



Fresh Is Everything

## Weekly Market Review May 3, 2024

### Overview

The shortest item this week is hot peppers with tomatillos, shishitos and serranos all being the most volatile, with some shippers even declaring an Act of God on hot peppers and tomatoes this week. Markets will continue to be at record highs for this time of year across the entire category. Drought, a wider transition gap between winter and spring production, and poor weather throughout the winter continues to disrupt typically calm seasonal crops.
























We will continue to see hit and miss tomato production across the entire category this week as Culiacan wraps up for the season and transition to Jalisco as well as other regions in Mexico begin. Florida spring production is slow to come on and mature greens out of the desert are about three weeks from production.

Table grapes remain short, but are seeing some additional supply on the market. Next month we expect to see much more improvement as Mexico starts to harvest more fruit. Excellent melon supply out just in time for Memorial Day Prep.

This weekend is Cinco de Mayo, and the avocado industry is wellstocked and is ready for the promotions. It looks like a holiday hangover is in the future for next week, unless shipments increase substantially over the next few days. A lighter harvest this week, but beyond that we are seeing continued week-over-week market adjustments as harvest sizing shifts and demand sizing remains fluid. With Mexico continuing to supply  $\frac{3}{4}$  of the total demand through May and the remaining crop estimates calling for potentially limited supplies in May/June, the market will likely take another upturn. Smaller sizes are expected to dominate the size curve in late May/June. When Peru makes a bigger impact, sizes will mirror Mexico's availability and be heavy on the 60s and smaller.

In California, transition is complete! All wet veg items will be shipping from the Salinas Valley as supplies continue to increase and quality continues to improve.

### MARKET ALERT

EXTREME									
	Hot Peppers (all varieties)	Oranges (small sizes)							
ESCALATED									
	Asparagus	Avocados	Basil	Bok Choy	Cabbage Red	Carrots	Cauliflower	Celery	Lettuce Green Leaf, Iceberg Liner, Ctn Romaine, Ctn Romaine Hearts, VA Iceberg, VA Romaine, VA Iceberg/ Romaine Blends
WATCHLIST									
	Limes	Napa	Onions	Parsley (Curly & Italian)	Snow & Sugar Snap Peas	Table Grapes	Tomatoes		
WATCHLIST									
	Artichokes	French Beans	Ginger	Lemons (small sizes)	Lettuce Red Leaf, Boston/Butter Lettuce, Better Burger				

## FRUITS & VEGETABLES

**Avocados: ESCALATED** Last week's harvest closed at 68.4M pounds same as the previous week. Projections for this week call for another 60M pounds, but harvest out of Mexico is tracking 15% lower, and California is expected to follow suit and slow down harvest. Also, this Wednesday was a holiday in Mexico, and there was no harvest; regular operations will resume on Thursday. The Normal crop continues to mature, with dry matter averaging 35%, ripe cycles are shorter, and fruit is at a peak eating experience. The size curve continues to adjust weekly, and larger sizes are opening again. Looking for a mix across all sizes will help keep supply & demand in balance. USDA pricing is steady for larger sizes and down for smaller sizes.

## BERRIES

**Strawberries:** Strawberry supplies are steady, and markets remain low. Weather in Watsonville/Salinas has been overcast and cool, with daytime temperatures in the low 60's and nights in the high 40's. No rain has been reported this week, but the next week is expected to warm up with high 60's and nights in the high 40's. Growers are eager to see an increase in production volume, with conventional and organic counts ranging from 10-12 a case and 14-16 a case, respectively. However, they are seeing misshapen fruit, dry calyx, spongy tips, and low pin rot. Production will start picking up soon, and growers will begin piece-rate picking next week. As Mother's Day approaches, Stem 12 count is ideal in this area. Oxnard has been overcast and gloomy, with daytime temperatures in the high 60's and nighttime temperatures in the low 50's. No rain has created a steady supply in production and quality. Next week is expected to be mild, with temperatures in the mid-60s and low 50s. The fruit has good sheen, firmness, and coloring, with sizes ranging from 14 to 20, depending on the blocks. Labor has been good in this region, and Stem 16 count is ideal for Mother's Day.

**Blackberries:** Mexico's quality is good, with medium to large sizing, nice sheen, and good firmness. Conventional counts are 22-35 and organic counts 32-45. High temperatures in regions cause regression and softer fruit. Volume is taking a dip, with a minor peak expected in mid-June. Watsonville's flowers are starting to bloom, with small volumes expected in the next 3-4 weeks.

## 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 Navel season and into the Valencia season. Volume on Valencia's is continuing to increase with sizing trending large as well. Flexibility on sizing and loading areas will be mandatory in order to get orders filled! *Flexibility on sizing and loading areas will be mandatory in order to get orders filled!*

**Lemons: WATCHLIST** We continue to see a significant size shift on lemons in California. Small fruit continues to get exceptionally short with reports that 70-80% of the crop is running 95's/115's/140's with no relief in sight until imports start next month. *Flexibility on sizing and loading areas will be mandatory to get orders filled!*

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**Bananas:** Steady supply and quality remain good.

**Pineapples:** Steady supply and quality remain good.

**Table Grapes: ESCALATED** Grape availability is slowly improving, but we do expect elevated pricing through the first part of next month. We are starting to see a bit more availability from Mexico on both coasts which is putting downward pressure on the market. We hope to see this trend continue over the next 3 weeks. Quality is fair and we are still asking for subs to black grapes since they seem to have the best quality and legs over the red and greens.

**Raspberries:** Mexico has experienced hot and sunny weather with cooler mornings and less wind, promoting plant health. Temperatures are in the high 90s and mid-50s, with fruit looking good with a strong red color. Sizes are medium, with berries ranging from 40-48. Overripe and crumbled fruit are sporadically seen, but crews are preventing them. Volume has been decreasing due to heat, and it will be limited for the next few weeks until a minor peak occurs in May. Watsonville flowers are behind, and small volumes are expected in the next 5-6 weeks.

**Blueberries:** Mexico is experiencing issues with shriveling, scarring, and deformities in blueberries, with some areas finishing their season. The color, size, and flavor of the blueberries are good, but production is down due to high heat. Conventional blues are seeing a slight bump in volume this week, but organics will start seeing a decrease towards the middle of June. Oxnard has cold weather causing slow ripening and lower volume production, with most defects due to color, soft, and shriveling. Organic production volumes have started increasing, with warmer weather causing a ramp up in volume. Conventional blues will peak in late May to early June. Southeast has average temperatures in the high 80s and low 60s, with mid-Season in Florida having good volume and good quality. Georgia has good volume this week and continues through May, with good quality and overall production.

**Limes: ESCALATED** The market continues to strengthen on large sizes as we continue to see increased crossings on small sizes and large sizes will continue to be in very limited in supply. Due to lack of rain, scarcity of large fruit could be extended, and pricing may even climb. 110's, 150's & 175's are in extremely short supply to almost non-existent market wide. *Flexibility on large sizes will be mandatory in order to get orders filled!*

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

**Imports/Specialties:** Domestic mandarins, pummelos, and blood oranges are available in the central valley of California. We will start to see some import Lemons starting in the month of May.

## WEST COAST LETTUCE

**Iceberg: ESCALATED** Cooler weather is causing lettuce supplies to continue to be slightly below normal, with head size and weights lighter than normal. Overall quality is good, but solidity is slightly softer due to the slow growth but is improving. The market is steady at current levels.

**Romaine, Romaine Hearts: ESCALATED** We are still experiencing light supplies of Salinas Valley romaine and romaine hearts. anthracnose and mildew continue to limit production, quality, and weights as the industry is still reaching into acreage early with continued extremely strong demand. Look for supplies to remain light for the next few weeks until we see warmer weather to help with the limited supplies. Currently we will see cool temperatures into next week and markets (carton & hearts) should remain active.

## EASTERN AND WESTERN VEGETABLES

**Green Bell Pepper:** Good supply available across all sizes and quality is good out of all locations.

**Color Bell Pepper:** Excellent supply and good quality available on all sizes.

**Mini Sweet Pepper:** Supply will be hit and miss this week loading in Nogales.

**Mixed Chili Pepper: EXTREME** Record low supplies and higher demand are pushing prices higher across the entire category. Overall, the Quality is fair, but we expect to see a large imbalance in supply over the next 4-6 weeks. Once some of the newer growing areas begin production, we hope to see some relief, however in the meantime we will continue to see the potential for shorts and extreme escalation in pricing. In Mexico, the main growing regions in Sinaloa are ending and Cadereyta is not starting until the end of this month. Typically, the Sinaloa season goes on for a few more weeks and we don't see this supply GAP; however, due to weather related issues the GAP is bigger this season. In the east we are seeing the same thing, typically a lot of pepper is available out of Florida this year to offset the transition crops in Mexico, between less acreage being planted and weather we have a lighter supply available for market. We will not see improvement in the east until South Georgia starts Mid-May. Until then markets are going to continue to be firm and see pricing above the \$80 watermark on the shortest varieties - Jalapeno and Serrano.

## MELONS

**Cantaloupe:** Steady volume on offshore fruit, peaking on 9/9Js with a limited number of 12/15s coming in, but enough to cover all contracted needs. The quality of the cantaloupe remains at optimum levels with excellent color and some of the best eating fruit we have witnessed all season. Brix levels remain consistently in the 13-16% range. Carton weights are also increasing as seed cavities get smaller and brix levels go up. There is also local cantaloupe available out of Florida this week.

**Green Leaf: ESCALATED** Green leaf is in limited supply as the industry continues to reach into acreage early. Mildew has been an issue, while the same cool growing conditions create issues for size and weight. Leaf items will continue to be active through next week.

**Red Leaf, Butter: WATCHLIST** Production in Salinas Valley is steady. Overall quality is good and current markets are steady with good demand.

**Eggplant:** Good supply and quality available crossing through McAllen and Nogales. New crop will be available in South Georgia in approximately 3 weeks.

**Slicer Cucumbers:** Steady supply available out of McAllen, Nogales, and Florida. South Georgia is ramping up; Baja is scratching.

**English Cucumbers:** Promotable volume crossing from Mexico; markets were firmer this week due to lighter supply of slicer cucumber. Quality is good.

**Pickles:** Lighter supply available out of Nogales and quality is good.

**Green Beans:** Steady supply and good quality available out of Florida and Mexico this week.

**French Beans: WATCHLIST** Production remains low due to Guatemala's heat and lack of rain. Out of the west, there is a steady supply of French beans, and the quality of them is improved.

**Zucchini/Yellow Squash:** Shipping out of Florida, South Georgia, McAllen, and Nogales. Good supply and quality available in general.

**Honeydew:** Offshore honeydews are currently peaking on larger fruit also with 4J/5s/5Js being the predominant sizing. Classic Fruit's Guatemalan production has been clean externally while providing some of the best eating dews we have seen all season. Mexican crossings have started to increase but they are peaking on smaller sizes (6/8s).

**Watermelon:** Good supply available as new crop is being harvested out of North and Central Florida as well as Mexico. Overall, the quality is good.

## HERBS

Basil quality continues to improve each week, but rain in Colombia has slowed down harvesting.

HERB	SUPPLY	QUALITY	COUNTRY OF ORIGIN
Arugula	Steady	Marginal	USA
Basil	Steady	Steady	USA/MEX
Opal Basil	Steady	Steady	USA
Thai Basil	Steady	Steady	USA/MEX
Bay Leaves	Steady	Steady	USA/COL
Chervil	Limited	Limited	USA
Chives	Steady	Steady	MEX
Cilantro	Steady	Steady	USA/MEX
Dill	Steady	Steady	USA/MEX
Epazote	Steady	Steady	MEX
Lemongrass	Steady	Steady	USA
Marjoram	Steady	Steady	USA
Mint	Steady	Steady	USA
Oregano	Steady	Steady	USA
Italian Parsley	Steady	Steady	USA
Rosemary	Steady	Steady	USA
Sage	Steady	Steady	USA
Savory	Steady	Limited	USA
Sorrel	Steady	Steady	USA
Tarragon	Steady	Steady	MEX
Thyme	Steady	Steady	USA
Lavender	Steady	Steady	USA
Lemon Thyme	Steady	Steady	USA
Lime Leaves	Steady	Steady	USA

## MIXED VEGETABLES

**Artichokes: WATCHLIST** Overall supplies are still light but improving, quality is good.

**Arugula:** Supplies are good, quality is fair but improving.

**Asparagus: ESCALATED** Asparagus production from Caborca & San Luis, Mexico, continues to drop due to seasonality. Their season should be done by next week. Obregon, Mexico, continues with low production. Peru continues to increase production. Peruvian production continues to increase. Markets remain slow, except for XL/ jumbo, which may be limited next week. White asparagus continues to be very limited to non-existent from Peru.

**Bok Choy: ESCALATED** Supplies are light due to the rain and cold weather during the growing period leading up to transition. The market is active.

**Broccoli/Broccoli Crowns:** Salinas broccoli volumes have improved, and the market has adjusted down. Supplies look steady going into next week with very good quality.

**Brocolini and Sweet Baby Broccoli:** Salinas is showing good quality with increasing volumes.

**Brussels Sprouts:** Overall supplies and quality remain good as Mexico and the Oxnard growing regions are in full production. Supplies are heavy to Mediums with Jumbos and Smalls in short supply.

**Carrots: (JUMBOS, MEDIUMS and CELLOS) ESCALATED** Steady supplies continue with good Quality. Shippers still have light volume on Jumbos out of California.

**Cauliflower: ESCALATED** Quality is very good. Pricing is still escalated although supplies are quickly improving.

**Celery: ESCALATED** Quality in Oxnard has been a challenge for the industry with fusarium impacting many of the growers with lighter supplies continuing into next week, market is very active.

**Cilantro:** Cilantro supplies, and quality continue to improve.

**Corn:** Good supply available out of Florida, Mexico, and Coachella. Quality is good out of the southeast and South Georgia projected to start the 2nd week of May.

**Fennel:** Market is steady. Quality and supplies are good.

**Garlic:** The 2023-2024 California Garlic will come to an end, prior to the new crop being ready for harvest. Look for subs to Mexican product during transition, starting approximately June 1st. Quality is good.

**Ginger:** Supplies and market are steady.

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

**Green Onions:** We continue to see better supplies out of Mexico, with very good quality.

**Mushrooms:** Stable supply and good quality available.

**Napa Cabbage: ESCALATED** We continue to see some quality issues with many shippers reporting some seeder issues to start the season. We should see an improvement in Quality into May.

**Parsley (Curly, Italian): ESCALATED** Supplies will be limited for the next few weeks, quality is fair.

**Rapini:** Quality is good, supplies continue light. Market is strong with supplies continuing light through next week.

**Red Cabbage: ESCALATED** Quality is good although supplies continue lighter. Market is steady.

**Spinach (Bunched & Baby):** Supplies are good, Quality is fair but improving.

**Spring Mix:** Supplies are good and quality is fair but improving.

**Snow Peas and Sugar Snaps: ESCALATED** Guatemala's snow peas and sugar snaps production has dropped due to the heat and lack of rain. Markets are very active on both. Out of the west, there is a fair supply of snows. Due to field transitions, sugar snaps will continue to be limited for the next few weeks.

## ONIONS: ESCALATED

Red onions remain extremely short, leading to higher market prices. We are optimistic that May will bring some relief, although significant changes may not occur until the middle of the month. With low inventory levels, growers will need to sell their produce at lower prices to reduce the FOB prices. Texas has mostly completed their crop, except for yellow and white onions. New Mexico is expected to join the market towards the end of May, but their production peak is anticipated in June.

## POTATOES:

There are no significant changes or obstacles anticipated. The market is projected to remain relatively stable. In May, we anticipate a slight increase in Burbanks and a decrease in Norkotahs. By the end of the month, all growers should have completed harvesting Norkotahs and transitioned exclusively to Burbanks until the new crop of Norkotahs is harvested in August.

## TOMATOES: MEXICO

**Round Tomatoes: ESCALATED** With the Sinaloa season coming to an end and a very slow start to the Sonoran season, and we are seeing high markets and short supply once again. We expect to see this improve once the Sonoran and Jalisco regions can effectively start harvesting fruit on a consistent basis. Currently, they are behind and already projecting below normal yields but should see some improvement over the next week. Baja will also scratch on fruit this week and bring additional volume to the west coast. Overall quality has been good on the new crop we have seen thus far.

**Roma Tomatoes:** Good supply and quality available this week. We expect volatility in the roma market over the next 3 weeks.

**Grape Tomatoes:** Steady supply and good Quality available crossing through McAllen and Nogales.

**Cherry Tomatoes: ESCALATED** Crops out of Mexico are slowly improving and we are seeing a downward trend on price as the volume increases. Unfortunately, with the imbalance on the east coast due to less acreage planted and weather-related pressure, markets remain at record highs. We will see this continue until Florida can produce volume consistently.

**Medley Grape Tomatoes: ESCALATED** Lighter volume this week with fair Quality.

**Tomato on the Vine:** Steady volume available this week.

## TOMATOES: EAST COAST

**Round Tomatoes: ESCALATED** Markets remain escalated and very short. There is a lot of pressure on the market until growers can start packing the spring regions sometime later next week. Quality remains fair at best.

**Roma Tomatoes:** Markets remain unstable with good volume available this week. Quality is much better this week.

**Grape Tomatoes:** Good supply and quality available.

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

## CALIFORNIA TOMATOES:

Slated to begin mature greens out of the desert in late May.

## APPLES

**Apples:** Washington State Apples remain in good promotable volumes on most 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. Gala apples are seeing roughly one million fewer packages than last year.

**Pears:** Availability is down on Anjous, and Barlett is expected to see a rise in markets over the coming weeks.

## OTHER FRUIT

Domestic stone fruit on the horizon with cherries coming off first in Late April/ Early May followed by apricots, peaches, and nectarines. Californian table grapes should start in the desert in June. Georgia is projected to start peaches mid-May.



## DAIRY:

The U.S. market has turned more bullish, which seems to be driven by stronger cheese demand and concerns about milk availability (either real or feared). We have the big ADPI conference next week, and given the price action over the past two weeks my bet is that most of the talk is going to be bullish. The EU and Oceania don't look as bullish, but cheese prices in those regions are already at healthy levels. However the headlines around bird flu in milk could still result in some consumer backlash which could free up enough milk to cap the price strength we're seeing in the U.S. So far no one has told us they are seeing a drop in consumer demand, but it is possible. Over-all I've bumped U.S. cheese price forecasts higher, but SMP/NFDM price forecasts have shifted a little lower.

## BEEF MARKET:

Cattle traded near \$182 per hundredweight (cwt) last week, and \$186 per cwt is the current asking price. Most analysts expect a trade \$1-\$2 higher this week. Beef packer margins are said to be in the negative \$75 per head range. Packers have sold ahead orders that will need to be filled for the upcoming Memorial Day holiday, regardless of their short-term profitability. So far, packers have not been able to stabilize the cutouts with reduced harvest. The bird flu situation in cattle is leading to some uncertainty, especially in the futures market. After scientists announced that fragments of H5N1 viral DNA had been found in pasteurized milk cattle futures moved lower. The USDA and FDA stress that the milk supply is safe. The virus appears to cause less severe illness in cattle than in poultry where it is always fatal. As for this week, outside cuts are mostly steady with limited downside due to grinding interest. Middle meats are still waiting for sustained demand.

## PORK MARKET:

Hog prices moved higher last week, and the cutout dropped by \$2.36 per hundredweight (cwt). The packer margin plummeted, and the weekly harvest declined due to last Saturday's small 4,000-head harvest. Last week's harvest was 2.38 million, which was 100k lower than the week before, and a similar harvest is expected this week. Ham and bellies combined make up about 40% of the cutout, and both primals have been weak. Both are expected to move higher in the weeks ahead, but right now pricing remains soft. Butts will move higher, and loins should follow. We are nearing the peak season for spareribs and back ribs, so lower prices are not expected. In regard to bellies, fast food demand is said to be wavering due to consumer pushback on higher prices. Foodservice demand for bacon this spring and summer will continue to be very important to the overall cutout. It can be argued that bellies year-to-date have been underpinning the entire cutout since January.

- Butts – higher
- Ribs – higher
- Trimmings – higher
- Loins – steady
- Bellies – steady
- Hams – steady/weak

## EGGS:

New York prices are down 7 cents for Extra Large and Large and 6 cents lower for Medium. California and regional prices are steady. The undertone is weak. Retail and distributive demand is light to seasonally moderate. Offerings are moderate to available. Supplies are light to mostly moderate. Market activity is slow to moderate. Breaking stock offerings are moderate to available for the light to moderate demand. Spent fowl supplies are moderate; processing schedules are normal.

A quick look at the national weather map shows warming temperatures, which is a first step towards improving grilling demand. Thin meats are supported by the smaller kills, and hamburger should see great demand in the weeks ahead. The chart below illustrates quite well the counter-seasonal increase in cattle weights. The relatively low weekly harvests this spring and the historically low cost of gain, driven by inexpensive corn have combined to add weight to cattle quickly.

- Rounds – steady
- Chucks – steady
- Ribs – steady
- Loins – steady
- Grinds – steady

## CHICKEN MARKET:

Whole broiler/fryer prices are steady for both whole birds and WOGS. Supplies are sufficient. Demand is moderate. Processing schedules are normal. Floor stocks are balanced. Market activity is moderate. In the parts structure, prices are consistently set at higher levels for tenders and boneless skinless breasts; wings and thighs are mostly firm. The remaining white and dark meat parts are steady with a firm undertone. Supplies of thighs and tenders are noted as short of needs. Demand is moderate to active. Market activity is moderate. In production areas, live supplies are available. Weights are sufficient.

## **TURKEY MARKET:**

The market on frozen 8-16 lb. hens and 16-24 lb. toms is steady. Demand light to at times moderate with improved interest noted for deferred shipments. Offerings are moderate. Frozen domestic 2024 production Grade A basted equivalent processor offering prices on a national basis for Grade A 8-16 lb. hens are 84.00-103.00 FOB and 16-24 lb. toms 86.00-105.00 cents FOB for current shipments. No trading reported. The tom breast meat market is steady to weak. Demand light to moderate. Offerings are moderate. The destrapped tenderloin market is steady. Demand light to moderate. Offerings of fresh destrapped tenderloins are light to moderate and frozen moderate. The breast trims market is steady to at times weak with discounting noted on breast trim with age for both edible and pet food. The scapula market is steady to firm and wing meat with skin steady at best. Scapula demand at least moderate, balance of white trims light. Scapula offerings light,

balance of white trims mostly moderate. The market on tom drums and 2-joint wings is steady to firm, necks steady and tom full-cut wings steady to barely steady. Tom drum and 2-joint wing demand moderate to good. Tom necks and fullcut wing light to moderate with necks becoming more active. Offerings of tom wings and necks light to moderate, tom drums and 2-joint wings light at best. The thigh meat and bone-in thigh markets are steady to firm. Demand moderate to good. Offerings very light. The mechanically separated turkey (MST) market is steady with excess product going to pet foods at discounted levels. Demand light to moderate. Fresh offerings moderate to instances moderately heavy, frozen light. Trading slow to moderate. Trading slow and centered on tom drums. The market on tom necks is mostly steady, balance of parts and meat items steady to firm with thigh meat strongest. Demand moderate to instances good. Offerings very light to light.



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