



Week of 11/1/2021

## Weekly Market Update

### Overview

The avocado market continues to see stronger numbers on mid-smaller range sizes this week and has tightened up on larger sized fruit. We anticipate promotable volume to continue in the forecast from this Aventajada crop. Tomato production will remain at seasonal lows this week with California finishing due to rain and Florida slow to start up. We anticipate the southeast to be in an extreme market for the next two weeks, while Ruskin and Palmetto areas produce approximately 50% less of the transition crop that they normally do for this time of year. Mexico remains the main supplier of tomatoes and although they are struggling to keep up with demand, we hope to see some of that relief as we Florida ramps up over the next 10-14 days. South Georgia will tighten up this week on all veg items as weather turn cool. Numbers will be down on bell pepper, eggplant, and beans, and Nogales is starting to cross squash and cucumbers. The season is starting up, providing much needed relief to west coast shippers, and we should also see a few transition crops (green bells & corn) begin in Coachella over the next 10 days, barring no weather delays.

### Market Alert

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- Avocados—**ESCALATED**
- Bananas—**ESCALATED**
- Bell Peppers, Green—**ESCALATED**
- Brussel Sprouts—**ESCALATED**
- Broccoli / Broccoli Florets— **ESCALATED**
- Carrots, Jumbo - **ESCALATED**
- Cabbage, Green—**ESCALATED**
- Cauliflowers—**ESCALATED**
- Corn—**ESCALATED**
- Eggplant—**ESCALATED**
- English Cucumbers—**ESCALATED**
- Green Beans— **ESCALATED**
- Garlic – **EXTREME**
- Ginger—**EXTREME**
- Honeydew—**EXTREME**
- Iceberg Lettuce—**EXTREME**
- Romaine / Romaine Hearts—**ESCALATED**
- Mushrooms—**ESCALATED**
- Pears—**EXTREME**
- Pineapples—**ESCALATED**
- Tomatoes – Rounds, Romas, Cherries, Grapes—**ESCALATED (West Coast), EXTREME (East Coast)**

### Watch List

- Apples, Granny Smith
- Celery
- Strawberries
- Sugar Snap Peas, Snow Peas
- Green Onions
- Napa Cabbage
- Jalapeno, Tomatillo, Anaheim, Poblano Peppers
- Transportation

## **Transportation**

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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.

## **Weather**

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Our Salinas growing region received heavy rain and strong wind this past Sunday night and early Monday morning. Growers anticipated this weather event and to stay in front of this situation they had crews work additional hours over the weekend, as they were unable to harvest Monday. We will continue to see extremely tight supply and understand that this shortage is mainly due to the disease pressure which caused significant loss of acres, coupled by the rain from this morning. At this point the worst we are seeing is a 70% fill rate in iceberg and romaine on contract. We were able to actively secure an additional romaine crop to help mitigate this issue which will assist us in staying on top of any supply chain issues. A larger challenge we will face is quality. Mildew, and a short lifecycle will affect lettuce, leafy greens and berries the most, but we expect to see some of these quality issues in broccoli and cauliflower. We are working with all teams to ensure that orders are placed ahead of time, picked more frequently, and reminders of the importance of the cold chain process is going out. We feel confident that we are in a better position than most and will do everything we can to mitigate the shortages. Please expect these issues to last about five weeks, with some relief in the 2nd to 3rd week of our Yuma season.

Update on Mexico supply: Typically, we receive product from Mexico during this time of the year, however, this year the Mexican supply is also extremely tight. The rainy season in Mexico has lasted a solid two weeks longer than typical with the volume in rainfall being at an all-time high, making this region an unviable solution.



## **Good Buys**

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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!

**Asparagus**— With fall upon us there is nothing like a warm and cozy side dish, with a little bit of healthy sprinkled in the mix as well. Try cheesy garlic roasted asparagus. Place asparagus on a baking sheet and drizzle with olive oil, garlic, salt and pepper, bake until they are bright green and then sprinkle with shredded mozzarella and broil for 4-5 more minutes.

## **Fruits & Vegetables**

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**Avocados: ESCALATED** Avocado volume, once again, continues its climb back up from a low 4-5 weeks ago. Pricing has somewhat leveled off last week, however, there remains a large spread between large, mid-ranged and small fruit. We do anticipate that spread to improve as we see more supply crossing the border. Good news for foodservice, #2s will become more readily available, especially on the 48ct-60ct sizes.

**Bananas: ESCALATED** Banana quality and availability are good. However, cost will be going up due to several inflationary pressures ranging from labor, sea cargo rates, corrugate and liners.

**Pineapples: ESCALATED** While pineapple volume is where we would like it to be this time of year, we are experiencing a higher cost to go to market. We are seeing increases due to several inflationary pressures ranging from labor, sea cargo rates, corrugate and liners. Quality and taste profile are great.

**Grapes:** There is a 100% chance of significant rain Monday in both the Northern and Southern San Joaquin Valley. Many grapes have the canopies covered with plastic to protect the late harvest varieties. This week many growers focused on harvesting uncovered varieties and covering uncovered. Cooler and moderate temperatures forecasted to follow the rains will lessen the impact of the rain protecting against high humidity and moisture for the covered grapes. The rain will slightly impact supply further increasing strong market conditions on CA Grapes. Most of the CA harvest will be completed by the end of the first week of November. Look for markets on both red and green grapes to increase for the remainder of the season. The red market is looking to be significantly stronger than last season. Lower end price and size grapes are cleaning up and low-price grapes are becoming more scarce.

## **Apples, Pears, Tree Fruit and Stone Fruit**

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**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:** Domestic done for the season.

**Nectarines:** Domestic done for the season.

**Plums:** Domestic done for the season.

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

## **Berries**

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**Blueberries:** Central Mexico production continues to increase week over week. This increase in volume is expected to continue through the end of this year. Volume from Peru is also expected to increase over the next few weeks. Baja has light production which will remain stable for the next several weeks.

**Blackberries:** Favorable weather the end of last week is leading to additional supply from California regions during the front half of the week, though we expect this to be short lived. The California region will continue descending, and this decrease likely be accelerated due to the cold and rain events expected during the upcoming weeks. Central Mexico is the main contributor to our overall volume, and we expect its share to continue increasing week over week.

**Raspberries:** The conventional supply is forecasted to increase week over week through mid-November, though lower than our previous expectations. California volume continues to decrease, and Central Mexico now makes up most of our conventional supply.

**Strawberries:** We expect volumes to drop due to the forecasted rain over the weekend. The rain will likely force

Watsonville and Salinas growers out of production. Santa Maria will also be impacted, and we are expecting overall low production. Oxnard and Central Mexico volumes are gradually ramping up.

## **California / Arizona Citrus**

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

**Lemons:** District 3 lemons have started, and quality is looking good. Some imported lemons will be available for the next few weeks as ships continue to be unloaded at the port of CA. Mexican lemons will be available for the next few weeks as well.

**Limes:** Market prices are in the low teens; quality has been looking much better.

**Valencia Oranges:** Navels have started. Plenty of small fruit available, mostly fancy grade.

**Imports/Specialties available:** Import clementine/mandarins are available.

## **West Coast Lettuce**

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

**Iceberg Lettuce: EXTREME** Supply continues to be tight due to light weights, yields and quality. Rain unfortunately will only make all three issues compounded. We are getting to the end of the season and options are limited. The market has been extremely high due to light supply. Supply will continue to be light for all the month of November as the start of Yuma will be slow getting going

**Green Leaf:** Salinas green leaf production continue to decrease weekly. Quality is fair with a good green color, good texture, and slightly lighter in weight. Pricing is higher.

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

**Romaine/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 all romaine.

## **Eastern and Western Vegetables**

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**Green Bell Pepper: ESCALATED** Supply will tighten up in South Georgia this week as weather cools off, but overall quality is outstanding. In the west, production is winding down rapidly along the Central Coast, our Southern Production in Oxnard will be lighter this week due to rain, however we are not expecting pro-rates. Quality is outstanding and we should start scratching out Mexico over the next 10 days.

**Red Bell Pepper:** Tighter supply this week available out of California, Mexico, and Canada. Quality remains good.

**Yellow Pepper:** Tighter supply this week available out of California, Mexico, and Canada. Quality remains good.

**Mini Sweet Pepper:** Lighter supply available this week.

**Mixed Chili Pepper: ESCALATED** Steady supply out of South Georgia this week on long hots, poblano, cubanelle and Jalapeno. Quality is outstanding in Georgia. In McAllen, supply will remain tight this week on all varieties, and

serranos remain extremely tight as growers transition to newer fields. 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, supply is lighter out of California and should wrap up this week. Baja supply will be lighter this week as well due to cooler weather we should transition to Nogales over the next 14 days.

**Eggplant: ESCALATED** Supply out of South Georgia will be lighter this week due to cooler weather. In the west, we should see the season wind down out of the Central Valley and transition to the desert this week followed by Nogales late October.

**Cucumbers:** Lighter supply expected out of South Georgia due to cooler weather, but quality remains strong. Overall quality is good in the west and cucumbers are improving as crossings increase from Otay, Nogales, and McAllen.

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

**Green Beans: ESCALATED** Markets remain firm and supply lighter this week out of Georgia due to cooler weather. In the west, supply is wrapping up out of the Central Valley, we will see very limited supply this week out of the desert and expect light crossings from Mexico over the next 10 days. Quality will be marginal until we transition to Mexico. We do not expect pro-rates, however, we recommend subbing to French beans or soft squash, due to quality.

**French Beans:** Volume remains stable, and quality is strong, but pricing is higher this week due to increased demand.

**Zucchini/ Yellow Squash:** Fall squash out of South Georgia is looking beautiful and volume should remain stable through the remainder of the month. In the west, California will be wrapping up due to weather and will be transitioning to Nogales this week. Quality out of Mexico is outstanding

## 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	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	MEXICO
Epazote	Steady	Steady	MEXICO
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	MEXICO
Thyme	Steady	Steady	USA
Lavender	Steady	Steady	USA
Lemon Thyme	Heat	Very Limited	USA

## Melons

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**Cantaloupe: WATCHLIST** The tables have turned very quickly with cantaloupes suddenly experiencing a demand exceeds supply scenario. As we first advised in late September, some growers in the Yuma region began seeing the effects of virus in their melon fields. This has deteriorated over the past month causing a complete crop failure for some. With California production basically having finished the Central AZ region has not had enough production to solely supply the needs of the country causing the market to spike. We believe the situation in the desert will continue over the coming weeks, but we should begin to see signs of relief in the market as early offshore cantaloupe are expected to begin in Florida over the next 10-14 days.

**Honeydew: ESCALATED** Domestic honeydew production continues to be extremely limited especially with smaller sizes (6/8s). The majority of what is being harvested has been 5s and larger. Mexican crossings have started to increase helping the overall situation with some relief, but their sizing has also been trending to larger fruit.

**Watermelon:** Lighter supply available this week crossing through Nogales. Demand is flat and quality is marginal.

## Mixed Vegetables

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**Artichokes:** Volume continues to be low this week, we expect to harvest 5 days, and most of what we are packing are 12s. Quality is excellent, prices are higher, and we expect volume to remain low through the month of October.

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

**Asparagus:** Supply is increasing, quality is good, and the market is lower.

**Bok Choy:** Supply is about steady this week, demand continues to be strong, and market price remains elevated.

**Broccoli / Broccoli Florets: EXTREME** Supply is expected to be much shorter than recent weeks, and this is the case on both bunch and crowns. The crown material will be even harder to produce since sizing is not quite ideal. Look for supply to remain light and demand to increase as local seasons continue to finish up.

**Brussels Sprouts: ESCALATED** Overall sprout volume looks to be normal and on track for the coming week. Quality is good with minor defects, good shape and color. Start to plan for Thanksgiving needs!

**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** Light supply continues with rain slowing down harvest. Quality is good and market is very active.

**Celery: WATCHLIST** Market is getting stronger with lighter available supply due to some quality issues in some fields. Expect market to continue to strengthen as we head into the holidays.

**Corn: ESCALATED** Corn is limited out of South Georgia, quality is mixed, and FOB prices are high. Very little supply in the west.

**Cilantro:** Cilantro supply is lower this week.

**Fennel:** Lower volume on fennel this week as we are facing some quality issues out on the field reducing our overall yield. We will be covering normal business only and expect to see a majority of 18/24ct this week. Quality on final pack out

remains strong.

**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 continues to be light although quality remains consistent with sizing and overall appearance.

**Green Onions: WATCH LIST** Quality is good this week and 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: ESCALATED** Quality is good, although supply is extremely short and market is higher primarily due to a lack of labor, shortages in component of growing such as peat moss. We do expect this trend to continue through the first of the year.

**Napa: WATCH LIST** Supply is almost steady this week, demand continues to be strong and market prices remain elevated.

**Parsley: (Curly, Italian)** Overall good supply with a steady market.

**Rapini:** Market is steady with good quality and supply although harvests will be slow each day due to muddy fields from the rain earlier in the week.

**Red Cabbage:** Supply is steady with good quality.

**Snow 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.

**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 is good and, but we are seeing quality concerns such as sclerotinia, fringe burn, insect damage, and mildew.

**Spring Mix:** Supply is good and, but we are seeing quality concerns such as sclerotinia, fringe burn, insect damage, and mildew.

**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**

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The Northwest continues to ship a smaller size profile, with limited Colossal and Super Colossals. The market continues to stay strong on yellow jumbos and larger, and all sizes of reds and whites. Movement has slowed these past two weeks, likely due to the onion recall on Mexican onions that shipped this past summer even though these onions are more than likely entirely out of the supply chain, the national stage of the recall has given consumers some pause. (The FDA, CDC and state and local partners, continue to investigate a multistate outbreak of Salmonella Oranienburg infections linked to whole, fresh onions. FDA's traceback investigation is ongoing but has identified ProSource Produce, LLC (also known as ProSource Inc.) of Hailey, Idaho, and Keeler Family Farms of Deming, New Mexico, as suppliers of potentially contaminated whole, fresh onions imported from the State of Chihuahua, Mexico. For further information on this topic, please reach out to your Produce Alliance representative.) This has allowed growers to have a few quiet weeks to extend their crop and cover contract commitments later into the spring. Since the recalled onions were isolated to Mexican product, we are already seeing many multi-unit national accounts change their sourcing guidelines to omit Mexican grown onions. Typically, Mexican onions can drastically change the supply situation, and pressure pricing down. However, if major onion users will no longer allow Mexican product, we may see the domestic supply increase in pricing, regardless of how many the import into the U.S.

Labor shortages are continuing to present production challenges in Idaho, Oregon, and Washington, particularly on heavy volumes of consumer packed onions. 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. While there are rumblings that Mexico and other offshore onion growing regions have larger than normal crops that they will be importing into the U.S. come January, it may not have its usual affect this season. 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. Unfortunately, there does not appear to be any relief in freight costs in the near-term future.

## **Potatoes**

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The potato market is beginning to move back up on all sizes at the moment, rather than just smaller size potatoes as it previously had been. While we had previously believed this would be a short-term supply situation where the size profile would become more balanced, the Norkotah crop does appear to be remaining on the larger end of the size profile for the foreseeable future. This is causing 80ct and smaller potatoes, as well as #2 potatoes, to get progressively tighter each week. The concern regarding as much as 30% or more of the crop remain alive and well, and we are feeling it already. This is rather uncharted territory as the market usually begins to get plentiful on cartons this time of year as shippers pack heavy retail bags to meet Thanksgiving and holiday demand. Additionally, processors continue to put pressure on the fresh crop as they are offering record prices for bulk product. Growers are then faced with a difficult decision about whether to sell their crop to processors or support the fresh market. The only way the fresh market will keep up, is if returns back to the farms are comparable to what they are being offered. The heat this past summer is still believed to have affected the Burbanks more than the Norkotahs, so we are not very optimistic of relief until likely next year's crop. 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

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### East Coast

- **Round Tomatoes: EXTREME** We continue to see extremely light volume out of Central and West Florida. We expect this trend to continue through the middle of the month as weather conditions permit. Unfortunately, the entire category has certainly fallen below expectations for this time of year but over the next several days we should see growers begin to crown pick and see gradual relief in the markets. 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 Tomatoes: EXTREME** Roma volume will continue to be lighter this week out of Florida and expect this trend to continue through the middle of the month. Like round tomatoes, we are seeing roma inventories so light it will continue to affect the entire category. For what is out there, we are not seeing any quality issues and with the ongoing limited availability, we do not anticipate any pro-rates currently on round tomatoes.
- **Grape Tomatoes: ESCALATED** We will see volume slowly improve over the next 10 days mainly due to the weather bringing the crop along. Quality has improved as well.
- **Cherry Tomatoes: EXTREME** We will see a mix on volume and quality over the next several weeks and volume will remain lighter than normal. We do not anticipate any pro-rates however we recommend grape tomatoes as a reliable sub if necessary.
- **Organic Tomatoes: EXTREME** Supply remains limited.

### Mexico

- **Round Tomatoes: ESCALATED** Markets remain mixed this week despite a bit more volume crossing through Otay and McAllen. Overall quality is very nice on rounds.
- **Roma Tomatoes: ESCALATED** Markets remain mixed this week despite a bit more volume crossing through Otay and McAllen. Overall quality is very nice on rounds. We do not anticipate any pro-rates on contracts currently
- **Grape Tomatoes: 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.
- **Cherry Tomatoes: ESCALATED** Supply remains light this week out of Mexico and quality is mixed. No pro rates expected at this time, however, should we do see any we recommend a sub to grape tomatoes.
- **Grape Tomato Medley:** Excellent volume and quality crossing through McAllen.