



WEEK 16: April 13 - April 19 , 2020

# MARKET OUTLOOK



Chinese Garlic

.....  
**Alert**  
.....

Coronavirus  
affecting  
exports



Cauliflower

.....  
**Alert**  
.....

Transition  
and increased  
demand.

## MARKET ALERTS

## OVERVIEW

The produce industry continues to fight through the difficulties brought on by COVID-19. Normal food service business has dropped significantly and retailers are doing what they can to keep demand at a reasonable place. Unfortunately, retail demand has hit a wall for some commodities, leading to falling market prices on commodities. The heavy swings and uncertainties are adding to the complexities that already exist in the produce supply chain. 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 additional marketplace release from last week as weather has turned favorable and supplies for most commodities are in surplus. Suppliers are still seeing chaotic ordering as food-service has dropped significantly and retail pulls are still falling. We are beginning to see prices drop quickly as the suppliers are flooded with inventory and additional product is in the pipeline. A lot of categories are firing on all cylinders with limited end users to take on the product. Most #2 product is no longer being sold, so overall quality across the board is excellent, leading to very few items on alert.



From Farm to Fork and Everything in Between®

# Regional Weather Forecast

Highs

Lows

## Oxnard, CA

No rain on the forecast. Partly cloudy and sunny next week.



## Salinas, CA

Little to no precipitation next week. Partly cloudy and sunny all week.



## Yuma, AZ

Sunny and partly cloudy week with no forecast of rain.



## Plant City, FL

Partly cloudy week with scattered thunderstorms mid and late week.



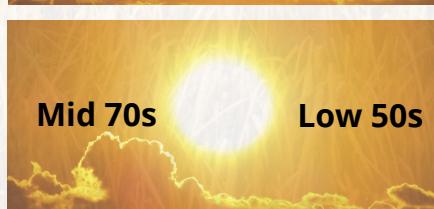
## Culiacan Sinaloa, MX

Sunny and partly cloudy.



## Huron, CA

Sunny and partly cloudy.



# Regional Transportation Report

National Diesel Average: **\$2.548**(wk 15)

2019 : **\$3.093**(wk 15)

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:**

**No regions with shortages currently.**

# 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. This week FOB's are in the mid to low teens.

## Avocados



**Quality:** GOOD   **Supply:** GOOD

Overall the market is stable but has seen some bumps due to small/medium size pack-houses in MX closing down due to COVID-19. This will last through Easter and could continue depending on circumstances. The market prices were falling so the timing of the holiday should help stabilize. Currently California product has been in good supply and should stay that way unless Mexico shuts down operations and supply drops drastically.

## 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:** GOOD



All three categories have taken a tumble with demand falling off over the past two weeks. This trend will likely continue as product begins to enter peak season with heavy supply and fewer outlets than normal to move product to. Quality has been excellent.

## Broccoli

**Quality:** GOOD   **Supply:** GOOD



Steady supplies with Broccoli this week. Demand for Broccoli increased this week. Growers received increased orders from retailers this week. Growers are reporting good quality at this time.

## Brussels Sprouts

**Quality:** GOOD   **Supply:** GOOD



Supplies are holding steady and production has been decent. Volume and quality have been favorable this week and should remain promotable over the next few weeks.

# Weekly Market Changes

## Cantaloupe

**Quality:** GOOD   **Supply:** GOOD



Supply is available and in good quality but the demand has dropped significantly with food service being limited. Will be starting up with domestic crop in AZ in about four weeks.

## Carrots



**Quality:** GOOD   **Supply:** GOOD

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:** FAIR

Supplies are limited this week with demand for Cauliflower increasing this week primarily from retailers putting in replenish orders. Good quality is been reported by multiple growers.

## Celery



**Quality:** GOOD   **Supply:** GOOD

Steady supplies with Celery this week. Good supplies coming from Oxnard, CA and Santa Maria. Good quality is been reported by multiple growers. Supplies are expected to be steady for next week.

## Corn



**Quality:** GOOD   **Supply:** GOOD

Supplies on corn out of South Florida is in good shape right now. The weather has been favorable for quality and pricing. Look for corn pricing to hover in the low \$11.00 range for the next couple months.

## Cucumbers



**Quality:** GOOD   **Supply:** GOOD

Growers are seeing good volumes and prices this week for Cucumbers. Weather in Florida and Mexico has been favorable. Growers are expecting steady supplies for the next few weeks.

## Eggplant



**Quality:** GOOD   **Supply:** GOOD

Pricing for Eggplant is slightly elevated. Production is coming out of Florida, California and Mexico.

# 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. Demand has dropped which should put more downward pressure on market prices.

## Honeydew



**Quality: GOOD Supply: FAIR**

Supply is available and in good quality but the demand has dropped significantly with food service being limited. Will be starting up with domestic crop in AZ in about four weeks.

## Iceberg



**Quality: GOOD Supply: GOOD**

Supplies are steady with Iceberg lettuce this week. Lettuce is coming from Huron CA and the Salinas Valley. Good quality is been reported by multiple growers. Supplies are expected to be steady for next week.

## Romaine Leaf



**Quality: GOOD Supply: GOOD**

Good supplies this week with Romaine Lettuce & Hearts. Production is now in Salinas, CA. Growers are reporting good quality and supplies are expected to be steady throughout next week.

## Red and Green Leaf



**Quality: GOOD Supply: GOOD**

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: GOOD

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. No change in USDA FOB average from last week to this week.

## Limes



### Quality: GOOD Supply: GOOD

Still seeing good supply on product crossing the border. FOB's dropped significantly two weeks ago with a flush of inventory crossing the border and fewer buyers with retail hitting a wall. Expect to see lower markets in the near term. USDA averages saw a drop of about \$4 on the FOB price across the board in the last two weeks.

## Onions



### Quality: GOOD Supply: GOOD

We saw another drop in the overall price of onions (all colors) this week due to a drop in retail pulls and an already limited food service marketplace. Another \$1 drop in FOB's this week and we expect product to remain in surplus keeping the market price low.

## 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

This week we saw a big drop in demand which will keep a market that was getting tighter in a stabilized position with additional inventory being available. Very little change in market FOB's this week on oranges but anticipate some decrease over the coming weeks. Valencia's begin in May/June.

## Peppers, Bell



### Quality: GOOD Supply: GOOD

Pricing on Green Peppers is working up a bit right now. Domestic Green Bell Peppers are demanding a premium. Product out of Mexico is coming in at better costing. Pricing for Color Bell Pepper is depressed this week.

## Pineapple



### Quality: GOOD Supply: GOOD

Good supply versus how much demand is currently in the marketplace. USDA FOB pricing dropped about \$1.50 on all sizes last week due to a drop in retail and food service. Expect to see solid product and good supply for the next few weeks.

# Weekly Market Changes

**Quality: FAIR Supply: GOOD**

## Potatoes



The potato market has been in an extreme state over the past few months with limited availability and rough quality. Last week and this week showed the first major change in price and availability with demand falling in the market place. Last week showed ballpark drop of \$4 a case, followed by \$6 drop this week. The release of demand has helped to bring down the price but will likely stay a volatile market as we fight through these ups and downs retail pulls.

## Summer Squash **Quality: GOOD Supply: GOOD**



Good supplies and costing for Yellow and Zucchini Squash right now. Prices are very attractive. The weather in Florida and Mexico has been favorable. Growers expect the same for the next few weeks.

## Strawberries

**Quality: GOOD Supply: GOOD**



The strawberry growing regions are headed into a strong harvest period with good weather on the forecast in the growing regions. There was rain this week that slowed up harvests, but demand is down which kept the market somewhat stable. Our drop in demand in the coming weeks will leave suppliers long and keep the price low on strawberries. Quality has been excellent.

## Tomatillos

**Quality: FAIR Supply: FAIR**



The Tomatillo market is limited due to very limited supply out of Mexico. There has been excessive rain and weather in Tomatillo growing regions. The drop in demand should help to keep things balanced but the market is still recovering from a steep spike after poor weather.

## Tomatoes

**Quality: GOOD Supply: GOOD**



Pricing for Tomatoes is trying to work up a bit this week. Supplies seem to be slightly disrupted with the short holiday week. Prices have been depressed up to now and some growers are walking away from the fields. Romas out of Mexico are tight today. Growers are expecting better supplies later next week. Inspections for Tomatoes out of Mexico moved to 100% of product entering the US this week.

Suppliers are reporting that the inspections are slowing down receiving a bit.

**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.

# Industry Report

## Retailers Seeing Foot Traffic Patterns Change Amid COVID-19

The Packer: April 09, 2020

Fresh produce remains in high demand at retail, even as extreme stock-up behavior seems to have settled down and shopping patterns have shifted again.

"Although demand isn't as high as it was at the beginning of the crisis, we're still seeing much higher demand than normal," said Chris Keetch, director of produce and floral for Carlisle, Pa.-based The Giant Co. "Shopping patterns have certainly changed as well, with the middle of the week now the new weekend. We have adjusted our supply chain to account for that so we can take care of our stores and customers at the high level they deserve and are accustomed to."

"Kevin Byers, senior produce merchandiser for Seattle-based PCC Community Markets, made a similar observation:

"The sales pattern is definitely different than normal but starting to feel predictable," Byers said. "Since our state's stay-at-home order, we have seen sales spread throughout the week, with weekends being the same volume or less than mid-week."

Rob Ybarra, director of produce for Thibodaux, La.-based Rouses Markets, also noted the change in traffic flow throughout the week.

"Demand is still higher than usual, particularly compared to last year," Ybarra said. "We're seeing really consistent days Monday through Thursday with a big uptick on Fridays." Ybarra noted the Friday bump is likely due to crawfish boiling as many shoppers trade red meat for seafood as part of Lent leading up to Easter.

As a result, "lemons, onions, garlic, mushrooms and red potatoes are in heavy demand all day," Ybarra said. "We've seen customers go back to the 'oldies but goodies' like bagged potatoes, onions, bell peppers, bananas, apples and oranges."

"What was popular 25 years ago are making their way back," Ybarra said. "It's obvious customers are cooking and looking for 'comfort food' again."

Dave Rhodes, director of produce and floral operations for Findlay, Ohio-based Fresh Encounter, described produce demand as extremely strong.

"The big win categories have been potatoes and bananas, but very close behind has been our citrus category, apple category, berry and grape category, our tomato category, plus our bagged salad category," Rhodes said. "... We are also in the process of expanding our Hello Fresh meal solution program to more stores. This program has, at this time, five different recipes that are ready in 30 minutes. Every kit serves two people, and they use innovative spice blends and fresh ingredients."

"Jeff Cady, director of produce and floral for Williamsville, N.Y.-based Tops Friendly Markets, said produce some items are seeing growing demand versus others. "We are seeing a shift from hard-line staples like potatoes, onions and carrots to products like fresh berries and salads," Cady said. "Not that potatoes, onions and carrots are not still experiencing strong sales, but there has been a shift."

# Industry Report

## Retailers Seeing Foot Traffic Patterns Change Amid COVID-19 (Cont.)

The Packer: April 09, 2020

Michael Schutt, senior category manager for produce and floral for West Sacramento, Calif.-based Raley's, also noted that items across the department are seeing higher sales.

"Our experience may differ from the rest of the industry, but since produce was one of the first departments that could get back on the shelves rather quickly, our demand has been very consistent," Schutt said. "Whereas other departments may or may not be enjoying in-stock conditions, produce has been able to stabilize that portion of our customers shop."

"Demand that originated with staples like onions and potatoes has remained strong and expanded to all produce, from packaged salads to fresh fruit," Schutt said. "Bananas, for example, have had a negative trend line in most markets over the last couple of years, but are now enjoying a sales lift during these challenging times."

### Online

Demand for grocery pickup and delivery services has soared as people try to limit contact with others to comply with social distancing recommendations. "Our online grocery services have experienced a huge lift during this crisis," Cady said. "I believe they have their hands full keeping up with it. Many more first-time online shoppers are using the service."

"Produce plays a part, but I am sure it is not the biggest department being purchased at this point," Cady said. "I have heard great things from folks who have used the service to purchase produce. Building consumer confidence in that channel is a positive sign for the future."

Marcy Nathan, creative director for Rouses, said the company's online business is up 700% year-to-date. "Online produce demand mirrors the same uptick, with the most popular items being bananas, avocados, berries and bagged salads," Nathan said. Keetch also described a significant increase in online grocery demand.

"Produce, along with the rest of the store, has seen a dramatic spike in online shopping," Keetch said, noting that the company is working hard to keep available the items that consumers are seeking regardless of whether they're shopping in-store or online.

Byers said PCC is also seeing higher demand for its online grocery services. Schutt described the challenges of delivering those services in the midst of the pandemic and all the measures being taken within stores to keep both shoppers and employees safe.

"Every retailer on the planet that engages in this platform should get a medal for the behind-the-scenes work they're doing to provide the safest grocery shop possible," Schutt said. "However, the sheer volume is problematic for the system as a whole. The personal obstacles customers may have had about choosing their own produce is being replaced by trust in the team at the brick-and-mortar locations now more than ever."