

# Weekly PRODUCE ALLIANCE Market Report



January 18, 2024

## OVERVIEW

In Mexico and Florida, due to the El Nino weather pattern and the impacts on the fall and winter crops this season, we continue to see production delays and very short supplies continue. We expect this to continue through the end of the month at the earliest. We will continue to see challenges with tomatoes, squash, corn, bell pepper and cucumber. We will see light volume and possible pro-rates with subs needed on several items. We hope to see some improvement out of Mexico as temps increase this week, but consistency is needed in daytime and overnight temps, which has not happened this entire season. In the short term, we will continue to see very light inventories on several items. Color/ripeness of tomatoes could be impacted and ultimately delay logistics as well; our teams are doing everything they can to navigate these challenges. Substitutions and moving order dates are going to be necessary until we can get into consistent supply. The table grape market is tightening up again due to low supply; we are seeing lighter vessel traffic at all ports impacting the entire industry and expect volatility the rest of the month and possibly into February. The avocado market continues to be fairly stable with normal weekly adjustments to balance inventory across all sizes. Demand for fruit in the field continues to be strong and volume remains plentiful. The market is on the cusp of being inverted (where 60s are more expensive than 48s); these two primary sizes are currently priced similarly, and demand over the next few days will either lead us to an inversion or back to the 48s projected to stay on top. Regardless, supply and demand are strong. The 2024 California crop estimate is in and is projected for 208M pounds for the season. Last year the season closed at 232M pounds, and 278M pounds in 2022. There is no reported harvest volume yet; with a lighter overall season, growers will have their choice of harvesting during stronger market conditions. The Desert growing regions of Southern California and Western Arizona (Yuma) have experienced cold weather over the last 2 weeks with several hours of field freeze in the early morning hours. Nighttime temperatures have risen slightly with only traces of frost in the fields at this time, but due to the cold temperatures, expect to see the effects of the freezing temperatures in all items shipping from these growing areas.

## MARKET ALERTS



### AVOCADOS – ESCALATED

Last week's harvest came in at 66.4M pounds, almost a 20% increase over the previous week, and a nice start to the build-up of inventory needed for the Super Bowl. The next two weeks should bring in +75M pounds a week. Last year's largest harvest week prior to the Super Bowl maxed out at 71M pounds. There was a slight push down on larger size markets as they become more readily available, and most demand continues to call for 60s and smaller. The normal crop continues to mature, and dry matter is over 30%. The sizing curve coming off the trees is now equal on 48s and 60s and continuing to size up slowly.



### ASPARAGUS – EXTREME

Asparagus production is still limited in all growing regions in Mexico due to cooler temperatures. This past week was the coldest of the season in the Caborca and San Luis, Mexico growing regions. Peruvian production continues to be low due to seasonality. Quality is fair due to the heat in Trujillo, the northern growing region. Larger sizes are still extremely limited in all regions. Markets continue to be extremely active with less production from all areas. Supply out of Caborca is expected to begin during the first full week of February, weather permitting.



### ONIONS - ESCALATED

Several factors have caused onion markets to double in the last two weeks alone. The first was the hurricane that took place back in the Fall. This weather event negatively impacted the domestic crop due to copious amounts of rain and the Mexican crop. Growers in the Pacific Northwest have been experiencing unusually high levels of shrinkage. On average, they must run 30% more than normal to achieve the same pack out as last year. The early Mexican crop was primarily white onions, so growers were paying top dollar for the domestic product because that crop was lost. We also hear that Japan is without its domestic onions and is leaning heavily on the US crop. This is all leading to a global shortage that should cause the onion market to remain elevated until Mexico's new crop comes into the mix, which is a big wildcard now. If Mexico's crop is in okay shape and is just delayed, this will help to add supply and alleviate the market a bit. If they are in worse shape than we know, we are likely to see the market remain elevated for a much longer period.



### POTATOES – ESCALATED

The market continues to feel stable on all sizes and grades for the moment, with the exception of 40ct potatoes. While potatoes as a whole should remain plentiful, we do anticipate 40ct commanding a premium more often than not until the end of the crop. They have continued to be available for mixers, but we are not



## **BASIL – ESCALATED**

Basil supplies are running steady this year and quality has been very good. We are seeing increased delays in airline freight due to cold temperatures.



## **BROCCOLI - ESCALATED**

Cold temperatures are having an impact as we have seen lighter supplies and expect the same for the remainder of January. Market is stronger with pricing reaching trigger levels.



## **CABBAGE, RED – ESCALATED**

Quality is good although supplies are lighter. Market is considerably stronger and expected to stay strong through next week.



## **CARROTS (JUMBOS, MEDIUMS and CELLOS) – EXTREME**

Very limited supply on Jumbo and Medium Carrots in California and growers are in a demand exceeds supply situation. Fields in the Salinas and Bakersfield region are not sizing up. Expect Jumbo carrots to remain in light supply, well into Q1, 2024.



## **CORN – ESCALATED**

Lighter supply continues due to cooler wet weather in Florida while in the west light supply available in Nogales. Markets will be higher this week, supply short, but quality is fair.



## **CUCUMBER – ESCALATED**

Very light volume available out of Mexico crossing through McAllen and Nogales. Florida will be shorter this week due to cooler weather and rain. Overall quality is fair. We recommend subbing to English Cucumbers if there are pro-rates or shorts.



## **GREEN ONIONS – EXTREME**

Green onion supplies continue to be light and the market continues strong at high prices. A shortage of labor conditions after the Holiday, combined with very cold temperatures in the growing areas, has slowed growth and production. These challenges have led to shortages of product crossing from Mexico for all growers with some growers still pro-rating. Pricing remains steady but we could see a change next week.



## **GREEN BEANS – ESCALATED**

Markets are higher due to lighter volume of Florida and Crossing through Nogales. Overall quality is mixed.



## **TABLE GRAPES – ESCALATED**

Offshore table grapes are now in full production; markets will be firm through mid-January. Overall quality is good.



## **HOT PEPPER – ESCALATED**

In the east, the hot pepper market is hit or miss. Supply to of Culiacan is improving; Tomatillo and Habanero will continue to be the shortest. Quality is good on all varieties.



## **LIMES – ESCALATED**

Cooler weather in the growing areas is slowing production in addition to the already light supplies.

seeing very much straight load availability, or even availability in heavy volume. There will be some lots that are better than others throughout the season, but this does appear to be a theme moving forward. Because of this, we do anticipate that we may see a pretty big gap between 40ct/50ct and the rest of the sizes. The good news is that food service sized cartons in the middle size range (60/70/80) appear to be plentiful. Unfortunately, at their current return levels on 90s/10s/2s and retail bags, growers are losing quite a bit of money. The rest of Q1 will be a combination of both Burbanks and Norkotahs being shipped, and during the beginning of Q2 (in April), we will see Norkotahs wind down and will be shipping exclusively Burbanks until new crop in The Fall. In general, there are no major headwinds expected in the potato market during the first half of the year.



## **PEPPERS (RED BELL) – ESCALATED**

Lighter supply available out of Nogales and Florida as our growers are into newer blocks. We expect to see some pro-rates over the next week and hope to see improvements as volume increases.



## **SNOW & SNAP PEAS – ESCALATED**

Due to cooler temperatures, Guatemala production on snow peas and sugar snaps continues to slow. Snow and sugar snap markets out of the west are very active with a light supply.



## **SQUASH (YELLOW & GREEN) - EXTREME**

Shipping out of Florida, McAllen and Nogales. Quality is fair. We expect to see pro-rates this week due to cool weather and very light supply for the next 2-3 weeks.



## **TOMATOES – EXTREME**

Most tomato shippers are currently down over 50% on volume and the cooler, wet and unseasonably cold weather we saw this past week has further caused delays to an already late/stressed crop. The improvements we started to see late last week have turned back down and caused a major shortage in the market. There are a few shippers in Act of God this week, but we hope to see this improve over the next 10 to 14 days. Our team continues to keep a close eye on this situation and will provide updates when needed. Unfortunately, at this point in the season, weather will dictate when we see an improvement in the supply.

### **Tomatoes: East Coast**

- **Round and Roma Tomatoes:** Supply is slowed down this week due to ongoing rain and cooler than normal temperatures. Low yield and color challenges continue be at 50% or less than normal.
- **Grape, and Cherry Tomatoes:** We expect to see very short crops, escalated pricing, and potential for pro-rates continue through January.

### **Tomatoes: Mexico**

- **Round and Roma Tomatoes:** Supply will continue to be short over the next 10-14 days at minimum. Extreme weather during the initial planting phase, coupled with cold weather, have winter tomato supplies running



This, along with significantly increased demand as the Super Bowl approaches, will continue to strengthen the market with higher prices. Expect market to remain strong over the next few weeks until the Super Bowl demand slows down.

## **MUSHROOMS – ESCALATED**

Quality is good, and supply will remain volatile through January. We are seeing very short markets on white and cremini mushrooms.

## **ORANGES (SMALL SIZES) – EXTREME**

Small size oranges continue to be in extremely short supply and will remain in short supply for the remainder of the season. Weather related issues early in 2023, followed by favorable growing conditions over the summer, accelerated fruit growth this season and the industry is projecting a much larger size structure for all oranges in California. Early reports said we were not going to see the situation get to a critical point until a little later in the season, but we have spoken to several growers that have reported small fruit has now run out, with only larger sizes available for the remainder of the Navel season and into the Valencia season. NOTE: Rain is in the forecast for this weekend in Central California which could affect supplies on all sizes as growers will not be able to harvest depending upon how much rain they receive. AS WE PROGRESS THROUGH THE SEASON, FLEXIBILITY ON SIZING AND LOADING AREAS WILL BE MANDATORY IN ORDER TO GET ORDERS FILLED!

about 30% of “normal”. We are working with our partners to maintain the supply chain through these difficult times. Pro-rates are likely and the need to sub varieties will be needed.

- **Grape, and Cherry Tomatoes:** We expect to see very short crops, escalated pricing, and potential for pro-rates continue through January. Cold weather and rain continue to delay the crop.
- **Medley Grape Tomatoes:** Lighter volume this week with fair Quality.
- **Tomato on the Vine:** Lighter supply and higher prices this week and Quality is good.

## **WEATHER:**

### **YUMA, AZ**

Thu 1/18	Fri 1/19	Sat 1/20	Sun 1/21	Mon 1/22	Tue 1/23	Wed 1/24	Thu 1/25
76°   52°F	75°   53°F	73°   56°F	72°   55°F	65°   55°F	68°   50°F	72°   51°F	73°   52°F
Sunny	Cloudy	Cloudy	AM Clouds/PM	Rain	Partly Cloudy	Mostly Sunny	Mostly Sunny









### **OXNARD, CA**

Thu 1/18	Fri 1/19	Sat 1/20	Sun 1/21	Mon 1/22	Tue 1/23	Wed 1/24	Thu 1/25
64°   50°F	61°   53°F	60°   52°F	60°   55°F	61°   51°F	63°   49°F	63°   51°F	66°   52°F
Mostly Cloudy	AM Fog/PM	Rain	Rain	Rain	AM Fog/PM	AM Clouds/PM	Partly Cloudy









### **CULIACAN, SINALOA**

Thu 1/18	Fri 1/19	Sat 1/20	Sun 1/21	Mon 1/22	Tue 1/23	Wed 1/24	Thu 1/25
92°   54°F	92°   54°F	90°   58°F	85°   58°F	84°   59°F	80°   54°F	81°   51°F	83°   50°F
Sunny	Mostly Sunny	Partly Cloudy	Mostly Cloudy	Mostly Cloudy	Cloudy	Mostly Sunny	Partly Cloudy









## JALISCO, NAYARIT

Thu 1/18	Fri 1/19	Sat 1/20	Sun 1/21	Mon 1/22	Tue 1/23	Wed 1/24	Thu 1/25
81°   55°F	85°   56°F	83°   56°F	81°   55°F	79°   55°F	76°   53°F	72°   48°F	75°   48°F
							
Cloudy	Partly Cloudy	Mostly Sunny	Partly Cloudy	Partly Cloudy	Mostly Cloudy	Partly Cloudy	Partly Cloudy

## VIZCAINO, BAJA SUR

Thu 1/18	Fri 1/19	Sat 1/20	Sun 1/21	Mon 1/22	Tue 1/23	Wed 1/24	Thu 1/25
84°   50°F	83°   50°F	74°   52°F	73°   51°F	71°   54°F	71°   49°F	71°   50°F	73°   51°F
							
Sunny	Mostly Cloudy	Cloudy	Mostly Cloudy	Mostly Cloudy	Partly Cloudy	Mostly Sunny	Sunny

## IMMOKALEE, FL

Thu 1/18	Fri 1/19	Sat 1/20	Sun 1/21	Mon 1/22	Tue 1/23	Wed 1/24	Thu 1/25
79°   64°F	76°   54°F	64°   42°F	68°   55°F	73°   64°F	78°   68°F	83°   69°F	85°   68°F
							
PM Showers	PM Showers	AM Clouds/PM	Mostly Cloudy	Cloudy	Cloudy	AM Showers	Partly Cloudy