



Week of 8/29/2022

Weekly Market Update

Overview

Colored bell peppers continue to be a challenge due to low production and insect pressure causing quality issues, while green production is finally improving. 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 romas and snacking tomatoes while rounds are very short, and demand is high due to the other tomato growing regions being so short. Markets are very high this week on rounds. 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. For lettuce, we continue to see quality and supply issues because of elevated temperatures and pressure from Sclero, Fusarium and INSV/Impatiens virus. The next three weeks will continue to be a struggle with weights and yields coming down. For romaine we are seeing the same issues but to a much greater extent.

Market Alert

- 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**
- Limes—**ESCALATED**
- Mushrooms— **ESCALATED**
- Oranges— **ESCALATED**
- Potatoes—**EXTREME**
- Soft Squash—**ESCALATED**

Watch List

- Pineapples
- Seedless Watermelon
- Honeydew
- Snow Peas / Snap Peas
- Hot Peppers

Transportation

Decreased demand and improved capacity have reduced the base cost of freight through Q1, but the increased cost of diesel has mitigated the savings seen with the improved capacity. The average fuel surcharge per mile in December 2021 was \$0.40/mile with the current May average now at \$0.71/mile. Diesel prices are projected to remain high as global oil demand has surged above pre-Covid levels while supply has tightened due to international sanctions on Russian oil exports caused by the Russian invasion of Ukraine.

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!

Corn— As summer ends and we begin creeping into September, grilling season is starting to become a distant thought. There is nothing like corn on the grill, and we have the perfect idea for you. Pull back the husks and remove the silk of the corn. Then soak the cobs in water for 20 mins while you preheat the grill. Lastly, grill for 20-22 minutes turning them an even black on the outside of the husk. You will have the perfect corn after this!

Fruits & Vegetables

Avocados: Last week closed out at 55.6 million pounds for the U.S. – a small relief from the previous week's high of 60.3 million pounds. Peru is past their peak, but there's another few weeks of strong arrivals on-the-water. California is all but done, and Colombia is in their off-season. Mexico's projections are increasing with the addition of Jalisco volume adding a few million pounds a week to its original Michoacán estimates. The sizing curve is favor 48cts and larger which is why prices on 48cts and larger saw a decrease while 60cts and smaller saw an increase in price.

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: WATCHLIST 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.

Apples, Pears, Tree Fruit and Stone Fruit

Apples: West coast new crop apples are being packed; however small sizes remain tight. East coast apples are available as well. Market price remains firm on small fruit as local schools take most of the volume.

Pears: This year's pear crop was down significantly, with mostly larger fruit available. Growers are trying to drag out supplies 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.

Apricots: Fair supply available out of California and Washington.

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

Berries

Blueberries: Domestic production is beginning to slow from Michigan, and British Columbia continues their peak. Overall quality and sizing is good.

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 for the next 7-10 Days until Central Mexico begins. The California growing regions will continue their downtrend while British Colombia and Quebec uptrend and hit peak season at the end of August.

Strawberries: Strawberry production remains mostly in the Salinas and Watsonville area which have seen a very high level of humidity for almost two months now. With this type of weather, fruit will have soft skin, and this leads to soft bruising once harvested, and then turns to wet bruising during transport. We foresee this issue will be with us until the weather conditions improve.

California / Arizona Citrus

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.

Lemons: Lemons have started to tighten up now that D1 lemons (Central Valley) have finished for the season. D2 (coastal region) has had very little fancy fruit, very heavy choice, and standards, but some rough fruit this season. D2 is 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. Size structure peaking 200/235F. As is typical this time of year, as domestic supply of lemons start to wind down, some shippers will supplement with Chilean and Mexican fruit.

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.

Oranges: ESCALATED Valencia's are showing to be 25% down as an industry peaking on smaller fruit, making the average diameter of the fruit the smallest it's been in years. We are anticipating the market to stay very strong all summer.

Imports/Specialties: Imported clementines are available.

West Coast Lettuce

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. Green leaf is also being affected as production in Salinas has decreased. Overall quality is fair as bug and disease pressure along with tip burn continue to impact yields. Markets and demand are strong. 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. Red leaf and butter lettuce are also feeling the effects but currently not as severe.

Eastern and Western Vegetables

Green Bell Pepper: Supply is hit and miss this week mainly due to lighter supply but expected to improve over the next week. Quality is good.

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 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: **WATCHLIST** 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: Normal supply and good quality available.

Cucumbers: **ESCALATED** Markets are reacting due to light supply in the east and demand is high. We should see this improve over the next 14 days, but we are seeing the effects of rain in the east and short supply crossing through McAllen. Quality is mixed and there is a large spread in price based on quality this week.

English Cucumbers: Good quality and supply available out of Mexico and Canada, as well as a few crossings at Otay as well.

Green Beans: Quality is hit and miss and there is an upward tick in pricing out of the east due to higher demand and harvest delays. We expect tighter markets over the next week.

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, they are pulling more volume from the west and driving prices higher. We are expecting short markets through the 2nd week of September and do not expect pro-rates of shortages on contracts at this time.

Herbs

Rain is still affecting all herbs from Colombia, but quality and production have improved from Mexico. **CHERVIL** 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: Strong cantaloupe production continues with high daily pack-outs. This should continue through next week before things begin to settle down. The region has been experiencing normal temperatures in the 100+ range but growers have inexplicably been experiencing a smaller than normal sizing profile. Jumbo fruit is very limited with ample supply of 12/15s and we anticipate markets to begin to rebound next week on larger sizes as we see higher demand for Labor Day pull at retail. Quality continues to be excellent with brix levels holding in the 14-16% range and shell color is outstanding.

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

Watermelon: WATCHLIST 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.

Mixed Vegetables

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 on small and standard. Short supply continues on Large, XL, and Jumbo, but this should change in about two weeks with growers opening fields in the south. Markets remain very active on the bigger sizes due to the short supply.

Broccoli / Broccoli Florets: Current supply is good although we are anticipating lighter supplies in the upcoming weeks. We are seeing some hollow core and occasional brown bead, market is stronger

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 Market continues active, although some shippers are reporting that supply will be slightly better going through the balance of August.

Corn: Good supply and quality available.

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: 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 / Sugar Snap Peas: WATCHLIST Good production and quality on both peas from Guatemala and Peru. Expect supply to tighten up in the coming weeks due to low markets.

Spinach (Bunched and 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

The market has significantly tightened up this past week. With California and New Mexico all but finished. Normally at this time of year, there is at least a carry-over of New Mexico and California that helps to alleviate supply pressures while the Northwest ramps up. This season, with the Northwest supply being delayed by 10-14 days, it has created a supply gap, and product is very tight. We anticipate that supply will not feel much alleviation until the week of September 5th. Next week will remain tight as well as there will not be very many new onion suppliers starting their crop. 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 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. Additionally, it has been reported that Holland is very shot on their own product. This is relevant as Holland supplies much of the world with onions. 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

The potato market continues to hold at historic pricing levels but does appear to be topped out for the moment. Supply has eased up some out of Idaho, Washington, and Nebraska. Unfortunately, these regions are all shipping a smaller size profile that is heavy to 90ct and smaller. We still 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 Brbanks 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 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

East Coast

- **Round/Roma Tomatoes: ESCALATED** Volume will be extremely light on all east coast local programs due to weather related pressure on the crops almost this entire summer. We continue to see very high losses due to quality and expect markets to be short for the next 3-4 weeks.
- **Grape/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 10 days.
- **Organic Tomatoes: ESCALATED** Supply will remain limited this week on the entire category.

Mexico

- **Round and Roma Tomatoes: ESCALATED** Overall volume was down this week, particularly on large rounds and markets are reacting. A combination of light supply crossing this week combined with light volume out of California and the east has not only driven demand to Mexico but has escalated prices to very high levels. Quality remains strong out of Baja and Mainland Mexico but supply is going to be snug over the next 12-14 days.
- **Grape 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

- **ESCALATED** Volume will be very light this week on rounds and fair on romas. Between the decrease acreage due to water issues and the cost of labor in California it's been a struggle that will keep upward pressure on markets through the end of the California season.