



Morning,

Supplies across all baby leaf components, both organic and conventional are tight. Principal driver behind the current industry shortage is the stubbornly cool weather in the Desert growing regions; since December 16th nearly every day in the Yuma region has seen below normal temps. The weather has not only slowed growth across all commodities (not just baby leaf), but has resulted in a sharp increase in quality complaints due to leaf discoloration mostly yellowing, but also purple tips, mildew, and wilting (freeze damage). The quality defects combined with sluggish growth has led to negative adjustments on expected yields for the upcoming weeks.

The organic arugula and kales have been impacted the greatest by the cold weather, aside from the quality defects, many fields on these two specific items have fallen behind schedule by 7-10 days creating a production gap just when "Diet Season" demand has kicked in. Organic spring mix is close behind, as supply on green/red chards are extremely tight, and since we are not able to use baby romaine varieties as a component (on many labels) our usage of the chards, kales and spinaches have all increased equally. Chards have been hit particular hard by the freezing temps, with significant tip damage seen across many plantings (see pictures left and right). Conventional & organic spinach is right to budget, with no cushion at any facility or room for error, be it a logistical or harvest issue.

As always we are committed to maintaining a quality product and a good experience for the consumer, we have not and will not adjust our QC specs to accommodate marginal material that comes into our system. That said, due to the large amount of stress the delicate crops have been under during the current growth cycle there will undoubtedly be a small percentage of premature breakdown in our products as they sit on-shelf. This will be inevitable given the weather challenges and the fact that many of the current defects progress with age.

With demand expected to run high it will be a challenge to keep pace with sales through the weekend. If they can be supported with raw material both our Salinas and SJB facilities will work thru Sunday to get us caught up on the service side.

Looking forward they are calling for yet more cold weather and lettuce ice for tomorrow and Saturday, this will only prolong the current shortage. Since the forecast shows no warming trend in sight it's difficult to point to a get right date, until Desert temps climb to normal levels we will be hard pressed to completely dig out of the current hole. Yes, we are looking to source outside of our grower network, but our scale of demand cannot be supported in the open market, it can fill-in somewhat but not completely.

