



WEEK 30: July 20 - July 26 , 2020

# MARKET OUTLOOK

								
Romaine Lettuce	Strawberries	Green Beans	Chinese Garlic	Oranges	Cantaloupe	Honeydew	Brussels Sprouts	Potatoes
<b>Alert</b>	<b>Alert</b>	<b>Alert</b>	<b>Alert</b>	<b>Alert</b>	<b>Alert</b>	<b>Alert</b>	<b>Alert</b>	<b>Alert</b>
Quality Issues	Spring Rains/Labor Issues	Regional Transition	Import and COVID Issues	Transition	Weather and Labor	Weather and Labor	Heat and Quality	Limited Storage Crop

## MARKET ALERTS

## OVERVIEW

We continue to see sunshine and summer temperatures and growing regions are beginning to hit their stride and show good numbers out of CA. We are still seeing fewer items on alert heading into next week in comparison to previous weeks, but some items to keep an eye on are: Strawberries, Potatoes and Melons.

Food service numbers are still recovering and this will add some pressure on growers to keep up with changes in demand. Please continue to keep communication up and orders in early in order to help with getting orders filled in full and on time.



# Regional Weather Forecast

Highs

Lows

Oxnard, CA

Sunshine and partly cloudy days. No rain on the forecast.

Low 70s

Low 60s

Salinas, CA

Sunshine and partly cloudy days with no rain on the forecast.

Low 70s

Mid 50s

Ivanhoe, NC

Partly cloudy with thunderstorms mid and late week.

Low 90s

Low 70s

Watsonville, CA

Partly cloudy and sunny next week.

Low 70s

Mid 50s

Alma, GA

Thunderstorms all week.

Low 90s

Low 70s

Idaho Falls, ID

Sunny and partly cloudy.

Upper 80s

Mid 50s

## Regional Transportation Report

National Diesel Average: **\$2.438**(wk 29)

2019 : **\$3.051**(wk 29)

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:

Slight shortage in Southern New Mexico, McAllen and South Carolina. Shortage in North Carolina.

# Weekly Market Changes

## Asparagus

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



Volumes on asparagus is improving and markets have steadied out. Production out of MX has been strong while PE has been limited. Expectation is to have solid numbers throughout the July/August time period.

## Avocados

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



Overall the market is stable but we are seeing retail driving the market. Currently California and MX product have been in good supply. So far there has been sufficient quantity and quality of product crossing the border. No foreseeable issues in the coming week, but avocado markets historically can become active in summer months.

## 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**



**Blueberries**- Harvest was steady this week in Oregon and WA which has made blues a promotable commodity. Supply is leaning on OR/WA/CA and what can be harvested off the East Coast, which has been limited due to rain and thunderstorms. Anticipate good numbers over the next couple of weeks.

**Raspberries**- MX and CA are still going, although MX is finishing up and CA is getting going. Overall, supply is sitting in a steady place with decent numbers out of MX and CA. Should continue to see volume increase throughout July.

**Blackberries**- Quality has been good but numbers are limited with yields being smaller than expected out of Watsonville up to this point in the summer. Growers are planning to have volume hit as we move into August but expect limited volume up to that point.

## Broccoli

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



Good supplies with Broccoli for this week. Growers are getting good yields at the time of harvest. Growers are reporting good quality at this time. Supplies are expected to remain steady going into next week.

## Brussels Sprouts

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

**ALERT**



Brussels Sprout supplies are showing signs of improvement for this week. Growers are seeing better yields at the time of harvest. Growers are reporting good quality. Supplies are expected to keep improving going into next week.

## Cantaloupe

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

**ALERT**



The domestic season has begun with a major obstacle. Sizing has leaned towards larger size leaving 12/15ct lopes very limited. Growers have battled very low yields due to early rains in the growing cycle and are currently challenged with a labor shortage leaving some fields unharvested. The labor shortage could potentially become an ongoing issue throughout the domestic deal.

# Weekly Market Changes

## Carrot Sticks



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

COVID-19 has had an impact on value added carrots and the array of pack sizes and cuts available to the market. The additional labor and contact throughout the supply chain has put this item **on the radar** until supply can catch up with demand.

## Cauliflower



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

Good supplies continue with Cauliflower for this week. Growers are getting good yields at the time of harvest. Growers are reporting good quality this week. Supplies are expected to remain steady going into next week.

## Celery



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

Celery supplies are showing signs of improvement for this week. Growers are getting better supplies at the time of harvest. Good quality is being reported by multiple growers at this time. Supplies are expected to keep improving going into next week.

## Cilantro



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

Cilantro supplies are good this week. Growers are expecting steady supplies the next few weeks. Good quality is being reported by multiple growers at this time. Demand for Cilantro has decreased this week.

## Corn



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

Production has picked up this week out of the East and West Coasts. Growers are expecting cost to remain stable to slightly down next week. Growers out of the East are reporting good quality.

## Cucumbers



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

Same as last week. Prices are feeling some pressure due to increased production. Growers aren't expecting that to change in the near future, weather permitting.

## Eggplant



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

Eggplant pricing continued to inch up this week. Growers are looking for costing to remain stable as production out of Michigan increases.

# 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: **FAIR**

We have made our way into domestic season and we are now seeing good volume in the open market. Price has come down as supply has picked up. We anticipate this to continue moving through July. There has been pressure on green grapes and have created limited supply over the past week.

## Green Beans

**ALERT**



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

Beans are on high alert. Heavy rain in Georgia and the Midwest has effected the green bean crop causing delays in harvesting. The colder weather has also pushed back the start date for harvesting out of the Midwest. This is causing a gap during a transition period resulting in low availability of green beans. Product quality could also take a hit. This is expected to last for a few more weeks.

## Honeydew

**ALERT**



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

The domestic season has begun with a major obstacle. Sizing has leaned towards larger size leaving 6/8ct dews very limited. Growers have battled very low yields due to early rains in the growing cycle and are currently challenged with a labor shortage leaving some fields unharvested. The labor shortage could potentially become an ongoing issue throughout the domestic deal.

## Iceberg



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

Lettuce supplies are better for this week. Growers are getting good yields at the time of harvest. Growers are reporting good quality at this time. Supplies are expected to keep improving going into next week.

## Romaine Leaf

**ALERT**



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

Romaine supplies are lower than last week. Growers are seeing limited volume available from the fields. Growers are reporting fair quality at this time with occasional fringe burn. There is good demand for Romaine lettuce at this time.

## 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.

# Weekly Market Changes

## 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: **FAIR**

Lemons are reaching a period during the summer where overall volume in the marketplace goes down. We have seen a steady rise in the price of lemons as their region transitions. Currently we have had a \$5-7 FOB increase over the past three weeks and plan to see this trend continue.



## Limes

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

Still seeing good supply on product crossing the border. FOB's increased slightly over the past two weeks with an overall increase of about \$2-3/case.



## Onions

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

We are seeing the WA storage crop season come to a close and the California summer crop begin. Transition to CA has been good with FOB's on yellows ranging from \$8-10 this week. Red's are in the \$6-7 range while whites have crept up over the past two weeks. We anticipate a smooth couple of weeks with demand meeting supply.



## 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: **BAD**

**ALERT**

We have seen some pressure on price over the past three weeks and are beginning to see certain sizes more limited and increase in price. Market alert on oranges as pricing has been escalated. Valencia's have begun 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: **FAIR**

**Green Peppers** - Green Pepper production has picked up around the nation and that's putting much needed pressure on pricing. Growers are expecting cost to continue to decline in the weeks to come.

**Yellow and Red Peppers** - Supplies for Red and Yellow is still tight with pricing on a slightly downward bias this week. Weather and production area changes are the main factors.



# Weekly Market Changes

## 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.

## Potatoes **ALERT**



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

The potato market has taken a quick turn in the past week and have seen markets climb as storage crop is becoming limited as the summer season continues. FOB's have increased this week and are expected to stay elevated for the foreseeable weeks.

## Summer Squash

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



Pricing for Green Squash remains very reasonable right now. No changes are expected at this time. Yellow Squash costing has seen slightly higher costing this week. Growers out of the East are reporting some scaring. Both green and yellow squash are still a good value.

## Strawberries

**ALERT**



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

There has been a big turn in outlook for the summer months with Strawberries. Production numbers are limited due to weather in growing regions back in May. In addition, there are still some spotty labor issues and also some fields on their last legs providing processor quality berries at best. Watsonville has the best production numbers at this point but can't cover the demand coming out of holiday pulls this week. We anticipate limited, active markets for the next month.

## Tomatoes

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



Tomatoes out of the East are seeing some pricing pressure due to rains in various growing areas. Availability is expected to remain tight for the next few weeks. Production out of Mexico and California is stable with a slight upward bias. Grape and Cherrie tomato pricing is elevated out of the East. Costs are more reasonable out of the West this week.

## Watermelon

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



Overall supply has been stable and no quality issues detected as we move into the most important two weeks of the watermelon season. Supply is slightly down from what it historically is at but there is also slightly less demand with foodservice numbers down.

# Industry Report

## New Era of Smarter Food Safety is Upon Us

The Packer: July 17, 2020

The Food and Drug Administration's New Era of Smarter Food Safety and corresponding "blueprint" that guides the process are not a quick fix to outbreaks that led regulators to seek new answers.

The FDA, which released the New Era details and blueprint on July 13, said it's a 10-year plan. As expected, it leans heavily on technology, particularly in traceability and outbreak responses.

Former FDA Commissioner Scott Gottlieb, whose tenure included several E. coli outbreaks linked to romaine lettuce, voiced concerns about the lack of technology hampering investigations, and said it would be a priority for the FDA.

In introducing the New Era plan, FDA Commissioner Stephen Hahn on July 13 said it's important the technology is used "to build and put in place more effective approaches and processes."

The blueprint plan has four core elements:

- Tech-enabled traceability
- Smarter tools and approaches for prevention and outbreak response
- New business models (such as e-commerce) and retail food modernization; and Food safety culture.

Hahn said the blueprint to implement the New Era builds on the work the FDA has taken with the Food Safety Modernization Act, and is the next stage in the process.

Each of the core elements are assigned leaders from the FDA's foods program.

"We want to explore ways to encourage companies to adopt tracing technologies and also to harmonize efforts to follow food from farm to table," Hahn said in his statement.

"We should strive to speak the same language, by espousing similar data standards across government and industry for tracking and tracing a food product."

### No Surprises

Jennifer McEntire, the United Fresh Produce Association's vice president of food safety and technology, said the blueprint doesn't include any surprises, and is a "solid outline of where food safety should be headed."

Questions, McEntire said, include:

- Will early adopters be rewarded by customers/consumers for embracing some of these initiatives?
- What will incentivize those who lag behind?
- And who is going to measure progress over these next 10 years?

"The blueprint covers a lot of ground and I'm curious to see the areas that move quickly and the ones we're still talking about a decade from now," she said.

Trevor Suslow, vice president of produce safety at the Produce Marketing Association, said the blueprint has few unanticipated, but all generally welcomed framework elements to advance food safety. Trade associations will continue to be involved in the process, he said.



# Industry Report

## New Era of Smarter Food Safety is Upon Us

The Packer: July 17, 2020

“One key opportunity for the produce industry is to respond to the oversight management incentives described by FDA by moving beyond mere baseline compliance with investment in broad advancements in food safety systems, including end-to-end traceability and verifiable food safety culture,” Suslow said.

### Preventing Outbreaks

Inside the FDA, plans include strengthening procedures and protocols for conducting root cause analyses to understand how food becomes contaminated in the hopes of preventing it in the first place.

“Another example of the kinds of new tools we’re developing for prevention can be seen in a pilot program we’re conducting that will leverage artificial intelligence and machine learning to strengthen the agency’s review of imported foods at ports of entry to help ensure that they meet U.S. food safety standards,” Hahn said in the statement.

Hahn said the FDA was days away from announcing the blueprint details in March when the pandemic delayed it and work turned to address COVID-19. “In the months that have followed, it has become even clearer — from our experiences with the pandemic and the lessons we have been learning as part of the FDA’s response to it — just how essential the actions outlined in this blueprint are and, if anything, that they are more important now than ever,” Hahn said in his statement.

According to the blueprint, the FDA plans to engage members of the industry, academics, trade associations, consumer groups and regulators agencies and groups it traditionally has not worked with before, including technology companies.

“We recognize that building on our food safety approach in a rapidly evolving and interconnected world will require resources and innovation,” according to the blueprint.

“Continued investments throughout FDA and the food safety system will be critical to improving public health and reducing supply chain disruption.”

The FDA has a FAQ list on its New Era for Smarter Food Safety website.

### A 10-Year Plan

In a July 13 media call, Frank Yiannas, deputy commissioner for food policy and response for the FDA, said some of the document’s aspects will be addressed by the end of the year, but the FDA sees the blueprint as a decade-long pursuit with evolving activities.

One of the issues the agency is working on right now is Section 204 of the FSMA: Enhancing Tracking and Tracing of Food and Recordkeeping, a component of which requires the FDA to designate high-risk food that would require additional recordkeeping.

During the media call, Yiannas said the “one step forward, one step back” model of traceability is no longer the goal, and although Section 204 doesn’t address technology or set an end-to-end traceability standard, that’s the desired goal.

“We are approaching that rule with what we call a 21st-century mindset,” he said.

“We are limited by what we can say about rulemaking, but what I can say to you is that we are being thoughtful and thinking about what our key elements for traceability purposes are.”

The blueprint doesn’t ban paper records, but it is becoming increasingly difficult to meet expectations, and retail partners are becoming more aware of supplier’s methods and exerting more pressure on growers to modernize.

He said the concept of a linear “supply chain” doesn’t apply to the food supply, and he prefers “food system.”

“The idea or notion that everybody can get into a central database and track foods easily is just too simplistic, so what we’re trying to do is to be very intentional and strategic,” Yiannas said.

Many outbreaks are linked to foods bought at retail and not foodservice, he said, and the FDA is interested in a retail food safety summit to address the issue.