



WEEK 33 : August 15 - August 21, 2022

MARKET OUTLOOK

Transportation:

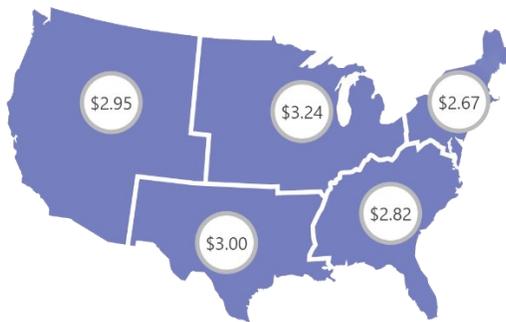
National Diesel Average: \$4.993

Compared to Last Year: \$3.364

National Fuel Surcharge: \$0.68

Shortages: Seeing high freight rates, with **extreme** shortages in DE, IL, IN, MD, MO & VA; **slight** shortages in NC

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



Regional Weather Update:

Oxnard, CA: Sunny with highs in the mid-70s and lows in the 60s with partly cloudy on Friday.

Salinas, CA: Partly cloudy and sunny throughout the week with highs in the high 70s to 80s and lows in the high 50s to 60s.

Yuma, AZ: Partly cloudy and sunny throughout the week with highs in the upper 90s to 100s and lows in the 80s with morning thunderstorms on Wednesday.

Immokalee, FL: Scattered and PM thunderstorms throughout the week with highs in 90s and lows in the mid-70s.

Idaho Falls, ID: Sunny and partly cloudy throughout the week with highs in the mid-80s to 90s and lows in the 50s.

MARKET ALERT

Asparagus

Berries: Blackberries, Raspberries & Strawberries

Cabbage: Green & Red

Citrus: Limes (Radar) & Oranges (Radar)

Corn

Eggplant

Garlic (Radar)

Herbs: Chervil, Cilantro, Dill

Mushrooms

Onions Green

Peppers Chili

Potatoes (Extreme)

MARKET OUTLOOK



Apples



SUPPLY
FAIR
QUALITY
GOOD

Overall apple crop is estimated to be 10% less than last year. Biggest decreases expected on Reds and Granny. Gala and Fuji are expecting to be relatively flat while Cosmic Crisp are expecting to be way up. Fruit sizes are expecting to be smaller, which fits well for foodservice. New crop Gala and Honeycrisp is starting in the next week. Most varieties will not start harvesting until September.

MARKET ALERT

Asparagus



SUPPLY
SHORT
QUALITY
GOOD

Guanajuato production remains the same. Peru continues to be light and steady with the normal cold weather. Supply is tight on large, XL, and jumbo. This trend will continue for a couple of weeks until new fields open in Southern Peru. Central Mexico has light to moderate supplies as the season is wrapping up. Demands continues to exceed supply on larger sizes. Baja just started with limited volume until fall crop starts in late September.

Avocados



SUPPLY
FAIR
QUALITY
GOOD

Mexico and Peruvian avocado volumes continue to surpass any week of the 2021 season while California and Colombia availability declined. Standing inventories in the US remain high at 69 Mil lbs., and with the past 4 weeks consistently over 60 Mil lbs. on-hand this appears to be our new normal. Higher elevation orchards are coming online for the Loca crop and bringing additional Xlg fruit to the market. For the first time in many months, sizes 32/36/40s are available. The first containers from Jalisco were imported successfully in the US market last week and this region will continue supplying the US moving forward bringing additional volumes for seasons to come. Peru volumes will start dropping mid-September and demand will shift back to Mexico. Good news is that the next crop out of Mexico looks to be coming on early with plenty of volume. Market remains stable and price has dropped.

Bananas



SUPPLY
GOOD
QUALITY
GOOD

Banana situation is improving but will continue to be light on supplies.

Beans



SUPPLY
FAIR
QUALITY
FAIR

Green Beans: West coast green beans remain good on production. Quality is being affected due to the heat along with the short shelf life on finished product. East coast supplies remain steady.

Snow Peas: Domestic and Mexico supplies are good while quality is starting to show some issue due to the heat. Central America continues to improve.

MARKET OUTLOOK



MARKET ALERT

Berries



SUPPLY

FAIR

QUALITY

GOOD

Blackberries ALERT: Prices for Blackberries are trending down this week, but the market remains tight. Super tight supplies. Look for some relief when the Northwest ramps up volumes.

Blueberries: Prices for Blueberries are trending down this week. Growers are reporting good supplies out of the Northeast and Northwest. Prices should remain a value for the upcoming weeks. Quality is good.

Raspberries ALERT: Prices for Raspberries are stable this week, but the market remains tight. Retailers are running a lot of ads to make up for the last of strawberries. Expect the markets to remain tight going forward.

Broccoli



SUPPLY

GOOD

QUALITY

GOOD

Supplies continue to be good this week. Good quality continues to be reported. Expect market pricing to be steady the next few weeks. (F.O.B pricing for this week \$8.00 - \$9.00)

Brussels Sprouts



SUPPLY

GOOD

QUALITY

GOOD

Supplies continue to be very good this week. Quality has also improved. Demand for Brussel Sprouts is steady. Market pricing will continue to remain steady for a few weeks. (F.O.B pricing for this week \$21.45 - \$23.65)

MARKET ALERT

Cabbages



SUPPLY

FAIR

QUALITY

FAIR

Supplies continue to be fair this week. Growers are reporting better yields during harvest. Supplies are expected to improve the next few weeks. Expect market pricing to improve for next week. (F.O.B pricing for this week \$15.45 - \$16.70)

Carrots



SUPPLY

GOOD

QUALITY

GOOD

Shippers fulfilling 100% on jumbo carrots now. Availability and quality are good. Some packing out of Salinas and crop looking great.

Cantaloupes



SUPPLY

GOOD

QUALITY

GOOD

Cantaloupe production remains light with jumbo sized. 12/15s are readily available as more volume is hitting the market. Cantaloupe are coming from California and Arizona. Arizona is extremely tight but will see more availability towards end of the week. Quality and sugar level has remained excellent.

MARKET OUTLOOK



Cauliflower



SUPPLY
GOOD
QUALITY
GOOD

Supplies continue to be good this week. Good quality continues to be reported. Expect market pricing to be steady going into next week. (F.O.B pricing for this week \$8.00 - \$9.00)

Celery



SUPPLY
GOOD
QUALITY
GOOD

Supplies are good going into next week. Good quality has been reported at this time. Supplies are currently coming from Salinas CA and Santa Maria CA. Expect market pricing to remain steady going into next week. (F.O.B pricing for this week \$10.00 - \$11.00)

Citrus



SUPPLY
FAIR
QUALITY
FAIR

Limes RADAR: The market continues to react as cost increase in Mexico. Reported crossings have been elevated, however is declined representation of U.S. #1 grade fruit due to low pack-out yields. Overall quality is deteriorating including coloring, decreased shelf life, and increased skin breakdown/styler that typically appears after the fruit is packed and shipped. Please keep in mind that this is typical of seasonality trend caused by extreme high temperatures and humidity. Good delivery tolerance may be enforced. Overall quality should show improvement around mid-August as new production harvest begin.

Lemons: Domestic lemons are coming from the coastal region in California. Quality is very yellow, soft and has heavy scares, this is normal for this region lemons. Growers are grading as hard as they can and working thru it. This growing region is the only real lemon option for food service and seems to be working both price wise and quality wise. Argentina is arriving to the East and sizes are all 140's and larger Fancy, so not workable for foodservice. Chile has just started to come in but quality this year has been tough, and growers are demanding too much money right now. Mexico production has been delayed until mid-August, drought has suspended the growth timeline. They were scheduled to start mid-July.

Oranges RADAR: Valencia's are showing to be 25%-30% down as an industry peaking on smaller fruit. Due to the industry being down this season we are anticipating the market to stay very, very strong all summer. With a high demand we do think the industry will be out of Valencia's mid Sept and not starting Navels until mid-October, leaving a 3-4 week gap on oranges. Chile had a freeze and lost a large % of their late navels which usually come in Sept and October leaving us unable to depend on them. Florida is hopeful to start first week of October. We are looking into each country to see if there is any other options for Oranges but there may be a gap which we have not seen in past years.

MARKET ALERT

Corn



SUPPLY
FAIR
QUALITY
GOOD

Prices for Corn out of the East & West are trending down this week. The market is normalizing. Good supplies currently out of the Northeast. Corn pricing out of the West is coming off and is approaching more reasonable price levels.

MARKET OUTLOOK



Cucumbers



SUPPLY

GOOD

QUALITY

GOOD

Prices for Slicing Cucumbers are trending slightly up this week. Volumes are expected to remain stable. Availability and prices is running typical for this time of year.

MARKET ALERT

Eggplant



SUPPLY

FAIR

QUALITY

GOOD

Prices for Eggplant are trending slightly down this week. Eggplant currently remains tight. Looks for the market to remain firm for the next couple weeks.

Garlic



SUPPLY

FAIR

QUALITY

GOOD

RADAR: Domestic garlic remains tight. Import garlic has helped offset the supply. California garlic will start in a few weeks. Quality is good and the price is higher.

Grapes



SUPPLY

GOOD

QUALITY

GOOD

Grape availability on Premium sizes continues to be an issue. There is good volume on Medium and Large grapes but XLs and Jumbos continue to be tight. The demand for green grapes continues to be slow and pricing is beginning to reflect that low demand. The biggest hurdle that we are facing now really is the increased costs of freight from CA.

MARKET ALERT

Herbs



SUPPLY

GOOD

QUALITY

FAIR

Chervil: Supply is very short due to the heat California is experiencing in the growing regions. The heat is causing some plants to burn up and growers are not replanting until they have cooler temperature. Other herbs are showing some tip burn and brown spotting. Rain is affecting all herbs from Columbia. Mexico quality and production has improved.

Cilantro: Supplies continues to be very light this week. Fair quality is only reported at this time. Most growers will be shipping out of Salinas CA and Santa Maria CA. Growers are expecting supplies to remain under budget for the next few weeks. (\$25.65- \$27.65)

Dill: Will be tight for the next 7-10 days due to heat, which is causing the dill to yellow.

Honeydews



SUPPLY

SHORT

QUALITY

GOOD

Honeydew supplies remains very light. Some growers have dedicated more acreage to growing yellow dews or some other variety melons that is preferred by retailers, but those decisions have left the conventional white honeydew in high demand. Larger size continued to be extremely limited while 8ct have become sporadically available. Need to be flexible of sizing at time of loading. California production will remain through mid-October.

MARKET OUTLOOK



Iceberg



SUPPLY
GOOD
QUALITY
FAIR

Supplies continues to be light this week. Overall quality has been reported as only fair at this time. Weights will be on the lighter side not normal weights. Warm weather is causing some quality issues. Quality is affecting yields at field level. (F.O.B pricing for this week \$15.00 - \$16.00)

Kale



SUPPLY
GOOD
QUALITY
GOOD

Supplies continue to be very good this week. Demand is down on Green Kale for this week. Good quality has been reported at this time. Supplies should remain steady for a few weeks. Market pricing is improving. (F.O.B pricing for this week (\$10.45 - \$12.65)

Leaf



SUPPLY
GOOD
QUALITY
FAIR

Green & Red Leaf: Supplies are steady going into next week. Quality will be fair with occasional fringe burn. Warmer weather has added some additional challenges to leaf items. Warm weather is also creating Heavy Bug Pressure. Market is stronger this week. (F.O.B pricing for this week \$10.00 - \$12.00)

Romaine: Supplies are below budget for Romaine Hearts. Overall quality continues to be a challenge. Due to the warmer weather quality will only be fair with Presence of windburn. Average weights are to be expected for next week. Romaine Lettuce is also having quality issues due to the warmer weather. (Romaine pricing for this week \$9.00 - \$12.00) (Romaine Hearts pricing for this week \$17.00 - \$19.00)

Tender Leaf: Supplies continue to be steady going into next week. Demand continues to be good, quality has also been reported as good. Supplies will remain steady for a few weeks. Warm weather is causing some challenges to the tender leaf growers. (F.O.B pricing for this week \$4.65 - \$4.75)

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
GOOD
QUALITY
GOOD

Onions are coming out of California, New Mexico, and Washington. Quality has been good overall. California and New Mexico are either done or about to finish next week. Some gapping until the Northwest region can ramp up. Washington just started. Idaho and Oregon will start packing after Labor Day.

MARKET OUTLOOK



<p>MARKET ALERT</p> <p><u>Onions Green</u></p>  <p><u>SUPPLY</u> FAIR</p> <p><u>QUALITY</u> FAIR</p>	<p>Supplies are very limited going into next week. Market pricing will be escalated going into next week. Green onions are coming from Mexico. Growers down South in Mexico are having some labor shortages. (F.O.B pricing for this week \$16.00- \$17.00)</p>
<p><u>Pears</u></p>  <p><u>SUPPLY</u> GOOD</p> <p><u>QUALITY</u> GOOD</p>	<p>Anjou supplies are winding down out of Washington. New crop Anjou are expecting to start up around second week of September. New crops Bartletts have started in California. The crop is down from last year. Quality is good. Expect higher pricing this year.</p>
<p>MARKET ALERT</p> <p><u>Peppers Bell</u></p>  <p><u>SUPPLY</u> GOOD</p> <p><u>QUALITY</u> GOOD</p>	<p>ALERT (Red & Yellow): Prices for Green Bell Peppers are trending down this week. Prices Red and Yellow Bell Peppers are stable. Volume has picked up. Look for the markets to remain stable if the weather holds up. Growers are reporting nice quality.</p>
<p>MARKET ALERT</p> <p><u>Peppers Chili</u></p>  <p><u>SUPPLY</u> FAIR</p> <p><u>QUALITY</u> FAIR</p>	<p>Prices for Chili Peppers are mostly stable this week. Prices remain elevated. Growers are reporting fairly tight supplies as usual for this time of year. Looks for the same for the next couple weeks.</p>
<p><u>Pineapples</u></p>  <p><u>SUPPLY</u> FAIR</p> <p><u>QUALITY</u> GOOD</p>	<p>We are still feeling the effects of the Natural Flowering portion of the year, which gives us a higher % of smaller fruit. Couple that with the effects of La Nina and the results are not favorable. The volume on 5cts and 6cts is quite limited and to ensure supply, would suggest that all customers move to 7s or 8s. This situation will go on for the next few weeks. This will be the case for all grower shippers of pineapple from Costa Rica.</p>
<p>MARKET ALERT</p> <p><u>Potatoes</u></p>  <p><u>SUPPLY</u> LIMITED</p> <p><u>QUALITY</u> FAIR</p>	<p>EXTREME ALERT: The potato market continues to be extremely short. First suppliers started harvest but many will not start for another 10-14 days. Number of acres planted in Idaho is down from last season. Expecting 2022-2023 crop to fall somewhere between 11.5 million and 7.5 million cwt short of the 2021-2022 supply level. 2021-2022 Idaho Potato acres planted: 314,000, average yield per acre: 415/cwt and total cwt harvested: 130,310,000 cwt. For 2022-2023 Idaho Potato acres planted: 289,000, projected average yield per acre: 410-425/cwt, and projected total cwt: 118,490,000 to 122,825,000. Be open to alternative such as sweet potatoes, red or yellow during the shortage. Markets is up \$40+ FOB. This is affecting precut potatoes as well.</p>

MARKET OUTLOOK

Squash



SUPPLY

FAIR

QUALITY

GOOD

Prices for Yellow and Zucchini Squash are trending up this week. Weather on some of the growing areas is impacting availability. Look for improved supplies and pricing if the weather cooperates.

MARKET ALERT

Strawberries



SUPPLY

FAIR

QUALITY

FAIR

Prices for Strawberries trending up this week. Growers are reporting tight supplies as expected for this time of year. Look for tight supplies for the next few weeks or until new crops come online.

Tomatoes



SUPPLY

GOOD

QUALITY

GOOD

Prices for 20 lb Round tomatoes are trending up this week. Prices for 25 lb Rounds, Grapes, Cherries and Roma's are trending slightly down. Look for volatile markets as growers transition from Summer to Fall crops in the weeks to come.

Watermelons



SUPPLY

FAIR

QUALITY

GOOD

Supplies on Seedless and minis. Light supplies are coming from California, Indiana, and North Carolina. Arizona is starting up. Supplies are expecting to get better out of Oregon and Washington.



MARKET OUTLOOK

Transportation rates could start rising again

By Tim Linden | August 11, 2022

With the typical summer lull in coast-to-coast produce shipments, truck rates are well below the very high rates experienced at the beginning of this year, but there is expectation that they will start rising again as typical fall demand increases.

"I believe we have hit the floor in terms of rates," said Matt Patterson, senior transportation manager for Sunrise Logistics Inc., based in Ephrata, PA, on Aug. 8. "If we haven't, we're very close. As we moved into August, (produce) volumes dropped off as they always do."

He said this led to a downward pressure on demand and rate decreases. He added that many transportation contracts are expiring and being rewritten at lower rates. This paradoxically tends to increase the spot market rate, which Patterson said should see a bump as we moving into late summer and early fall. He explained that when there is a downward pressure on contract rates, it leads to an increase in rejected loads on contract and an increase in demand on the spot market. That, in turn, sees an uptick in the spot market rate.

Patterson would not quote current truck rates nor how high they might climb, but he does not see rates reaching the \$10,000 level in the foreseeable future. Truck rates well above \$10,000 — as high as even \$14,000 for the farthest cross country hauls — were commonplace in January and February. In fact, during the entire second half of 2021, the transportation supply chain was in a demand exceeds supply situation. Patterson said the available loads per truck was at about 14 available loads per each truck a year ago. Currently, he said it is at a 7 to 1 ratio. He noted that while you can't equate the ratio to an exact rate, it is the movement of that ratio up and down that tends to mirror rate movement up and down.

Patterson said that ratio started to fall in the spring and "we saw rates drop off between April and May." That decline has continued.

While Patterson does expect rates to climb, he said the trucking industry is in better shape than it has been since the beginning of the pandemic. "We have seen an incremental increase in the number of drivers entering the industry over the past year," he said. "In fact, we are well ahead of pre-pandemic levels."

Mitch Kowalewski, vice president of sales and marketing for Hwy Haul, which is a Santa Clara, CA-based technology company that provides an online freight broker app, agrees that the load to truck ratio has dropped significantly leading to lower freight rates. He said the big produce story over the summer has been the significant drop in volume coming out of California. "Volume is down 30 percent," he said, opining that production issues, lack of water and inflationary concerns all appear to have played a role in the declining production numbers.

However, Kowalewski also expects rates to start to climb again. He noted that demand for trucks in the Northeast is up, leading to shortages, and there is also an influx in demand in the Southwest as shipments of avocados and other crops from Mexico are on the rise. He added that the higher fuel costs are putting an upward pressure on rates as truckers try to recoup the rising cost of operating a rig.

Mark Durfee, general manager at Giltner Inc., a logistics company headquartered in Nampa, ID, said demand for trucks has dropped this summer, leading to a big drop in the spot market price. While he eventually expects rates to start climbing again, Durfee said, "I don't see another big spike coming down the road. There is generally an uptick in volume in September, which leads to higher rates, and I think that will happen." He does not expect spot market rates to climb to earlier levels.

He also mentioned the unexpected drop in volume from California having a big impact on spot market rates, though he said Giltner did not feel it as most of its hauls are booked under a contracted rate. "Supply and demand are not in sync right now," he reiterated. "Demand has gone down considerably."

Durfee revealed that the trucking industry is often the first to experience dips in the economy as well as the first industry to feel it when the nation is moving toward better economic times. He indicated that by the time other indicators point to a slowdown, truckers have already felt the decline in consumer purchasing as product turns are slower and fewer loads are needed.

From that perspective, Durfee does not believe the economy has bottomed out. "We (truckers) are still feeling the effects. We will know it when it starts to change," he said, bolstering his argument by recalling what happened when the economy went into the tank in 2008-09. He said the trucking industry felt it in 2007 and were among the first industries to rebound in 2009.

[For full article: https://theproducenews.com/headlines/transportation-rates-could-start-rising-again](https://theproducenews.com/headlines/transportation-rates-could-start-rising-again)

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