

ATLANTIC

FOOD DISTRIBUTORS

Week of 9/26/2022

Weekly Market Update

Overview

Colored bell peppers continue to be a challenge due to low production and insect pressure causing quality issues. Volume out of the east is gradually improving as newer districts begin to ramp up. In the west, Hurricane Kay has impacted roma supply crossing through Otay, while California deals with the impact of heat. The long-term effects to the California season will ultimately be continued short supply. Mexican rounds are in good production crossing through Texas from Central Mexico. Good volume available on soft squash and new crop has ramped up out of South Georgia this week then followed by cucumber and bell pepper over the next 7 to 10 days. Current demand on cucumbers is strong due to weather in Baja and we expect to see active markets through September, then transition to Nogales mid-October. In the Salinas Valley, growers continue to assess the extent of the damage incurred from the extreme heat, but the high temperatures encountered will have a significant effect on quality and supplies for the remainder of the season. California strawberry growing regions received significant rainfall Sunday evening into Monday with some areas up to 2" of rain. Growers expect to see 30-50% damage, but we will not know the exact amount of damage until they finish a round of stripping the fields. Waterlogged fruit/plants combined with extreme heat can cause increased quality issues, so we should expect to see estimates affected over the next week while growers' clean fields. Growers anticipate return to regular harvest starting Monday.

Market Alert

- Asparagus—**ESCALATED**
- Bell Peppers (Red and Yellow)—**ESCALATED**
- Cabbage, Green & Red—**ESCALATED**
- Carrots, Jumbo - **ESCALATED**
- Cauliflower—**ESCALATED**
- Cilantro—**ESCALATED**
- Cucumbers—**ESCALATED**
- Garlic – **EXTREME**
- Ginger—**EXTREME**
- Green Onions—**EXTREME**
- Lettuce, Iceberg, Green Leaf, Romaine—**ESCALATED**
- Limes—**ESCALATED**
- Mushrooms— **ESCALATED**
- Oranges— **ESCALATED**
- Potatoes (40s & 50s)—**EXTREME**
- Sugar Snap Peas—**ESCALATED**
- Strawberries—**ESCALATED**
- Tomatoes—**ESCALATED**

Watch List

- Broccoli
- Green Beans / French Beans
- Pineapples
- Seedless Watermelon
- Honeydew
- Snow 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!

Zucchini and Yellow Squash— Zucchini is a versatile squash rich in vitamins, minerals, and plant compounds and it offers several health benefits, ranging from improved digestion to a lower risk of heart disease.

Fruits & Vegetables

Avocados: Markets remain steady, and growers believe that with the holiday in Mexico last week, we will likely see a slight market increase starting next week. Peru volume continue to drop considerably, and we can expect another 1-2 weeks of arrivals before volumes drop to a handful of containers. The 2021 season closed at 189 Mil lbs. With current arrivals sitting over 254 Mil lbs., we'll likely see a 50% increase in total volume. Reports indicate continued stability into October, with pricing on larger fruit (48 and larger) coming down to midsize ranges.

Bananas: Good volume and quality will be available.

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: The Central Valley received some much-needed rain brought on by Hurricane Kay earlier this month. Growers in the Central San Joaquin Valley is projecting they will be short by 100 million boxes due to weather related pressures this season, however it will still be another few weeks before we see a clearer picture of how this will impact the late season supply. Short-term we continue to see steady markets and stable supply continue to be the norm. Currently we will continue to see good quality fruit hanging on the vines and quality is still good.

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: Rapidly winding down for the season.

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

Berries

Blueberries: Volumes out of the Pacific Northwest are declining quickly and will do so for the next two weeks. Mexico started with minimal volumes, and volumes are expected to increase in a few weeks. Volumes out of Baja remain tight due to the hurricane.

Blackberries: Rainfall has caused a downtrend in supply due to delayed harvests. Most of the domestic growing regions are past their peak production, and we anticipate volumes to be lower for the next 3-4 weeks. We should see minimal volumes coming out of Central Mexico towards the end of October.

Raspberries: Rainfall has caused a downtrend in supply due to delayed harvests. Supply is very tight out of Baja due to the hurricane and these two issues continue to cause the light supply on fruit availability. We expect the flush of fruit to start this weekend and volume begin to uptrend in October when Central Mexico begins.

Strawberries: **ESCALATED** Growers saw a considerable amount of rainfall out of both California growing regions. Due to the rainfall growers expect to see a 30-50% loss, especially out of the Santa Maria region. We should expect to see estimates affected over the next week while growers clean fields of bruised, dark, water-damaged fruit. The quality will be marginal until middle of next week.

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 continue 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 scars – this is normal for D2 lemons, and growers will grade as hard as they can and work through it. Size structure peaking at 200/235F. As is typical this time of year, as domestic supply of lemons starts to wind down, some shippers will supplement with Chilean and Mexican fruit.

Limes: **ESCALATED** Supply is still light and market has stabilized this week, but we do expect volatility in the market to continue. Coloring and overall shelf life are beginning to improve as the new crop is harvested. However, conditional defects in the form of styler, end breakdown and oil spots continue to impact the fruit due to inclement weather, including consistent rain events paired with high temperatures and humidity. We should see total improvement within the next 3 to 4 weeks. The crop is currently peaking on small fruit as large sizes are scarce. Shippers are doing their best to mitigate any quality concerns upon loading; however, they are asking customers to notify their QC inspectors of current trends as good delivery tolerances may be enforced.

Oranges: **ESCALATED** 2022's CA Valencia crop volume is down compared to last year and as we near the end of the season, shippers are taking steps they thought would help to extend the season and smoothly transition to CA Navel season. Unfortunately, with lighter volume due to water restrictions, labor shortages and record high temperatures, many shippers are seeing they may not have enough fruit to get through to the beginning of the Navel season. We are facing potential "gaps" between seasons as shippers are experiencing lower packouts, especially on small fruit (88's, 113's, 138's) as fruit quality has been impacted, reducing the number of cartons they are able to pack. Florida Oranges, Oranges from Mexico and some offshore Oranges will be starting during the month of October which may be options until the California Navel season gets started.

Imports/Specialties: Imported clementines and kiwi are available.

West Coast Lettuce

Excessive heat that moved through the west this week will impact and further worsen drought conditions. We will continue to watch this development closely and keep you updated should we see any issues that will further impact availability and quality.

Iceberg Lettuce: ESCALATED: Supply continues to be lighter due to lower yields from disease and viruses, along with the impacts from the excessive heat over the last few weeks and rain earlier this week. The market has been very active with higher prices and the forecast is for higher prices to continue with a very volatile market through the remainder of the Salinas season.

Romaine, Romaine Hearts, Green Leaf, Red Leaf, Butter- ESCALATED: Extremely warm temperatures over the last few weeks, along with the rain earlier this week, continue to impact quality and supply. Quality is fair and overall yields are down due to rain, heat, INSV virus and other disease pressure. We will continue to see a very volatile market through the remainder of the Salinas season.

Eastern and Western Vegetables

Excessive heat will impact the west this week and only further worsen drought conditions. We will most likely see limited harvest times, yields and quality. We will watch this development closely and keep you updated should we see any issues that will impact availability.

Green Bell Pepper: Steady supply continues this week and overall quality has been 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 jalapenos and very short on all other varieties. In McAllen, volume is steady on all varieties but tomatillo, habanero, and Anaheim. We are seeing quality issues and low production from Coahuila and Chihuahua. In the far west, we are seeing improving numbers out of the Central coast as well. Mexican crossing will most likely be interrupted due to the impacts of Hurricane Kay.

Eggplant: Normal supply and good quality available.

Cucumbers: ESCALATED Markets remain firm, and supply has flipped. There is better supply available in the east as production remains strong in the Carolinas and Michigan. South Georgia should ramp up over the next 10 days and in the west, we are certain to expect short supply crossing through Otay due to the impacts of Hurricane Kay while demand is strong loading in Texas. Overall quality is mixed and there is a large spread in price based on quality this week. We should see some relief through Nogales in 3-4 weeks.

English Cucumbers: ESCALATED Higher demand and very light supply has spiked the markets and will remain firm for the next several weeks.

Green Beans: WATCHLIST Production has improved out of the east, but still seeing quality issues due to weather. Light supply out of the west; availability will continue to be day to day with fair quality.

French Beans: WATCHLIST Production continues to come off this week with more rain in Guatemala. Demand exceeds supply out of Mexico and Guatemala. Quality is fair to good. We will see some relief out of Mexico in next 2- 3 weeks.

Zucchini/ Yellow Squash: In California, extreme heat has impacted the fall crop and Hurricane Kay will impact Baja Production. We are seeing some light crossings in Nogales this week. In the east, good supply out of North Carolina, Michigan, and South Georgia. Quality is very nice in the east.

Herbs

Supplies are picking up, but quality has still had some issues. We look for this to continue into next week. Yields are currently down as growers trim the basil and the labor hours have increased. **BASIL** is the only fresh herb that seems to be affected so far and supplies on all of the other herbs remain steady. **CHERVIL** and **MARJORAM** continue to be very limited in supply.

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: WATCHLIST Rain moved into the California region Sunday morning preventing any potential harvesting to get ahead of the weather. A light rain occurred most of Sunday and Monday, but some more impactful cells hit late Monday PM bringing a good amount of rain in a short amount of time. Temperatures have also dropped into the low to mid 70s which is not ideal but should return to normal levels (90s) by the weekend. Not being able to pack, and the anticipation of no packing, for two days put tremendous pressure on the melon markets causing pricing to spike. Crews did begin harvesting again until late Tuesday morning attempting to let fields dry as much as possible before putting heavy equipment in them. Cantaloupe varieties are resilience to weather, so we are not anticipating quality issues with the melons. Crews will do their best to wipe this fruit down but expect dirt/mud to be on some of the fruit. Sizing should remain in the mostly 9-12ct range and brix are optimal.

Honeydew: WATCHLIST The honeydew market remains in a very limited position and larger dews continue to be extremely limited while some 8ct have become sporadically available. With the high temperatures continuing, we expect reduced volumes for the balance of the week, which will keep the market at record levels. Overall, the melons have been clean externally with consistent internal quality with solid brix levels and flavor. Flexibility of sizing may be required at the time of loading. Offshore season is projected to start in early Nov.

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

Excessive heat that moved through the west this week will impact and further worsen drought conditions. We will continue to watch this development closely and keep you updated should we see any issues that will further impact availability and quality.

Artichokes: Quality is very good, and supply will be lighter over the next several weeks.

Arugula: Supply and quality are good.

Asparagus: ESCALATED Baja Mexico continues increasing volume every week with good weather in the growing region. Peruvian production also continues to increase every week. We are starting to see bigger sizes as more southern fields start to open. Markets are less active this week on the smaller sizes and are still active on the bigger sizes.

Broccoli / Broccoli Florets: WATCHLIST Current supply continue to be lighter; market remains active.

Brussels Sprouts: Overall strong volume will persist for the coming week. Yields may be down slightly from some insect injury and penetration. No supply challenges are expected in the VA category.

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: ESCALATED Current supply continues to be light, market is higher.

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

Cilantro: ESCALATED The heat in Salinas Valley and last week’s rain over the growing areas in Mexico impacted Cilantro and we have seen a decline in quality with lighter supplies. The market is stronger.

Corn: Supply is limited this week as some of the local deals are wrapping up for the season. We expected tighter markets in the east until late September once we transition back to South Georgia. In the west, corn will remain firm and will certainly be impacted by the heat; desert corn is about 4-6 weeks out.

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 Chinese supply will be very sporadic due to delays in unloading containers and inspecting at the ports. Pricing will be climbing daily.

Green Cabbage: Good supply and quality is good.

Green Onions: EXTREME We continue to see “EXTREMELY LIGHT SUPPLY” with most shippers heavily prorating. Due to the recent weather-related issues that started earlier in the summer, the current situation will continue into October before we start to see any relief on supplies and improved quality.

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 continues to be very active as some shippers are reporting significant damage from the excessive heat that moved through California this week. Expect below average supply due to quality issues in the fields.

Parsley: (Curly, Italian) Supplies are lighter with just average quality due to the heat and rain. Market is stronger.

Rapini: We continue to see good quality although supplies are lighter. Market is slightly stronger.

Red Cabbage: ESCALATED Although quality is good, we continue seeing lighter than normal supplies, market remains very active.

Snow Peas / Sugar Snap Peas: ESCALATED We continue to see production and quality issues in Snow peas from Guatemala. Sugar snaps continue to be short due to the rain, but production should improve in early October. Out of the west, volume and markets are somewhat steady with good quality.

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

While supply has improved as demand has eased up this past week, the market remains elevated for this time of year. The market does have a 'softer feel' 'feel' overall, as essentially all growers are now shipping full steam ahead. That being said, the long-term optimism is still very much present amongst Northwest growers. Early fields are still yielding very poorly – as much as 60% of what they normally do.. As has been reported previously, 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 begun to tighten up as well. This was generally expected as Labor Day is typically the beginning of the truck rate increase that generally continues into the Fourth Quarter.

Potatoes EXTREME

The potato market continues to correct itself as growers continue through harvest. Demand was down this past week, which is no longer exceeding, or even meeting supply out of the field. Whereas the relief had previously been on 90ct and smaller potatoes over the last few weeks, we are now seeing that relief carry over into 60s/70s/80s as well. 40s/50s are holding. This is a pretty strong indicator of what the long-term size profile and outlook on this crop is. It is not impossible that we see a situation where 40s/50s could have an unprecedented difference in price from where 70s and smaller are. Many growers fear that the influx of smaller sizes is directly related to poor yielding fields. So while things may feel 'soft' at the moment in the market, there is still strong optimism for the long term outlook. If the remainder of the Norkotahs continue to be this small, growers will have grave concerns about the Burbanks sizing up better, since Burbanks generally do run smaller than Norkotahs. The overall concern regarding total tonnage in the potato crop remain alive and well, and growers are optimistic that pricing levels will remain strong. 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 during the Spring and Summer months. Trucks have begun to tighten up as well. This was generally expected as Labor Day is typically the beginning of the truck rate increase that generally continues into the Fourth Quarter.

Tomatoes

East Coast

- **Round/Roma Tomatoes: ESCALATED** Volume is steady this week out of the mountains of Tennessee and North Carolina. Markets should remain stable barring any additional weather-related pressure. Overall quality is improving. We are weeks away from Transition to South Georgia and Florida for fall production.
- **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:** Overall volume was stable this week, particularly on large rounds. Quality remains strong out of Mainland Mexico. Quality is hit and miss crossing through Otay as we are still recovering from the impacts of Hurricane Kay.
- **Grape and Cherry Tomatoes:** Lighter volume and stronger demand has caused a slight uptick in the markets; overall quality is still strong.
- **Medley Grape Tomatoes:** Strong numbers continue out of Central Mexico.
- **Tomato on The Vine:** Excellent quality and supply available.

California

- **ESCALATED** Volume will continue to be very light this week. 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. We will see excessive heat this week only further impact the active tomato markets in the west as it will cause harvest delays, affect quality and yield.