

Overview





In Mexico and Florida, due to the El Niño weather pattern and the impacts on the fall and winter crops this season, we continue to see production delays and very short supplies continue. We expect this to continue through the end of the month at the earliest. We will continue to see challenges with tomatoes, squash, corn, bell pepper and cucumber. We will see light volume and possible pro-rates with subs needed on several items. We hope to see some improvement out of Mexico as temps increase this week, but consistency is needed in daytime and overnight temps, which has not happened this entire season. In the short term, we will continue to see very light inventories on several items.

Color/ripeness of tomatoes could be impacted and ultimately delay logistics as well; our teams are doing everything they can to navigate these challenges. Substitutions and moving order dates are going to be necessary until we can get into consistent supply. The table grape market is tightening up again due to low supply; we are seeing lighter vessel traffic at all ports impacting the entire industry and expect volatility the rest of the month and possibly into February.

The avocado market continues to be fairly stable with normal weekly adjustments to balance inventory across all sizes. Demand for fruit in the field continues to be strong and volume remains plentiful. The market is on the cusp of being inverted (where 60s are more expensive than 48s); these two primary sizes are currently priced similarly, and demand over the next few days will either lead us to an inversion or back to the 48s projected to stay on top. Regardless, supply and demand are strong.

The 2024 California crop estimate is in and is projected for 208M pounds for the season. Last year the season closed at 232M pounds, and 278M pounds in 2022. There is no reported harvest volume yet; with a lighter overall season, growers will have their choice of harvesting during stronger market conditions. The Desert growing regions of Southern California and Western Arizona (Yuma) have experienced cold weather over the last 2 weeks with several hours of field freeze in the early morning hours. Nighttime temperatures have risen slightly with only traces of frost in the fields at this time, but due to the cold temperatures, expect to see the effects of the freezing temperatures in all items shipping from these growing areas.

MARKET ALERT

EXTREME	 Asparagus	 Carrots	 Green Onions	 Oranges (small sizes)	 Squash (Green & Yellow)	 Tomatoes (Round, Romas, Grape & Cherry)		
ESCALATED	 Avocados	 Basil	 Broccoli	 Cabbage Red	 Cauliflower	 Corn		
	 Cucumber	 Green Beans	 Hot Pepper (All Varieties)	 Limes	 Mushrooms	 Onions		
	 Potatoes	 Red Bell Pepper	 Snow & Sugar Snap Peas	 Table Grapes				
WATCHLIST	 Artichokes	 Blackberries	 Broccolini	 Fennel	 Ginger	 Melons	 Raspberries	 Strawberries

FRUITS & VEGETABLES

Avocados: ESCALATED Last week's harvest came in at 66.4M pounds, almost a 20% increase over the previous week, and a nice start to the build-up of inventory needed for the Super Bowl. The next two weeks should bring in +75M pounds a week. Last year's largest harvest week prior to the Super Bowl maxed out at 71M pounds. There was a slight push down on larger size markets as they become more readily available, and most demand continues to call for 60s and smaller. The normal crop continues to mature, and dry matter is over 30%. The sizing curve coming off the trees is now equal on 48s and 60s and continuing to size up slowly.

BERRIES

Strawberries: WATCHLIST Supplies out of California remain limited, with rainfall over the past weekend and freezing temperatures at the beginning of the week. Luckily, we are seeing a warming trend towards the end of this week. The new crop shows a healthy flower set and green fruit. Volumes are expected to increase by early February. Mexico's weather is mostly sunny in the daytime and cooler in the evenings. We are seeing rejections at the coolers daily due to a mixed bag of defects: green, overripe, deformed, and decay. The fruitmaking arrival is coloring 90-100%, and we are still seeing some defects. Growers are working with crews to clean up the pack in the fields. Florida has continued to receive off-and-on showers a couple of days over the past few weeks, but we are not seeing much damage to the fruit; harvest crews are doing a great job cleaning up. Day temps have been in the 60s, and nights in the 40s. The cooler weather is causing the ripening process to slow down. Sizing is up significantly, and counts range from 16 to 18.

CALIFORNIA CITRUS

Oranges: EXTREME ON SMALL SIZES Small size oranges continue to be in extremely short supply and will remain in short supply for the remainder of the season. Weather related issues early in 2023, followed by favorable growing conditions over the summer, accelerated fruit growth this season and the industry is projecting a much larger size structure for all oranges in California. Early reports said we were not going to see the situation get to a critical point until a little later in the season, but we have spoken to several growers that have reported small fruit has now run out, with only larger sizes available for the remainder of the Navel season and into the Valencia season. NOTE: Rain is in the forecast for this weekend in Central California which could affect supplies on all sizes as growers will not be able to harvest depending upon how much rain they receive. AS WE PROGRESS THROUGH THE SEASON, FLEXIBILITY ON SIZING AND LOADING AREAS WILL BE MANDATORY IN ORDER TO GET ORDERS FILLED.

Bananas: Steady volume expected through Q1. Quality is good.

Pineapples: Steady volume out of Costa Rica and quality remains good.

Table Grapes: ESCALATED Vessel delays are impacting the ports and we are seeing lighter supply for market and contract business. We expect this to continue through the month with elevated pricing on market business. Overall quality is good and we expect volatile markets until the logistics issues are resolved.

Blackberries: WATCHLIST Production has remained lower due to cooler temperatures and quality issues. Growers are currently addressing challenges with red cell and leaky berries, but overall, the quality is good.

Raspberries: WATCHLIST Seeing occasional green and crumbled fruit. As weather improves, we will start to see the quality improve. Volume will remain low until the end of January/beginning of February.

Blueberries: Harvests last week were slow out of Mexico due to the holiday and no-shows within the crews. This winter's rain and humidity have caused increased mold pressure and yellowing leaves. Pruning will start soon, and crews will be scratching new crops soon. Overall import arrival volume is down 40% compared to last season. This is due to a 10-14 day delayed harvest caused by the mild spring in the region. Volume has picked up this week before hitting a small peak in weeks 3-5. We expect a lighter, steady volume this season. The weekly peak arrival volume is down but will be sustained over a longer period.

Lemons: Demand is high on large fancy with sizing peaking on 140/165. Rain forecast for this weekend in California could affect harvesting in some areas. Orders need to be booked well in advance! District 3 lemons will finish mid-February.

Limes: ESCALATED Cooler weather in the growing areas is slowing production in addition to the already light supplies. This, along with significantly increased demand as the Super Bowl approaches, will continue to strengthen the market with higher prices. Expect market to remain strong over the next few weeks until the Super Bowl demand slows down.

Grapefruit: California grapefruit is being packed in Riverside and the central valley.

Imports/Specialties: Domestic mandarins are available in the Central Valley of California. Pummelos are available in the Central Valley of California. Cara's and Blood Oranges are also available.

WEST COAST LETTUCE

Due to episodes of freezing temperatures, all Iceberg Lettuce, Romaine, Romaine Hearts, Green Leaf, Red Leaf and Butter Lettuce will exhibit some degree of blister and peel.

Iceberg: The Yuma growing region has experienced several days and nights of cooler temps, resulting in ice delays across nearly all commodities. Current market is steady with good availability, but we could see the market gain some strength if the cold weather continues.

Romaine, Romaine Hearts: The Yuma growing region has experienced several days and nights of cooler temps, resulting in ice delays across nearly all commodities. Current market is steady with good availability, but we could see the market gain some strength if the cold weather continues.

Green Leaf, Red Leaf, Butter: The Yuma growing region has experienced several days and nights of cooler temps, resulting in ice delays across nearly all commodities. Current market is steady with good availability, but we could see the market gain some strength if the cold weather continues.

EASTERN AND WESTERN VEGETABLES

Green Bell Pepper: WATCHLIST Better volume out of Mexico this week. Florida will be shorter due to cooler weather and rain, but overall Quality is good.

Color Bell Pepper: ESCALATED Lighter supply available out of Nogales and Florida as our growers are into newer blocks. We expect to see some pro-rates over the next week and hope to see improvements as volume increases.

Mini Sweet Pepper: WATCHLIST Lighter supply this week loading in Nogales.

Mixed Chili Pepper: ESCALATED In the east, the hot pepper market is hit or miss. Supply to of Culiacan is improving; Tomatillo and Habanero will continue to be the shortest. Quality is good on all varieties.

Eggplant: Overall supply is good out of Nogales while Florida will be short this week. Overall quality is good.

Slicer Cucumbers: ESCALATED Very light volume available out of Mexico crossing through McAllen and Nogales. Florida will be shorter this week due to cooler weather and rain. Overall quality is fair. We recommend subbing to English Cucumbers if there are pro-rates or shorts.

English Cucumbers: Steady volume crossing from Mexico; markets were firmer this week. Quality is good.

Pickles: New crop available out of Florida this week, we are seeing a few more cross in Nogales, and quality is good.

Green Beans: ESCALATED Markets are higher due to lighter volume of Florida and Crossing through Nogales. Overall quality is mixed.

French Beans: Production has been impacted by recent cold weather. We have seen some quality issues upon arrival, with light supply and fair quality of conventional out of Mexico.

Zucchini/Yellow Squash: EXTREME Shipping out of Florida, McAllen and Nogales. Quality is fair. We expect to see pro-rates this week due to cool weather and very light supply for the next 2-3 weeks.

MELONS

Cantaloupe: WATCHLIST We are seeing lower than expected yields, but it does not compare with what the Honduran growers are facing. Cantaloupe production is shorter this week overall, which has pushed the market higher. Current sizing is primarily 9/9s with some 12s coming, but we should see a shift down to more normal sizing by next week. Quality from the new growing area is showing good external and internal characteristics. Melons have a slightly higher shell color compared to what was experienced the past seven weeks. Internal Brix levels remain strong in mostly the 12-14% range. Flexibility of sizing will likely be necessary.

Honeydew: WATCHLIST Overall honeydew production is expected to be challenging the next 3-4 weeks as Honduras works through their early season issues. With very limited Mexican production the majority of North America has turned its attention to offshore dews but there will only be enough to cover contract commitments leaving the open market in a tough position with higher pricing forecasted. Sizing in the near term from Guatemala is projected to be over 90% 5ct

and larger. This is going to put tremendous pressure on the needs for smaller sizing for at least the next two weeks. Quality on dews has been fair to good up to this point of the season (some spotting/discoloration) and we are hopeful the new growing regions in Guatemala provide better consistency. Flexibility of sizing will likely be necessary.

Watermelon: Overall Quality is good out of Mexico and markets were much higher this week. Limited offshore availability this week.

HERBS

After the heavy demand from the Holidays of 2023, supplies remain steady but on the tight side. There has been the usual heavy demand for rosemary, parsley, thyme, oregano, and chives for the past 5 to 7 weeks, and the plants are recovering from the increased harvest. This is very normal as the plants need the warmth of the sun to grow back to their regular rotation. Chives have been short since the start of the new year in several growing regions in and out of the USA. We anticipate this supply issue to last until the end of January. Basil supplies are running steady this year and quality has been very good. We are seeing increased delays in airline freight due to cold temperatures.

HERB	SUPPLY	QUALITY	COUNTRY OF ORIGIN
Arugula	Steady	Marginal	USA
Basil	Steady	Steady	MEXICO
Opal Basil	Steady	Steady	USA/MEXICO
Thai Basil	Steady	Steady	MEXICO
Bay Leaves	Steady	Steady	COLOMBIA
Chervil	Limited	Limited	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	Steady	Steady	MEXICO
Italian Parsley	Steady	Steady	USA
Rosemary	Steady	Steady	MEXICO
Sage	Steady	Steady	MEXICO
Savory	Steady	Limited	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

MIXED VEGETABLES

NOTE: Due to episodes of freezing temperatures, all items grown in the Desert growing regions of California and Yuma may exhibit some degree of freeze-related issues.

Artichokes: WATCHLIST Overall industry supplies continue to be very light with strong demand, and most shippers are only able to cover averages until supplies increase. Expect supplies to start increasing in early January.

Arugula: Supplies are good with good quality.

Asparagus: EXTREME Asparagus production is still limited in all growing regions in Mexico due to cooler temperatures. This past week was the coldest of the season in the Caborca and San Luis, Mexico growing regions. Peruvian production continues to be low due to seasonality. Quality is fair due to the heat in Trujillo, the northern growing region. Larger sizes are still extremely limited in all regions. Markets continue to be extremely active with less production from all areas. Supply out of Caborca is expected to begin during the first full week of February, weather permitting.

Bok Choy: Good supplies with good quality.

Broccoli/Broccoli Crowns: ESCALATED Cold temperatures are having an impact as we have seen lighter supplies and expect the same for the remainder of January. Market is stronger with pricing reaching trigger levels.

Brocolini: WATCHLIST Supplies are steady with good quality. The cold weather may have an effect on quality going forward, but we are currently not seeing any quality defects at this time. Other varieties such as Artisan Broccoli and Sweet Baby Broccoli are also available with good quality.

Brussels Sprouts: Quality is very good with good supplies.

Carrots: (JUMBOS, MEDIUMS and CELLOS) EXTREME Very limited supply on Jumbo and Medium Carrots in California and growers are in a demand exceeds supply situation. Fields in the Salinas and Bakersfield region are not sizing up. Expect Jumbo carrots to remain in light supply, well into Q1, 2024.

Cauliflower: ESCALATED Cold temps are having an impact on volumes as production from the fields has slowed. Quality is good but due to slow production, supplies have decreased, strengthening the market with pricing reaching trigger levels.

Celery: Quality is good, Demand has settled now that the holiday pull is over, market is slightly lower.

Cilantro: Cilantro supplies, and quality continue to improve.

Corn: ESCALATED Lighter supply continues due to cooler wet weather in Florida while in the west light supply available in Nogales. Markets will be higher this week, supply short, but Quality is fair.

Fennel: WATCHLIST Supplies have decreased significantly with the cold weather in the Desert growing regions. Quality is good.

Garlic: The 2023-2024 California Garlic is in full swing. Quality is good.

Ginger: Supplies and market are steady.

Green Cabbage: Supplies are steady with very good quality. Demand is good.

Green Onions: EXTREME Green onion supplies continue to be light and the market continues strong at high prices. A shortage of labor conditions after the Holiday, combined with very cold temperatures in the growing areas, has slowed growth and production. These challenges have led to shortages of product crossing from Mexico for all growers with some growers still pro-rating. Pricing remains steady but we could see a change next week.

Mushrooms: ESCALATED Quality is good, and supply will remain volatile through January. We are seeing very short markets on white and cremini mushrooms.

Napa Cabbage: Supplies are good with good quality.

Parsley (Curly, Italian): Supplies and quality are good, market is steady.

Rapini: Good supplies with very good quality in both Salinas and Yuma.

Red Cabbage: ESCALATED Quality is good although supplies are lighter. Market is considerably stronger and expected to stay strong through next week.

Spinach (Bunched & Baby): Good supplies and good quality.

Spring Mix: Supplies are good with very good quality.

Snow Peas and Sugar Snaps: ESCALATED Due to cooler temperatures, Guatemala's production on snow peas and sugar snaps continues to slow. Snow and sugar snap markets out of the west are very active with a light supply.

ONIONS ESCALATED

Several factors have caused onion markets to double in the last two weeks alone. The first was the hurricane that took place back in the Fall. This weather event negatively impacted the domestic crop due to copious amounts of rain and the Mexican crop. Growers in the Pacific Northwest have been experiencing unusually high levels of shrinkage. On average, they must run 30% more than normal to achieve the same pack out as last year. The early Mexican crop was primarily white onions, so growers were paying top dollar for the

domestic product because that crop was lost. We also hear that Japan is without its domestic onions and is leaning heavily on the US crop. This is all leading to a global shortage that should cause the onion market to remain elevated until Mexico's new crop comes into the mix, which is a big wildcard now. If Mexico's crop is in okay shape and is just delayed, this will help to add supply and alleviate the market a bit. If they are in worse shape than we know, we are likely to see the market remain elevated for a much longer period.

POTATOES: **ESCALATED**

The market continues to feel stable on all sizes and grades for the moment, with the exception of 40ct potatoes. While potatoes as a whole should remain plentiful, we do anticipate 40ct commanding a premium more often than not until the end of the crop. They have continued to be available for mixers, but we are not seeing very much straight load availability, or even availability in heavy volume. There will be some lots that are better than others throughout the season, but this does appear to be a theme moving forward. Because of this, we do anticipate that we may see a pretty

big gap between 40ct/50ct and the rest of the sizes. The good news is that food service sized cartons in the middle size range (60/70/80) appear to be plentiful. Unfortunately, at their current return levels on 90s/10s/2s and retail bags, growers are losing quite a bit of money. The rest of Q1 will be a combination of both Burbanks and Norkotahs being shipped, and during the beginning of Q2 (in April), we will see Norkotahs wind down and will be shipping exclusively Burbanks until new crop in The Fall. In general, there are no major headwinds expected in the potato market during the first half of the year.

TOMATO UPDATE:

Most tomato shippers are currently down over 50% on volume and the cooler, wet and unseasonably cold weather we saw this past week has further caused delays to an already late/stressed crop. The improvements we started to see late last week have turned back down and caused a major shortage in the market. There are a few shippers in Act of God this week, but we hope to see this improve over the next 10 to 14 days. Our team continues to keep a close eye on this situation and will provide updates when needed. Unfortunately, at this point in the season, weather will dictate when we see an improvement in the supply.

TOMATOES: EAST COAST

Round and Roma Tomatoes: **EXTREME** Supply is slowed down this week due to ongoing rain and cooler than normal temperatures. Low yield and color challenges continue to be at 50% or less than normal.

Grape and Cherry Tomatoes: **EXTREME** We expect to see very short crops, escalated pricing, and potential for pro-rates continue through January.

TOMATOES: MEXICO

Round and Roma Tomatoes: **EXTREME** Supply will continue to be short over the next 10-14 days at minimum. Extreme weather during the initial planting phase, coupled with cold weather, have winter tomato supplies running about 30% of "normal". We are working with our partners to maintain the supply chain through these difficult times. Pro-rates are likely and the need to sub varieties will be needed.

Grape and Cherry Tomatoes: **EXTREME** We expect to see very short crops, escalated pricing, and potential for pro-rates continue through January. Cold weather and rain continue to delay the crop.

Medley Grape Tomatoes: **EXTREME** Lighter volume this week with fair quality.

Tomato on the Vine: **EXTREME** Lighter supply and higher prices this week and Quality is good.

APPLES

Apples: Washington State Apples remain in good promotable volumes on all varieties. Quality has been very good and is expected to remain good for the foreseeable future. Sizing is trending toward smaller sizes, 100s and smaller.

Pears: We will continue to see good availability and Quality of pears over the next several weeks.

STONE FRUIT

Pomegranates: Early Granada varieties available in the west.

Persimmons: Fuyu and Hachiya varieties available.

BEEF MARKET:

Beef and pork production has suffered three weeks of cutbacks due to holiday production schedules, followed by impactful weather events last week. Approximately 100,000 fewer cattle were processed last week due to weather, compared to the same week last year. The movement of live cattle and plant personnel remains problematic at certain plants this week due to frigid temperatures. Cattle traded sideways last week and settled in the low to mid \$170's cwt. Packers will pay more this week to get the cattle they need to complete their slaughter schedules. Beef pricing remains biased to the upside as the protein pipeline refills and production returns to more normal levels. However, brutally cold temperatures are expected later this week in the Midwest.

This could lead to more production disruptions in the near term. Unfortunately, there may be prorates and trucking delays on orders shipping this week and next. In the meantime, overall boxed beef availability has tightened dramatically due to the reasons above. Grinds, in particular, are moving sharply higher. Grinds and end cuts are the retail focus right now, so we can expect steady to higher prices on these items for the remainder of January.

- a. Rounds – higher
- b. Chucks – higher
- c. Ribs – steady
- d. Loins – steady/higher
- e. Grinds – higher

PORK MARKET:

Even though pork production has seen a sharp decline over the last three weeks, pork prices have remained surprisingly stable. Hog weights increased by 3 pounds last week, reaching their seasonal peak. These weights are expected to remain steady for 1-2 months before beginning to decline into spring and summer. Pork packer margins are estimated at \$30 per head, while hog producers continue to yield negative returns. All of the hogs that were not harvested due to holidays and severe weather will need to come to market soon, creating a supply backlog that will put additional pressure on hog prices. As for specific pork cuts this week, bellies are being stored in freezers to meet the bacon demand this spring and summer. Belly availability is limited this week. Picnic prices are weak and ham prices are softening. Butts and loins are more or

less steady. This week's production should be more normal, but there's a chance the harvest will be reduced due to the severely cold weather now forecast for the end of the week. Just like beef, pork prorates may occur on orders shipping this week and next. The good news for hog producers is that pork exports were up 5% year-over-year in November. Strong exports are a rare bit of good news for hog producers who have faced negative returns over the last 12 months.

- a. Butts – steady/higher
- b. Ribs – steady/higher
- c. Trimmings – steady/higher
- d. Loins – steady
- e. Bellies – higher
- f. Hams – higher

CHICKEN MARKET:

Whole broiler/fryer prices are trending steady for whole fryers and wogs. Retail and foodservice demand is moderate. Supplies are sufficient for current needs. Processing schedules are normal. Floor stocks are sufficient. Prices continue to trend firm for wings and tenders; steady for b/s breasts; bone-in breasts, fronts and dark meat cuts are mostly steady. Leg quarters are in good demand as export interest picks up.

Supplies of tenders and wings are in close balance; light to moderate for b/s breast and moderate for dark meat cuts and other breast items. Market activity is moderate. In production areas, live supplies are light to moderate. Weights are mixed, but mostly desirable. Export demand is light to moderate.



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