



MARKET OUTLOOK

August 9, 2019

WEATHER UPDATE

Salinas— Sunny to partly cloudy next week. Highs in the 70s and lows in the 50s. **Oxnard**— Sunny next week with highs in the 70s and lows in the upper 50s. **Mexico (Culiacan)**— Partly cloudy next week with highs in the upper 90s and lows in the upper 70s. **Florida, Southern**— Cloudy with chances of scattered thunderstorms throughout the entire week. Highs in the lower 90s and lows in the upper 70s. **Idaho**— Sunny to partly cloudy next week. Highs in the 80s and lows in the 40s.

TRANSPORTATION

The National Diesel Average has been recorded at \$3.032 down \$0.002 a gal from last week and down \$0.175 gal from last year. 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.** Trucks are in good supply in most of the country, however there are shortages in Delaware, Maryland, Eastern Shore Virginia, SW Indiana, SE Illinois, & SE Missouri.

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MARKET ALERT

ASPARAGUS

BLACKBERRIES

BRUSSELS SPROUTS

CILANTRO

COLORED BELL PEPPERS

POTATOES

ROMAINE HEARTS

SWEET POTATOES

COMMODITIES ON THE RADAR:

Cantaloupes, Honeydews,
Corn, & Pineapples



MARKET OUTLOOK

Apples



QUALI-

SUPPLY



Washington had a shorter crop during the 2018 season than in 2017 – an estimated 117 million 40-pound boxes compared to 133 million boxes -- said Toni Lynn Adams, communications outreach coordinator for the Washington Apple Commission. “We can expect some increased volume and a solid crop moving into the new season,” she said in late June. Red delicious, gala, golden delicious, granny smith, Pink Lady, Honeycrisp and fuji are the top sellers for the data.



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Asparagus



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The market is steady. FOBs are in the high \$20s-\$30s across the country. JBO, XL are very extremely tight which is affecting largely with the demand. Expect pro-rates on JBO, we recommend size flex where possible. MX production is very low, and the weather patterns are the main root of these issues. Expect volumes to remain tight for at least the next three weeks.

Avocados



Markets are slightly weaker than last week but seem to be starting to stabilize. Small fruit is still the most abundant. Demand is low, but that is typical for this time of year. Peru has plenty of product available but shipments out of the country are slowing down, they should be finishing up by early September. #2 fruit is still a low overall percentage of the crop & in some cases is not available, especially on the 40's & larger. Markets should stay relatively stable for the next couple of weeks but once Peru starts to slow down MX will be the only source which might cause the market to strengthen.

Bananas



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Inbound supplies have been relatively stable as we go through these summer months. Volumes are slightly declining from all importers, which is normal for this time of year. Good quality has been reported.



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Berries



ALERT- Blackberries are in light supplies as we rely almost entirely on the West Coast production to satiate demand. Some product is arriving from Guatemala in a small way to help fill orders. The market should begin to ease up as production begins to pick up slightly next week.

Blueberries prices have stabilized. California stocks are abundant, while volume in the Pacific Northwest is rising. Quality is very good.

Raspberries are steady with light supplies coming out of Baja Mexico and Central California. Quality has been fair as some lots have been arriving looking aged along with having transfer damage.

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Broccoli



Supplies are lower than expected this week. The market should hold steady going into next week. Good quality is reported by multiple growers.

Brussels Sprouts



Supplies are very light this week. Growers are facing a supply gap with product. Markets are expected to be higher going into next week. No quality issues have been reported.

Cauliflower



Supplies continue to be light this week. The yields coming from the fields are a lot lower than expected. Markets should be steady going into next week. Good quality is being reported.

Cantaloupes



ON THE RADAR: Some westside growers are beginning to see a slight gap in production which means less product hitting the market over the next 7-10 days. This gap for some, was caused by delays in planting, due to rains back in late April & early May. Sizing is mostly to the larger fruit (9s & larger) with limited quantities of 12/15s being harvested. Flexibility in sizing may be necessary. Quality remains strong as consistent supply & markets have kept the fruit moving no later than one day after harvest. Internal quality this week has been showing a range of 11-15% brix levels.

Carrots



Supplies are steady. Jumbo carrots seems to be short. This has pushed prices up a bit but Canada is starting so that may change. Quality is good right now and we don't expect to see any changes in the near future on that.

Celery



Good supplies continue to be available. Markets should hold steady going into next week. Good quality has been reported with multiple growers.

Corn



ON THE RADAR: Volume is limited. Northern regions like Minnesota and Wisconsin will likely see a slightly later than normal start. Product out of the West is tight due to production delays out of Colorado. Expect supplies to be tight as we get closer to the Labor Day holiday. After Labor Day supplies will increase.



MARKET OUTLOOK

Cucumbers



With the local season in full swing cucumber availability is plentiful. Regional deals from coast to coast are able to fulfill local demand and volume is abundant. Long-term and towards the end of the month supplies should start to tighten up.

Eggplant



Eggplant supply is getting better with light supply starting in Ohio & Michigan. New Jersey & Pennsylvania continue to ship steady volume, most of which stay in the northeast. Supplies will continue to get better through the weekend and next week. Quality has been good on both sides of the country.

Grapes



The red seedless market remains steady in the mid-teens. Starting to transition into Krissy/Magenta & Scarlet Royal varieties. Larger fruit & better taste profiles. Market on the newer varieties will be slightly higher than current numbers. Sugraones & Ivory are finishing up. Green seedless have been steady. Thompsons are currently being harvested with great green & sweet globe beginning in the next 7 days with better sizes expected on these varieties.

Green Beans



After a few weeks of lackluster harvests, several Eastern bean areas are back in business with good volumes. Quality is mostly good. Watsonville/Salinas area have good volume for the next several weeks! They expect to hit peak production over the next couple weeks. Western markets also have product coming from the Brentwood / Stockton areas with light to moderate numbers.

Herbs



ALERT on Cilantro: Cilantro supplies remain limited this week, due to very low yields at the time of harvest. The market is very active on the West Coast. **Chervil** supplies will remain limited through August. All other herbs are steady with good quality.

Honeydews



ON THE RADAR: Honeydews remain in a short position overall with the primary sizing also being bigger fruit (5s & larger) leaving 6s in a limited position & 8s very limited. Based on current field projections we are not forecasting this situation to change over the next 10-14 days. Many growers avoided planting honeydews this year due to poor market performance the past few years which is keeping the overall production limited & the market in a stronger position.

MARKET OUTLOOK



Iceberg



Steady supplies for this week on lettuce. Markets are also expected to be steady for next week. Good quality is being reported at this time.



Kale



Good supplies continue to be available. Markets should hold steady going into next week. Good quality has been reported with multiple growers.



Leaf



ALERT: ROMAINE HEARTS – Demand has picked up. Supplies are good this week. However, there are still quality issues; fringe, wind burn, & light twist. Markets continue to stay escalated this week & are expected to firm up slightly going into next week. **Romaine** lettuce supplies continue to be steady this week. Markets are also expected to stay steady & good quality is also being reported.



Green Leaf/ Red Leaf/ Butter (Boston) Lettuce- Very good supplies on these lettuce items going into next week. Markets are expected to be steady going into next week. Good quality is being reported at this time.

Tender Leaf



Tender leaf supplies continue to be plentiful as the weather in the Salinas Valley continues to spur growth and produce better yields. Curly parsley, spinach, and arugula have reacted to the recent warm weather and supplies look to be in good shape going into next week.



Lemons & Limes



Lemons are extremely tight on smaller sizes right now and prices are on the rise. Smaller fruit dropped this week. Markets are under \$30 for choice and right at to slightly above on fancy. Big fruit remains most competitive in price, steady to slightly higher in that regard. There is still a gap between sizes, but it is closing.



Limes remain steady to slightly elevated; large fruit remains at a premium compare to small fruit as to be expected. Weather is a challenge but expect prices to remain higher for the next few weeks.





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Onions



As more regions come on, the market has dropped like a rock. FOBs in CA have JBOs around \$13, reds around \$7, whites at \$16. Washington new crop has also begun to increase volume, & what was originally supposed to be a delayed start date has been moved up due to recent high temperatures in the NW. Most growers will start in Idaho/Oregon next week, but don't really expect to see heavy volume until the week of August 19th. We expect pricing to level off on all colors and sizes.

Onions, Green



Very good supplies coming in this week. Markets are expected to be steady going into next week. Good quality is also being reported at this time.

Oranges



Valencia are rolling and in great supply. Markets are steady and expect to be so for the next couple weeks. Promotable fruit right here! Good quality is being reported.

Pears



Bosc - the State should be cleaned up in the next 2 weeks. Anjou Pears - Good supplies through July. Red Anjou Pears - We should be able to make it through June - it will be close.

Peppers, Bell



AALERT: **Red & Yellow Peppers** - The market remains elevated. New crop seasons are just starting to ramp up in Florida & Mexico. Supplies remain tight this week. Expectations are for more supplies to come online in a week or so. As local production all over the country ramps up, expect markets to get more in line.

Green bells- with the local supply taking full force in Canada & the Midwest availability has started to improve a lot. Regional deals from coast to coast are able to fulfill local demand. Volume is plentiful & quality is strong.

Peppers, Chili



Both Santa Maria and Baja have good volumes of chilies available this week. A new grower with good-sized acreage has begun in Baja, which will hopefully help on the occasional quality issues we've been seeing on larger cavity chilies like poblanos and Anaheims. The East is puttering along with small local deals with hit or miss availability.

MARKET OUTLOOK



Pineapples



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ON THE RADAR: Supplies are improving but are expected to remain low at least through the end of August. Sizing trend is moving slowly towards larger sizes which will help with 5 and 6ct availability. Good quality is expected thru the end of the year.

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SUPPLY



Potatoes



The potato market continues to rise. FOBs hitting \$20 on big spuds, \$12-16 on smaller & #2s are rising. There are still quality concerns since we are at the end of the crop. The market will remain high and tight trending upward until new crop comes on late this month and through September depending on the supplier's region. We will continue to see strength in the coming weeks as growers are stretching out their season until new crop becomes plentiful enough to fill the supply pipeline.

Squash



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Strawberries



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SUPPLY



Numbers are starting to decrease as we head into the late summer. Quality in all shipping areas is just average, but it should start to improve when Santa Maria starts their fall crop.

Tomatoes



Although stocks are sufficient, prices are up a bit. Demand is strong for summer tomatoes. Round tomato harvests have been light to moderate in the East. Small fruit is on the short side & quality can vary from good to fair. Expect supplies to remain snug for the next couple of weeks. The CA deal is also shipping less this week as farms work through plantings affected by June's heat wave. Roma volumes are adequate but lighter in CA & most Eastern areas. The Carolinas, VA, AL, & TN have grapes, but there's not a lot of volume in any one location. There's not a lot of grapes in the West either. Between some cool & rainy weather, planned decreases & quality concerns from a few shippers, Baja's numbers have dropped off. The transition to new crops has been slow but is coming.

QUALITY



SUPPLY



Watermelons



The market is stable. This past week showed little change from the past few with volume coming in a bit below average while prices sit in a very nice place. Things usually start to trend down a bit starting in a week or two, but it's possible late bloomers like Indiana merely come on late pushing their volume a little later into the summer. Supplies on seedless are limited but seeing good quality. NC, IN, TN, & DE are going with limited production. Out west, California and Washington will have limited supplies for the rest of the season.



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MARKET ALERT

ALERT: SWEET POTATOES- The market continues to be tight after many growers were affected by Hurricane Florence in North Carolina last September. Increasing demand & heavy rains in Mississippi, Louisiana, Arkansas, & Alabama also created challenges for the other major growing regions, but luckily quality & size is still good. We will continue to see the prices rise month by month over the summer until we get to next season's harvest. **Prices are extremely high and not coming down.**

'One of the worst seasons' for California navels

The 2018-19 California navel orange season will go down in history as one of the worst seasons outside of a major freeze year, according to California Citrus Mutual. As the season kicked off, the market faced a series of challenges. Unprecedented volumes of imported fruit were present in the marketplace for much later into the season than is typical, which remains a significant disruption to the market. Consequently, the normal pent-up demand for fresh California citrus early in the season did not exist. Instead, there was an oversupply situation and a confused customer base.

California's mature fruit entered a marketplace where there was inconsistent quality, cheap prices and poor flavor. There was a lack of movement at the store level and therefore reluctance by the retail buyer to purchase additional volumes of citrus. The customer base had a bad taste from poor quality imported fruit, which made initial marketing efforts extremely difficult. This was compounded by an inferior product in the mandarin category. Differentiating California product from offshore supplies proved to be more difficult than anticipated.

To make matters worse, the California crop was dominated by small sizes. With consumer preference being for large size fruit, especially during the holiday season, the industry was fighting for shelf-space with a less-than-desirable size structure.

The domestic market was also impacted by the ongoing trade dispute with China. Generally, there is a push to harvest fruit in November in anticipation of strong demand around the Chinese New Year. That demand normally extends from January through April, but that did not occur this year. Some fruit was exported but was immediately delayed due to increased port inspections in China. For 2018-19 crop year, tariff levels and inspection practices on California citrus created barriers that were difficult to overcome. This forced marketers to place more time and attention to the domestic market.

Additionally, the United States pulled out of the proposed Trans-Pacific Partnership Trade Agreement, which would have lowered tariffs on U.S. and California fruit entering Japan. This allowed competing nations to enter the Japanese market at a price lower than California's. Expanding Japanese export opportunities to compensate for losses in China was therefore not a good option. In fact, just sustaining that export base became a significant challenge. All this was readily visible by late October and it became evident that the first quarter would be difficult.

The California Agricultural Statistics Service 2018-19 Navel Orange Objective Measurement Report released Sept. 12, 2018 forecast the navel orange crop at 80 million cartons. The Central Valley would harvest 77 million of those cartons. Fruit volume was estimated at 426 per tree, well above the five-year average of 333. The average Sept. 1 diameter was 2.117 inches, also well below the five-year average of 2.269 inches.

<http://www.producenews.com/the-produce-news-today-s-headlines/27275-one-of-the-worst-seasons-for-california-navels>

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 and our Midweek Update released every Wednesday. Have a great week!
Keeping You Informed,

