



WEEK 13: March 23- March 29, 2020

MARKET OUTLOOK



Green Bell Peppers

Alert

Weather and bloom drop



All Potatoes

Alert

Industry wide shortage from fall freeze



Cauliflower

Alert

Light supply



Summer Squash

Alert

Weather and bloom drop



Cucumbers

Alert

Weather and bloom drop



Chinese Garlic

Alert

Coronavirus affecting exports



Peeled Tomatillo

Alert

Weather and rain



Broccoli

Alert

Transition



Celery

Alert

Transition



Eggplant

Alert

Weather and rain



Iceberg

Alert

Transition



Romaine Lettuce

Alert

Transition

MARKET ALERTS

OVERVIEW

Below highlights some troubled areas for this week and heading into the upcoming weeks. On top of these issues, growers are experiencing heavy swings in demand due to **COVID-19**. Normal food-service business has dropped significantly and retailers are doing what they can to fill their shelves. This uncertainty is adding to the complexities that already exist in the produce supply chain and also is pushing prices up for some commodities. NPC urges all parties to keep communication strong and work with suppliers and distributor partners as we all work through the chaotic times.

The markets have seen more activity this week than we have seen in the previous few weeks. There has been heavy rains in CA over the past week, with additional rain on the forecast for next week. Also, FL and MX regions are still recovering from rainy and harsh winters. In addition to all of that, desert veg is beginning their transition to northern growing areas which will add additional pressure on the marketplaces over the next three weeks. Getting orders in early for all categories will help suppliers through volatile markets.



Regional Weather Forecast

Highs

Lows

Yuma, AZ Sunny and partly cloudy week with no forecast of rain.



Mid 70s

Mid 50s



Oxnard, CA Rain Sunday and Tuesday of next week with sunny and partly cloudy days following.



Low 60s

Upper 40s

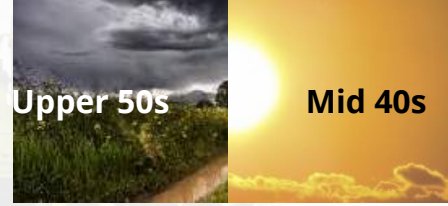


Salinas, CA Rain Sunday, Tuesday and Wednesday with sunny and partly cloudy days following.



Upper 50s

Mid 40s



Plant City, FL No precipitation on the forecast. Sunny and partly cloudy days.

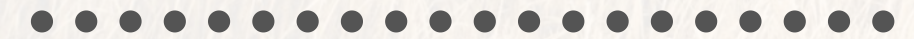


Upper 80s

Mid 60s



Culiacan Sinaloa, MX Sunny and partly cloudy days with no rain on the forecast.

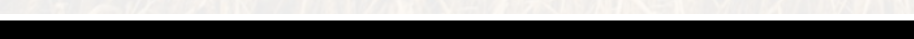


Upper 90s

Upper 50s

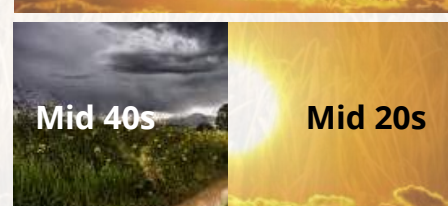


Idaho Falls, ID Possible rain to start the week with partly cloudy days otherwise.



Mid 40s

Mid 20s



Regional Transportation Report

National Diesel Average: **\$2.733**(wk 13)

2019 : **\$3.079**(wk 13)

NPC continues to monitor and track diesel fuel averages by state as well as reported truckload freight rates on a weekly basis. Transportation continues to work through its most significant structural changes in years in regards to new laws and regulations stressing available truck volume and controlling drivers.

Regions with shortages:

Only market showing slight shortage is Mexico crossing through Texas.

Weekly Market Changes

Asparagus



Quality: **GOOD** Supply: **GOOD**

Mexico grass is currently available and in full swing. Markets are at the bottom and product is in **volume**. Historically price will come down until the mid/late March and then will work it's way back up into April. Asparagus FOB continues to be below the \$10 mark.

Avocados



Quality: **GOOD** Supply: **GOOD**

Overall the market has been stable with nothing driving the market to spike in either direction. The marketplace will continue to be stable moving forward for the next few weeks barring any border closures for import product.

Bananas



Quality: **GOOD** Supply: **GOOD**

Overall there hasn't been much fluctuation in the banana market. Supply and quality have been good and freight costs have been level leaving the banana industry quite stable.

Berries, Mixed



Quality: **GOOD** Supply: **FAIR**

The three mixed berries are all currently stable but trending tight. Blueberries were running limited the past few weeks and have been bouncing up and down with market conditions. They have not lowered this week and look to be about the same condition next week. Blackberries and raspberries are headed into volume quantities as we make our way into April but are not moving quite as quick as expected.

Broccoli

ALERT



Quality: **GOOD** Supply: **BAD**

Supplies are light this week, rain has caused supplies to be very short. This will be the last week for Broccoli in Yuma, AZ. Broccoli is transitioning to the Salinas Valley area, supplies are delayed due to the rain they have received.

Brussels Sprouts



Quality: **FAIR** Supply: **FAIR**

Supplies are holding steady and production has been decent. Rain in growing regions has limited overall supply due to discoloration and insect pressure.

Weekly Market Changes

Cantaloupe



Quality: **GOOD** Supply: **FAIR**

The markets have began to increase with a run on product from retailers trying to fill their shelves. The larger fruit which has been in excess is now entering a demand exceeds supply situation. There isn't a consensus on where the market is heading due to the uncertainty on demand, but we are still in Guatemala product for another two months. Holding pattern until next week unfolds.

Carrots



Quality: **GOOD** Supply: **FAIR**

ON THE RADAR—Jumbo carrots have continued to be tight nationwide. Overall sizing has slowed leaving supply somewhat limited due to colder weather. We will keep a close eye on how supply progresses in the coming weeks.

Cauliflower

ALERT



Quality: **GOOD** Supply: **BAD**

Supplies are light this week, rain has caused supplies to be very short. This will be the last week for Cauliflower in Yuma, AZ. Flower is transitioning to the Salinas Valley area, supplies are delayed due to the rain they have received.

Celery

ALERT



Quality: **GOOD** Supply: **BAD**

Supplies are very short at this time. Celery is finishing up in Yuma, AZ this week and moving to back to Oxnard, CA next week. Celery is not expected to start until June out of Salinas, CA.

Corn



Quality: **GOOD** Supply: **FAIR**

Prices for corn out of Florida is up this week. Production out of Homestead is wrapping up this week and it's moving to Belle Glade. Panic buying at retail level is taking supplies out of the pipeline.

Cucumbers

ALERT



Quality: **BAD** Supply: **BAD**

Supply for Cucumbers is still extremely tight with the costs extremely elevated. The Mexican crop was impacted by bad weather in December through early February. Production out of Mexico seems to be picking up but not enough to take pressure off the market. Growers out of Mexico are projecting improved supplies in the weeks to come. Production out of Florida has started and will continue to ramp up in the weeks to come.

Eggplant

ALERT



Quality: **FAIR** Supply: **BAD**

The Eggplant market is facing much of the same weather related challenges as Cucumbers, Peppers and Squash. Supplies for Eggplant tightened up this week and costs are elevated.

Weekly Market Changes

Chinese Garlic

ALERT



Quality: **GOOD** Supply: **BAD**

Chinese garlic is on alert due to Coronavirus affecting labor and also ports allowing product out of China. We anticipate this to remain and also continue to add pressure on garlic prices until the virus is contained. The overall outlook continues to look worse as more and more time passes and import product is cut short.

Grapes



Quality: **GOOD** Supply: **GOOD**

Overall both red and green grapes are in good shape this week and are looking to stay in that condition moving into next week as well. Supply on each is backed up with solid inventory and quality has been awesome.

Honeydew



Quality: **FAIR** Supply: **FAIR**

Similar to cantaloupe markets, there has been an increase in market conditions with a run from retailers. Honduran production is coming to an end which has led to an increase in markets as well. Product is still running on the larger sizes which is what retailers are looking for which is helping to move product quicker. Anticipate extra pressure in the coming weeks.

Iceberg

ALERT



Quality: **GOOD** Supply: **BAD**

Supplies are very limited this week. Rain is causing supply shortages. This will be the last week for Lettuce in Yuma, AZ. Expect trucks to wait longer for product coming from Yuma. Lettuce should start next week in Huron, this will help some relief in supplies.

Romaine Leaf

ALERT



Quality: **GOOD** Supply: **BAD**

Supplies are about normal at this time. Rain is causing some supply delays. Romaine is expected to be in Yuma for another week or two. Romaine is expected to start April 4th in the Salinas Valley area. Get orders in early while transition happens.

Red and Green Leaf



Quality: **GOOD** Supply: **FAIR**

Supply and quality have been good on both colors. Due to rain out of Yuma over the past few days, there were slow downs on harvest and production/pack-outs should continue to be slightly delayed.

Tender Leaf



Quality: **GOOD** Supply: **GOOD**

Growers aren't reporting any issues on supply and quality has been fine. Look for this to continue for a few weeks.

Weekly Market Changes

Lemons



Quality: GOOD **Supply:** FAIR

Lemons have been in a great spot all winter with CA having a very heavy supply. We have seen our first drop in inventory this week with CA growing regions getting some rain and retailers coming in heavy on supply to fill their stock. CA expects more rain early next week which will keep their teams from harvesting and should continue to add pressure on the marketplace.

Limes



Quality: GOOD **Supply:** GOOD

There was a surplus of supply crossing the border up until this week, and after a period of abnormally high supply for this time of year, we are beginning to see the FOB's creep back up to normal range. This week showed another slight increase and will likely be the trend over the course of the next few weeks with retail uncertainty in the marketplace.

Onions



Quality: GOOD **Supply:** GOOD

Seeing a slight increase in price over this past week with retailers running on inventory trying to fill their shelves. We are seeing Super Colossal FOB in the \$9.50-10.50 range while mediums are in the \$6-7 range. Red Jumbos are sitting at about the \$8-9 range. Markets will stay on watch as we navigate through uncertain times and swings in inventory due to larger retailer pulls.

Green Onions **Quality:** GOOD **Supply:** GOOD



Good quality and good yields reported by multiple growers. Prices are back to normal and not escalated.

Oranges



Quality: GOOD **Supply:** GOOD

Oranges have been in a great spot all winter with CA having a very heavy supply. We have seen our first drop in inventory this week with CA growing regions getting some rain and retailers coming in heavy on supply to fill their stock. CA expects more rain early next week which will keep their teams from harvesting and should continue to add pressure on the marketplace.

Peppers, Bell

ALERT



Quality: GOOD **Supply:** FAIR

Green Peppers are tight due to the bad weather in Florida and Mexico earlier this year. Demands are way up right now due to Corona Virus panic buying at retail level. Growers are reporting bloom drop challenges in both growing regions. Weather related quality challenges are a factor too. The current situation isn't expected to improve that much during the next couple weeks. The Red and Yellow Pepper market is in much better shape.

Pineapple



Quality: GOOD **Supply:** FAIR

Limited sizing on larger fruit and suppliers are asking to potentially be flexible where possible on sizing to help with filling orders and avoid supply issues. Sizing has been heavier on 7/8s and limited on 5/6s. Retailers have completely taken over sales that have dropped off from food service customers.

Weekly Market Changes

Potatoes

ALERT



Quality: FAIR Supply: BAD

The potato market remains in an extreme state with quality and supply continuing to struggle. Overall price continues to climb \$1-2 with heavier pulls from retailers. Still seeing quality concerns in certain areas based on conditions during harvest. Open market availability is scarce. We have a long road to go this season and are still battling supply issues due to lack of overall supply in the marketplace. We recommend flexibility on sizing to get through this extreme situation and we will keep you updated on this unprecedented market.

Summer Squash

ALERT



Quality: BAD Supply: BAD

Just like last week, the Green and Yellow Squash market is still tight. Yellow Squash is extremely tight while availability for Green Squash is slightly less critical. Crops out of Mexico and Florida were impacted by bad weather December through early February. Growers are reporting challenges with bloom drop along with scaring from wind and rains. Retailers are working through Corona Virus panic buying at store level. Growers are reporting challenges with quality due to weather too. Suppliers out of Nogales and McAllen are reporting that product is still in short supply.

Strawberries

ALERT



Quality: BAD Supply: BAD

Growers are doing what they can to keep orders going out of MX and FL loading zones so demand won't fall purely on CA. CA has been through a roller coaster ride to start the season with demand beginning to rely on its capacity but has had to deal with a weeks worth of rain. Rain on the forecast to begin next week wont help with giving markets any release. Strawberries have been affected by the virus on the food service and retail levels.

Tomatillos

ALERT



Quality: BAD Supply: BAD

Tomatillo market is on alert due to very limited supply out of Mexico. There has been excessive rain and weather in tomatillo growing regions. We anticipate this to have an affect on the supply for a few weeks and anticipate escalated and limited markets during that time.

Tomatoes

Quality: FAIR Supply: FAIR



ON THE RADAR- The tomato market is working back up at this time. The market is unsettled and growers are faced with weather related quality challenges. The demand for product at retail chain stores has put pressure on availability in the market as well as on pricing. *** Inspections for Tomatoes out of Mexico ramp up to 100% the first week or April. Shippers are concerned that the USDA could run into delays inspecting tomatoes with the increased work load. *****

Price: UP Supply: FAIR

Eggs



ON THE RADAR- Not a produce item, but there has been significant change in price levels over the past two weeks due to COVID-19. Retailers have been selling out and eating up all inventory that food service hasn't needed. In one month price has doubled across the board on all eggs. We don't know if this will have a lasting affect but it likely will impact pricing as food service resurfaces to normal levels after COVID-19 is under control.

Homeland Security Recognizes Agriculture as Critical Industry

AG PRO: March 19, 2020

"The U.S. Department of Homeland Security (DHS) issued guidance on Thursday on critical industry workforce that should continue as the country addresses and responds to the coronavirus (COVID-19) outbreak.

U.S. food and agriculture was included among 16 critical industries. "If you work in a critical infrastructure industry, as defined by the Department of Homeland Security, such as healthcare services and pharmaceutical and food supply, you have a special responsibility to maintain your normal work schedule," the guidance states.

The list of sectors and identified essential critical infrastructure workers are an initial recommended set by DHS and are intended to be overly inclusive, reflecting the diversity of industries across the U.S. Specifically, DHS recognized these food and agriculture roles as critical:

- Animal agriculture workers to include those employed in veterinary health; manufacturing and distribution of animal medical materials, animal vaccines, animal drugs, feed ingredients, feed, and bedding, etc.; transportation of live animals, animal medical materials; transportation of deceased animals for disposal; raising of animals for food; animal production operations; slaughter and packing plants and associated regulatory and government workforce.
- Farm workers to include those employed in animal food, feed, and ingredient production, packaging, and distribution; manufacturing, packaging, and distribution of veterinary drugs; truck delivery and transport; farm and fishery labor needed to produce our food supply domestically
- Farm workers and support service workers to include those who field crops; commodity inspection; fuel ethanol facilities; storage facilities; and other agricultural inputs
- Workers supporting groceries, pharmacies and other retail that sells food and beverage products
- Restaurant carry-out and quick serve food operations - Carry-out and delivery food employees
- Food manufacturer employees and their supplier employees—to include those employed in food processing (packers, meat processing, cheese plants, milk plants, produce, etc.) facilities; livestock, poultry, seafood slaughter facilities; pet and animal feed processing facilities; human food facilities producing by-products for animal food; beverage production facilities; and the production of food packaging
- Employees and firms supporting food, feed, and beverage distribution, including warehouse workers, vendor-managed inventory controllers and blockchain managers
- Workers supporting the sanitation of all food manufacturing processes and operations from wholesale to retail trial base.

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- Employees and firms supporting food, feed, and beverage distribution, including warehouse workers, vendor-managed inventory controllers and blockchain managers
- Workers supporting the sanitation of all food manufacturing processes and operations from wholesale to retail • Company cafeterias - in-plant cafeterias used to feed employees
- Workers in food testing labs in private industries and in institutions of higher education
- Workers essential for assistance programs and government payments
- Employees of companies engaged in the production of chemicals, medicines, vaccines, and other substances used by the food and agriculture industry, including pesticides, herbicides, fertilizers, minerals, enrichments, and other agricultural production aids
- Workers who support the manufacture and distribution of forest products, including, but not limited to timber, paper, and other wood products
- Employees engaged in the manufacture and maintenance of equipment and other infrastructure necessary to agricultural production and distribution.

"We thank DHS for acknowledging the vital role that pork producers play in helping to feed consumers here at home and around the globe with a high-quality, affordable protein," says National Pork Producers Council (NPPC) President Howard "A.V." Roth. "We recognize that states and local governments are working hard to ensure operational continuity. As part of that effort, we urge state and local governments to swiftly follow and implement this federal directive. We need to ensure there is a continuous and uninterrupted supply of pork to America's kitchen tables."

The Fertilizer Institute (TFI) President and CEO Corey Rosenbusch applauded DHS for listing fertilizer employees as essential and the fertilizer industry as one of the nation's critical infrastructure industries. "Fertilizer is responsible for 50% of crop yields and is essential to our nation's agricultural production and food supply," Rosenbusch says.

"We thank the Trump administration for recognizing the critical role fertilizer plays in feeding our nation and the world." Other areas deemed as critical industries include healthcare and public health; emergency services; energy; water; nuclear reactors, materials and waste; transportation systems; dams; communications; information technology; government facilities; commercial facilities; critical manufacturing; financial; chemical; and defense industrial base."

If you have any specific questions or concerns on any commodities not mentioned in this report, please feel free to reach out to dforsythe@nproduce.com and we will be happy to give you those current market conditions. Also look for our Spanish version that will be released on Monday. Have a great week!

Your Dedicated NPC, LLC Staff