



WEEK 37: September 7 - September 13, 2020

MARKET OUTLOOK



Romaine Lettuce

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Alert

Quality Issues



Chinese Garlic

.....
Alert

Import and COVID Issues



Pineapple

.....
Alert

Weather

MARKET ALERTS



OVERVIEW

Temperatures have come down over the past week in California but are still slightly above ideal conditions and are also headed back up as we move into next week. Truck costs coming out of CA and around the country have spiked as the fires have impacted road conditions and availability of trucks. Additionally, the recent fires have had a multitude of affects on the growing conditions, primarily limiting labor hours due to unsafe air and harvesting conditions.

Most growing regions are sitting at a steady period and have kept most items off alert. Moving past Labor Day weekend, we should see this continue as demand comes down slightly and the food service sector begins to slowly open back up. The uncertainty of school openings and the amount of food to be sourced around the country still lingers and will undoubtedly have an impact on market conditions as we move into the Fall Season.

Regional Weather Forecast

Highs

Lows

Oxnard, CA

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



Salinas, CA

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



Santa Maria, CA

Sunny and partly cloudy.



Watsonville, CA

Partly cloudy and sunny next week.



Knoxville, TN

Partly cloudy with thunderstorms late week.



Idaho Falls, ID

Sunny and partly cloudy.



Regional Transportation Report

National Diesel Average: **\$2.441**(wk 36)

2019 : **\$2.976**(wk 36)

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:

Nationwide trucks are higher this week due to high demand and CA wildfire interruptions. Slight shortage in Michigan, Minnesota, North Carolina, Texas and McAllen. Shortage in Delaware, Idaho, Indiana, Illinois, Oregon and Washington.

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- Blueberries took a slight increase over the past week as product has begun to end in the CA and PNW regions. There has been some product out of Cali and also import product coming in from Peru, but in small quantities. Packs are still 6oz and also Pint's and loading strong fruit on both coasts.

Raspberries- Razz have had a drop in market price recently as MX has begun and demand is expected to drop off after Labor Day. So far product is being harvested in California and MX with good quality and strong fruit coming from both regions. Promotable item as FOB's have dropped a few \$\$ over the passed week.

Blackberries- Blackberries should be following suit and becoming available out of MX just as rasp have been. Right now we are still seeing product on the East Coast from NC and also West Coast CA. Expect to see the market come down as MX begins and hopefully with better weather ahead of us we will see better quality. The heat has put a slight damper on markets but overall still holding on steady.

Broccoli



Quality: FAIR **Supply:** GOOD

Broccoli Supplies are light this week. Growers are reporting lower yields at the time of harvest. Growers are reporting fair quality at this time and supplies are expected be on the lighter side for a few weeks.

Brussels Sprouts



Quality: GOOD **Supply:** GOOD

Brussels Sprout supplies continue to be excellent out of Salinas. Growers are reporting very good yields at the time of harvest. Growers are reporting good quality at this time. 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. Fortunately yields have picked back up and the loupe 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 are good this week. Growers are reporting very good yields at the time of the harvest. Growers are reporting fair to good quality at this time. Supplies are expected to remain steady going into next week.

Celery



Quality: GOOD **Supply:** GOOD

Celery supplies continue to be very good this week. Growers are reporting very good yields at the time of harvest. Growers are reporting good 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 ALERT



Quality: GOOD **Supply:** BAD

Prices for Corn out of the West remain high. Supplies are tight on Yellow and Bi-Color corn. White Corn is the only variety that is available for the most part. Growers continue to report quality challenges due to heat and insect damage. Prices for all varieties of Corn is up out of the East this week. Holiday demands is the main factor. Prices are expected to come down after the holiday due to drops in demands.

Cucumbers



Quality: FAIR **Supply:** FAIR

Pricing for Cucumbers was relatively flat this week. Supplies remain tight and are expected to remain the same for the next few weeks. Heat, Rain and winds are the main factors for quality and pricing.

Eggplant



Quality: GOOD **Supply:** GOOD

Prices for Eggplant was mostly flat this week. Growers are reporting that heat is impacting production. Prices are expected to come off a bit next week after the holiday.

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 have been steady for the past few weeks and do not foresee any immediate issues with supply or quality.

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

Lettuce supplies are good this week. Growers are reporting good yields at the time of harvest. Growers are reporting good quality and good weights 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 continues to be very light for this week. Romaine yields are down for this time of the year. 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 primarily import Chilean/Argentina lemons. The import fruit is in decent condition but is showing some pale and lighter color exterior. No supply gaps foreseen in the upcoming month.



Limes

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

Limes spike for a few weeks but have since stabilized. Markets are still slightly up and will likely hover on the higher end for a couple weeks and they make their way back level.



Onions

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

Markets have been steady over the past few weeks as we have made our way back to new crop out of the OR and ID markets. Based on the current trajectory, we do not anticipate any significant issues in the coming weeks.



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**

Currently working through summer Valencia season, and tend to be a smaller fruit but this year and 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 trended up this week. Growers continue to report challenges with production due to rain and winds over the last 4 weeks.

Yellow and Red Peppers - Alert for Yellow Peppers - Pricing for Red Peppers came off a bit this week. Costing for Yellow Peppers strengthened. Supplies for Yellow Peppers are expected to be tighter than usual for the rest of the month.



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



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

The potato market has come back down as we have made the transition to OR and ID new crop. Supply is good and quality is back to solid condition. With new crop availability, there should not be any major issues moving through September.

Summer Squash

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



Prices for yellow and green squash trended slightly down this week. Growers are reporting good supplies along with moderate consumer demands. Growers are reporting that the quality for Yellow Squash is good. Keep an eye out of quality challenges on Green Squash.

Strawberries

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



Markets are still steady after being up for quite some time. Having harvests in Watsonville/Salinas/Santa Maria is opening up availability even at a time when demand is high and heat has hampered fields for the past 3 weeks. There is eyes on the weather next week to see if we continue to have decent weather or if it creeps back up to above average highs. Pricing has stabilized above average but is at least staying somewhat consistent. Quality has still been solid as the CA fires wind down.

Tomatoes

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



Prices for Round Tomatoes trended up slightly this week. Prices for Roma's trended slightly down. Supplies generally tighten up and cost work higher for most produce items prior to a holiday. Also, most of the time cost come back down after the holiday demands subside.

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

Truck Market Seems Tight for Near Term

The Packer: September 2, 2020

The 2020 transportation market has had its twists and turns, and the bumpy ride isn't likely over yet, Bob Rose believes.

Rose, San Mateo, Calif.-based vice president of national sales for the Allen Lund Co., said the market has been unpredictable and abnormal.

Right after the COVID-19 pandemic began in mid-March, the truck market was disrupted as foodservice movement slowed to a halt and shipments to retailers exploded.

At the time, the U.S. Department of Agriculture reported a severe shortage of trucks, with a rating of 4 out of 5, where 5 is the maximum shortage.

Truck rates also spiked in mid-March, reaching \$2.92 per mile average for refrigerated loads, according to the USDA.

Rates retreated to \$2.66 per mile by April 21 and then jumped to over \$3 per mile at the end of June.

"I don't think there's anybody that could put a computer model together that would anticipate something like this," he said.

More recently, the truck market has grown from fairly quiet to fairly tight across most of the country, Rose said, including the West Coast, Texas and the Northwest.

"This is a weirdly unprecedented year."

More shippers are putting loads on the spot market because their contract carriers haven't been able to react to the market changes fast enough, he said. Volume of loads has been way up for the Allen Lund Co., he said, even as margins have been somewhat under pressure.

"For just strict availability, it's pretty tight in most places in the country," he said.

The businesses that need trucking have been reshuffled, Rose said, noting the continuing absence of typical foodservice demand.

While there are many variables that could change expectations, Rose anticipates firm truck markets through the end of the year.

"If you would have told me four months ago, I would have said this looks like it's definitely recessionary from a tracking standpoint," he said.

With a safety road check in September that will pull trucks off the road for a short period, Rose said truck availability may continue tight in September and beyond.

"I do think it's going to be relatively tighter than in the past through the end of the year, and maybe a bit beyond."

The average U.S. price per gallon of diesel over the past year, according to the Energy Information Administration:

August 2019: \$2.99;
September 2019: \$3.08;
October 2019: \$3.05;
November 2019: \$3.07
December 2019: \$3.04;
January 2020: \$3.04;
February 2020: \$2.88;
March 2020: \$2.66;
April 2020: \$2.48;
May 2020: \$2.48;
June 2020: \$2.43;
July 2020: \$2.43;
August 2020: \$2.43.