this market to improve daily. Overall quality is fair.

Zucchini/ Yellow Squash: South Georgia, North Carolina, and California – Italian squash supply is cleaning up out of South Georgia while ramping up out of North Carolina and Michigan. Quality on green is very nice but we are still seeing some cosmetic issues on yellow squash. We are seeing better supply this week in the west out of Santa Maria and Central Valley. Yellow Squash markets will remain firm through the middle of July.

Herbs

We are currently in a heat wave, but supply is looking good. **Thyme and oregano** are coming from Mexico as our local crop recovers. This should last only around 10 days. **Chives, parsley, mint** and all other herbs are looking very good with healthy shelf lives.

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

Melons

Cantaloupe: ESCALATED Cantaloupe production in the Westside region of California has been slow starting. Early fields, from all growers, were providing very poor yield results. This has caused daily pack-outs to be inconsistent leaving the market in a very short position through the holiday period. New fields are projected to be broken through the rest of this week which should begin to provide some better stability to the overall market. Current varieties being used though are trending more to 9/9J leaving smaller sizes (12/15s) in a very short position. I have included a picture of our recent harvest which is showing excellent quality. Melons are full color with brix level ranging between 12-16% range.

Honeydew: WATCHLIST Honeydew production has come on strong as packing started over the weekend. Sizing on the dewes is peaking on 5/5Js but there has been a good percentage of 6s to satisfy all orders so far. No 8s have been packed up to this point which may require some flexibility into 6s. Honeydew quality has been mostly clean except for the occasional external scar which is an indicator of the strong sugar levels. Dewes have shown brix levels of 13-15% with an excellent flavor profile

Watermelon: WATCHLIST Watermelon prices continue to be high due to light supply. Florida is done, Georgia and Alabama have limited supply and demand at retail is putting tremendous pressure on the supply chain. Quality is also being impacted in the east from the moisture and virus pressure. We do not expect to see improvement on supply until mid-July in the east. Demand is strong for Texas and California fruit and many customers have shifted to western product.

Mixed Vegetables

Artichokes: Good supply available this week. Quality is good. Prices are steady.

Arugula: Supply and quality are good.

Asparagus: Supply is improving and the market is trending downward. Quality is good.

Bok Choy: Supply and quality are good this week.

Broccoli / Broccoli Florets: Supply is good this week but will be lighter in the upcoming weeks. Quality is good

Brussels Sprouts: ESCALATED The supply line will still be a little rough for the beginning of this week but will improve by mid-week.

Carrots: (VALUE ADDED): EXTREME Many packs sizes, especially hand packed sizes, are in very short supply due to the social distancing regulations from the Coronavirus. Quality remains good

Cauliflower: We are expecting excellent volume all week. Quality is good.

Celery: Less supply available in the industry. The market is higher this week.

Corn: Supply and quality has improved out of South Georgia. In the west, we continue to see increasing volume out of the Central Valley. Decent numbers are available this week out of the Carolinas. Overall demand is flat this week.

Cilantro: Supply is good with good quality.

Fennel: We are expected to be slightly below budget on fennel this week.

Garlic: EXTREME The garlic market as a whole remains very volatile and the 2019 garlic crop is finished. Calif garlic will be running short through the end of the season until new crop Garlic gets started. Due to the decreased demand during this time, this allowed the season to be extended before they needed to source product elsewhere. Had it not been for Covid-19 this would have happened sooner. To cover orders, Garlic Co will be sourcing product from Mexico to fill in and orders may need to be subbed with product of Mexico until the new season starts. They are estimating orders will be filled with as much as 50% from Mexico and 50% from Calif. We will do everything we can to not have to sub or at least keep subs to a minimum. Calif garlic season is estimated to start in 2-3 weeks but orders could still be subbed with product of Mexico longer until they get into full production with Calif garlic.

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

Green Cabbage: Markets are active this week but seeing volume improve with more availability out of the Midwest.

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Green Onions: Supply and quality are good.

JICAMA: Storage product is available; expect to see blemishing as it's storage fruit. Supply stable

Kale (Green): Bunched kale supply is expected to be plentiful for the next few weeks. Quality is good.

Mushrooms: Mushrooms continue to be active as shippers are still planting lighter due to the uncertainty of demand. Quality remains good.

Napa: Supply and quality are good this week.

Parsley: (Curly, Italian) Bunched Parsley supply is expected to be plentiful again this week. Quality is good.

Rapini: We will have good supply this week. Quality remains strong.

Red Cabbage: Markets are active this week but seeing volume improve with more availability out of the Midwest.

Snow Peas: Production is steady.

Sugar Snap Peas: Production is steady.

Spinach (Bunched): Supply is good with fair quality.

Spinach (Baby): Supply is good with fair quality.

Spring Mix: Supply and quality are both very good.

Sweet Potatoes and Yams: Demand for sweet potatoes continues to be high. We will see the market remain steady. FOB's out of all growing regions remain above average, but we should not expect a spike.

Onions:

The market has stabilized after seeing a quick uptick in FOB prices last week in both California and New Mexico. With Texas being finished, and Vidalia supply still feeling the effects of heavy rain, demand is stressing these two regions. We are seeing high temperatures in California continue to affect shrink levels on all colors of onions, and we expect this will continue going into this weekend as more high temperatures are expected. Additionally, we are seeing the early plantings in both California and New Mexico finish up, and the later crops experiencing delays as they are not fully ready to ship yet. This is going to create a seven to ten day gap for many shippers. We anticipate the market will continue to strengthen until about the 15th of July, and possibly beyond. Washington is expected to start shipping in about 3 weeks from now, which should likely limit the levels in which the FOB prices will reach. The extension of the USDA box program is also causing supply to remain firm, particularly on small sizes of all colors.

Potatoes:

Supply has drastically tightened up throughout the state. While the market typically does react this time of year, as production decreases and supply on hand also decreases, we are beginning to see an extreme situation unfold. In addition to demand being elevated to the USDA Produce Box Program, we are also seeing processors coming back in for supply that many had previously walked away from back in March at the start of the COVID 19 shutdowns. As expected, Washington's increase in market pricing these last few weeks has made its way to Idaho, and we are seeing 40ct through 80ct remain very tight. However, even smaller size count cartons, consumer bags, and Number 2 grade product are all becoming scarce. In addition to this current crop winding down, there is concern that this next year's crop will be similar to the market we

experienced this last year. Growers are citing the decrease of about 8% acreage throughout the state, as well as poor seed potatoes ultimately affecting yields for next season. We expect FOB pricing to remain firm and continue to increase in small ways each week until the end of old crop. New crop potatoes are expected to start shipping around the first or second week of August. We will likely not experience any pricing relief until around the last week in August when harvest is really into full swing. Trucks remain in short supply, and we are continuing to see rates increase with capacity tightening.

****Please plan to allow extra lead time for placing orders, and remember the pricing is figured off of the weekly pricing on the day the order ships. Straight loads of any size will be tough to come by until we get to new crop as growers are needing to save these to cover mixer orders.**

Tomatoes

East Coast

- **Rounds: WATCHLIST** Florida is mostly done, and we are seeing some growers transition out of the Carolinas to Arkansas and Alabama...this will affect quality and supply over the next week. We could see potential GAPS in supply and well as shorter supply on small fruit as growers crown pick. Mountain deals in Tennessee and Western North Carolina should start to scratch this week as well. California is picking very good numbers this week but will need to watch quality due to the heat. We do expect to see very light supply and potential GAPS over the week in the east as production begins to shift out of the Carolinas to Arkansas and Alabama.
- **Romas:** Florida is mostly done, and we are seeing some growers transition out of the Carolinas to Arkansas and Alabama...this will affect quality and supply over the next week. We could see potential GAPS in supply and well as shorter supply on small fruit as growers crown pick. Mountain deals in Tennessee and Western North Carolina should start to scratch this week as well. California is picking very good numbers this week but will need to watch quality due to the heat. We do expect to see very light supply and potential GAPS over the week in the east as production begins to shift out of the Carolinas to Arkansas and Alabama.
- **Grapes: ESCALATED-** In the East, grape supply remains light and we did see a spike in the market due to rain. We are hoping this turns around this week as transition continues to the eastern shore/ Virginia. We are still seeing a slow decline in price and expect this to be the trend over the next several weeks.
- **Cherries: ESCALATED** Cherry production has also firmed up because of recent rains and FOB prices are higher this week.
- **Organic Tomatoes:** Markets are up this week; very limited supply.

Mexico

- **Rounds:** Markets are mixed this week due to an uptick in demand on new crop Mexican vine ripe tomatoes. Volume crossing through McAllen and Baja continues to increase while Nogales is about done for the season. We are still seeing delays due to the USDA inspections as required by the New suspension agreement causing rejections and delays at the border. Quality overall is very nice.
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- **Grapes:** Grape volume is slowly improving in the west as new crop volume increases crossing through Texas and Otay Mesa. Quality is good and we are seeing some shifting demand from the east as supply is limited out of the Carolinas. FOB prices remain mixed this week.
- **Cherries:** There is little demand in cherry tomatoes due to the lack of retail demand. Expect to see a steady market with some decreasing volumes as we transition into new crop.