



WEEK 20: May 11 - May 17 , 2020

MARKET OUTLOOK



Bell Peppers

Alert

Growing
Region
Transition



Chinese Garlic

Alert

Coronavirus
affecting
exports

MARKET ALERTS



Tomatoes

Alert

Regional Transition
and COVID-19



Asparagus

Alert

Regional
Transition
and COVID-19



From Farm to Fork and Everything in Between®

OVERVIEW

Overall the marketplace has been oversupplied due to drop in food service demand. There has been a small uptick of food service pulls across the nation and there will continue to be more and more as we move through May. As regions begin to open up in the next month or two, there should be some balance in supply against demand. The USDA has been working on programs to support growers and distributors by providing individual box programs around the nation. Please visit the link below to read more info on this USDA program.

Unfortunately, as uncertainties carry on longer and longer, growers have to react to potential new normal's and react with new supply forecasts which could add additional volatility to the marketplace. Overall, weather has been good to great in growing regions, helping with quality across the board. Yuma has officially ended and we are in full swing with wet veg in Salinas Valley, CA.

<https://www.ams.usda.gov/selling-food-to-usda/usda-food-box-distribution-program>

Regional Weather Forecast

Highs

Lows

Oxnard, CA

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

Mid 60s

Mid 50s

Salinas, CA

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

Upper 60s

Low 50s

Huron, CA

Sunny and partly cloudy.

Mid 80s

Mid 50s

Watsonville, CA

Possible rain to start the week followed by partly cloudy conditions.

Upper 60s

Low 50s

Waldo, FL

Possible rain over the weekend and late next week.

Mid 80s

Mid 60s

Idaho Falls, ID

Partly cloudy all week.

Mid 60s

Mid 40s

Regional Transportation Report

National Diesel Average: **\$2.399**(wk 19)

2019 : **\$3.169**(wk 19)

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: Central and South Florida are experiencing a shortage.

Weekly Market Changes

Asparagus

ALERT



Quality: GOOD **Supply:** BAD

Mexico has switched growing regions and production appears to be picking up from it's two week lull. Grass is still on alert due to lack of flights available from Peru to the US with COVID-19 limiting movement. Anticipate markets to be short and price to elevate until MX can pick up the slack in three weeks and help out with limited Peru exports. Should see an uptick in volume heading into next week.

Avocados



Quality: GOOD **Supply:** GOOD

Overall the market is stable but has seen some bumps due to COVID-19. We are seeing retail driving the market which leaves certain sizes long. Currently California product has been in good supply. So far there has been sufficient quantity and quality of product crossing the border.

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

Blackberries and Raspberries are still strong out of Mexico and should continue to have a major share of the marketplace until domestic hits it's stride in the middle of May. Product harvest out of CA has begun but is limited. Blueberries have been strong on the East Coast from FL and GA. Out West blues are just beginning to see decent supply. Quality has been good across all three categories. We are seeing all three categories reach the bottom of the pricing trough with limited demand.

Broccoli



Quality: GOOD **Supply:** GOOD

Broccoli supplies for this week continue to be steady. Harvest is coming from Salinas, CA and Santa Maria CA. Growers are reporting good quality at this time. Good supplies are expected going into next week.

Brussels Sprouts



Quality: FAIR **Supply:** GOOD

Supplies are holding steady but there is expectation for supplies to decrease over the coming weeks. This will likely bump up the price in the marketplace. Quality has been fair to good with some discoloration and slight insect damage.

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. Over the past week, there has been a slight uptick in food service which has helped the melon markets. Brix levels and exterior have been optimal and sizing is running on the larger side. Will be starting up with domestic crop in AZ in about one week.

Cauliflower



Quality: GOOD **Supply:** GOOD

Supplies will continue steady with Cauliflower for this week. Production is coming from Salinas, CA and Santa Maria, CA. Good quality is being reported by multiple growers at this time. Good supplies are expected going into next week.

Celery



Quality: GOOD **Supply:** GOOD

Celery supplies continue to be steady this week. Production is coming from Oxnard CA and Santa Maria. Waiting for Salinas crop to start the first week of June. Good quality is being reported by multiple growers. Good supplies are expected to continue for next week.

Corn



Quality: GOOD **Supply:** GOOD

No big changes in the Corn market this week. The Corn markets remain stable with great supplies and quality. Florida is forecast to get rain for mutable days next week. It might be good to submit your orders early to give the growers extra time to cover your needs. Growers are reporting that they reduced plantings by about 25% due to the Corona Virus. Expect a bit tighter than normal supplies around the Memorial Day and 4th of July holidays.

Cucumbers



Quality: GOOD **Supply:** GOOD

Pricing is still good on cucumbers this week. The markets are expected to remain steady. Growers are reporting that the quality is very good. Production is starting out of Georgia.

Eggplant



Quality: GOOD **Supply:** FAIR

The Eggplant market is holding strong. Supplies are expected to remain tight for the next few weeks.

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.

Weekly Market Changes

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. We have seen some slight increase in demand but still nothing to lift prices.

Honeydew



Quality: GOOD Supply: GOOD

Supply is available and in good quality but the demand has dropped significantly with food service being limited. Over the past week, there has been a slight uptick in food service which has helped the melon markets. Brix levels and exterior have been optimal and sizing is running on the larger side. Will be starting up with domestic crop in AZ in about one week.

Iceberg



Quality: GOOD Supply: GOOD

Steady supplies continue with Lettuce for this week. Production is coming from Salinas Valley, CA and Santa Maria, CA. Good quality and good weights are being reported by multiple growers. Good supplies are expected to continue for next week.

Romaine Leaf



Quality: GOOD Supply: GOOD

Supplies continue to be steady with Romaine for this week. Production is coming from Salinas, CA and Santa Maria. Good quality is being reported by multiple growers. Good supplies are expected to continue for 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 at this time.

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.

Lemons



Quality: GOOD Supply: GOOD

Lemons have been steady over the past month but have crept back up in the last week. As we move through May, smaller size fruit is becoming limited and will remain that way until Chile begins in mid-June. We don't anticipate seeing a huge climb in the next few weeks, markets should remain slightly lower than normal due to lower demand.

Weekly Market Changes

Limes



Quality: GOOD Supply: GOOD

Still seeing good supply on product crossing the border. Load volume crossing is up over 30 percent versus the 5 year average at this time of year. FOB's dropped significantly a few weeks ago with a flush of inventory crossing the border. This week we saw another slight uptick in price, but should continue to see a steady supply against demand.

Onions



Quality: GOOD Supply: GOOD

The onion market is quite low currently as it dropped over the past few weeks. Not seeing a huge change from last week, but we are still at a low point in the market. There is still a big surplus of product in the marketplace keeping price near the floor. We hope to see this balance out in the next month as food service tries to get back in the game. Currently at the 5 year average in regard to weekly load volume available. Product has moved to CA crop.

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

Still dealing with a lopsided marketplace with limited pulls from foodservice. Very little change in market FOB's this week on oranges but anticipate some increase over the coming weeks. Valencia's began this week and will continue throughout the summer period. Navels will stay available throughout the summer but trend on the larger size until volumes return in Mid October.

Peppers, Bell **Quality: GOOD Supply: BAD**

ALERT



The Green Pepper market remains elevated this week. Growers are looking for higher prices for the next few weeks. Costing on Yellow and Red peppers is slowly working higher too.

Pineapple



Quality: GOOD Supply: GOOD

Good supply versus how much demand is currently in the marketplace. Expect to see solid product and good supply for the next few weeks with sizing on the larger side.

Weekly Market Changes

Potatoes



Quality: GOOD **Supply:** GOOD

The potato market has been in an extreme state over the past few months with limited availability and rough quality. Over the past month we have seen the marketplace level back out and has now been stable for the last couple weeks. Not much change from last week to this week. Seeing good quality and quantity.

Summer Squash



Quality: GOOD **Supply:** GOOD

The Green and Yellow Squash costing has been steady this week. Yellow Squash is demanding a bit higher cost than Green Squash. Both are a good value.

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. The drop in demand in the coming weeks will leave suppliers long and keep the price low on strawberries. Quality has been excellent and Salinas/Watsonville have begun but still a bulk of the product is coming from Oxnard and Santa Maria regions.

Quality: FAIR **Supply:** BAD

Tomatoes

ALERT



Supplies on Round Tomatoes are extremely tight at this time. Crops are in transition and retail demands has been strong due to higher than normal traffic at store level associated with the Covid-19. Prices are extremely elevated on all round tomatoes. Growers are expecting the cost on rounds to be elevated for the next 4 to 6 weeks. Roma tomatoes are more plentiful and prices are much more reasonable compared to rounds. Substituting Roma's for Rounds is a good option to avoid higher cost. As tomato volume moves from Rounds to Roma's, expect the Roma cost will go up. Even with that said, Roma's are expected to be the best value going forward.

Watermelon

Quality: GOOD **Supply:** GOOD



Supplies have been picking up steam over this past week but in comparison to previous years harvests, there is still less volume in the marketplace. Import crop out of MX has been down which has created the off-balance market. Expect to see better volume as domestic crop improves and volume harvests begin.

COVID-19 Will Forever Change the Foodservice Industry

QSR Web April 3, 2020

"Social-distancing, coronavirus and Covid-19 are three phrases now permanently etched into our lexicon. In this article, we look forward at what we believe are the other long-term impacts of the coronavirus pandemic on the U.S. Foodservice industry. We have structured our look forward through three lenses: consumers, operators and manufacturers.

After speaking to numerous foodservice leaders over the past few weeks, we believe it is helpful to spend some time looking forward because predicting the long-term impacts can help us better prepare our companies, processes, portfolios and employees for success.

These are unprecedented times and if the crisis is the true catalyst of change then we can expect some sea-change impacts on consumer behaviors and expectations. Operators and suppliers will respond and modify their business models for the new post-crisis world. How we plan, how we go-to-market, how we communicate and collaborate and how we interact with consumers is all going to change.

Consumers

The long-term impacts of the coronavirus on Foodservice consumers will be seen in seven key transitions. Some of these changes are already taking shape as consumers struggle to adjust to their new environment while others will emerge over time as we move to post-Covid world. Overall, the seven metrics for change include:

1. Increased use of delivery as a percent of total foodservice sales: During the crisis, many consumers have essentially been forced into using delivery services in order to still get restaurant food. Even if they still use drive-through many, who have never tried 3rd party delivery before are deciding to use it. This "forced trial" will result in more consumers becoming comfortable with the service. This higher level of comfort will remain and translate into greater long-term use of foodservice delivery services.
2. Food-safety-first mentality: Consumers are developing a dramatically heightened sense of what they view as safe food handling practices and an increasing desire to know where their food came from, how it was grown, raised and processed. We see this continuing into a post-COVID environment as consumers' focus on how their food was handled has been exponentially amplified. For restaurants, this means consumers will have less patience for employees not using gloves, mishandling of food, as well as associated "cleanliness indicators" like dirty restrooms and over-flowing garbage cans. Additionally, consumers will continue to expect to know more about the source and processing of food prior to it getting to the restaurant.
3. Expanded sanitization behaviors: The increased use of sanitizers, wipes and hand washing will likely continue. More consumers will carry sanitizers and wipes and also expect restaurants to supply them. Self-sanitizing of dining room seating and tables will become routine for many.
4. Curbside pick-up will become more popular: Curb-side pick-up offers the best of all options. It's convenient, the food is hotter and fresher than delivery and there is no delivery person handling it. We see curb-side and other minimal-touch pick-up options increasing in popularity.
5. In-store self-ordering will be reinvented to a no-touch solution: Consumers have been trained to order using digital pads in restaurants. Operators have cut back on cashiers as a result. We are quickly moving to a no-touch world and digital ordering solutions need to evolve to allow this. In the meantime, we will see an array of compensating behaviors, from using a napkin, to a pen, to waiting in line to order through a cashier, all to avoid touching a screen to order.

COVID-19 Will Forever Change the Foodservice Industry (cont.)

QSR Web April 3, 2020

6. Improved take-out/delivery packaging: The slow crawl to better take-out and delivery packaging is about to change. In our new post-COVID-19 world, packaging will need to be tamper-evident and maintain the food's temperature, moisture and presentation. This is a tall order. Operators have been reluctant to use higher-cost take-out packaging because they feel they can't pass the cost along. Consumers are about to demand it and may now be willing to pay for it.
7. Expanded take-out/delivery for fine-dining/chef-driven brands: Chef-driven food is what many consumers want, but many of these restaurants have traditionally done little take-out or delivery. This may change. Consumers' demand for high-end restaurant food will continue, but so will their desire for take-out and delivery. We expect that polished casual and higher-end restaurants will work quickly to expand their take-out and delivery menus, packaging and services.

In times of rapid and drastic change, those who are quick to adjust will lead the way for the industry to follow. While so many consumers, operators and manufacturers are undoubtedly taking things day-by-day, it's important to remember that we also must look to the future to determine the best course of action moving forward."