



Week of 8/8/2022

Weekly Market Update

Overview

A heat wave has impacted the central valley this week, causing delays and lower production yields. We continue to struggle with bell pepper production, mainly due to rain delays in the east and heat related pressure in the west, and we expect light volume for at least another week at the very least. Corn is very short in the west, but we are seeing improved volume out of the east and should see Olathe Valley start over the next week. Tomato volume remains light in the east out of North Carolina, Alabama, and Tennessee mostly due to rain and harvest delays. In the west, we may see some quality issues out of Northern California on tomatoes; Southern California and Baja production should be stable, and demand is stronger this week as the east is dealing with rain. Bananas are expected to remain short through the second week of August. Pineapple volume is down as part of the natural harvest cycle and large fruit is lighter in volume. We do not expect shortages, but we are evaluating with our partners daily.

Market Alert

- Asparagus—**ESCALATED**
- Bell Peppers—**ESCALATED**
- Cabbage—**ESCALATED**
- Carrots, Jumbo - **ESCALATED**
- Cilantro—**ESCALATED**
- Corn—**ESCALATED**
- Garlic – **EXTREME**
- Ginger—**EXTREME**
- Hot Peppers—**ESCALATED**
- Potatoes—**EXTREME**
- Romaine Hearts—**ESCALATED**
- Mushrooms— **ESCALATED**
- Oranges (88s/Smaller)— **ESCALATED**

Watch List

- Bananas
- Green Beans
- Lettuce, Iceberg
- Melons – Honeydew / Cantaloupe
- Snow Peas
- Sugar Snap Peas
- Tomatoes (Domestic)
- Eggplant
- French Beans

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!

Cucumbers / Zucchini & Yellow Squash— Two of the most classic local veg options, and most versatile... zucchini, yellow squash, and cucumbers. Thinly peel all three commodities lengthwise in long ribbons, and put together in a bowl with thinly sliced onion. Then, season with a mixture of apple cider vinegar, salt, sugar and red pepper flakes. A simple side dish, PACKED full of flavor.

Fruits & Vegetables

Avocados: Last week closed out at 56.3 million pounds for the US. Mexico & Peru are now the main sources with California volume is dropping to 4 million pounds and projections dwindling rapidly for CA grown avocados. Volumes and price points should only see slight adjustments week-over-week as we are in the peak of Peru and Mexico's numbers are remain strong through August. Mexico's size curve continues to trend toward 48 counts and smaller.

Bananas: WATCHLIST We are seeing upward pressure on pricing this quarter due to inflationary pressures here in the States as well as Central America. Components such as corrugate, resin, fungicide, labor, and shipping costs continue to rise to record levels. In addition to this, we expect to see lighter volume out of Central America because of some growing issues related to Hurricane Agatha as well as a spike in demand from Europe and Russia. In addition to these inflationary pressures, we are seeing some of our partners be impacted by a tropical storm that has brought heavy rain to Guatemala. We are seeing some supply disruptions in getting fruit to the ports for shipment, but we are in contact with our partners should this continue to be an issue. Currently, we do not anticipate any shortages, but again, are assessing this daily with our partners to ensure consistency in the supply chain.

Pineapples: 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. Demand is strong and marts remain firm.

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:** South Carolina volume is steady and quality outstanding on yellow flesh peaches.

Cherries: Limited Supply available out of the Pacific Northwest and California is done.

Apricots: Fair supply available out of California.

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

Berries

Blueberries: The Pacific Northwest continues to ramp up quickly and is in peak season. Light volumes continue out of New Jersey for another couple weeks. Overall quality and sizing is good.

Blackberries: The California growing regions will soon enter their peak season and supply should increase rapidly. Volumes will likely remain steady through August. Overall good quality, size, and flavor.

Raspberries: Volumes remain light and are expected to remain light for the next 2-3 weeks until Central Mexico begins. The California growing regions will continue their downtrend while British Columbia and Quebec uptrend and hit peak season at the end of August.

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

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. D1 lemons (Central Valley) have now finished for the season, which was much later than usual. D2 (coastal region) has had very little fancy fruit, very heavy choice, and standards, but some rough fruit this season. D2 is very yellow, soft, and has heavy scares – this is normal for D2 lemons, and growers will grade as hard as they can and work through it.

Limes: Volume is steady on small limes; however, the crop is simply not sizing up at this point and expect larger sized fruit to be an issue and ask to be flexible on sizes until we see improvement on volume on large sized fruit. We expect the potential for volatile markets to continue through August due to size and various weather-related pressures.

Oranges: **ESCALATED** Valencia's are showing to be 25% down as an industry peaking on smaller fruit. Due to the industry being 25% down this season, we are anticipating the market to stay very strong all summer. The average diameter of the fruit is the smallest it's been for many years to start.

Imports/Specialties: Imported clementines are available.

West Coast Lettuce

Iceberg Lettuce: We continue to see the effects of the INSV virus in many lettuce fields, reducing available supply due to lower yields and lower than normal pounds per acre. Quality is medium with lots of pressure from disease and viruses and shippers are doing their best to put the best product in the box. The market continues to be volatile with wide ranges in prices and we see this trend continuing through next week.

Butter Lettuce, Green Leaf lettuce, Red Leaf lettuce: A few shippers are reporting significant bug pressure in some fields, and we are still seeing some tip burn, but overall quality remains good with good supply, market is steady. The Salinas Valley is still dealing with production issues with the INSV virus and that is cutting back some of the volume in Salinas but certainly not curtailing volume completely. We could see more drastic impact like we have in past years as the more insects that spread the virus, the more virus.

Romaine and Romaine Hearts: Quality remains good with overall good supply, although some shippers are feeling the

effects of the INSV virus and have lost some fields. Light tip burn in the fields and potential for quality issues from INSV virus will continue. Market has stabilized for now with a few deals being made but market could strengthen again as INSV continues to be more prevalent in many fields.

Eastern and Western Vegetables

Green Bell Pepper: ESCALATED Volume continues to be light due to heat related pressure in the west and rain delays in the east. Once the weather improves, we should see more production out of North Carolina, New Jersey, and Michigan.

Red Bell Pepper: ESCALATED Markets are holding strong as supply remains limited this week due to excessive heat and limited production hours due harvest crews being restricted to half day production.

Yellow Pepper: ESCALATED Markets are holding strong as supply remains limited this week due to excessive heat and limited production hours due harvest crews being restricted to half day production.

Mini Sweet Pepper: Strong demand and lower yields expected through the next several weeks.

Mixed Chili Pepper: ESCALATED In the east, we continue to see light volume on jalapeno and very short on all other varieties. We hope to see this improve over the next ten days. 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: WATCHLIST Supply will be light this week as we transition to North Carolina, Michigan, and New Jersey. We should see improving markets in 7-10 days. In the west, we are seeing stable numbers this week out of Fresno, however due to heat we will see those numbers drop back as production drops and harvest times will be restricted.

Cucumbers: Good volume available out of all locations and quality is good.

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

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

French Beans: Watchlist Production remains good out of Guatemala, but the rain has hurt shelf life. Out of the west, new fields are coming on, albeit slowly, resulting in lower yields than anticipated. Mexico growers expect yields to increase over the next 7-10 days.

Zucchini/ Yellow Squash: Good supply available currently and quality is good out of all production areas.

Herbs

Quality out of Mexico has been fair to good; US-grown product has been good with lower production volumes available this year. **DILL** will be tighter for the next 10-14 days due to heat as the product is yellowing; **OREGANO, MAJORGAM, and THYME** are starting to show signs of flowering; supply on all three expected to get tighter in the next week.

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

Melons

Mixed Melon Outlook: The reality of less acreage being grown is becoming a reality. Whether that is a result of planting less because of water restrictions or having chosen to go with a different crop, we don't know for sure. As we enter the month of August, all growers are historically firing on all cylinders with higher volumes and the markets respond at lower levels. With markets continuing to hold at record levels for this time of the year we might just be realizing a new normal for the melons.

Cantaloupe: WATCHLIST Cantaloupe production has been limited with most growers. Retail promotions have been keeping availability on 9/9Js in check. Our growers broke a new field last Friday which provided some volume on 12/15s for the first time this summer. We are forecasting decent weekly production numbers throughout the month of August but between contracts and promotions, volume should be manageable and allow for the market to remain stable barring any unforeseen changes. Optimal quality levels, expected for this time of year, with good shell color and higher brix levels. We are seeing some Athenas being offered out of the Midwest as well.

Honeydew: WATCHLIST Overall within the industry honeydews remain fairly short. No growers have realized very high production days which has allowed markets to remain at record levels for this time of the year. Due to water restrictions fewer honeydews have been grown leaving the market in a limited position. Mostly what is being harvested is larger fruit (5/5Js) leaving 6s much shorter and 8s obsolete.

Watermelon: Overall quality is very nice and lighter volume this week, but markets are firm. Plenty of loading options out there from California to Illinois, Texas, North Carolina, and Missouri.

Mixed Vegetables

Artichokes: Quality is very good with moderate supply and market is steady.

Arugula: Supply and quality are good.

Asparagus: ESCALATED (X-Large & Jumbo) Markets are extremely active due to the short supply. Guanajuato's production continues to be affected by weather; hail has impacted some growing regions. Peruvian production continues to be low due to cold weather in both growing regions. We continue to see short supply on Large, XL, and Jumbo asparagus and this trend will continue until the 3rd week in August when new fields open in Southern Peru.

Broccoli / Broccoli Florets: Quality is good, although supply continues to be lighter out of Salinas and Santa Maria as local summer growing regions have started and California growers have reduced acres planted. We will continue to see supplies and market bounce up and down for the next two months as volume in various local regions will vary.

Brussels Sprouts: Some shippers are reporting very minor insect damage and longer stems but overall quality is good and supply is very good and the market is steady.

Carrots: 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: Quality is very good, with very good supply.

Celery: Steady volume and quality is improving.

Corn: ESCALATED the west, there is short supply, heat restrictions and less acreage keeping FOB prices very high. We may see this worsen should California further restrict water to growers on the West Side. In the east, supply is ramping up, prices remain firm, and demand is strong out of the mid-Atlantic states followed by the Ohio Valley and Midwest. Colorado should ramp up over the next 10-14 days.

Fennel: Good supply continues with very good quality.

Garlic: EXTREME Domestic supply is very tight, and shippers are holding to averages, but 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: Supply is increasing, quality is good.

Green Onions: Supply is good with very good quality, Market is steady

Jicama: Steady supply available crossing through McAllen.

Kale (Green): Supply is steady. Quality is very good

Mushrooms: ESCALATED Quality is good, although supply is down and markets are higher primarily due to a lack of labor, shortages in component of growing such as peat moss and other inflationary pressure. 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: Quality is good, supply is improving, market continues active.

Parsley: (Curly, Italian) Quality is good, supply is improving with good demand. Market is slowly declining

Rapini: Excellent supply this week and next.

Red Cabbage: ESCALATED Market continues active with light supply

Snow Peas / Sugar Snap Peas: WATCHLIST Production on snow peas has improved in Guatemala, but we've started to see a decline on the sugar snaps this past week. Peruvian production remains the same. US-grown product is fair to good; FOB prices are starting to rise on both snaps and snows.

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 feels generally 'softer' on all colors and sizes at the moment. Supply has improved in both California and New Mexico on all colors and sizes, and demand has been a bit sluggish on onions these past few weeks. Red Onions remain plentiful in both shipping regions as well. We are also seeing a more consistent supply of larger sized onions than we have at any point during the Summer. California and New Mexico should begin to wind down in the coming weeks and should be all but finished at the end of the month, save for a few smaller supply pockets. There are some yellow onions in Washington beginning to trickle in, and over the next two weeks there will be a few more shippers coming online out of this region. We should see them start reds and whites next week as well. Idaho/Oregon will mostly start the week of 08/15 with yellows and will gradually ramp up supply the following week. As expected, size profiles are on the smaller end to start with size peaking to medium and smaller sized jumbos. Given the initial crop delays due to cool temps and rain, as well as an extended bout of heat like last Summer, size could be a challenge again this year. This is certainly giving growers concern that the crop will yield a similar market feel to this last season's crop in the Northwest. Acreage was down to begin with, and if yields and size are greatly affected, this will likely come to fruition. It appears that Washington may be in slightly better shape than the Idaho/Oregon shipping region, but there is still much to be determined. Trucks have remained relatively plentiful out of all regions and rates remain flat.

Potatoes EXTREME

The potato market continues to reach historic pricing levels, with price increases taking place each day. We are anticipating next week to be the most challenging potato supply week we have seen thus far. The few remaining Idaho shippers will finish out their final storages at the end of this week, or early next. There will be a true gap in supply around the middle of next week for at least one to two weeks. While there will be a few growers that start into their new crop Norkotahs toward the end of next week, we are not anticipating volume will be strong enough to slow down the climbing prices. We anticipate supply relief will begin to be felt around the week of August 22nd. Pricing will not 'plummet' by any means as it will take several weeks for all shipping regions to get to full shipping capacity. The supply pipeline will likely remain depleted until early September, which is when we anticipate relief on pricing will take place. This is typically the time of year where end users negotiate their new pricing contracts. This season, growers are looking for significant price increases on contracted supply for several reasons. Not only have potato growers been subject to the same inflationary overhead costs we are seeing in all industries, but potato acreage is significantly down in Idaho, and yields appear to be like last

season. The processor demand has only heightened since last year, and as of this writing, the industry should expect a similar market to last season. Trucks have remained relatively plentiful out of all regions and rates remain flat.

Tomatoes

East Coast

- **Round/Roma Tomatoes: WATCHLIST** We have transitioned to North Carolina, Alabama and Tennessee, and volume is lighter this week. Quality on rounds is very nice and peaking in XL's. Romas are tight out of the east but expect more volume over the next 2-3 weeks.
- **Grape/Cherry Tomatoes:** Light demand and improving supply available out of Virginia and North Carolina will leave the market flat on snacking tomatoes this week.
- **Organic Tomatoes:** Supply will remain limited this week on rounds and romas while supply will improve on snacking tomatoes.

Mexico

- **Round and Roma Tomatoes:** We saw better crossings this week and overall demand was much stronger as well due to increased demand from both coasts. Quality is very nice out of Baja and Mainland Mexico.
- **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

- **WATCHLIST** Volume was lighter this week mainly due to heat related impacts to the crop as well as transition to newer blocks. With much smaller harvest on the horizon due to lower yields stemming from weather related pressure and less acreage being planted due to higher growing cost and lack of water, we will see firmer markets on the horizon out of California which will drive more demand continue moving to Mexican production.