

WEEKLY MARKET REVIEW

May 12, 2016

Overview

Avocados are in an extreme market, please read below. We will need to sub sizes. Garlic is also in short supply with very high prices. Jumbo carrots and plugs from CA continue to have sizing issues and we are seeing relatively no product in this region. We anticipate this market to be up and down until July. All lettuce items are still moderate to high prices. Citrus is steady, limes are still in a very extreme market. Tomatoes are plentiful and great quality.

Market Alert

- Avocados
- Carrots (Extreme)
- Blueberries
- Limes
- Table Grapes

Transportation

Availability continues to tighten and freight rates are trending higher with the increase in volume for new crop grapes from Mexico and the Coachella Valley of California. Tree fruit production from the San Joaquin Valley and melons from the Imperial Valley will increase going forward, causing additional pressure on truck availability and upward pressure on rates.

Weather

Summer-like conditions are now in place for Central & Southern California coastal districts, with "marine layer" overcast conditions in effect through late-morning and returning by early afternoon. A cooling trend is in the late-week forecast for the Salinas Valley (highs in the mid 60's), followed by above-average temperatures early next week. Daytime highs in the San Joaquin Valley will decline into the low 80's, returning to the 90's by mid next week. A cooling trend is in the forecast through next week for the Desert Southwest and Northern Mexico. Above-average temperatures will continue through most of next week in Central Florida, with only a chance of rain.

Good Buys

Oranges: Oranges are great by themselves. They can give you some energy so we like to eat them in the afternoon for a pick me up! They are also great in muffins, tossed in salads or as a glaze. One of my favorites is in a protein shake. Vanilla protein, 1 cup almond, cashew or regular milk, one orange and ice. It tastes amazing!

Peaches: Peaches are one of the popular fruits which come in season from May to October. It is very good for summer heat and temperature. It can be stored in the refrigerator, but to enjoy its delicious taste and natural aroma you have to eat it at room temperature. You can add it with your morning breakfast or in a salad. It is also used in cocktails, some desserts, jams, jellies and other recipes!

Cherry Tomatoes: Cherry tomatoes are good alone, however they are also great cut in half and stuffed with fresh mozzarella, basil and balsamic vinegar.

Fruits and Vegetables

Avocados: Please see below on the avocado market. We are experiencing a rise in price and short supply. We will need to sub 32ct, 60ct or 70's in place of 48ct.

Ample supply and aggressive pricing over the past several months spurred increased demand and consumption. As a result, we saw record level promotions in May, creating lasting demand momentum.

However, recent production shortfalls in Mexico are having a direct impact on the North American market. This has left the industry in a very difficult position regarding the necessary supply to meet current demand, resulting in an aggressive and competitive market situation.

Mexico – Mexican shipments to the U.S. were 31.3 million pounds; down from 35 million prior. Mexican supplies are expected to remain in the 30-31 million-pound range for the next several weeks, and should decline to the high 20s into late May and early June.

California – California is peaking over the next few weeks with good volumes. However, the size curve is skewed to small fruit, creating a demand hole for mid-sized, and large fruit. Some growers are holding off on harvest as they watch pricing climb, putting additional pressure on the overall market situation.

Peru — Peru will have light arrivals beginning mid-May, and will not have significant volume until the middle of June. The overall Peruvian crop will be similar in total volume as last year. However, there are expectations of a very strong market in Europe, which will consume more than 50% of the crop.

Organic – Mexican organic season continues to wind down and is also affected by the limited volume and high prices affecting the conventional market. California organics are available, but rising in cost as well. We will begin to see Peruvian arrivals in early June to additionally support demand.

Market Outlook – Total volume expectations for the industry remain under 50 million pounds. In the coming weeks, Mexico is expected to ship 28-30 million, and California about 16-17 million. With anticipated Peruvian volumes in the 7-8 million pounds per week range starting in

mid-June, the combined volumes from Peru, Mexico and California will begin to fill overall market demand.

However, in the weeks before Peru starts and the Mexican new crop, supplies will remain very tight. We anticipate pricing to continue to climb. Supply will not fix the situation, so we need our retail partners to slow the demand to let the marketplace catch up to the supply situation.

Bananas: Supplies are good. Quality is good.

Berries

Blueberries: Blueberries are very active; quality is very poor due to weather. We are seeing shortages and high prices, although we seeing an improvement in this market.

Blackberries: Steady supplies, good quality.

Raspberries: Steady volume. Quality is good.

Strawberries: Strawberries are in good supply and quality is relatively good.

We still expect the next two months to be rocky for berries and we will see ups and downs.

Salinas and Santa Maria do not have the volumes they expected. We will keep you up to date with this information weekly.

California-Arizona Citrus

Grapefruit: Finished in Texas. Moving to California now. Small fruit out of California will be extremely tight as it is peaking on a 23ct. which is big fruit.

Lemons: We are peaking on the smaller size and very limited on larger sizes. The market is very active. We are seeing shortages in larger fruit.

Limes (Persian): Prices are very high and product is limited.

Oranges: We are seeing this market firm up on smaller sizes. We have an abundant supply of larger sizes. Larger sizes are an excellent buy!

Pineapple: Demand is strong and we are seeing good supply of large fruit. Production should increase though May and peak by mid-June if growing conditions return to normal.

California Lettuce

Green and Red Leaf: Supplies on green leaf are well below average. Prices are in escalation and quality has improved. Demand is normal for red leaf, quality is good, prices are still high.

Iceberg Lettuce: Supplies are below average. Quality is fair to good. We are seeing very pale color. Prices have come down but still moderate.

Romaine: Supplies are very low. Quality will be an issue, tipburn is showing up from wind and rain. Prices are in escalation.

Romaine Hearts: Supplies are average and quality is a little above average. Prices are high.

Eastern and Western Vegetables

Green and Red Bell Peppers: Prices for green bell peppers have firmed, as shippers in the East and West work through the recent oversupply situation. The harvest in South Florida is

winding down, and growers have planted fewer acres in Central Florida, which is now the primary district in the East; prices will remain firm. In the West, production in Coachella will continue through May, while the harvest in Mainland Mexico is winding down. Steady availability on red bells in Coachella.

Cucumbers: Overall supplies are plentiful, as the harvest is in transition in both the East and West. South Florida is finishing, while production remains strong in Central Florida and will soon increase in Georgia. Baja California is in full swing and quality has improved.

English Cucumber: Steady availability.

Green Beans: Plentiful supplies in Florida and Georgia. The harvest in Mexico has finished and Coachella is winding down; prices continue to rise in the West. Limited quantities of new crop beans are available in the Central San Joaquin Valley, with availability by early June in coastal districts of California.

Zucchini & Yellow Squash: Good availability in the East and West for zucchini and yellow straightneck, although growers have some relief from recent oversupply conditions. Prices have firmed from recent bottom levels. Primary districts are Central Florida and Georgia in the East. Harvest transition is underway from Northern Mexico to Baja California in the West, soon followed by Santa Maria and Fresno.

Acorn, Butternut, Spaghetti: Steady availability from Northern Mainland Mexico on acorn; spaghetti and butternut are in tight supply.

Herbs: The growing season continues to be favorable for our local fields as we start the transition from Mexico to California. The two fresh herbs with any issues is **chervil** and dill. Chervil is showing occasional tip burn on the end of the leaf, you can substitute this with Italian Parsley. Dill will be limited for the next week.

Opal Basil: Supplies and quality are much better.

Chives: Quality and production are back to normal.

Mint: Supplies are good.

Savory: Supplies are good. Some quality issues reported.

Cilantro: Market is good. We are seeing yellowing and decay.

Sorrel: Supply is good.

HERB	SUPPLIES	QUALITY	COUNTRY OF ORIGIN
Arugula	Good	Good	USA
Basil	Good	Average	USA/MEXICO
Opal Basil	Good	Good	USA/MEXICO
Thai Basil	Good	Good	USA/MEXICO
Bay Leaves	Good	Good	COLUMBIA
Chervil	Limited	Good	USA
Chives	Good	Good	USA/MEXICO
Cilantro	Good	Good	USA
Dill	Good	Good	USA/MEXICO
Episode	Good	Good	MEXICO
Lemongrass	Good	Good	USA
Marjoram	Steady	Good	USA
Mint	Good	Good	USA
Oregano	Good	Good	USA
Italian Parsley	Good	Good	USA
Rosemary	Limited	Good	USA
Sage	Good	Good	USA/MEXICO
Savory	Good	Good	USA
Sorrel	Steady	Good	USA
Tarragon	Good	Good	MEXICO
Thyme	Good	Good	USA
Lemon Thyme	Good	Good	USA
Lavender	Good	Good	USA
Lime Leaves	Good	Good	USA
Hora Santa	Good	Good	USA

Mangos

Supply is much abundant and prices are low. Quality is good.

Melons

Cantaloupe: Cantaloupe arrivals will continue with much less volume through next week from Guatemala. There will be a nice mix of sizing over the next 7-10 days. Quality remains strong as weather conditions in the growing areas has remained very good. Internal quality continues to be very good with brix levels in the 11-15% range.

Honeydew markets peaked last week but increased Nogales volume has caused the market to settle, especially on the smaller sizes. Import production is heavier to the larger sized fruit (5s and larger) but a decent mix of sizes is expected through next week. Quality has also been very good on the dews.

Mixed Vegetables

Artichokes: Volume is steady. Most of the volume this week is expected to be 12's, 18's and 24's. Quality is excellent and most sizes are higher in price.

Arugula: Supplies of both baby and wild arugula are light. Quality is fair.

Asparagus: Peru is in full swing. Quality is good. Prices are stable.

Bok Choy: Availability is good.

Broccoli: Supplies are steady. Quality is good and prices are stable.

Brussel Sprouts: Supplies are light and prices are high. Demand exceeds supply. Quality is fair.

Carrots: EXTREME MARKET ON JUMBO, PLUGS and STICKS CONTINUES IN THE CA GROWING REGION. Availability is below average for jumbos and plug carrots. We are seeing very low yields due to the amount of mud the rain brought to these crops. We are not getting the size up to spec. Prices are high and we are seeing extreme shortages in CA region. We expect this to last well into June. GA jumbos are now done for the year. Carrots are plentiful coming out of Texas.

Cauliflower: Market is good; supplies are light. Quality is good. The market will trend up.

Celery: Plentiful supplies, quality is variable. We are seeing pith mostly in outer stalks.

Corn: Supplies are limited for late-season corn (yellow, white) from California.

Fennel: Supplies for the week will be good.

Garlic: As the 2015 domestic crop is aging/getting older, the inventory that remains is performing more poorly through our peeling process. This past month, the peeled #1 recovery decreased another 8.1% compared to our already lower than normal forecasts. And accordingly, the domestic pile is diminishing even more quickly than anticipated.

As we go forward (beginning next week 5/9), we will be forced to fill the peeled orders with 100% non-domestic product. The next few weeks, the orders will continue to be supplied with product of Argentina. Later this month, we will need to transition to product of Mexico.

No matter the origin, the garlic will be good, sound quality peeled garlic. We will keep you posted.

Ginger: Chinese ginger is in good supply and offered at a substantial discount when compared to ginger from Brazil.

Green Cabbage: Green cabbage supplies remain average. We are seeing some quality issues such as seeders. Prices are still high.

Green Onions: Plentiful supplies and quality is poor as we are seeing mildew or yellowing in some product.

Kale (Green): Demand is steady and quality is good, with occasional yellowing present.

Mache: Adequate availability.

Napa: Market is still very active. Demand is good, prices are moderate to high.

Parsley (Curly, Italian): This week's averages are normal for curly parsley. Prices are normal.

Radishes: Market is steady in CA. Quality is good. Florida is in production as well. Good quality out of this region.

Red Cabbage: Quality and sizing has been great, with good color. Overall, the market is strong.

Snow and Sugar Snap Peas: Snow and sugar snap peas are still in high demand; quality is good.

Spinach (bunched): Supply is very low, demand is strong. Quality has improved. Prices are in escalation.

Spinach (baby): Baby Spinach and Clipped Spinach supplies are very tight. Quality is fair to good. Prices are in escalation.

Spring Mix: Quality is fair, product is showing mildew and breaking down easily.

Onions

Onion pricing increased early this week as the South Texas region finishes. North Texas is short on supplies. Pricing has leveled off through the week as supply has been equal to demand. There is expected to be more supplies from CA starting soon. The North Texas supplies are short in supply and New Mexico early crop is expected to be short as well. Because of this, I think we can expect to see these elevated prices for the next several weeks.

Potatoes (Idaho)

Demand has exceeded supply on larger sized cartons this past week. Growers are now exclusively shipping Burbanks, and the size profile is heavier to smaller sizes. As a result, we are seeing stronger FOBs on larger sized cartons and we expect this trend to continue. No. 2 grade potatoes and small size consumer bag potatoes are in good supply and are currently exceeding demand.

Tomatoes

Rounds, Romas, Cherry and Grape Tomato. Promotable volume available shipping from east and west coast. Supplies and quality are excellent this week.

Mexico: We expect to see continued volume increases this week between Baja and Mainland Mexico.

Tree Fruit

Grapes-Chilean crimsons are still available. Thompsons are now all storage and we are seeing very high prices. Some Red Globes are available. New crop Mexican will start at the end of April and the Coachella district will start around the 5th of May.

- **Peaches:** Yellow flesh are available in smaller sizes; we are seeing very light supplies.
- **White Peaches:** We are seeing a few large trays available along with some smaller volume-filled.
- **Nectarines:** We are seeing mostly Honey May variety. Suppliers will have a few large trays and 80 series volume filled available.
- **White Nectarines:** Now available.
- **Apricots:** We are seeing growers packing early varieties all week long. Large trays will be in light supply. 96 trays, 3-layers and small volume filled will be available.
- **Plums:** Plum varieties or Pluots will be packed early next week. Plums should start by the end of the week.
- **Cherries:** We will start early varieties the week of April 25th
- **Kiwi:** Plentiful availability for new crop kiwi from Chile, however the small sizes (36's, 39's) will be very limited. The size profile will be heavy to 33's & larger.

Washington Apples and Pears

Overall demand is steady, supplies are very tight on small sizes, all varieties & lower grades, especially 125/138 size. Expect this scenario to continue through August. Volumes continue to be in Premium grade & smaller sizes are more readily available. Red delicious, grannies and golds will remain until new crop.

Demand on pears exceeds available supplies on 110's and smaller. This will also continue through the summer. Transportation is not an issue and freight rates are favorable. For the most part the growers out of NY, PA, and MI are winding down, if not done.

COMMODITY	PRICE	EXPECTED PRICE TREND	QUALITY
Avocados			
Avocados-California			
Avocados-Mexican	Good	Varies by Size	Good

Berries			
Blackberries	Good	Steady	Good
Blueberries	Extreme	Steady	Good
Raspberries	Good	Steady	Good
Strawberries	Extreme	Steady	Fair
California-Arizona Citrus			
Grapefruit	Moderate	Steady	Good
Lemons	Moderate	Steady	Good
Limes	HIGH	Up	Excellent
Oranges-Navels	Navels	Good	Good-Navs
Pineapple	Moderate	Steady	Good
California Lettuce			
Green and Red Leaf	Good	Down	Good
Iceberg	Moderate	Up	Fair
Romaine	Moderate	Down	Good
Romaine Hearts	Moderate	Down	Good
Eastern & Western Vegetables			
Cucumbers	moderate	Steady	Excellent
Green Beans	Across the board	Up west	Excellent
Green Bell Peppers	Moderate	UP	Good
Red Bell Peppers	Moderate	Up	Good
Yellow Squash	Moderate	UP	Good
Zucchini	Low	UP	Good
Grape & Tree Fruit			
Grapes-Green Seedless	Very High	Steady	Good
Grapes-Red Seedless	Very High	Steady	Good

Plums	Finished		
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COMMODITY	PRICE	EXPECTED PRICE TREND	QUALITY
Melons			
Cantaloupes	Good	Steady	Good
Honeydew	High	Steady	Good
Mixed Vegetables			
Artichokes	Good	Steady	Excellent
Arugula	Good	Steady	Good
Asparagus	Good	Down	Good
Bok Choy	Good	Steady	Good
Broccoli	Low	Steady	Good
Carrots	High	Steady	Good
Cauliflower	Low	Up	Good
Celery	Very High	Down	Good
Frisbee	Moderate	Steady	Good
Fennel/Anise	Moderate	Steady	Very Good
Garlic, Peeled	High	Steady	Good
Green Cabbage	High	Steady	Excellent
Green Onions	Moderate	Up	Fair
Kale (Green)	Low	Steady	Very Good
Mache	Moderate	Steady	Good
Napa	Moderate	Up	Fair
Parsley (Curly/Italian)	Moderate	Up	Very Good
Red Cabbage	Moderate	Steady	Excellent
Snow and Sugar Snap Peas	Steady	up	Poor to Fair
Spinach (baby)	Low	Steady	Good

Spinach (bunched)	Low	Steady	Good
Spring Mix	Low	Steady	Good
Onions			
Red	Moderate	Up	Good
White	Moderate	Lower	Good
Yellow	Moderate	Lower	Good
Potatoes (Idaho)			
Idaho Russets	Variable	Steady	Good
Tomatoes			
Round, Grape	Moderate	Steady	Fair to Good
Romas	Moderate	Steady	Fair to Good
Washington Apples & Pears			
Red and Golden Delicious, Granny Smiths, Pinks	Steady	Steady	Good
Golden Delicious, Fuji – New Crop	Steady	Steady	Good
Galas, Honeycrisp – New Crop, D’Anjous, Bosc Pears	High	Up	Good
Bartlett Pears	Moderate	Steady	Good