



WEEK 14: March 30- April 5, 2020

# MARKET OUTLOOK



Celery

**Alert**

Transition



All Potatoes

**Alert**

Industry wide shortage from fall freeze



Cauliflower

**Alert**

Light supply



Chinese Garlic

**Alert**

Coronavirus affecting exports



Peeled Tomatillo

**Alert**

Weather and rain

## 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.

There has been some release from last week as a lot of commodities were being affected by weather in growing regions, transition and COVID-19. The weather has turned favorable and supplies are looking better. Suppliers are still seeing chaotic ordering as food-service has dropped and retail pulls have increased. The transition will take place over the next few weeks depending on the grower and item. Please communicate well in advance in order to help with smooth loading.





# Regional Weather Forecast

Highs

Lows

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



Mid 80s

Low 60s



**Oxnard, CA** Sunny and partly cloudy week with no rain on the forecast.



Mid 60s

Low 50s



**Salinas, CA** Rain Saturday and Sunday followed by a mostly sunny week.



Mid 60s

Mid 40s



**Plant City, FL** Sunny and partly cloudy throughout the week, with small chance of rain intermittently.

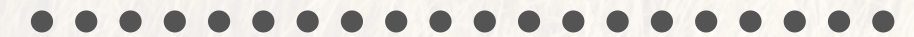


Upper 80s

Mid 60s



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

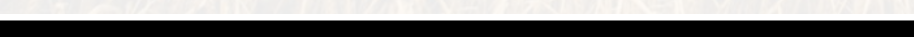


Mid 90s

Upper 50s



**Idaho Falls, ID** Partly cloudy week.



Upper 40s

Low 30s



## Regional Transportation Report

National Diesel Average: **\$2.659**(wk 13)

2019 : **\$3.080**(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:**

**Boston, NY, Central and South Florida, Atl, Chicago, Philadelphia, Colorado Valley, and the Pacific Northwest**

# Weekly Market Changes

## Asparagus



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

Mexico grass is currently available and in full swing. Markets are near the bottom but have crept up with some labor issues and skeleton crews due to COVID-19. Historically price will come down until the mid/late March and then will work it's way back up into April.

## 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



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

Supplies have improved this week. Foodservice demand is currently down, this has helped market pricing to improve. Broccoli has moved back to Salinas, CA and supplies look promising. Good quality has been reported by multiple growers.

## Brussels Sprouts



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

Supplies are holding steady and production has been decent. Volumes have become partially limited 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 short at this time. There is a small gap due to the transition from Yuma back to Salinas, CA. We should see some better supplies with food-service demand down. Growers are hoping to see better volume next week.

## Celery

**ALERT**



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

Supplies are short at this time. Celery has finished in the desert regions and has moved to Oxnard and Santa Maria regions. This has created a small gap in supplies due to the transition. Good quality is being reported by multiple growers.

## Corn



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

Prices for corn should level off at around \$11.00 for the next few months. Growers are reporting good supplies and quality out of South Florida.

## Cucumbers



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

Cucumbers are still elevated but have come down in cost over the last few days. Just like with green peppers, favorable weather and reduced demand in the marketplace is helping to get costing at more favorable levels.

## Eggplant



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

Supplies for Eggplants has been working down this week. Favorable weather is forecasted for next week and that should help the market.

# 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



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

Supplies have improved this week. Yuma is done for the season and we have started back in the Salinas Valley and Huron, CA. Growers are reporting good quality and weights.

## Romaine Leaf



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

Supplies have improved this week. We are finishing up in the Yuma area this weekend and starting in Salinas next week. Growers are reporting good quality. We should see better supplies in the weeks coming.

## Red and Green Leaf



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

Supply and quality have been good on both colors. Not seeing any issues on supply or quality heading into the end of the Yuma season.

## 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 drops in inventory with CA growing regions getting some rain and retailers coming in heavy on supply to fill their stock. As we move through the season on the tail end, we will see sizing gaps and especially more pressure on larger fruit as retailers look to fill their shelves.

## Limes



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

Still seeing good supply on product crossing the border. FOB's came down a couple dollars this week from last and are sitting at the mid-high teen range. Nothing indicates a major shift over the next couple weeks.

## 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:** FAIR

Seeing inventory levels lower some as we begin to shift towards the end of the season. Retailers are moving the market and will put more pressure on larger size fruit. Expect some pressure and tighter prices in the market place over the next couple weeks.

## Peppers, Bell



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

The bell pepper market is still elevated but has seen improvements this week. Supplies for bell peppers has picked up, prices have been falling almost daily. Favorable weather and reduced demands in the marketplace have stabilized the market.

## 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

**Quality: FAIR Supply: FAIR**



The bottom fell out on summer squash this week. Prices came down almost every day this week from the lofty levels. The market is leveling out to normal prices.

## Strawberries

**Quality: GOOD Supply: GOOD**



We are through the worst of the weather in CA for the short term. Crews were planning to hold back harvest due to rain this week but ended up with the green light to harvest. Easter pulls next are normally tight with limited product, but this year appears to be different. Some ads have been pulled due to COVID-19 which will help with numbers. Plan on good weather and solid numbers in the next week.

## 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**- Prices for tomatoes dropped to normal levels this week. Panic buying at retail seems to have come to a halt and demands from Food Service companies has dropped tremendously. \*\*\* 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. \*\*\*\*\*

## Eggs

**Price: UP Supply: FAIR**



**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.



## Stimulus Bill Expected to Provide Industry Relief

The Packer: March 27, 2020

"Congress and the Trump administration are sending \$2 trillion in cash to help a U.S. economy that has been staggered by the coronavirus COVID-19 since mid-March, and the produce industry is anxious to see their share. The Senate-approved stimulus package moved to the House March 27, where it passed by a voice vote. The bill will go to President Trump for his signature.

According to a summary from the United Fresh Produce Association, the Senate bill includes:

- Funding of \$9.5 billion under emergency declaration to support agriculture industries affected by COVID-19, including fruit and vegetable producers and livestock producers
- \$14 billion to allow the Commodity Credit Corp. (CCC) to replenish its borrowing authority, allowing the U.S. Department of Agriculture to use up to \$22.5 billion in Market Facilitation Payments and directing funds to Section 32 for produce purchases
- \$8.8 billion for Child Nutrition Programs, including school meals, summer meals for children, and Women, Infants and Children feeding programs
- \$15.5 billion for the Supplemental Nutrition Assistance Program to cover an increase in participation due to unemployment
- \$450 million for the Emergency Food Assistance Program to distribute emergency food assistance through food banks and other organizations. Of this amount, \$250 million is to purchase commodities, and \$150 million is for costs associated with storing and distributing them
- \$350 billion for the Small Business Paycheck Protection Program, a Small Business Administration Loan Program for businesses with no more than 500 employees
- and \$562 million for the Small Business Administration Economic Injury Disaster Loan Program, available to businesses with no more than 500 employees.

"Together, these programs can go a long way to helping our country — and our industry — survive to continue our everyday job of feeding America," United Fresh president and CEO Tom Stenzel said in an e-mail to members. A complete summary of the Senate legislation is available online.

Kam Quarles, CEO of the National Potato Council, said in a March 27 statement that the NPC and the other leaders of the specialty crop industry are already working with USDA to target these resources in the bill. "In particular, we want to ensure that growers and businesses impacted by the huge drop-off in food service have a safety net. This crisis may impact the entire 2020 season and the federal government needs to stand behind these operations."

The \$350 billion in expanded Small Business Administration loans should help industry operations retain employees, said Richard Owen, vice president of global membership and engagement for the Produce Marketing Association. Owen said one of the provisions of the loan program is giving funds to help compensate employees that had to be laid off during the crisis, provided companies bring those employees back to work.



"That could be very significant to agriculture and to the fresh produce industry," he said. In addition, he said the \$9.5 billion in emergency COVID-19 funding for producers, including fresh fruit and vegetable growers, is important. While the details are yet to be worked out, Owen said the program should help farmers get back on their feet.

Growers cope Because school has been canceled, some farm workers who have children have to stay home to watch them, said Dante Galeazzi, president and CEO of the Texas International Produce Association. "If you've got both parents working for one company down here, now one of the parents has to stay home and watch the kids," he said.

Galeazzi said TIPA is working with other associations to make sure growers receive H-2A workers when they need them. Texas was kicking off its onion season in late March and will have peak volume for about three months, with watermelons around the corner. "This isn't like a box of widgets that we can come back to in two months and it's still there," he said.

Growers may have only about 80% of the workers they normally have, he said. "What we're really worried about is if these numbers start to draw down, if people start to get sick or if people are unable to come to the (work) because they have a situation at home with loved ones or young children," he said.

Fresh produce imports and exports are generally moving without interruption, Owen said, and USDA's Animal and Plant Health Inspection Service and the Customs and Border Protection are maintaining regular services."

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](mailto: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