



Week of 10/4/2021

Weekly Market Update

Overview

The avocado market continues to struggle on large sized fruit out of California and Mexico; Pricing is escalated, and large sized fruit is extreme. We ask that you be flexible on sizing this week and/or sub over to Peruvian fruit to maintain service levels. We are seeing better numbers on dry veg out of the intercoastal valley regions and moving away from the central valley. We are seeing improved production on tomatoes out of Central Mexico fair production on rounds and grape tomatoes, whereas cherry tomatoes will most likely remain snug for the rest of the year. We are seeing very light production on romas due to quality issues related to ongoing weather pressure as well as yield losses on the mainland as well as Baja. In the east, the tomato category is dropping production quickly across all varieties and we are seeing escalated markets due to the ongoing struggle with weather related pressure from several tropical events. We are also seeing weather affect commodities in the east (corn, green beans, pumpkins, and cucumbers). We will continue to observe areas hit by flooding in the northeast and expect severe crop loss as growers close the season. We are starting to see some relief as transition begins to move south to Georgia and South Carolina for the fall harvest.

Market Alert

- Avocados—**ESCALATED (EXTREME on large sized fruit)**
- Asparagus—**ESCALATED**
- Broccoli / Broccoli Florets—**ESCALATED**
- Brussel Sprouts—**ESCALATED**
- Carrots, Jumbo - **ESCALATED**
- Cabbage, Green—**ESCALATED**
- Cauliflower—**ESCALATED**
- Cucumbers—**ESCALATED**
- Green Beans— **ESCALATED**
- Garlic – **EXTREME**
- Ginger—**EXTREME**
- Green Bell Pepper—**ESCALATED**
- Honeydew—**EXTREME**
- Pears—**EXTREME**
- Tomatoes – Rounds, Romas, Cherries, Grapes—**ESCALATED**
- Romaine Hearts—**ESCALATED**

Watchlist

- Apples
- Sugar Snap / Snow Peas
- Iceberg Lettuce
- Napa
- Strawberries
- Whole Head Romaine
- Green Onions
- Transportation

Transportation

Freight rates continue to impact all concepts resulting from increases on the cost of truck loads, due to the ongoing upsurge in fuel prices in addition to labor with shortage of drivers and warehouse pickers. The national average price per gallon for diesel is \$3.34 per gallon and we are looking at a \$3.15 national average rate per mile for a reefer truck. Produce Alliance and its Members are working to negotiate the best freight rates with the most reliable freight companies. We thank you for your partnership as we work through this extremely challenging period facing our industry. As we continue to return to normal activities travel and entertainment the uptick in spend has more than offset the negative growth for durable goods by 300%. In an average year, we would expect June spot rates to peak above May levels, and although this was not the case this year, we saw rates follow a normal seasonal pattern leading up to early July. The challenges that carriers are facing with driver and truck availability will continue to limit availability of capacity to support pickups and there continues to be a vast amount of uncertainty as to when to expect true deflationary market conditions.

It truly is an unprecedented time in the freight market, so please reach out to your Produce Alliance representative to understand solutions from sourcing outside of produce items, to evaluating pricing moving items from whole to processed on account of labor, and deeper yield per case.

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!

Medley Grape Tomatoes— Mix up your traditional caprese salad with a grape tomato medley! Slice tomatoes in half and mix with mozzarella pearls, and a simple vinaigrette (olive oil, crushed garlic, basil, parsley, honey, red wine and vinegar, salt and pepper) toss it all together and enjoy as the summer days come to a close.

Fruits & Vegetables

Avocados: ESCALATED Volume from Mexico has picked up with Aventajada crop making up for over 40% of what is being imported into the United States. We are feeling confident the size and the pricing variance will begin to level out over the next several weeks. Long term outlook remains stable with continued seasonal decline of the Loca, Peruviana as well as California and Aventajada crop will be the dominate crop by late October.

Bananas: Banana quality and availability are good. No problems with supply.

Pineapples: Pineapple volume good and quality is great.

Grapes: Current California weather conditions are good and will not impact growing conditions or supply for grapes. Pricing, overall, is pretty steady with a bit of a tick up on certain green varieties.

Apples, Pears, Tree Fruit and Stone Fruit

Apples: WATCHLIST Granny smith apples remain tight, especially on the smaller sizes. East coast growers will have minimal availability through May. Import apples will start arriving at the end of this month on the east coast.

Pears: EXTREME ON SMALL SIZES Small pears will remain tight through August. Imports are available on the east coast.

Peaches: Yellow and white flesh available out of California.

Nectarines: Yellow and white flesh are available out of California

Plums: Late season Plum varieties still available.

Kiwi Fruit: Steady supply available on both coasts. Californian and Italian Haywards are available.

Berries

Blueberries: British Columbia is finished for the season and next week is the final week of production for Oregon. Washington has finished production for their season and Mexico production began last month with light volume and will continue to increase each week moving forward. Baja production is in their fall peak. Peruvian season has started, and we will see increasing volumes moving forward. Santa Maria has reported good overall quality with some attached blossoms. Baja has seen good size and flavor and Eastern Washington has reported some soft and shriveled fruit seen at the docks as they wind down their season.

Blackberries: Supply from the U.S. will descend over the next couple of weeks. All regions in the U.S. are past their peak weeks and entering the tail end of their season. We expect the U.S. region contribution to descend each week going forward. Central Mexico will begin next week, and we expect them increase each week and produce the bulk of supply by late October. The Northern District has seen a reduction in rejections because of proactive measures taken with growers. Santa Maria has seen good overall quality with medium to large sized fruit with good flavor. Quebec continues with good quality overall with large fruit and good flavor. New Jersey has seen good quality with sporadic appearance defects. Baja has seen good size and flavor

Raspberries: The California regions are on a full down trend over the next two months, and Central Mexico will be up trending strongly each week going forward. Central Mexico volume will offset California's drop in production and will result in increased volume over the next 5 weeks. British Columbia is down to the last few weeks of production. The Northern District has seen some sporadic impacts from the warm weather. SWD has reduced in the district compared to previous weeks. Santa Maria has seen a slight uptick in condition defects due to warmer temperatures in the district as they downtrend production. Oxnard continues with good flavor and appearance. Baja has seen good size and good flavor with a reduction in rejections overall. Central Mexico has also seen a reduction in rejections.

Strawberries: Volume is expected to gradually increase the next several weeks. Production is declining from Watsonville and Salinas, however uptrends from Santa Maria, Oxnard, and Central Mexico will offset those decreases moving forward. This period can be volatile when it comes to weather, we do not anticipate any disruptive events at this time. The Northern District continues with strong volumes, but hectares are being removed where quality is challenged. Santa Maria current cycle has minimal condition defects and good flavor as it peaks in production for the next few weeks. Oxnard continues with low basket counts and Central Mexico started production this week with no dock rejects.

California / Arizona Citrus

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

Lemons: Coachella, CA & Yuma AZ are gearing up for harvesting new crop. Coachella has been able to harvest small volume, and gas times are high. Yuma will soon follow, as there is more humid/hot days and harvest is very sporadic.

Limes: Market is stabilizing after the hurricane. Pricing in the high teens, quality remains hit and miss with heavy scarring.

Valencia Oranges: Industry is approaching the end of the season and with the end of season come a few challenges. Quality on choice grade is a challenge, as most of you know. Shelf life is short, so it is important to keep inventories tight and buy fancy US#1 grade when possible. Gassing fruit is still needed; however, it is less due to cooler temperatures and fruit quality. Anticipate green case on fruit, which is good. Green case on the shoulders is due to less gas times, and effort to preserve external fruit quality. Brown shoulders maybe come visible on the fruit; soft to touch, and appearance of pack pressure - All physical signs are due to the excessive heat waves this summer, and Valencia season is coming to an end soon. Buyers' advice is to buy fancy grade as choice grade fruit has limited shelf life (keep inventories on tight turn.) 72ct size and larger are very plentiful, 88s are still in good supply, 113s & 138s are very tight and smaller independent citrus

shippers are finishing up for the season. Product is tight.

Imports/Specialties available:

- Import clementine/mandarins are available.

West Coast Lettuce

Butter: Overall volume and quality looks to be steady this week.

Iceberg Lettuce: Lettuce supply continues to lower. We will have enough volume for this week's normal orders and contracts. Quality is medium as crews are cleaning up any cosmetic issue. We are also keeping holdover to same day harvest and ship to ensure we make a delivery. The market has been active with lighter supply industry wide. Demand has increased and the forecast is for steady prices at current levels.

Green Leaf: Salinas green leaf production volume is steady. Overall quality is nice with a good green color, full heads, and good texture. Demand is fair and pricing is steady.

Red Leaf: Good volume with good quality and the market is steady.

Romaine/Romaine Hearts: *Romaine* - WATCHLIST *Romaine Hearts* – ESCALATED: Romaine and Romaine Heart production supply is beginning to trend lower. We are experiencing some quality issues at the field level ultimately reducing yields. Plants that are healthy are exhibiting good color, texture, and quality overall. We will continue to be subject to occasional fringe burn and lighter weights. Overall demand is steady, with slightly better movement on Romaine Hearts.

Eastern and Western Vegetables

Green Bell Pepper: ESCALATED Product is lighter this week out of the south as transition is on the horizon from North Carolina back to South Georgia while the Northeast is rapidly ending for the season. In the west, the excellent production continues out of the intercoastal valleys with steady volume expected on all sizes but larger sizes. Quality is outstanding and we do not anticipate any pro-rates currently.

Red Bell Pepper: Excellent supply and good quality available.

Yellow Pepper: Excellent supply and good quality available.

Mini Sweet Pepper: Excellent supply and good quality available.

Mixed Chili Pepper: ESCALATED We are seeing some local deals continue in the east with stable supply. In McAllen, we are seeing supply start to improve as crossings increase. Serranos remain very tight and escalated this week and we need to keep a close eye on some of the microclimates as some regions are reporting loss due to damage mitigation from recent rain flooding. We are not seeing any supply issues on contracts at this point, because we have worked with our growers to navigate through some of these challenges this late in the season but will continue to monitor. We do need to keep in mind that particularly this time of year quality issues can easily come about, and pricing can reflect quality particularly when dealing with older plantings, older growing regions so caution on open market quotes this time of year when transition can be tricky. On the west coast, there is lighter supply crossing from the Baja while California continues to produce decent numbers. West coast volume is also down on tomatillo and serrano.

Eggplant: WATCHLIST Local eggplant out of the Northeast and Michigan are winding down while eggplant ramps up out of South Georgia this week. Eggplant out of the Central Valley is winding down and should transition to the desert over the next two weeks followed by Nogales first week of October.

Cucumbers: WATCHLIST Supply is ramping up out of North Carolina and South Georgia. Cucumbers in the west are lighter this week crossing through Otay, Nogales, and McAllen. Overall quality is good in the west, but in the east, we will see weather related quality issues. We do not anticipate any pro-rates currently.

English Cucumbers: ESCALATED The market remains very tight out of Canada, but quality is good. Mexico should start in two weeks.

Green Beans: ESCALATED We are seeing very light production in the east mainly due to rain. We expect some South Georgia production to ramp up over the next few weeks and should begin to bring this market back in line for the fall and prepare for the holidays barring no weather as we transition to Florida. In the west, supply is light out of Fresno and Southern California and will remain light until transition to Mexico in October. Quality will be marginal until we transition to Mexico. We do not expect pro-rates however, we recommend subbing to French beans when possible or to soft squash, when possible, simply due to quality.

French Beans: Volume remains stable, and quality is strong.

Zucchini/ Yellow Squash: Fall squash out of South Georgia and North Carolina is ramping up while the Midwest will continue production for a few more weeks. Quality is mixed in the east on old crop while new crop is gorgeous. In the west, good supply continues out of Santa Maria and Baja. Quality is good on green and marginal on yellow. We saw light crossing this week in Nogales on a few scratch picks.

Herbs

We are seeing very good supply on almost all fresh herbs and flowers at this time and quality is outstanding.

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

Melons

Cantaloupe: We have started to see significant decreases in daily cantaloupe production over the past week which will continue to seasonally decrease before finishing by mid-October. Arizona production has been pushed back slightly with a start date not anticipated until early next week and it will take 710 days for them to get some momentum going. As the California deal ends in 14-17 days, sizing should level off to more 9/12s with some 15s. Currently sizing has still maintained mostly 9s. The Harper varieties being used are ideal for late season production against the elements such as cooler temperatures and wet weather if it turns that way without sacrificing quality. Cantaloupe requirements continue with a minimum of 12% brix levels.

Honeydew: EXTREME Honeydew production remains very limited with the market continuing in a demand exceeds supply scenario. We anticipate the situation worsening as the California deal closes over the next two weeks. The only relief in sight is some production in Arizona but we are hopeful Mexican crossings through Nogales will begin by mid-October to at least provide an option. Larger sizes (5/6s) are extremely challenging right now with the highest percentage of what is being harvested being 8s. Flexibility of sizing will most likely be required at time of loading (especially if larger sizes are ordered) and we anticipate a shortfall in honeydew production over the next three weeks at minimum. External quality may also be sacrificed as growers attempt to get whatever melons they can into the pack to fulfill orders.

Watermelon: Lighter supply available out of the Midwest, Texas, and Indiana. Fair volume out of California although logistics continue to be a challenge in all markets. Quality in the west is very nice.

Mixed Vegetables

Artichokes: Volume continues to be low this week, we expect to harvest only 4 days and most of what we are packing are 12ct. Quality is excellent. We expect volume to remain low through the month of September. Prices are steady to lower depending on size.

Arugula: Supply and quality are good this week. Volume continues to be low this week although quality is excellent. We expect volume to remain low through the month of September with pricing steady to potentially higher. Some shippers are pro-rating orders

Asparagus: ESCALATED Low volume, good quality, and high demand. Supply affected by major logistic issues including air and ocean shipments.

Bok Choy: Supply is steady this week and increased demand has created higher market pricing which is expected to last through the weekend.

Broccoli / Broccoli Florets: ESCALATED Supply is light this week and the market is strong. We will see this trend continue

Brussels Sprouts: ESCALATED Supply is increasing over the next 2-3 weeks. Expect to see slightly softer open markets FOBs on the 25lb bulk pack. Quality is good with some occasional insect damage noted. Good near-term volume will make sprouts a good promotion item.

Carrots: ESCALATED Shippers are still struggling with jumbos and table due to labor (these are hand pack items). Due to the unprecedented weekly volume needed for new snack pack options for school and community programs we continue to struggle with supply and demand. Pricing is increasing.

Cauliflower: ESCALATED Supplies are trending lower, and the market is very active.

Celery: Business is steady this week with good supply. Quality is good and the market is steady in Salinas. Holidays are right around the corner so expect the market to start get stronger as we approach the holiday season.

Corn: WATCHLIST Corn supply remains mixed by region due to weather. In the west, valley corn is tight due to heat, New York and Michigan corn are in good supply with, but quality is mixed.

Cilantro: Cilantro supply is expected to be plentiful this week. Now is a good opportunity for promotion!

Fennel: We will have good supply on fennel this week with extra product available each day. We can take on extra volume if anyone is looking for any lastminute needs for their Columbus Day pull. Quality remains strong overall with a majority of 18/24ct available this week.

Garlic: EXTREME Garlic contracts have now fully transitioned to new crop California, although supply is still light, and market remains extreme. Shippers are holding to averages

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 trending lower, and the market is very active

Green Onions: WATCH LIST Supply and quality are good this week. Market is extremely active due to supply shortage with many growers in northern Mexico because of the extremely hot weather and high humidity the past two months.

Jicama: Steady supply available crossing through McAllen.

Kale (Green): Bunched Kale supply is expected to be plentiful for the next few weeks. Now is a good opportunity for promotion!

Mushrooms: Supply may begin to tighten for the holidays, and we may see shorter inventories across the country due to labor. Shiitake mushrooms remain short due to a national shortage of logs they grow for harvesting purposes.

Napa: WATCH LIST Overall supply and quality continue to improve as we are expecting to hit budgeted volume this week. Yields continue to be below normal for current and upcoming plantings.

Parsley: (Curly, Italian) Parsley supply is expected to be plentiful for the next three weeks.

Rapini: We will be below budget this week on rabe. Our numbers have decreased due to some brown bead out in the field and our harvesting capacity is limited each day due to crew shortages. We will be holding averages this week and can expect the market to stay active.

Red Cabbage: Supply is steady with good quality.

Snow Peas: Guatemala: WATCHLIST Guatemala: Very low volume, fair quality, and high Demand (production affected by weather and supply affected by major logistic issues) Peru: Low volume, high demand, and good quality. Supply affected by major logistic Issues

Sugar Snap Peas: WATCHLIST Guatemala: Very low volume, fair quality, and high Demand (production affected by weather and supply affected by major logistic issues) Peru: Low volume, high demand, and good quality. Supply affected by major logistic Issues

Spinach (Bunched): Quality concerns are tip and wind burn. Insect pressure, aphids, and mildew are also an issue due to

foggy mornings.

Spinach (Baby): Supply and quality are good this week.

Spring Mix: Supply is good and quality concerns now are tip burn and wind burn.

Sweet Potatoes and Yams: New crop harvest starts as soon as next week for some sweet potato growers. We are looking at new crop shipments starting in about 6 weeks after they cure. Last year's crop is starting to dwindle, and inventory is getting tight, but supply should hold to avoid gap.

Onions

The Northwest continues to ship a smaller size profile, with limited Colossal and Super Colossals. Typically, the onion market sees a reduction in price during harvest. This season, given the slow start for a lot of growers, in addition to poor size and yields, we are seeing the market increase on all colors and sizes, outside of medium yellows. This is an unprecedented situation and is indicative of the crop this season in the Northwest. We should see jumbo yellows normalize in the coming weeks when growers are full steam ahead, however, the typical influx of supply that pressures pricing down may not occur this season. Additionally, there are still New Mexico and California onions being put onto the market as well in certain parts of the country. As those supply areas dry up, the demand pressure on the Northwest should increase as well. Northwest growers are continuing to express great concern for the long-term health and supply of this year's crop due to both wind and heat events during the growing season this Summer. Record high temperatures in Idaho/Oregon/Washington are already negatively impacting yields in the early fields. The situation should be somewhat clarified as growers continue to get into new fields as well and realize just what type of supply they have on hand. Labor is also presenting some major challenges and limiting production out of both Idaho/Oregon and Washington. Once we get past the first of the year, supply is expected to further tighten, and if the heat has detrimental effects on the onions long term storage ability, we may see elevated levels of shrink. Freight continues to be challenging out of all onion growing regions. Finding the right truck and rate seems to be as much about timing and finding 'one-off' deals in comparison to what most carriers are commanding. A lot of freight analysts are predicting some relief sometime in 2022. At this point, we are not hopeful of it taking place any sooner as we will be approaching the holiday season soon.

Potatoes

The potato market is now beginning to experience pricing relief on 40ct through approximately 80ct. Size profiles have flipped, and larger count cartons are now more plentiful, while smaller size cartons, No. 2 grade potatoes, and consumer bags are in short supply. We do not anticipate relief on small size potatoes for a few weeks as growers try to move through the larger profiles. In typical seasons, we generally see pricing stressed to some fairly low numbers on all sizes. The behavior of the market this season during harvest is a good indicator of the long-term outlook of the crop. The concern regarding as much as 30% or more of the crop remain alive and well, however, we likely will not feel just how tight the market is until we get to around Spring and Norkotahs begin to wind down. Once we get to the later part of the crop, and are shipping Burbanks exclusively, size is going to be a real challenge. Unfortunately, we are not in a situation where we can make up the Idaho shortfall with supply from other growing regions, as Washington experienced similar growing conditions, and they are up against the same challenges related to low yields. The concern surrounding trucks continues to be elevated as rates these past few weeks have continued to increase. Shippers and receivers should be prepared to continue to see elevated freight rates at least through this calendar year. In normal circumstances, we see a drop in rates during the first quarter, but it remains to be seen if that will take place this coming year.

Tomatoes

East Coast

- **Rounds: ESCALATED** We are seeing very light supply and expect to see lighter inventory for the next several weeks. We should see the mountain deals continue to wind down this week and transition back to Florida by the middle of October. The category has certainly fallen below expectations for this time of year, and we do expect a firm market through most of October, but we are working closely with our growers to keep you

informed of any issues or supply shortfalls we may see over the next several weeks during transition back to Florida. We do expect marginal quality during this time and suggest keeping lighter inventory as shelf life will be comprised from all the weather-related pressure on the fruit. We do not anticipate any pro-rates currently on round tomatoes.

- **Romas: ESCALATED** Like round tomatoes we continue to see the up and down ride as inventories decline as the season summer season comes to an end. We do expect transition in three weeks back to Florida/South Georgia the category has certainly fallen below expectations for this time of year, and we do expect a firm market through most of October, but we are working closely with our growers to keep you informed of any issues or supply shortfalls we may see over the next several weeks during transition back to Florida. We do expect marginal quality during this time and suggest keeping lighter inventory as shelf life will be comprised from all the weather-related pressure on the fruit. We do not anticipate any pro-rates currently on roma tomatoes.
- **Grapes:** We will see a mix on volume and quality over the next several weeks mainly due to the weather for the entire snacking tomato category. We will continue to observe and evaluate the condition and health of the crop with our growers for a sign of improvement but expect light volume through the remainder of the summer programs. We do not anticipate any pro-rates currently.
- **Cherries: ESCALATED** We will see a mix on volume and quality over the next several weeks mainly due to the weather for the entire snacking tomato category. We will continue to observe and evaluate the condition and health of the crop with our growers for a sign of improvement but expect light volume through the remainder of the summer programs. We do not anticipate any pro-rates currently.
- **Organic Tomatoes: WATCHLIST** Supply very limited, and quality is marginal.

Mexico

- **Rounds: ESCALATED** Markets remain mixed this week despite a bit more volume crossing through Otay and McAllen. Overall quality is very nice on rounds.
- **Romas: ESCALATED** Lighter crossings this week on romas as we continue to struggle with volume due to weather related pressure. We are seeing a lot of quality issues this week which is causing several rejections at the border. On the Baja, volume is lighter this week and may be short crossing through Otay. We may see minimal pro rates this week and recommend subbing to a round tomato if necessary.
- **Grapes: ESCALATED** We are seeing better volume and good quality crossing through all major borders this week but major demand from the east is driving pricing higher this week
- **Cherries: ESCALATED** Supply remains light this this week out of Mexico and quality is mixed. No pro rates expected at this time
- **Grape Tomato Medley:** Excellent volume and quality crossing through McAllen.

California

- **Roma & Round Tomatoes: ESCALATED** We continue to see growers harvesting daily round and roma tomatoes, but the season is beginning to come to a close. We are seeing a few more quality issues on vine ripens out of Southern California this week, mainly caused by heat related pressure.