

Weekly Market Review

February 7, 2019

Overview

We are still experiencing winter weather related issues as well as rain issues in our growing regions which has caused some quality issues with commodities. We are keeping a close eye on this and will send out updates accordingly.

Market Alert

- Cabbage (Red) - **ESCALATED**
- Carrots (Jumbo) – **ESCALATED**
- Celery – **EXTREME**
- Cilantro - **ESCALATED**
- Green Onions - **ESCALATED**
- Jalapenos – **ACT OF GOD**
- Kale – **ESCALATED**
- Limes -**ESCALATED**
- Mushrooms – **ESCALATED**
- Strawberries - **EXTREME**

Watch List

- Melons (Honeydew, Watermelon)
- Mixed Chili Pepper (Anaheim, Poblano, Serrano)
- Sweet Potatoes and Yams

Transportation

Look for inbound transportation prices to start to elevate. Cold temperatures and a couple of winter storms have cost truckers money, and the current feud with Venezuela is making oil prices start to escalate. Expect to see some price pressure in the future related to the increase on inbound trucking costs.

Fruits & Vegetables

Avocados: Harvest in Mexico remains consistent with no expectation for a change as we hit February. Trees are starting to produce more #2 fruit and the overall crop size is bigger meaning 70's and smaller remain tight.

Bananas: Supplies will be tight for the next 3-4 weeks as difficult growing conditions are impacting the fruit. Fruit is also taking longer than normal to ripen.

Pineapples: Supplies are good and are expected to remain healthy thru the month of February. Trending towards smaller sizes but still with good availability of large fruit.

Grapes: The import shortfall continues as red and green volumes are very light. Peru is beginning to exit the market place and Chile has not begun to pick up the slack. As of right now volumes do not look to improve until the end of February.

Berries

Blueberries: Production will increase as weather improves.

Blackberries: Volume is slightly down on blackberries and is expected to gradually descend through the month of February due to unfavorable night temperatures.

Raspberries: Supplies are steady and volume is project to increase through February.

Strawberries: **EXTREME** Due to extreme weather conditions, we are experiencing severe shortages in supply, poor quality issues, and price increases on strawberries. We anticipate a production will increase by the end of February.

California / Arizona Citrus

Navels: Rain is causing harvesting delays. Navels will be in good supply except for larger fruit.

Lemons: **WATCH** Rain in the growing regions is causing harvesting delays.

Limes: **ESCALATED** Quality remains good and supplies have gotten tight. The market is turning back around as a result of lower volume crossing through the border due to weather issues In Southern Mexico.

Grapefruit: Texas grapefruit supply is tight.

West Coast Lettuce

Butter: Supply and demand are good. Quality is fair.

Green/Red Leaf: Supply and quality is fair. Rain this weekend will continue to take a toll on the crop. We are having issues with yellowing and lighter weights. Yields will continue to take a hit, which will create lighter supplies this week.

Iceberg Lettuce: Rain this weekend will continue to take a toll on the crop. We expect to have steady supplies over the coming week, epidermal peel and blister is evident and should be expected on arrival. Growers are working the product as best as possible to make sure customers have marketable product. Expect some lighter weights (smaller heads).

Romaine: Product is still recovering from epidermal peel and blistering, but we are expecting quality to improve in the next week or two.

Romaine Hearts: Demand and supplies are good.

Eastern and Western Vegetables

Green Bell Pepper: Green bell peppers continue to be steady in price. Supply remains limited in both the East and West. Quality remains fair to good, but should improve with the improving weather.

Red Bell Pepper: Red bell peppers dropped again this week. There are good volumes of red peppers from hothouses and imports from Honduras on the market.

Yellow Pepper: Supplies remain snug and prices have increased due to HH volume out of Canada decreasing daily. Quality is good, and we expect active markets through the middle of the month.

Mini Sweet Pepper: Better supplies, good volume next several weeks, great promo item.

Mixed Chili Pepper (Jalapenos – ACT OF GOD) (Tomatillos, Poblano, Serrano – WATCH LIST): Mexico's chili pepper crop problems have not resolved themselves, but there is a more supply this week than previously. Jalapeno and serrano numbers continue to fall short of demand but poblano and tomatillo supply has been a little easier, especially as demand has fallen off. Florida's chili production is extremely minimal, which is likely to continue until spring crops.

Eggplant: Florida's eggplant yields are still light and quality is less than perfect, Mexican farms are beginning to see better supplies and improved quality.

Cucumbers: Cucumber prices have dropped this week and quality has started increasing now that better weather is hitting the fields. The East has seen an increase in supply arriving from Honduras, while Mexico harvests are improving due to better weather.

English Cucumbers: Supplies have firmed up due to the last blast of cold weather to hit central Mexico and very light supply out of the northern greenhouses. Markets should be firm for the next 2 to 3 weeks.

Green Beans: Florida production continues to be in a lull as rain and cool weather slowed production. Mainland Mexico's beans crops have slowed due to previous cold weather but should bounce back to provide steady supply for the next few weeks.

Yellow Squash: Yellow squash is down in both growing regions. Florida and Mexico have seen improvement in harvest, but quality remains a struggle. Heavy wind scarring and discoloration continue to be reported from the fields.

Zucchini: Both Florida and Mexico are seeing a price drop, due to increased supply, and quality is improving

Herbs

DILL: Seeing frost burn around the tips and base of the plant

MINT: Continues to be small and will most likely be delayed a few more weeks.

ARUGULA: Seeing frost burn around the edges of the leaf

CILANTRO: Frost burn around the tips of the leaves.

ROSEMARY: Frost burn that may cause some brown spots on the leaves

Melons

Cantaloupe: The cantaloupe market has remained fairly steady this week. Guatemala has been heavy on smaller sized melons, but we should begin to see some relief back to a larger sizing profile with new arrivals starting late this week. Honduras production has had mostly very large fruit but should also begin to plane off with a nice mix of 9/12s rather than jumbo fruit. Quality has been strong with consistent netting and good internal characteristics. Brix levels have been steady in the 11-13% range.

Honeydew: WATCHLIST Honeydews remain in a demand exceeds situation and there is no relief in sight over the next 2-3 weeks. 5/6s are feeling the most pressure as production has been leaning very heavily to smaller fruit which has been 8/9s and even 10s. Due to the very low percentages

of larger fruit coming in, flexibility of sizing is a strong possibility to ensure coverage of requested volumes.

Watermelon: WATCHLIST Production will pick up on our seedless watermelon program starting later this week. Honduras will be sending mostly larger fruit (3ct) while Guatemala will have a nice mix of 4/5s. Mexican supply is anticipated to start increasing so this market should begin to settle to more realistic levels.

Mixed Vegetables

Artichokes: Light supplies of artichokes are expected to continue for several weeks. Supplies industry wide are fair, demand is good and prices are steady on most sizes.

Arugula: Supplies are good, but we may start to see mildew because of rain last weekend. Field ice is expected during the 2nd half of the week, which could cause yellowing.

Asparagus: Volume is steadily increasing, things are looking better in the next 2 weeks.

Bok Choy: Supplies and quality are good.

Broccoli / Broccoli Florets: Supplies are steady this week in the desert and Santa Maria. Demand has improved, quality is good, and the market is stronger.

Brussels Sprouts: Cool weather in the desert and Mexico is slowing down production and the market is up from last week. Prices are rising and may continue to rise into next week.

Carrots: ESCALATED The harvest in our current region is showing lower yields and smaller sizing, we are seeing shorter supplies and prices are higher.

Cauliflower: Supplies and quality are good. Demand is fair.

Celery: EXTREME We will have Mexico product this week, but total volumes are still below average. The weather has been warmer, so sizing is a better. However, we are expecting colder weather this week, which will not help.

Corn: Steady supply and good quality out of Florida.

Cilantro: ESCALATED Pricing is still escalated. Supplies are improving this week, Quality is fair.

Fennel: We will have good supplies on fennel this week and should have extra product to sell each day. We will see a majority of 24ct this week, with good availability on 30ct as well. Quality remains strong overall.

Garlic: Supplies are firming up and markets are active.

Ginger: Chinese ginger markets are mixed, but quality is good. Also, product is available at higher costs from Brazil, Costa Rica and Honduras and Peru with no major quality issues being reported.

Green Cabbage: Due to the cold weather, there will be lighter supplies for the next two weeks.

Green Onions: ESCALATED Due to the Mexican holiday, we will have lighter supplies than expected because of the short week.

JICAMA: Markets remain firm due to ongoing short supplies and will continue to see some quality and shelf life issues.

Kale (Green): ESALATED Supplies this week have improved and are normal.

Mache: Availability is adequate.

Mushrooms: ESCALATED Mushroom growers are still recovering from the severe damage in the South and Southeast, as well as Puerto Rico. Hurricane Harvey and Irma have resulted in a tightening market, and the American Mushroom Institute has said it expects supply to be affected for several months. We are starting to see some improvement of supply and will keep you informed of any changes.

Napa: Supply and quality are good. Demand is fair.

Parsley: (Curly, Italian) Supplies and quality are both good.

Rapini: Supplies have improved, and markets are steady. Quality has improved.

Radishes: Markets are steady.

Red Cabbage: ESCALATED Pricing is escalated.

Sugar Snap Peas: Rain and cold impacting the appearance of Sugar Snap Peas. Growers are warning us that product right now is in really rough shape. We are recommending customers look into alternatives until this quality and price challenge passes. Price is high and quality is poor; the produce conundrum.

Spinach (Bunched): We are seeing some mechanical damage; however, quality is fair. This issue could continue from recent rain.

Spinach (Baby): Supplies are good. There could be some quality issues, due to cold weather.

Spring Mix: There are possible cold-weather defects causing premature breakdown. The recent rain could cause this issue to continue.

Sweet Potatoes and Yams: WATCH LIST This market has spiked due to heavy damage in the Carolinas. Growers are currently assessing the damage, so it is still too soon to react. However, supplies are still good out of Mississippi. We are reviewing daily and will continue to keep you posted.

Onions:

Weather across the country has caused a lower demand which has now become equal to supply. This has caused the market to stabilize across the board. Size profiles remain heavy to Jumbos and Colossals, with Medium onions remaining on the tighter side. White onions have become extreme in price, with very little supply available and this will likely continue through the remainder of storage season as the Northwest has a short supply. Reds remain more plentiful than other colors, and straight load deals exist out of both Idaho/Oregon and Washington. Typically, during this time, we begin to see Mexican product crossing, which usually creates downward pressure on pricing. However, because Mexico is keeping their supply for their local market, we are not seeing any increase in supply. We will likely not see Mexican onions cross through South Texas until the second week of February. Until this occurs, we will likely see incremental increases in price on all colors and sizes.

Potatoes:

The Potato market continues to rise as demand and pricing have increased each week. Large cartons are extremely limited as more growers are moving to Burbanks. There is very little size in the Burbank crop which has put tremendous pressure on the Norkotah crop. Transportation is readily available.

TOMATOES - EAST

- **Rounds:** Round tomatoes saw another price drop this week and supplies continue to improve. The weather has slowly improved, which will help with quality and supplies. Quality is mixed between fair and good.
- **Romas:** Roma prices continue to drop in price. Mexico harvests continue to improve. Quality continues to be in the good range.
- **Grapes:** Grape tomato prices are steady for now. Supply is continuing to meet current demand. Quality for the most part is good, with only some issues of discoloration being reported.
- **Cherries:** Cherry tomatoes continue to be flat this week. Supply and quality continue to improve slowly.
- **Organic Tomatoes:** Supplies are improving, and markets are easing. Overall quality is good.

TOMATOES - WEST AND MEXICO

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- **Romas:** Roma prices continue to drop in price. Mexico harvests continue to improve, and Florida is pulling from Mexico to help with their supply. Quality continues to be in the good range.
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APPLES & PEARS

Apples:

- **GRANNY SMITH** - The Granny Smith holdings in Washington are low as compared to last year's crop. We will have some supply of Grannys through the balance of the season. The best values will be on Exfcy # 1 72's to 88's although the pricing on will continue to increase throughout the balance of the marketing season.
- **FUJIS** - Fujis are peaking on 64's to 88's with most grower lots heavy to Exfcy # 1 grade.
- **GALAS** - The quality of the Gala apples is very good. Most grower lots are peaking on Premium Exfcy 80's to 113's.
- **HONEYCRISP** - We will pack Honeycrisp through about the middle of June. The overall pricing on Honeycrisp this season is much less than the past several years due to increased production. Prices will increase over the next couple months.

Pears: The Anjou, Bosc, and red pears are available and we will have good supply of US#1 pears available through about the 1st of June. The pear market has been lower this season due to additional supply, so pears are a great value at this time.