



WEEK 32: August 3 - August 9, 2020

# MARKET OUTLOOK



Romaine Lettuce

**Alert**

Quality Issues



Strawberries

**Alert**

Smaller/Lower Yields



Chinese Garlic

**Alert**

Import and COVID Issues



Mixed Berries

**Alert**

Low Yields



Potatoes

**Alert**

Regional Transition



Corn

**Alert**

Weather



Limes

**Alert**

Weather

## MARKET ALERTS



## OVERVIEW

The sunshine continues in CA as wet veg, citrus, stone fruit and mixed berries are all showing overall good quality. Markets are still active due to retail having heavy pulls and producing large swings in the marketplace. Until an extreme heat wave or heavy rain occurs in the central valley, we should continue to see good quality and steady supply.

Storage crop potatoes and onions are in the midst of transitioning back towards northern states which has put heavy pressure on potato pricing. Onions have remained stable but can expect some slight increases as we move regions. This week continued to show better numbers across all items which dropped the number of commodities on alert down to only six.

There is still major uncertainty in the marketplace as we wait to see how markets react to potential school closings and as states open/close with swings in COVID cases. Please continue to communicate with suppliers/distributors early to ensure the smoothest possible transition through these difficult times.

# Regional Weather Forecast

Highs

Lows

Oxnard, CA

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

Upper 60s

Mid 50s

Salinas, CA

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

Upper 60s

Mid 50s

Burlington, OR

Sunny and partly cloudy.

Mid 80s

Upper 50s

Watsonville, CA

Partly cloudy and sunny next week.

Upper 60s

Mid 50s

Alma, GA

Thunderstorms all week.

Low 90s

Low 70s

Idaho Falls, ID

Sunny and partly cloudy.

Upper 80s

Low 50s

## Regional Transportation Report

National Diesel Average: **\$2.427**(wk 31)

2019 : **\$3.034**(wk 31)

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 Northern California, Southern New Mexico, and McAllen TX. Shortage in Delaware, Indiana, Illinois and Missouri, North Carolina and South Carolina.

# Weekly Market Changes

## Asparagus



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

Volume on asparagus is improving and markets have steadied out. Production out of MX has been slightly affected by weather but PE has been on the strong side to help numbers. 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, PE, and MX product have 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: **BAD**

**ALERT Blueberries**- Numbers were down over the beginning of July but have began to pick up with WA and BC getting good weather and higher yields. There should continue to be a strong availability into August with Blues being the most promotable berry.



**Raspberries**- Overall supply is down with numbers being limited out of CA and also being the primary producer at this time. Should continue to see volumes limited until MX can pick back up in mid to late August.

**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 mid August but expect limited volume up to that point.

## Broccoli



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

Broccoli Supplies continue to maintain steady this week. Growers are getting good yields at the time of harvest and are reporting good quality. Supplies are expected to remain steady going into next week.

## Brussels Sprouts

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



Brussels Sprout supplies are very good this week. Growers are reporting good yields at this time. Growers are reporting good quality. Supplies are expected to remain steady for a few weeks.

## Cantaloupe

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



Coming out of a limited marketplace due to sizing issues, the supply has now picked back up and began to balance out. Growers have battled very low yields due to early rains in the growing cycle and were challenged with a labor shortage. Fortunately yields have picked back up and the melon market has begun to catch up with Summer demand.

# 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**

Cauliflower supplies are good this week. Growers are harvesting better yields at this time and quality has been solid. Supplies are expected to remain steady going into next week.

## Celery



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

Celery supplies continue to be steady this week. Growers are reporting normal yields at the time of harvest. Good quality is being reported by multiple growers. Supplies are expected to stay steady 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

**ALERT**



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

Corn prices are up this week out of the East and West.. Yellow is tight out of the West. All colors are tight out of the East. Growers are expecting this trend to last for the next week or two.

## Cucumbers



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

Prices are working up as supplies get tighter. Weather is a factor as well as tight supplies associated with lower than normal production volume out of the East.

## Eggplant



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

Supplies are still tight. Prices are still elevated. Growers are looking for slightly costing over the next few weeks.

# 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**

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 August.

## Green Beans



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

Green Beans are coming back off alert as new regions have picked up the slack in the lopsided marketplace. Virginia began harvesting last week which relieved a lot of pressure and brought pricing back down.

## Honeydew



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

Coming out of a limited marketplace due to sizing issues, the supply has now picked back up and began to balance out with Honeydews. Growers have battled very low yields due to early rains in the growing cycle and were challenged with a labor shortage. Fortunately yields have picked back up and the dew market has begun to catch up with Summer demand.

## Iceberg



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

Lettuce supplies will be limited this week. Growers are reporting lower yields at the time of harvest. Growers are reporting good quality and good weights. Supplies are expected to continue to be light going into next week.

## Romaine Leaf

**ALERT**



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

Romaine supplies continue be light this week. Growers are reporting lighter yields at the time of harvest. Growers are reporting fair quality at this time with occasional fringe burn. Supplies are expected to stay very light going into 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.

# 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: **GOOD**

Currently working with CA and import Chilean/Argentina lemons. Because of the heavier winds in the CA region, a lot of choice product with slight scarring comes out of that region. The import fruit is better condition but also is tending towards larger sizes, 115/140ct. No supply gaps foreseen in the upcoming month.



## Limes ALERT

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

Limes have taken a quick turn and hit a spike in price. A commodity that is known to have heavy swings started to swing upwards this past week. Seeing FOB's in the \$30 range and weather in growing regions have created an even tighter market.



## Onions

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

California has had a great crop this year and is getting to the latter end of its season. Markets have been steady over the past few weeks and have trickled up about \$.50 over the past week. We anticipate CA to continue to wrap up as we move into OR crop and back into the Northwest.



## 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**

There is currently a mixture of Valencia and Navel fruit in the marketplace. Domestic Vals are a summer crop and often tend to a smaller fruit but this year are sizing up to larger sizes and leaving the 113/138 market more limited. Chilean import Navels are seeing larger fruit as well as most are 88ct or larger. Import fruit will continue till Oct.



## Peppers, Bell

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

**Green Peppers** - Green pepper pricing came off again this week. Supplies & prices are back to normal. Growers are reporting nice quality.

**Yellow and Red Peppers** - Red pepper pricing continues to trend down. Yellow pepper prices remains elevated.



# 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: **BAD** 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 to about \$20 with some suppliers being out until new crop over the next few weeks. Quality has been a concern as storage crop has turned limited.

## Summer Squash

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



Pricing on Summer Squash is still at reasonable levels this week. More growing areas are coming online in the USA. The recent hurricane will disrupt supplies and costing for product out of Mexico for the next few days. Growers are reporting some quality issues due to weather on product out of Mexico as well as domestic supplies out of the East coast.

## 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 until Santa Maria begins again around 8/10.

## Tomatoes

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



Tomatoes grown in the Eastern area of the USA is still feeling a little upward pricing pressure right now. Growers are reporting tighter supplies due to growing transitions. Growers are also expecting prices to work up for the next few weeks. Product out of Mexico and California is holding steady with upward pricing pressure. Rains from the recent hurricane disrupted supplies and will have an impact on order fill rates & pricing for the next few days.

## 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

## Grower-Shippers Tweak Operations During Pandemic

The Packer: July 30, 2020

As California leaf and lettuce grower-shippers adapt to a new way of doing business as a result of COVID-19, the effect of the pandemic on sales has varied.

“The net impact on produce overall was positive, as consumers recognized the need for nutritious foods during shelter-in-place orders, and as stores remained open and operational thanks to the tireless efforts of our retail and distribution partners,” said Bil Goldfield, director of corporate communications for Dole Food Co., Charlotte, N.C., which sources 80% of its summer leaf and lettuce items from California.

“Any positives during this time are entirely due to these employees as well as their counterparts at Dole,” he said.

Potatoes and similar pantry-friendly items saw the greatest lift, Goldfield said, while staple products like bananas, mushrooms, salads and fresh-packed vegetables remained fairly strong.

Costlier items or those considered more of a luxury, such as pineapples and exotic fruits and vegetables, were slower to move.

At the same time, foodservice business pretty much came to a halt.

“It is slowly starting to rebound, but is expected to be slow due to another round of restaurant closings at the state level (in California),” he said.

The team at Misionero Vegetables, Gonzalez, Calif., “is working in sync to make our work environment as safe as possible,” said Nicole Zapata, marketing director.

The company has set up smaller crews in the fields and on production lines and is providing appropriate spacing to comply with social distancing guidelines.

Although retail sales initially spiked as a result of the coronavirus, they have “settled to be more moderate,” she said.

Foodservice business took a significant hit, but the company is beginning to see a rebound.

Zapata estimated the second week in July that foodservice was about 70% of the anticipated volume.

Salinas, Calif.-based Church Brothers Farms has enhanced health and safety measures in the office and in the field and packinghouse, said Rick Russo, senior vice president of sales and marketing.

Measures include routine temperature checks, glass dividers between desk spaces, mandatory mask use, enforced social distancing and heightened sanitation, including regular cleaning of office spaces and availability of cleaning/hygiene supplies.

Foodservice business has been picking up as states reopen restaurants, Russo said.

“Initially, we saw foodservice volumes as low as 50% of normal, but after the initial weeks, we’ve seen a gradual increase with each new week.”

By late June and into early July, foodservice business was almost back to normal, he said, with much higher percentages than at the outset of the pandemic.

About half of the office staff at The Nunes Co. Inc., Salinas, has been working from home since mid-March, said sales manager Johnny Amaral.

# Industry Report

## Grower-Shippers Tweak Operations During Pandemic

The Packer: July 30, 2020

"It's going to change the way business has been done forever," he said. "Some people will never come back to the office."

But there must be some onsite presence, he said.

"Produce is a hands-on deal, it changes so fast."

There has to be coordination with the field and the harvesting crews, he said, which can't be done remotely.

The company has implemented safety protocols in the field, such as social distancing, he said. But there had been no labor interruptions as of the first part of July.

When it comes to buying and selling, Amaral said he misses the synergy of having people in the office, which allows decisions to be made quickly.

Sometimes a buyer must talk to his boss before making a commitment, he said.

"Normally, you can get that done at the snap of a finger," Amaral said. "Right now, there are more Zoom meetings and things like that."

The company also has eliminated travel.

"I don't see us traveling for a long time," he said.

Some companies are involved with efforts to move fresh produce directly to families during the pandemic.

Church Brothers is participating in the U.S. Department of Agriculture Farmers to Families Food Box program for a number of customers, Russo said.

The program includes field pack and value-added specialty items such as salad mixes and vegetable medleys.