



WEEK 17: April 20 - April 26 , 2020

MARKET OUTLOOK



Chinese Garlic

Alert

Coronavirus affecting exports



Asparagus

Alert

Regional Transition and COVID-19

MARKET ALERTS

OVERVIEW

The produce industry continues to fight through the difficulties brought on by COVID-19. Normal food service business has dropped significantly and retailers are doing what they can to keep demand at a reasonable place. Unfortunately, retail demand has hit a wall for some commodities, leading to falling market prices on commodities. The heavy swings and uncertainties are adding to the complexities that already exist in the produce supply chain. NPC urges all parties to keep communication strong and work with suppliers and distributor partners as we all work through the chaotic times.

Overall the marketplace has been oversupplied due to drop in foodservice demand. There has been a small uptick of foodservice pulls across the nation but nothing even close to normal. As regions begin to open up in the next month or two, there should be some balance in supply against demand. 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.



Regional Weather Forecast

Highs

Lows

Oxnard, CA

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

Mid 70s

Upper 50s

Salinas, CA

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

Upper 60s

Low 50s

Huron, CA

Sunny and partly cloudy.

Low 80s

Mid 50s

Plant City, FL

Partly cloudy week with scattered thunderstorms throughout the week.

Mid 80s

Mid 60s

Culiacan
Sinaloa, MX

Sunny and partly cloudy.

Mid 90s

Low 60s

Idaho Falls, ID

partly cloudy and sunny most of the week with possible rain on Thursday.

Mid 50s

Mid 30s

Regional Transportation Report

National Diesel Average: **\$2.507**(wk 16)

2019 : **\$3.118**(wk 16)

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:

No regions with shortages currently.

Weekly Market Changes

Asparagus

ALERT



Quality: GOOD **Supply:** BAD

Mexico has switched growing regions over the past week and the new region is still two weeks out. This puts most of the asparagus supply reliant on Peru which is limited with exports due to COVID-19. Anticipate markets to be short and price to elevate until MX can pick up the slack.

Avocados



Quality: GOOD **Supply:** GOOD

Overall the market is stable but has seen some bumps due to small/medium size pack-houses in MX closing down due to COVID-19. Seeing retail driving the market which leaves certain sizes long. Currently California product has been in good supply and should stay that way unless Mexico shuts down operations and supply drops drastically.

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 will begin harvest in central valley CA in the next 10 days; but it will be limited until next month. Blueberries have been strong on the East Coast from FL and GA, and out West blues are just beginning to see decent supply. Quality has been good across all three categories.

Broccoli



Quality: GOOD **Supply:** GOOD

Good supplies continue with Broccoli for this week. Production is coming from Salinas, CA and Santa Maria, CA. Growers are reporting good quality at this time and supplies are expected to retain steady.

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.

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. Will be starting up with domestic crop in AZ in about four weeks.

Carrots



Quality: GOOD **Supply:** GOOD

Currently not seeing any issues in the carrot marketplace.

Cauliflower



Quality: GOOD **Supply:** GOOD

Supplies have improved this week for Cauliflower. Production is coming from Salinas, CA and Santa Maria, CA. Good quality is been reported by multiple growers at this time and supplies are expected to continue to improve.

Celery



Quality: GOOD **Supply:** GOOD

Very good supplies continue with Celery for this week. Production is coming from Oxnard, CA and Santa Maria, CA. Good quality is been reported by multiple growers. Supplies are expected to be steady for next week.

Corn



Quality: GOOD **Supply:** GOOD

Supplies on corn out of South Florida is in good shape right now. The weather has been favorable for quality and pricing. Look for corn pricing to hover in the low \$11.00 range for the next couple months.

Cucumbers



Quality: GOOD **Supply:** GOOD

Supplies and costing for Cucumbers is still reasonable at this time. The weather in Mexico has been very favorable.

Eggplant



Quality: GOOD **Supply:** FAIR

Supplies for eggplant remain a bit tight this week. Costing is elevated and expected to remain the same for at least another week. Most production is coming out of the West and Mexico.

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**

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.

Honeydew



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

Supply is available and in good quality but the demand has dropped significantly with food service being limited. Will be starting up with domestic crop in AZ in about four weeks.

Iceberg



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

Good supplies continue this week for Iceberg Lettuce. Production is coming from Huron, CA and Salinas Valley, CA. Good quality and good weights have been reported by multiple growers. Supplies are expected to be steady for next week.

Romaine Leaf



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

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

Weekly Market Changes

Lemons



Quality: GOOD **Supply:** GOOD

Lemons have been steady over the past couple of weeks. As we move through the season on the tail end, we will see sizing gaps and especially more pressure on larger fruit as retailers look to fill their shelves. No change in USDA FOB average from last week to this week.

Limes



Quality: GOOD **Supply:** GOOD

Still seeing good supply on product crossing the border. FOB's dropped significantly a few weeks ago with a flush of inventory crossing the border. This week we saw a 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. We have seen it level out this week at a low point. 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.

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 begin in May/June.

Peppers, Bell



Quality: GOOD **Supply:** FAIR

Prices continue to work higher on Green Bell Peppers. Retail and foodservice demand is putting pressure on the markets. Suppliers out of the East are having a hard time filling orders right now.

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.

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. The previous two weeks showed the first major change in price and availability with demand falling in the market place. We have seen about a 50 percent drop in FOB price over the past few weeks and now expect to see a more balanced price in the coming weeks.

Summer Squash



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

Green and Yellow Squash prices are at the bottom right now. Quality continues to improve. Growers are expecting good supplies for at least the next couple weeks.

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. There was rain last week that slowed up harvests, but demand is down which kept the market somewhat stable. 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 will begin on a small scale next week.

Tomatillos



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

The Tomatillo market is limited due to very limited supply out of Mexico. There has been excessive rain and weather in Tomatillo growing regions. The drop in demand should help to keep things balanced but the market is still recovering from a steep spike after pour weather.

Tomatoes



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

Supply for Tomatoes has tightened up this week and prices are working up. Rounds and Roma's out of Mexico are running very tight this week especially on medium and smaller sized fruit. We're getting reports that demands from retail is picking up. Food Service is also seeing an uptick in demands too.

Eggs



Price: **UP** Supply: **FAIR**

ON THE RADAR- Not a produce item, but there has been significant change in price levels over the past two weeks due to COVID-19. Retailers have been selling out and eating up all inventory that food service hasn't needed. In one month price has doubled across the board on all eggs. We don't know if this will have a lasting affect but it likely will impact pricing as food service resurfaces to normal levels after COVID-19 is under control.

How Will US Unemployment Affect Produce Buying?

FreshPlaza April 16, 2020

As the US unemployment rate hit 13 percent and will likely to continue to climb, an increasing number of Americans are watching their wallets and scrutinizing how to spend their grocery dollars. "I have concerns. It's always more expensive to eat healthy than it is to eat canned or frozen food or a bag of Doritos," says Brett Baker of United Apple Sales of Lyndonville, NY. So, what do soaring unemployment rates mean for produce buying in the US?

Value is Key

Due to the effects of COVID-19 in North America, certain produce items have emerged to see more demand than others including apples, onions, potatoes, oranges and more.

However how these items are being purchased has shifted somewhat. "We're seeing stronger movement in bagged items, though we're not seeing a decline in the loose apples even though the bags are doing better," says Baker. With families at home, bagged items make for an easy shopping grab and also puts smaller apples back into play, he adds. (Smaller apples can often be used in foodservice contracts with schools and other institutions—many of which have shut down because of COVID-19.)

Over at New York Apple Sales Inc. in Glenmont, NY, Jim Allen sees more movement as well to larger bags such as 5 lb. or 8 lb. "It is quicker to restock bag displays than loose, and also bagged apples are perceived to be less vulnerable to consumer contamination than loose," adds Allen.

Foodservice's Effect

As many in the agriculture business know, the strong decline in foodservice business may also influence what consumers pick up at the grocery store. "While pricing on onions is a mixed bag, large yellow onions that typically are used for foodservice are oversupplied and the market reflects that," says John Harris of Fort Morgan Co.-based Paradigm Fresh. "Most medium-sized onions are in shorter supply as they're being bagged for retail and retail movement on these items is up it seems."

Tighter purse strings also may mean sidelining some products. "Definitely some items, especially exotic fruits in our case, are basically out of the picture as the emphasis is placed on the essential items that are not only more affordable, but sustainable," says Alan Goldberg of A&B Tropical Produce in Miami, FL.

Goldberg adds that the panic buying that is still happening somewhat has an effect on fresh produce purchases. "With so many people out of work, shoppers need to be extremely diligent about what kinds of food, not only produce, they will be able to purchase," he says. "Panic buying of non-grocery items puts additional pressure on the household budget, as it most likely takes away from what families would otherwise spend towards produce."

Evolving Demand Patterns

As a result of all of this, some uneven demand patterns have emerged in the grocery stores. "Once warehouses were stocked and actual foot traffic at stores slowed, demand diminished and it actually dropped below the pre-COVID-19 time," adds Allen.

How Will US Unemployment Affect Produce Buying? (cont.)

FreshPlaza: April 16, 2020

Of course, the newfound shopping habits of consumers also factored into the issue. "The fear of going into stores frequently is also a detriment to fresh produce purchases as people are gearing towards less perishable grocery items and stocking up on frozen vegetables for shelf life purposes," says Goldberg.

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And whether they're in the store looking at produce or filling their e-carts with items, choices for consumers have also become limited. "While the sales of higher priced fresh foods scaled back, apples stayed somewhat steady. Varieties like Gala, Fuji and Red Delicious are affordable," says Allen. "But movement on higher priced club varieties or managed varieties slowed to a snail's pace because of price. Retailers also only have the time and the labor to stock the most popular skewers."

What Now for Growers?

So where is all of this leaving growers? This too is a mixed bag. While Goldberg points to growers in South Florida for example who are eyeballing rotting crops or packing up and moving produce at open prices in hopes to recoup the bare minimum, others like apple marketers are keeping watch. "We certainly have cut down on production because the orders aren't there right now. We just have to be ready to react," says Baker.

It also makes for an uncertain future. "I doubt we will see general trends in the marketplace return to normal until possibly this time next year," says Harris. "Right now, my leadership team is strategizing on how to fit in with the new market conditions and creating a plan to bring value to the newfound needs of this current market. Hopefully we'll create some new opportunities that didn't exist before all of this."