

ATLANTIC

FOOD DISTRIBUTORS

Weekly Market Review January 16, 2023

Overview

In South Florida we are seeing lighter supply and firmer markets on green pepper, zucchini, yellow squash, and cucumbers remain very limited until we have sufficient supply from Honduras. Color pepper supply is improving, and we should see more pepper crossing over the next 7-10 days. Tomato production continues to improve as Florida and Mexico scratch new blocks, but we are nowhere near normal for this time of year as temperatures are below normal, causing lower production but nothing too concerning. We are still seeing some very high pricing on Serrano and Anaheim peppers due to cold weather in the growing regions in Mexico. Updates on Sinaloa due to the violence last week, we are seeing a vast improvement on harvesting and border crossings should be back to normal by the end of the week. Honeydew and cantaloupe have become quite a challenge due to cooler weather and should improve over the next 10-14 days; its critical to be flexible on size during these times where we are short and managing very limited inventory. In California, heavy rain events will continue through the weekend and into the first part of next week. These rain events are not affecting and product in the Desert regions of the Imperial Valley and Yuma but are impacting growing areas of Oxnard, Santa Maria and the San Joaquin Valley including Bakersfield. By Mid-week next week, the rain is supposed to stop, and good weather is in the forecast through the end of January.

Market Alert

- Bell Peppers (Red & Yellow) – **ESCALATED**
- Broccoli – **ESCALATED**
- Cabbage (Red) – **ESCALATED**
- Carrots (Jumbo) – **ESCALATED**
- Celery - **ESCALATED**
- Cilantro - **ESCALATED**
- Corn – **ESCALATED**
- Cucumbers - **ESCALATED**
- Fennel - **ESCALATED**
- Garlic – **ESCALATED**
- Ginger – **EXTREME**
- Green Onions – **EXTREME**
- Hot Pepper - **ESCALATED**
- Serrano and Anaheim Pepper – **EXTREME**
- Lettuce (Iceberg) – **ESCALATED**

- Limes – **ESCALATED**
- Melons (Cantaloupe, Honeydew, & Watermelon) -**ESCALATED**
- Mushrooms – **ESCALATED**
- Potatoes (40s & 50s) – **ESCALATED**
- Sugar Snap Peas (West)– **ESCALATED**
- Tomatoes MEXICO (Rounds) – **ESCALATED**

Watch List

- Seedless & Mini Seedless Watermelon
- Zucchini/Yellow Squash
- Table Grapes

Transportation

Although diesel rates are near record highs truckload rates continue to decline as consumer spending on durable goods declines reducing demand in the truckload market.

Fruits & Vegetables

Avocados: Last week closed out at 50.8M pounds for the U.S., a 3% decrease from the previous week, a far cry from the projected 65M pounds that was initially projected to cross the first week of the new year. Mexico is halfway through the normal season, with plenty of volumes left to harvest. The size curve continues to favor larger sizes – the percentage of 48s and larger continues to increase week- over-week. USDA pricing has changed for the first time in over a month. 48s and larger are coming down in price, while the 60s and smaller are gaining value. Growers should begin their Super Bowl push.

Bananas: Volume is lighter due to weather impacts, higher global demand, and lighter production. No quality issues currently.

Pineapples: Excellent quality peaking on 7 and 8cts; larger sizes have tightened up. Quality is good.

Table Grapes: **WATCHLIST** Domestic storage fruit is almost done, and we will see less volume through mid-Jan. due to political unrest in Peru which is causing port delays and will have a short-term impact on markets which will cause a 3-week delay. Overall import volume will remain down, but quality should be normal. Demand expected to increase as volume decrease and we may see a slight hike in pricing through mid-January.

Berries

Strawberries: Production out of California is extremely low due to the heavy rain events. Santa Maria and Oxnard volumes will be minimal over the next 10-14 days and volumes out of Mexico have remained somewhat steady. Florida has some rain forecasted this weekend and adjusted harvests for this week. With better weather, the overall Florida volume should be increasing in the coming weeks, then peaking in late-February through March.

Blackberries: Mexico is the bulk of the supply, and supplies should increase and remain stable throughout February. California supply will be finished due to the weather events and growers will begin preparing for the next season.

Raspberries: Mexico has begun to uptrend and should gradually increase week over week until late-April. Baja should start to increase quickly, hitting peak volumes at the beginning of March. California volumes are minimal and will continue the downtrend until mid-Feb.

Blueberries: Mexico will continue with strong volumes into spring and Peru is past peak arrivals, but we will see considerable volumes for a few more weeks, and then volumes will quickly decrease. Baja volumes will slowly increase through the rest of January as they move into their spring season. Chilean arrivals are in their peak weeks.

California Citrus

Oranges: Navels are showing very good quality, with size structure peak 88/113/72. Weather is creating

harvesting challenges this week.

Lemons: Good supply and very good quality.

Limes: **ESCALATED** Some new areas are getting started although very light supply continues to cross from Mexico and are expected to remain light through the month of January. Market remains very unstable at much higher price levels.

Grapefruit: Good supply and very good quality out of Texas and California. Imports/Specialties: The California mandarin season has started with good availability and outstanding quality. Bloods and Caras are available, and Minneolas have started in southern California.

West Coast Lettuce

Iceberg: **ESCALATED** Supply continues to improve, and quality is very good with no significant quality issues to report. Some fields are still showing minor issues from the freeze we encountered a few weeks ago but any impact is minimal. The markets continue to stabilize.

Romaine/Romaine Hearts Some minor blister is still present but overall, we are seeing very good quality and supply for the next few weeks. Market continues to stabilize.

Green Leaf: Overall very good quality with good supply, market is steady.

Red Leaf: Overall very good quality with good supply, market continues to adjust.

Butter: **ESCALATED** Production continues to improve, and overall quality is very good.

Eastern and Western Vegetables

Green Bell Pepper: Stable supply expected over the next week, yet markets are firm. Overall quality has been good and product available in South Florida, as well as crossing through Texas and Nogales. Markets were firmer this week.

Red Bell Pepper: **ESCALATED** Markets are holding strong despite improving supply out of McAllen and Nogales and quality is good.

Yellow Bell Pepper: **ESCALATED** Markets are holding strong despite improving supply out of McAllen and Nogales and quality is good.

Mini Sweet Pepper: Stable supply, and quality available loading in Nogales.

Mixed Chili Pepper: **ESCALATED** In the east, supply is improving out of South Florida (Cubanelle, Long Hots, Hungarian Wax, Jalapeno and Shishito). In McAllen, volume is lighter on all varieties: habanero, jalapeno and poblano are all holding at higher-than-normal pricing while the shortest availability is on Serrano and Anaheim due to ongoing supply issues from Coahuila and Chihuahua. Markets will remain firm, but we are starting to see some improvement in crossings out of Nogales. Good supply on tomatillos in all growing regions.

Eggplant: Improving supply available and quality is good in South Florida and crossing through Nogales.

Slicer Cucumbers: **ESCALATED** Short supply out of Florida, mostly an impact of last month's freeze while Honduran imports are slow to start and are very inconsistent in quality. In the west, we see lighter crossings through Texas and Nogales continue to put upward pressure on pricing. We are seeing some hit and miss quality on cucumbers across the spectrum, mainly pitting, virus pressure, shorter than normal shelf life and yellow belly.

English Cucumbers: **ESCALATED** Lighter supply and firmer markets hold this week as demand remains strong and excellent quality.

Pickles: Steady volume available this week and quality will be mixed out of Mexico.

Green Beans: Despite the post-Christmas drop in demand, the market remains firm due to the freeze in Florida, and this is driving demand to Nogales where prices are extremely high and supply limited due to cooler weather. Mixed quality reported.

French Beans: Supplies have improved in Guatemala and Mexico, with quality fair to good.

Zucchini/Yellow Squash: **WATCHLIST** With cooler weather impacting all growing regions we are seeing much lighter volume this week and markets have firmed up. Particularly in Florida where the freeze hurt several acres of squash and will be limited for the next several weeks. Overall good quality will be expected on the horizon and Mexican crossing should improve over the next 7-10 days.

Herbs

The colder temps for herbs have reduced the speed at which they grow during the heavy holiday demand. **MINT** supply has been cut in half due to the slowdown in growth and high demand for bunches and will be short for at least the next 2-3 weeks. Supply remains tight on **ROSEMARY** and **SAGE**, with some quality issues due to the colder weather. Additionally, labor shortages have affected harvest times and packing slowdowns in Mexico on all herbs. Rain continues to affect all herbs from Colombia especially mint, rosemary, and oregano.

Melons

Hami and Dino Melons now available in Pompano! The colder temperatures that hit the growing regions and have caused a disruption in the market. Production slowed for all growers causing a significant drop off in arrivals the end of last week and all this week. While we do anticipate getting back on track to a more normal schedule next week in Florida arrivals into our other ports (northeast, Texas, and California) will continue to struggle until the following week. Markets quickly jumped due to this lack of supply and will most likely remain at current levels through at least the middle of next week. Our shippers are doing everything they can to keep the supply chain full however are asking to be flexible on sizes for the next few weeks.

Cantaloupe: ESCALATED Cantaloupe arrivals for the end of the week will see a shift more to smaller sizes (9/12/15s) which is also an after effect of the cooler temps. Quality has remained strong with good color for this time of year and internal brix levels of 11-14%.

Honeydew: ESCALATED Honeydews quickly moved into a demand exceeds supply situation in all areas (Central America and Mexico) and there is not enough supply to cover the needs of everyone. Our shippers are restricting all our volume to cover contract only to get us through this period. We do expect supply to begin to pick up to more consistent levels by next week in Florida, but we are anticipating a shift in sizing to 6/8s as fruit did not size up during the cold snap. Advanced ordering and size flexibility may be necessary until supply increases.

Watermelon: ESCALATED Overall quality is very nice, still seeing firm pricing and moderate demand. Nogales and McAllen are the primary shipping points and mini watermelons seem to be easing back in price as store sets change and demand drops. Offshore watermelons are limited but we are shipping a few 4/5ct this week.

Mixed Vegetables

Artichokes: Expect lighter supplies to continue over the next several weeks.

Arugula: Quality and supply is very good.

Asparagus: ESCALATED Mexican production is still low due to cooler Baja and San Luis temperatures. We should see better production in San Luis starting in two weeks. Peruvian production is continuing to slow down due to seasonality. Markets have become more active due to seasonality and the cooler weather in Mexico.

Broccoli/Broccoli: ESCALATED Quality is very good, and supply continues to improve.

Brussels Sprouts: Good available supplies with very good quality, market is steady.

Carrots: (JUMBOS) ESCALATED Heavy rain in California continues to affect available supplies as shippers are not able to get all product needed out of the fields. Rain is forecast to continue through mid-week next week before we see fields starting to dry out. Shippers continue to struggle with supply on Jumbos as sizing remains small.

Cauliflower: Good supplies with very good quality out of Yuma.

Celery: ESCALATED Heavy rain in Oxnard is making it very difficult for growers to get into fields and harvest celery. Rain is forecast to continue through mid-week next week in Oxnard. In Yuma, many growers have started harvesting celery and the quality is very good.

Cilantro: ESCALATED Cilantro supply continues to be light, overall quality is good and market remains very active.

Corn: ESCALATED Markets remain firm out of Nogales and South Florida and quality is very nice, however it's still too soon to truly assess any freeze impacts in Florida.

Fennel: ESCALATED Available supply remains light, especially on large size and the market remains active.

Garlic: EXTREME Quality is good with moderate supplies.

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: Supply is improving, and quality is very good.

Green Onions: **ESCALATED** Supply continues to slowly improve although market remains very active. Quality continues to improve.

Kale (Green): Supply is steady, quality is 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. We will continue to see upward pressure on prices as the Holiday pull is now in full swing and expected to remain that way through New Year's.

Napa Cabbage: Market continues to be very active; quality continues to improve.

Parsley (Curly, Italian): **ESCALATED** Supply continues to be light and quality is very good.

Rapini: We continue to see steady supplies, quality is good.

Red Cabbage: **ESCALATED** Supplies are improving but market remains very active, pricing is steady. Quality is good.

Snow Peas and Sugar Snaps: **ESCALATED** (West Coast) Excellent supply of sugar snaps from Mexico, light out of California due to rain. A good supply of snow peas from Mexico, light out of California. Guatemalan production continues to improve.

Spinach (Bunched & Baby): Quality and supplies are very good.

Spring Mix: Quality and supplies are very good.

Sweet Potatoes and Yams: New crop is in full swing out of both North Carolina and Mississippi and quality is looking very nice. Supply is very good.

Onions:

Onion demand continues to remain flat. The market does not appear to be moving anywhere fast any time soon during Q1. If there is going to be a spike in the market, we are going to need to see demand patterns change, which is certainly possible during Q1. We will likely start to see Mexican onions crossing in January, and then Yellows about a month after in mid to late February. Idaho/Oregon maintain that their current pace of shipping, they will be done by the middle of March. This is like last season's crop end date. The underlying factors remain in place for a very strong finish – but it will all depend on demand levels. The low yields, and short storage supplies on hand (supported by the NOA report) are good indicators of this. Washington remains in better shape than Idaho from a supply standpoint. Size profiles have been on the smaller end in both regions, with most product sizing in the medium and jumbo range. We have seen some improved availability on colossal and super colossal sized onions in recent weeks, but this may get tougher in Q1 as the later storage varieties generally do not size as big. Growers are expressing further concern regarding continually rising overhead costs as it relates to next season's crop (fuel, seed, packaging, etc.). Their suppliers are all asking for hefty increases for next season above the already inflated overhead in this year's crop. It is not impossible that we see further consolidation among growers and shippers, or just less onion acreage being grown altogether out of the Northwest.

Potatoes: **ESCALATED**

Potato demand on cartons has significantly flattened during this past quarter. Q1 generally brings an increase to the market as begin to near the tail end of Norkotah supplies in March. Growers continue to receive record offers from processors (even higher than last season), and reports of further record breaking offers for the Spring continue to roll in. Because of this, the fresh market has a 'safety net' of where pricing will likely not fall beneath. We anticipate we will continue to see this trend to get growers to release product on the fresh side. Other growing regions are echoing the same sentiments as well. We will see Nebraska finish up, and less supply out of Colorado and Wisconsin toward the end of Q1. These should give the overall market a boost as well. National supply reports are showing that there are less potatoes this year than last year – and this is not considering the 6M lbs. plus that have already been sold to processors.

TOMATOES

East Coast

- **Round Tomatoes:** Supply continues to improve, and we did see an uptick in pricing this week due to increased post-holiday demand. We expect to see this trend continue over the next several weeks as growers break new fields and see more consistent quality and volume.
 - **Roma Tomatoes:** Availability continues to improve, and we are seeing downward pressure on the FOB pricing which will continue over the next couple of weeks.
 - **Grape and Cherry Tomatoes:** We are seeing improved production out of areas least impacted by Ian and markets are retreating. We expect to see markets continue to improve through the remainder of the year.
- Mexico
- **Round Tomatoes: ESCALATED** Stable numbers this week, mostly due to cooler temps keeping prices higher than normal this week crossing through Nogales and Texas. Quality is outstanding on the new crop.
 - **Roma Tomatoes:** Good supply and quality expected for the next several weeks crossing through Nogales and Texas. Quality is outstanding on the new crop.
 - **Grape Tomatoes and Cherry Tomatoes:** Strong numbers and excellent quality continue out of Mexico.
 - **Medley Grape Tomatoes:** Strong numbers and excellent quality continue out of Mexico.
 - **Tomato on the Vine:** Excellent quality and supply available.

APPLES, PEARS, STONE FRUIT

Apples: Washington State Apple Crop looks to be around 100M boxes vs. 122M the last two years and 132M 3 years ago. With the number of Trees in the ground – this number is shocking. The last crop we saw 100M boxes was in 2007. Mid-April 2022 – Eastern Washington experienced 20-degree temperatures with apple trees in bloom which caused a significant loss in the crop. Additionally, cooler temperatures in the Spring with extreme Summer Temps also played a negative role in the supply of apples combined with two devastating hailstorms causing some blocks of Orchards not to be harvested. Furthermore, Fujis and granny smiths are known for alternate-bearing crops. Last year were heavy crops, so this year both are down significantly.

Pears: This year's pear crop will likely be down significantly due to severe high temps last July and extremely low temps in mid-April 2022. Cooler temperatures in the Spring with extreme Summer Temps also played a negative role in the supply of pears combined with two devastating hailstorms causing some blocks of Orchards not to be harvested.