



WEEK 21 : May 23 - May 29, 2022

MARKET OUTLOOK

Transportation:

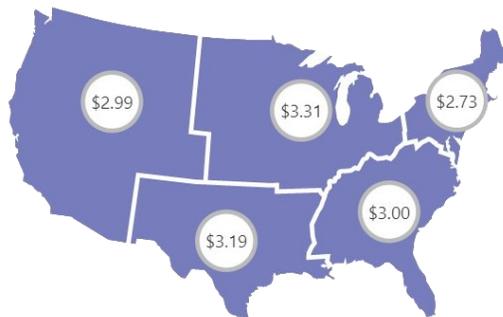
National Diesel Average: \$5.613

Compared to Last Year: \$3.249

National Fuel Surcharge: \$0.79

Shortages: Seeing high freight rates, with **extreme** shortages remain in NC; **slight** shortage in: CO, FL, & GA

National Posted Rate per mile
previous week's average outbound reefer rate for each region



MARKET ALERT

- Berries: Romaine**
- Carrots**
- Cauliflower**
- Celery**
- Mushrooms**
- Pepper Chili**
- Potatoes**

Regional Weather Update:

Oxnard, CA: Sunny and partly cloudy throughout the week with highs in the 60s and lows in the 50s.

Salinas, CA: Sunny and partly cloudy throughout the week with highs in the upper 60s to 70s and lows in the 50s.

Yuma, AZ: Sunny with highs in the high 90s to 100s and lows in the 60s to 70s with partly cloudy on Thursday.

Immokalee, FL: Partly cloudy and thunderstorms throughout the week with highs in the upper 90s and lows in the 60s to 70s.

Idaho Falls, ID: Partly cloudy with highs in the 60s to 80s and lows in the 40s to 50s with sunny on Wednesday.

MARKET OUTLOOK



Apples



SUPPLY
FAIR
QUALITY
GOOD

The apple market has leveled out and the prices are stable on most items. Prices to remain steady through April, then possibly start to push upward in May as inventory levels drop. The overall crop is down this year, making this the second crop in a row that is smaller than normal. This year crop is at least 3 million cases shorter than the crop last season. The quality of the fruit has been good but will see how the fruit holds up in storage. Pricing overall is higher due to the shorter crop and overall inflation in the growing chain, including labor, picking, packing, and transporting of apples.

Asparagus



SUPPLY
FAIR
QUALITY
GOOD

Not much change from last week. Mexican asparagus out of Guanajuato should be starting up in the next week or so, while Southern Baja has seen good production. Peruvian production has been good out of Northern Peru, while Southern Peru is still experiencing cooler weather. Markets are very slow as domestic asparagus is available around most of the country and Canada. Trend should continue for the next month.

Avocados



SUPPLY
FAIR
QUALITY
GOOD

With a lighter harvest out of Mexico for the past 2 weeks the market continues to adjust, but not necessarily the way we need it to. Price points have been historically high for months and every opportunity for a considerable adjustment down in pricing has been met with an adverse event to reverse course. For months, the smaller size curve out of Mexico and California supported the industry sizing down to maximize per each cost, but now, that demand for smaller fruit is keeping this market elevated. To bring price points down, demand needs to move closer to the larger size curves coming off the trees in Mexico and now Peru. The market strengthening that is upon us is likely short lived as Peru volumes will ramp up quickly and bring some much-needed market stability.

Bananas



SUPPLY
GOOD
QUALITY
GOOD

Weather has been perfect. Availability is picking up and so is the quality.

MARKET ALERT

Berries



SUPPLY
FAIR
QUALITY
GOOD

Blackberries: Prices for Blackberries are trending down this week. Volumes out of Mexico is declining down as expected. Growers out of California are forecasting a tight market for the next 6 to 8 weeks. Production out of Georgia is expected to start in the next couple weeks.

Blueberries: Prices for Blueberries are trending down this week. Production out of California is on the upswing. Georgia is looking at lower volumes as they transition to different varieties. Production out of the Pacific Northwest is running a couple weeks behind due to cool weather.

Raspberries ALERT: Prices for Raspberries are trending down this week but are still elevated. Production out of Mexico is declining as expected. California will be seeing more volume in the weeks to come.

MARKET OUTLOOK



Beans



SUPPLY

FAIR

QUALITY

GOOD

Green Beans: Georgia production has ramped up while Florida is almost done with their season. Overall quality is good. Market is expected to remain elevated. West coast supply is light until early June when Baja starts.

Snow Peas: Domestic beans has started with good supply and quality. Out West, rain has slowed down production and quality will be affected in the coming weeks.

Broccoli



SUPPLY

GOOD

QUALITY

GOOD

Supplies continue to be good this week. Supplies are coming from Santa Maria, Salinas CA, and Mexico. Good quality is currently being reported. Expect markets to remain steady for a few weeks. (F.O.B pricing for this week \$11.35 - \$12.35)

Brussels Sprouts



SUPPLY

GOOD

QUALITY

GOOD

Supplies will continue to be very limited this week. Quality has been reported as only fair at this time. Strong demand continues for this week for Sprouts. Markets have also gone up with higher demands and lower yields due to quality issues. (F.O.B pricing for this week \$33.05 - \$34.45)

MARKET ALERT

Carrots



SUPPLY

POOR

QUALITY

GOOD

Supply is good on every size except Jumbo carrots. Shortage on jumbo is industrywide and due to the cooler weather, that put the Imperial crop behind. Expecting the jumbos to improve in May. Stick production is expecting to pick up in the next week.

Cantaloupes



SUPPLY

GOOD

QUALITY

GOOD

Offshore will be wrapping up this week. Both Mexican and domestic melons are slowly starting. Won't see any volume until first week of June. Sizing is trending on the small side. Should see a smooth transition to the domestic.

Cauliflower



SUPPLY

GOOD

QUALITY

GOOD

Supplies have improved this week. Overall quality is reported as good. Current supplies are coming from Santa Maria, and Salinas CA. Expect for markets to remain steady for a few weeks. (F.O.B pricing for this week \$15.03 - \$16.08)

MARKET OUTLOOK

MARKET ALERT

Celery



SUPPLY
SHORT
QUALITY
FAIR

Supplies continue to be extremely short this week. Quality has been reported as fair with a heavy presence of seeder in every box. Markets are expected to remain escalated for a few weeks until Celery starts in June out of Salinas CA. Supplies are currently coming from Oxnard CA, and Santa Maria CA. (F.O.B pricing for this week \$31.05 - \$31.55)

Citrus



SUPPLY
FAIR
QUALITY
FAIR

Limes: The market continues to fall as overall availability ramps up/crossings increase, which is consistent with seasonal production trends. Small fruit still represents majority of yields, while large sizes still extremely scarce. We are seeing slightly greater availability on mid-sized fruit. The price on small fruit has just about bottomed out; the price on large sizes will continue to decline a cost threshold is reached and the market attains stability.

Lemons: Harvesting in the Fresno to Bakersfield is coming to an end, with peak sizing on 75s/95s. Lemons has transition to coastal region with peak sizing on 140s/115s/165s. Expect more Choice fruit than Fancy due to the winds in the coastal region, which can ultimately scar the fruit. Volume is abundant with supplies exceeding demand. Imported lemons has started arriving but is all 140s and larger. Expect lemons to start getting tight beginning of June. Chile will start arriving at end of June with 165s/200s. Mexico is expected to start end of July start of August.

Oranges: Some growers have move into their late navel crop earlier than expected which will cause the Navels season to be done at the end of May instead of June. Imported navels are expected to arrive in July. The crop is extremely light, and peak sizing will be 72s/56s/88s with limited 113s/138s. CA Valencia has started and expected to last until end of September. Peak sizing on 88s/72s/113s. Valencia crop is slightly down from last year. Market will stay firm due to the high navel market.

Corn



SUPPLY
FAIR
QUALITY
GOOD

Prices for Corn is trending up this week. Supplies out of the East and West are tight. Expect markets to remain firm through the Memorial Day holiday.

Cucumbers



SUPPLY
GOOD
QUALITY
GOOD

Prices for Slicing Cucumbers are trending up this week. Production is winding down out of Florida and Georgia is slowly ramping up. North Carolina is expected to start in a few weeks. That should take some pressure off the markets. Production out of Mexico is expected to ramp up a bit during the next couple weeks.

Eggplant



SUPPLY
GOOD
QUALITY
GOOD

Prices for Eggplant are trending down this week. Growers are reporting good supplies out of Florida and Georgia. Production out of Mexico is declining and California is ramping up.

MARKET OUTLOOK



Grapes



SUPPLY
GOOD
QUALITY
FAIR

Green and black seedless grape volumes are fairly heavy while demand is very light. Red seedless grape demand is steady but countered with an over abundance of supply the market is suppressed.

Herbs



SUPPLY
GOOD
QUALITY
GOOD

Cilantro: Supplies continue to be good this week. Good quality has been reported for this week. Most growers will be shipping out of Salinas CA and Santa Maria CA. (\$13.65-\$14.65)

Honeydews



SUPPLY
FAIR
QUALITY
GOOD

Offshore honeydews are wrapping up next week on the east coast. Arrival has been light. Fruit crossing through Nogales has been relatively limited with low demand and prices are falling. Sizing has been split between 5s/6s. Brix and quality have been good on both offshore and Mexican honeydew.

Iceberg



SUPPLY
GOOD
QUALITY
GOOD

Supplies are steady for this week. Quality will only be fair this week. Weights will be fair some light weights are expected. Expect for markets to continue improving and steady supplies the next few weeks. (F.O.B pricing for this week \$14.11 - \$15.11)

MARKET ALERT

Leaf



SUPPLY
GOOD
QUALITY
GOOD

Romaine ALERT: Supplies are steady for this week. Quality will only be fair this week. Weights will be fair some light weights are expected. Expect for markets to continue improving and steady supplies the next few weeks. (F.O.B pricing for this week \$14.11 - \$15.11)

Green & Red Leaf Lettuce: Supplies will be improved this week. Quality has also improved now that we are in Salinas CA. We are expecting fair supplies and good quality the next few weeks. (F.O.B pricing for this week \$12.00 - \$12.75)

Tender Leaf: Supplies continue to be good this week. Demand is good on tender leaf; quality is very good. Supplies should remain steady for a few weeks now that we are back in the Salinas Valley. (F.O.B pricing for this week \$4.65 - \$4.75)

MARKET OUTLOOK

MARKET ALERT

Mushrooms



SUPPLY

SHORT

QUALITY

FAIR

Shitake Mushrooms: Due to uncontrollable rise in cost of imported Shitake logs from China. Shitake mushrooms supplies will be short, prices will be changing almost weekly. Long delays to unload shipments at the ports have caused some interruptions with supplies. This is caused by labor shortage and limited freight availability.

The mushroom industry continues with a shortage of labor, as well as cost inflation increases in raw materials. Specifically corrugated cardboard and packaging materials. Additionally, the price increases in freights nationally have greatly impacted cost to mushroom growers. Pricing on mushrooms must increase at this time due to Labor, Transportation, and packaging.

Onions



SUPPLY

FAIR

QUALITY

GOOD

Market remains strong in the Imperial Valley. Quality is excellent and demand is good. Imperial Valley will move to San Joaquin in a month. The crop looks very good, and the area has had great growing weather this season. There is little bit out of NM/TX/AZ and MX. Supply short, cost is up, but should settle in a week or two. This is affecting pre-cut onions as well. Freight and fuel rate continues to remain high this season.

Onions Green



SUPPLY

GOOD

QUALITY

GOOD

Supplies are steady this week. Market pricing has improved with better supplies. Green onions are coming from Mexico supplies continue to be stable the next few weeks. (F.O.B pricing for this week \$10.00 - \$10.45)

Pears



SUPPLY

FAIR

QUALITY

FAIR

Anjou supplies are good and are not expecting to end until June/July. Imported Bartletts are arriving along with small volume of Bosc. Expect higher price on the import fruit since the ocean container freight cost are much higher this year.

Peppers Bell



SUPPLY

FAIR

QUALITY

FAIR

Prices for Green Bell Peppers are flat this week. Red and Yellow Bell Peppers are trending up. Production out of Florida is coming to a seasonal end. Georgia is slowly ramping up. Production out of the California Desert and Mexico is winding down. Central California is seeing numbers ramp up.

Peppers Chili



SUPPLY

FAIR

QUALITY

GOOD

Prices for Chili Peppers are mostly trending down this week. Production is coming out of the Plant City Florida area with Georgia starting in the next week or two. Production out of Mexico is steady but still faces seasonal tightness.

MARKET OUTLOOK



Pineapples



SUPPLY

FAIR

QUALITY

GOOD

Costa Rica's rainy season is present in most areas, but some areas of the Caribbean closer to the coast will remain dryer for the next few weeks. Quality is reported as good but heavy downpours will affect the quality of the fruit. Expect water spotting along with lower brix due to high water saturation in the fruit. Harvest and transportation logistics may also be difficult in some areas. Mexico's inbound volume increased significantly. Quality is reported as good. Yields are still lower on small-count fruit, with the curve leaning more toward 5s/6s and limited availability on 7s. Demand is good, and market is steady.

Potatoes



SUPPLY

FAIR

QUALITY

GOOD

RADAR: Markets are up like a buck or so, totally in Burbank, no Norkotah, expect quality concerns and increased pricing through the next 90 days as storages deplete from last year's crop. This happens every summer as we wind down. Big spuds are more competitive than smaller potatoes right now which is usually backwards.

Squash



SUPPLY

FAIR

QUALITY

GOOD

Pricing for Yellow and Zucchini Squash are trending up this week. Production is coming out of the Central Florida area and Georgia. Growers are expecting supplies to pick up during the next couple weeks. Mexico is winding up as California ramps up.

Strawberries



SUPPLY

GOOD

QUALITY

GOOD

Prices for Strawberries are trending down this week. Production is working its way up but has been hampered by cool weather. Volumes are expected to pick up during the next couple weeks.

MARKET ALERT

Tomatoes



SUPPLY

FAIR

QUALITY

GOOD

Prices for all Tomatoes are trending up this week. The markets are unsettled. Growers are expecting supply gaps as they move production from Ruskin to Quincy and up to South Carolina. Mexico is winding production down as they end their season. The San Joaquín Valley is forecasted to start production in 2 to 3 weeks.

Watermelons



SUPPLY

GOOD

QUALITY

GOOD

Supplies on Seedless are good for the next couple of weeks while minis are still tight. Watermelons will get a bit tight for the holiday pull. Volume in Southern Florida is good while Northern Florida is light. Northern Mexico is ramping up on volume. Quality has been very good.



MARKET OUTLOOK

Diesel Prices Just Hit a New Record High, Here's Why a Diesel Shortage May Be Next

By **TYNE MORGAN** May 10, 2021

Farmers are already faced with a shortage of equipment parts, tires and some crop inputs. Now, due to increased demand and a drop in production, a diesel shortage may be next as the largest diesel distribution hub in the U.S. is sitting on supplies at a 30-year low.

Diesel prices hit a record again this week. The national average price of diesel is now \$5.54 per gallon, which is an increase of 22 cents from last week, which was when the most recent record was set. Data shows there's no state that's currently seeing diesel prices below \$5.12 per gallon.

So, what's causing the historic run-up in prices?

It's a combination of things, but Russia, supply chain trying to play catch-up and lower production along the East Coast are all adding to the dire supply situation.

"Diesel supply is short all over the world due to sanctions against Russian oil and much higher post-pandemic demand as supply restocking takes place," says Peter Meyer with S&P Global Commodity Insights.

Meyer adds the "just in time" supply chain model only exacerbates the problem as the supply chain works through issues that date back to the Covid-19 pandemic.

Some farmers are now even reporting farm diesel prices are higher than on-road diesel, which is typically not the case.

Record prices are one thing, but getting your hands on enough diesel may be the next issue for farmers.

"Certain areas of the country have seen shortages already and we expect that to continue. Supplies at New York Harbor—a hub for diesel distribution—are at a 30-year low," says Meyer. "As such, the East Coast of the U.S. has been hit especially hard, resulting in diesel prices above \$6.00 per gallon in that area, well over the equivalent of \$250 per barrel. Exports of U.S. gasoline, diesel, and jet fuel to Latin America is also very high, adding to the tightness."

The bottlenecks in the diesel supplies are not a shortage of oil that the U.S. is dealing with, even with the sanctions against Russia. Instead, Meyer says it's a shortage of refining capacity on the East Coast.

The problem on the East Coast is refining capacity, not so much the supply of oil," he says. "East Coast capacity has been cut in half from 1.6 million barrels per day to 800,000 barrels per day over the past 10 years as half of the refineries in the east have shuttered. Lower production capacities and higher post pandemic demand has caused this squeeze in the eastern U.S."

Meyer says making price forecasts is proving to be extremely difficult considering, but margins are enticing refiners to produce as much diesel as possible.

"When the profit margin on producing diesel is over \$70 per barrel, every refining company in the US will be doing all they can to produce as much as they can," says Meyer. One bright spot may be that after a cold spring, heating oil demand will obviously diminish quickly in the summer months."

Meyer also says renewable diesel production may actually benefit from the historic spike in diesel prices, but he points out soy oil, which is still the predominate feedstock, continues to take its lead from the oil product markets and is overpriced for many.

Diesel Export Ban Looming?

There's a higher demand around the globe for products like diesel, heating oil and jet fuel, which are known as "middle distillates" since they are made from the middle of the boiling range when oil is turned into products. The U.S. currently exports more than 1-million barrels of distillates every day to countries such as Mexico, Brazil and Chile.

So could an export ban be coming for diesel fuel?

AgriTalk host Chip Flory put that question to Farm Journal Washington analyst Jim Wiesemeyer during this week's...

For full story: <https://www.thepacker.com/news/industry/diesel-prices-just-hit-new-record-high-heres-why-diesel-shortage-may-be-next>

If you have any specific questions or concerns on any commodities not mentioned in this report, please feel free to reach out to dforsythe@nproduce.com and we will be happy to give you those current market conditions. Also look for our Spanish version that will be released on Monday. Have a great week!

Your Dedicated NPC, LLC Staff

