



WEEK 35: August 24 - August 30, 2020

MARKET OUTLOOK



Romaine Lettuce

Alert

Quality Issues



Chinese Garlic

Alert

Import and COVID Issues



Pineapple

Alert

Weather



Potatoes

Alert

Regional Transition



Limes

Alert

Weather



Strawberries

Alert

Weather and Fires

MARKET ALERTS

OVERVIEW

California is host to some major issues right now at a time when there is heavy reliance on CA production in the produce supply chain. Extreme temperatures for the last couple of weeks mixed with lightning storms created scattered wildfires up and down the state and happened to land near the Salinas Valley and Santa Maria areas. There are currently dozens of fires throughout the state, many of which are only mildly contained. The fires have had a multitude of affects on the growing conditions, primarily limiting labor hours due to unsafe air and harvesting conditions.

The temperatures have cooled off some, but the fires continue to spread with the 10-15 mph gusts throughout the day. Growers are doing their part to protect their staff by getting crews out for harvest earlier to avoid the harsh conditions. Crews are working to avoid ash and ensure quality is checked and taken care of. Additional time at harvest and pack will lead to slightly longer load times, which means orders will need to be placed earlier if possible and also allow for additional hours of transport service. We still have only six items on alert but there are a handful of items that are considered only fair quality due to heat and smoky conditions in CA.

To follow more closely the details and containment info on the CA wildfires, please visit the following website:

<https://www.fire.ca.gov/incidents/>



Regional Weather Forecast

Highs

Lows

Oxnard, CA

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

Mid 70s

Low 60s

Salinas, CA

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

Mid 70s

Low 60s

Santa Maria, CA

Sunny and partly cloudy.

Mid 70s

Low 60s

Watsonville, CA

Partly cloudy and sunny next week.

Mid 70s

Low 60s

Knoxville, TN

Partly cloudy with thunderstorms late week.

Upper 80s

Low 70s

Idaho Falls, ID

Sunny and partly cloudy.

Upper 80s

Mid 50s

Regional Transportation Report

National Diesel Average: **\$2.427**(wk 34)

2019 : **\$2.994**(wk 34)

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.

Slight shortage in San Joaquin Valley, Southern California, Southern Regions with shortages: New Mexico, and Yakima Valley. **Shortage in Delaware, Indiana, Illinois, Missouri, North Carolina.**

Weekly Market Changes

Asparagus

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



Volume on asparagus has improved and markets have steadied out. Demand and supply are balanced and expectation is to have solid numbers throughout the next couple months.

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: **FAIR**



Blueberries- Solid numbers and quality continue to pour in from the Pacific North West and BC. Currently the most available berry and should continue to have strong availability into September. Other berries are being more significantly impacted by CA wildfires so this could open up demand on blues.

Raspberries- Overall supply is down with numbers being limited out of CA and also being the primary producer at this time. MX supply is beginning but the harsh CA weather and wildfires are putting a lot of pressure on CA supply and MX cannot help enough to fill the void.

Blackberries- Similar to Rasp, quality and supply have been impacted by CA heat and fires. MX will help out in the coming weeks but anticipate some raised markets and potential quality issues as growers work through the transition back to MX.

Broccoli

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



Broccoli Supplies are steady this week. Growers are working through some quality issues caused by a recent heat wave. Growers are reporting fair quality at this time. Supplies are expected to remain steady going into next week.

Brussels Sprouts

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



Brussels Sprouts supplies continue to be very good this week. Growers are reporting very good yields and good quality at this time. Supplies are expected to remain strong for a few weeks. Growers are working through some quality issues caused by a recent heat wave.

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. Fortunately yields have picked back up and the melon market has begun to catch up with Summer demand. Sizing has been yielding stronger on larger sizes, 9/9J.

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: FAIR **Supply:** GOOD

Cauliflower supplies will remain steady this week. Growers are working through some quality issues caused by a recent heat wave. Growers are reporting fair quality and some yellowing on Cauliflower. Supplies are expected to remain steady going into next week.

Celery



Quality: FAIR **Supply:** GOOD

Celery supplies continue to be steady this week. Growers are working through some quality issues caused by a recent heat wave. Growers are reporting fair quality and good weights at this time. Supplies are expected to remain steady for a few weeks.

Cilantro



Quality: GOOD **Supply:** GOOD

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

Corn



Quality: GOOD **Supply:** GOOD

Heat in CA will put pressure on Western Corn production and quality. Growers in the West are dealing with insect challenges and reduced harvesting times due to the hotter than usual weather. Corn out of the East remains the best value at this time. Various local production areas all around the Eastern part of the USA are in full swing. Growers are expecting good supplies for the upcoming Labor Day holiday.

Cucumbers



Quality: FAIR **Supply:** FAIR

Prices for cucumbers came off a bit this week for Hot House grown product but supplies remain snug. Prices had a slight upward bias this week for slicing cucumbers. Growers are still reporting some quality challenges due to rains & heat.

Eggplant



Quality: GOOD **Supply:** GOOD

Prices for Eggplants came down again this week. Growers are reporting good supplies and low consumer demands. This is helping to keep pricing in check.

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. Fortunately yields have picked back up and the honeydew market has begun to catch up with Summer demand. Sizing has been yielding stronger on larger sizes, 5/5J.

Iceberg



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

Lettuce supplies are steady this week. Growers are working through some quality issues caused by a recent heat wave. Growers are reporting fair quality with some fringe burn on the outer leaves. Supplies are expected to remain steady for a few weeks.

Romaine Leaf

ALERT



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

Romaine supplies are lower this week. Growers are working through some quality issues caused by a recent heat wave. Growers are reporting fair quality with fringe burn on the outer leaves. Supplies are expected to remain steady 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: **FAIR** 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 two weeks ago and have continued to stay high into this 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 but is now at the end of the season. Markets have been steady over the past few weeks and have trickled up about \$.50 over the past week. Now that transition has begun back to ID and OR, there is some lagging availability in Super Colossal and larger size onions.



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. The market is also being pushed up some with USDA food boxes grabbing a large chunk of open market supply.



Peppers, Bell

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

Green Peppers - Green Pepper pricing was up slightly this week. Supplies are picking up as local production around the country come on line. At the same time, growers are reporting some quality challenges associated with wind, rain and heat.

Yellow and Red Peppers - Red and Yellow peppers continue to be tight with an upward pricing bias. Supplies are tightening up due to heat out of the West and rains in the East. Product out of Canada is tighter than normal due labor challenges associated with COVID. Be on the lookout for wind, rain and heat related quality issues for product during the next few weeks.



Weekly Market Changes

Pineapple

ALERT



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

Volumes for the next few weeks are going to be very low. Weather has been the major causation as major rains have followed with hot high sun. This has caused off the chart brix level and bent crowns. Weather conditions like this can cause misshaped crowns and puts pressure on lower yields.

Potatoes

ALERT



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

The potato market has taken a quick turn in the past couple of weeks 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, and we wait for new crop to begin full swing.

Summer Squash

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



Pricing for Green and Yellow Squash had a slight upward bias this week. Growers are reporting possible quality challenges for product out of the East due to rain & winds. Unusually high temperatures in the West is hampering production too.

Strawberries

ALERT



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

The strawberry market was looking to recover but has now taken a turn back towards limited and potential for quality issues such as bruising. We have seen extreme heat conditions over the past week in CA mixed with scattered wildfires which has now made for a upward swinging market. Growers are doing what they can to avoid crew members being in the fields during harsh weather and bad air quality. We can anticipate tough conditions for the remainder of August but hopefully will ease up into September.

Tomatoes

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



Tomatoes grown out of the Eastern part of the USA experienced downward pricing pressure again this week. Growers are reporting that low consumer demands is driving the prices down. Lot's of production from local and regional growers is helping to keep prices in check at this time too. Prices for tomatoes imported from Mexico Growers & out of California trended down slightly this week. Note: The heat in California is starting to impact production. This will cause challenges in the supply chain for the weeks to come.

Watermelon

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



Overall supply has been stable and no quality issues detected. Supply is slightly down from from previous weeks but is about in line with historical patterns.

Industry Report

Industry Reacts to Proposed Organic Rule

The Packer: August 21, 2020

While some organic grower-shippers seem to favor the stricter enforcement of U.S. Department of Agriculture organic regulations proposed by the Agricultural Marketing Service, they seem less willing commit to higher fees that might be imposed with stricter enforcement of the rules.

AMS has proposed amending the USDA organic regulations to strengthen oversight and enforcement of the production, handling and sale of organic agricultural products.

“The proposed amendments are intended to protect integrity in the organic supply chain and build consumer and industry trust in the USDA organic label,” according to a news release.

The proposed rule covers topics like import certificates, recordkeeping and product traceability, unannounced on-site inspections of certified operations and annual update requirements for certified operations.

Addie Pobst, organic integrity and logistics coordinator for Viva Tierra Organic Inc., Sedro-Woolley, Wash., said most of the proposed changes are “straightforward and necessary updates to digitize recordkeeping, standardize requirements for on-site inspections, certification agent qualifications, the oversight of accredited agencies and several other measures meant to reduce the potential for fraud, especially in international trade.”

In most cases, the changes seem to be consistent with current best practices in organic trade, she said.

“It’s in the interest of the entire organic community to continue to update and strengthen the regulatory framework, which helps ensure consumer confidence in our organic products,” she said.

As for the cost of implementing the changes, she said, “It is probably to be expected that some of the additional costs are passed along to certified operations, but we need additional information in order to understand the proposed revisions.”

She was hopeful that USDA would soon issue some clarification of the proposed.

Andrew Walsh, CEO of Vida Fresh, Morro Bay, Calif., said many of the suggested changes already are included in the day-to-day operation of his company, which is fully food safety and organically certified.

He said he supports “tightening of loopholes that may exist.”

But the new regulations would cost farms more, he said, and “it is always hard to pass those extra costs on to our customers, as most organic production does end up at retail.”

Comments on the Strengthening Organic Enforcement Proposed Rule will be accepted until Oct. 5.

For details, visit www.regulations.gov and search for document No. AMS-NOP-17-0065.