



WEEK 39: September 21 - September 27, 2020

MARKET OUTLOOK



Strawberries

Alert

Heat and Fires



Iceberg Lettuce

Alert

Rain and Wind



Romaine Lettuce

HIGH Alert

Heat and Fires



Broccoli

Alert

Heat and Quality



Eggplant

Alert

Rain and Cool Temps



Corn

Alert

Weather



Pineapple

Alert

Weather



Oranges

HIGH Alert

Supply Gap



Onions

Alert

Weather

MARKET ALERTS



OVERVIEW

It has been a volatile week with many of the major commodity groups. The previous heat waves and fires in CA are having the biggest impact on the active markets. California veg is currently a major factor in supply and is seeing many categories on ALERT and will be seeing quality issues such as tip burn, discoloration and possible shorter shelf life. Another factor in bringing on Supply exceeds Demand situation with a few categories is the USDA Box Program. Many suppliers are involved in filling nationwide distribution of USDA Box Programs. Onions and Oranges have been most impacted by these programs which are depleting some of the supply in the open market.

The fires are still going but are slowly being fought off. Unfortunately the impact of previous heat waves and the smoky conditions have stunted maturation and the market will be impacted for multiple weeks to come. In addition to quality concerns, loading times will be impacted as growers do their best to fill orders in full which is putting delays on loading times. Please get orders in well in advance to help with keeping suppliers in the loop and everything running smooth.

Regional Weather Forecast

Highs

Lows

Oxnard, CA

Sunshine and partly cloudy days. No rain on the forecast.



Salinas, CA

Sunshine and partly cloudy days with no rain on the forecast.



Santa Maria, CA

Sunny and partly cloudy.



Watsonville, CA

Partly cloudy and sunny next week.



Knoxville, TN

Partly cloudy with thunderstorms throughout the week.



Idaho Falls, ID

Sunny and partly cloudy.



Regional Transportation Report

National Diesel Average: **\$2.422**(wk 38)

2019 : **\$2.987**(wk 38)

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:

Nationwide trucks are higher this week due to high demand and CA wildfire interruptions. Slight shortage in Central Minnesota, Eastern North Carolina and Central Wisconsin. Shortage in Colorado, Delaware, Maryland, Virginia, Minnesota, Idaho, Indiana, Illinois, North Carolina, Oregon and Washington.

Weekly Market Changes

Asparagus



Quality: GOOD **Supply:** GOOD

Volume on asparagus has improved and markets have steadied out. Demand and supply are balanced and expectation is to have solid numbers throughout the next couple months.

Avocados



Quality: GOOD **Supply:** GOOD

Overall the market is stable but we are seeing retail driving the market. Currently California, PE, and MX product have been in good supply. So far there has been sufficient quantity and quality of product crossing the border.

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: FAIR **Supply:** FAIR

Blueberries- Blueberries took a slight increase over the past week as product has begun to end in the CA and PNW regions. There has been some product out of Cali and also import product coming in from Peru, but in small quantities. Packs are still 6oz and also Pint's and loading strong fruit on both coasts.

Raspberries- This Watsonville crop was the most affected by extreme heat and sunburn, leading to limited availability of CA. Increased supplies from Mexico as crop ramps up. Quality out of MX is very good although with decreased supply and increased markets.

Blackberries- Market is up on blackberries as supply has dried up some on both coasts. There should be better availability coming in the next few weeks. Quality has been marginal with some red cell.

Broccoli ALERT



Quality: BAD **Supply:** BAD

Broccoli Supplies will continue to be very light this week. The recent heatwave has created quality issues with supplies. Growers are reporting fair quality at best, expect some discoloration and pinrot. Supplies are expected to be limited for a few weeks.

Brussels Sprouts



Quality: GOOD **Supply:** GOOD

Brussel Sprout supplies continue to be good for this week. Growers are reporting good and steady supplies at this time. Good quality is reported at this time. Supplies are expected to remain steady for a few weeks.

Cantaloupe



Quality: GOOD **Supply:** GOOD

We have had some heat in the domestic growing regions leading to faster maturation and also bigger swings in markets. Right now we are heading into Sept/Oct when there is a stronger marketplace. As of now markets are still stable but can expect to see some slight increases.

Weekly Market Changes

Carrot Sticks



Quality: GOOD **Supply:** FAIR

COVID-19 has had an impact on value added carrots and the array of pack sizes and cuts available to the market. The additional labor and contact throughout the supply chain has put this item on the radar until supply can catch up with demand.

Cauliflower



Quality: FAIR **Supply:** FAIR

Cauliflower supplies are steady this week. The recent heatwave has created quality issues with supplies. Growers reporting fair quality and yellowing on the heads. Supplies are expected to remain steady for a few weeks.

Celery



Quality: GOOD **Supply:** GOOD

Celery supplies continue to be good this week. Growers are reporting good supplies at this time. Good quality is also been reported at this time. Supplies are expected to remain steady for a few weeks.

Cilantro



Quality: GOOD **Supply:** GOOD

Cilantro supplies are good this week. Growers are expecting steady supplies the next few weeks. Good quality is been reported by multiple growers at this time. Demand for Cilantro has decreased this week.

Corn ALERT



Quality: FAIR **Supply:** BAD

Production for Corn out of the West is down to White Varieties. Yellow and Bi are practically nonexistent. Production is in transition to Georgia out of the East. Expect supplies to remain tight until Georgia ramps up in the weeks to come. Production out of Georgia is expected to be impacted by Hurricane Sally. With that said there's a lot of uncertainty in the market place at this time.

Cucumbers



Quality: FAIR **Supply:** BAD

Pricing for Slicing Cucumbers is trending up this week. Pricing for Hot House Cucumbers is trending up too. Supplies remain tight due to weather related challenges. Production in Georgian was expected ramp up in the weeks to come but now face uncertainty right now due to Hurricane Sally.

Eggplant ALERT



Quality: FAIR **Supply:** BAD

Prices for Eggplant is trending up this week. Growers are reporting weather related tight supplies.

Weekly Market Changes

Chinese Garlic

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

Beginning to see better numbers as imports begin to loosen and there is supply between domestic, Spanish and China



Grapes

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

We have made our way into domestic season and we are now seeing good volume in the open market. Price has come down as supply has picked up. We anticipate this to continue moving through August.



Green Beans

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

Green Beans are have been steady for the past few weeks and do not foresee any immediate issues with supply or quality.



Honeydew

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

We have had some heat in the domestic growing regions leading to faster maturation and also bigger swings in markets. Right now we are heading into Sept/Oct when there is a stronger marketplace. As of now markets are still stable but can expect to see some slight increases.



Iceberg ALERT

Quality: **BAD** Supply: **BAD**

Lettuce supplies will be limited this week. The recent heatwave has created quality issues with supplies. Growers are having to remove outer leaves due to fringe burn. Lighter weights are also expected with Iceberg. Supplies will be limited for a few weeks.



Romaine Leaf

HIGH ALERT

Quality: **BAD** Supply: **BAD**

Romaine supplies will be extremely short for the next few weeks. The recent heatwave has created quality issues with supplies. Growers are reporting fair quality at this time you will see fringe burn on the outer leaves. Supplies will be extremely limited for a few weeks.



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.



Weekly Market Changes

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.



Lemons

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

Currently working with primarily import Chilean/Argentina lemons. The import fruit is in decent condition but is showing some pale and lighter color exterior. No supply gaps foreseen in the upcoming month.



Limes

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

Limes spiked for a few weeks but have since stabilized. Markets are still slightly up and will likely hover on the higher end for a couple weeks and they make their way back level.



Onions

ALERT

Quality: **BAD** Supply: **BAD**

Due to the fires in the Northwest and the USDA Food Box Program, onions are tight depending on sizes. The smaller onions are tied up in the Food Box programs, especially the 3 lbs. using medium product. Due to lack of sun coming through the smoke, product that is drying out in 7-10 days usually is not happening as fast - the sunlight helps bleach the skin and the heat which temperatures are down 20 degrees, are not drying as usual. Some suppliers are leaving onions in the ground a little longer, as they are not ready yet; however, some growers are also seeing issues in 40% of the crops; they are not meeting the State Inspections, so they are culling through and scrapping the imperfect product which is also causing product to get extremely tight.



Green Onions

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

Good quality and good yields reported by multiple growers. Prices are back to normal and not escalated.



Oranges

HIGH ALERT

Quality: **BAD** Supply: **BAD**

We are heading into a difficult next four weeks in the orange category. The USDA box program has affected overall supply and coupled with a short season has put a ton of pressure on the category. Domestic Navels are scheduled to arrive October 26th and the Valencia program is only scheduled to last until October 10th. This will lead to a two week gap in supply and likely will put additional pressure on pricing leading up to that period of time. Please plan accordingly and anticipate a period when oranges will be limited or gapping.



Peppers, Bell

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

Green Peppers - Green Pepper prices continue to trend up at this time. Supplies are tight due to weather related challenges on the production side. Cool weather in the North East, Rains associated with Hurricane Sally in the South East and Heat and fires in the West.

Yellow and Red Peppers - Pricing for Red and Yellow Peppers is trending slightly down this week. Growers are expecting prices to turn up going forward due to weather related challenges.



Weekly Market Changes

Pineapple

ALERT



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

Volumes for the next few weeks are going to be very low. Weather has been the major causation as major rains have followed with hot high sun. This has caused off the chart brix level and bent crowns. Weather conditions like this can cause misshaped crowns and puts pressure on lower yields.

Potatoes



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

The potato market has come back down as we have made the transition to OR and ID new crop. Supply is good and quality is back to solid condition. With new crop availability, there should not be any major issues moving through September.

Summer Squash

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



Prices for Yellow and Green Squash is trending up this week. Weather is putting pressure on production. Cool weather in the North East and Rains in the South East is impacting quality and production.

Strawberries

ALERT



Quality: **BAD** Supply: **BAD**

Pricing is up as many different factors are coming into play. Northern CA growing regions are about done and Santa Maria has begun as well. Depending on where the berry is coming from is affecting market prices. Santa Maria is lower volume as it starts up so markets are slightly up. The heat wave and fires definitely had an impact on supply issues as well. Some growers are losing 15-30% of production due to quality. We can expect to see a jump next week as supplies tighten up and produce houses bulk up before the jump. Demand is also moving frequently as schools and restaurants begin to order nationwide. We are seeing sizing between the 20-24ct size and some possible bruising.

Tomatoes

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



Prices for all Tomatoes are trending up this week. Growers are reporting challenges in the West with heat and fires. Growers in the East are reporting weather related challenges associated with Hurricane Sally and cool weather in the North East. Growers are reporting quality issues associated with weather out of most growing area too. We're also getting reports from growers that higher than normal prices are expected last another 3 to 4 weeks.

Watermelon

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



Overall supply has been stable and no quality issues detected. Supply is slightly down from from previous weeks but is about in line with historical patterns.

Industry Report

Western Wildfire Concerns Move from California to Oregon

The Packer: September 18, 2020

Wildfires in California and Oregon were causing a wide range of problems for the produce industry in the first two weeks of September, from smoke creating adverse conditions for harvest crews, to closing roads and power outages in the Portland, Ore., area.

About 30 employees of Naumes Inc., Medford, Ore., lost their homes to fire in the southwest part of the state, said Robert Boggess, senior management executive, although the company's facilities and guest worker housing were spared.

The Oregon Department of Forestry report that as of Sept. 17, 12 major fires were burning in the state and that a million acres have burned so far this year, nearly doubling the average acreage.

Naumes has about 1,600 acres of pears in the region and appeared to have escaped fire losses, although smoke delayed bosc harvest.

High winds that fueled multiple fires knocked pears and apples from trees, and the Washington Apple Commission reported overall production could drop 5% to 10% from the 134 million 40-pound boxes estimated at the U.S. Apple Association's annual crop conference Aug. 21.

"Since the time of the initial estimate, extreme windstorms, wildfires on the West Coast, and more accurate reporting of crop load on the trees as harvest progressed, suggest a lighter total crop volume for the 2020-21 apple harvest," according to a news release from the Washington Apple Commission.

At Fall Creek Farm & Nursery Inc., Eugene, Ore., many employees were evacuated from their homes, and some lost their homes, co-CEO Cort Brazelton said. Power losses challenged the ability to keep research and development plant material protected, he said.

At one point, the Holiday Farm Fire, which had burned more than 170,000 acres as of Sept. 17 and was only 8% contained, came near to Fall Creek Farm & Nursery facilities.

"The Fall Creek team has done a fantastic job coming together both to solve the immediate operational and business issues while also coming together to take care of their colleagues in the Fall Creek family."

Phuc Kenny Ngo, director of operations of the Portland Division at Pacific Coast Fruit Co., said inbound products coming from Interstate 5 have been affected. Restaurants, which continue to feel the effects of the COVID-19 pandemic, are seeing the loss of outside seating, which had been a way to seat more patrons while following social distancing measures.

Soot and particulates in the air dropped visibility significantly, Shay Myers, CEO of Parma, Idaho-based Owyhee Produce, said Sept. 16.

"... It is a really thick haze, with the resemblance to something like fog except for it falls out of the sky and coats everything with a layer of ash," he said.

The nearest fires to Owyhee Produce were more than 100 miles away, he said, but skies had been hazy for going on 10 days by Sept. 16.

Still-growing sweet potatoes have been slowed by hazy skies. Onions are now being cured in the field before they are collected to be put in storage. Myers said the haze and lower temperatures have slowed that process.

"With the lack of sunshine, and with the significantly lower temperatures, we are not getting the normal drying action for onions that we would like to see this time of year," he said.

Myers estimated that perhaps 5% of the onions are harvested and in storage in the Treasure Valley of Idaho-eastern Oregon, which is close to normal. "Normally right now this would be our first heavy week," he said.

Industry Report

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However, continued hazy skies could add days to harvest by slowing the process of drying the onions and putting them safely under cover, he said.

California lettuce issues

Richard Smith, Monterey County vegetable crop farm advisor for the University of California Cooperative Extension, said the fires are mostly out in the county and air quality is improving.

Fires didn't burn vegetable fields, he said, and while growers did have some complaints from buyers about ash on romaine leaves, Smith said all growers were "in the same boat" and nothing could be done to avoid that issue.

While there was some concern about lack of growth in plants from hazy skies, he said that worry seems to have passed.

Vegetable production will shift to the desert in Southern California and Arizona beginning in mid-October to early November, he said.

From early to mid-September, however, Salinas Valley saw an "explosion" of virus and disease issues, according to a Markon Cooperative alert it e-mailed to members Sept. 16.

Some iceberg and romaine lettuce fields saw yields drop 20% to 50%, according to the e-mail. Harvest crews were heavily trimming heads to cull defects.

As the cull rate grew, harvest crews moved through fields faster.

That could affect the remainder of the Salinas season, according to the company.

Donations accepted

Naumes Inc. owners Mike and Lauren Naumes set up an emergency fund for employees that the company contributed to directly, Boggess said. The Naumes Family Foundation donated \$100,000 to charities supporting fire relief efforts in the region.

The company is accepting donations of clothing, bedding and food at its office.

"Our lobby here at our corporate office looks like basically looks like a secondhand store," Boggess said. "We just have piles of piles and racks and racks (with clothes), and people just can come in and take what they need."

In California, the CCOF Foundation, Santa Cruz, Calif., funds disaster relief for organic growers through its Bricmont Hardship Assistance Fund, which has already seen staggering demand because of the pandemic. The foundation expects the fires to significantly increase the need.