

Good Afternoon,

Any post July 4<sup>th</sup> slump that may have occurred in the past is certainly not the new norm of today and for the foreseeable future. As for Covid-19 related concerns, fortunately there have been few. Although concerns persist on the unforeseeable future, harvesting crews have not been impacted significantly (at least not reported) and where there is product to be picked, the labor has been there to keep the supply chain flowing.

The weather, however, continues to be the dominate factor in the current supply shortages. Strawberries, most significantly, have been the primary commodity seeing the greatest impact. Erratic weather patterns continue to severely hamper production coupled with major front page ads across the country has the industry reeling with extreme shortages. Most project this to continue through the month of July! This in turn, will put pressure on other berries, like blueberries, that are experiencing similar weather and low production problems.

Finally, the current extreme hot weather pattern in CA will impact grape, melon and stone fruit harvesting, which will translate into late and delayed loadings, we suggest to plan ahead as far as possible.

It is clear that the record breaking sales that all of the retailer/wholesalers that we have talked to are experiencing primarily due to the continued impact of the Covid-19 situation is not unique. The increased demand on both supplies and increased cost pressures on hitting ultra-aggressive price points is having an impact on our industry. As we all have witnessed and continue to witness, any weather related impacts create major supply issues that we will continue to do our best to manage as effectively as possible.

Here is the latest commodity update:

Logistics:

We expect it to tighten even more next week during driver safety/inspection blitz next week

<https://www.overdriveonline.com/driver-focused-inspection-spree-set-for-july-15-21/>.

- Northwest 325 trucks / 600 loads : This number is a little deceiving – half of these trucks posted are Canadian carriers and can only run into Canada. It is much tighter in WA than it appears running domestically.
- Northeast 500 trucks / 1150 loads
- Salinas, CA 400 trucks / 1250 loads
- Santa Maria, CA 550 trucks / 1800 loads
- McAllen, TX 165 trucks / 800 loads
- Miami, FL 300 trucks / 125 loads
- Nogales, AZ 175 trucks / 300 loads

Grapes:

- COVID – 19 Labor Shortage Concerns due to increase Unemployment benefits. COVID - 19 fear factor also plays a role in employee shortage.
- Due to heat extremities – suppliers are forced to pack ½ days and even ¾ days. Suppliers shut down past 98°
- Concerns of potential labor shortages exist for the month of September, when all varieties will be in peak season.
- Labor shortage concerns lean more towards Forklift Operators, less on field packers.

Stone Fruit:

- Labor Shortages
  - Warehouse shortages – Forklift drivers and packing house staff. Not so much in the field.
- Year round suppliers issues are much more mild in comparison to seasonal suppliers.
- Due to heat extremities – suppliers are forced to pack ½ days and even ¾ days. Suppliers shut down past 98°
- Suppliers are seeing a difference in heat extremes compared to years past

- Varieties are not overlapping as they have in past years.
- Typically varieties overlapped each other, which would provide a glut of fruit which would drive price down.
- This year are suppliers are seeing more of a variety by variety phenomenon which would keep consistent volume in the market.
- Farmer to Family box – USDA Purchasing programs have been very helpful to keep movement steady.
  - 30% of crop typically goes to export this year
  - Only 10% is going to export and the remaining 20% is being taken by USDA Programs.
- White flesh challenges (gaps/in between varieties)

#### Watermelon:

- Out west, southern Arizona and Southern California are finished. The central valley (Mendota/Fire) is producing now with good quality. Availability is good, pricing stable.

#### Domestic (western) Cantaloupes, Honeydew, Varietals, eastern Athenas:

- We are for the most part done in the desert regions. The central valley (Mendota/Firebaugh) is underway with light to moderate volume. Cantaloupes are in decent supply. Promotional volume will kick in for sure starting week of July 20th.
- Sizing is mostly 9ct. Cantaloupe markets remain on the higher end, but we do expect pricing to decrease as more larger growers come on line.
- Varietals are basically done in the desert and still in lighter volume in the central valley (Turlock area). Demand has been moderate and product (pallet volume is) available at reasonable prices.
- Kiss Melons – The Summer Kiss variety is done in Yuma. Currently there is only Sugar Kiss available are available in pallet quantities. Huron (the next harvesting area is not expected to start producing until the end of next week (7/16). Plantings were limited and supplies are expected to remain in a demand exceeds supply situation through the Huron deal (mid -August). Get your orders in early (need lead time).
- Honeydews are still plentiful (harvesting started late in the desert) and still available out of the desert as well as in the central valley. Promotional opportunities are available now. Quality is excellent.
- Organic Cantaloupe, Honeydew and Varietals are currently harvesting in the central valley (Mendota/Patterson) with decent availability. Organic seedless including mini watermelon are finally starting to come on in the central valley and are available in limited supply.

#### WA Cherries:

- Strong market (above normal) continues although demand has eased
- Seeing the season peak volume hit this week and next week hence easing demand
- Seeing some loading delays as most cherries being picked, packed and shipped same day/evening
- Field reports indicate supply to decline after next week but fruit size remaining large
- Washington higher elevation cherries will continue through late August with limited volume
- Canadian cherries started, crop down significantly from last year, season will continue through late Aug
- Promotions still recommended although at higher pricing and limited volume

#### WA Apples:

- Good supplies on most varieties and sizes except jumbos
- Strong movement and market increase on honeys
- Remaining honey supplies in few hands until new crop late-August
- Bag apples continue to see increased demand trend
- Promotions strongly recommended on medium/small size fruit

#### Western Veg (Lettuce, Broccoli, Cauliflower, Celery):

- Limited volume on Romaine Hearts expected for the next month
- Look for celery market to increase as overall supply is light and
- Look for lettuce market to increase in for the next two weeks

Mandarins:

***Imports available on the East and West! Now is the time to promote.***

- Summer Halos available August

Lemons:

- Fancy fruit remains tight
- High demand on 165s and smaller
- Size peaking 115s/140s/95s
- Market pricing firming up
- Lemons now available from Argentina as well

CA Grapefruit:

- In full production
- Product remains tight due to demand
- Required lead time

CA Valencias:

- Seeing an increase in demand
- Peaking small – 72/88/113

Import Caras:

- Available mid-August

Mushrooms:

- Good Supply, no issues.

Pineapple:

- There were no significant NDF (natural flowering) events this past winter which does cause short-term supply issues in the Summer, Therefore, we expect Costa Rican supply to keep up with Retail demand.
- Having said that, some suppliers are expecting lower supply in July and through end of August / early September.
- Promotions are certainly possible, but planning ahead is key.

Tomatoes:

- Field Grown Tomato out of California have begun harvesting and volume will increase further in July. Mainland Mexico and Baja are steady. Rounds are slightly down this week.
  - Roma is steady.
- Greenhouse Tomato demand coming out of the holiday show no signs of slowing down.
  - Harvest out of the north are expected to drop slightly in the coming weeks as we officially mark the 2nd half of the growing season out of Canada.
  - Shippers continue to work hand-to-mouth, pro rating orders and emptying coolers nightly. Many shippers are experiencing issues at the Canadian border due to lockdown, causing delays.
- Greenhouse Beefsteak:
  - Markets are still very strong. No promotional activity.
  - Quality and sizing are good but we could see some heat related issues in the upcoming weeks.
  - New crops out of Mexico are about 8 weeks from 1st picks.
- Greenhouse TOV:
  - Spot markets are strong. No promotional activity.
  - Shipper inventories are clean and quality is good.
  - Pro rates continue in an attempt to cover regular business demands.

- o New production from Mexico is expected in 10 weeks, which could bring some relief to market conditions.

#### Mangos:

- We are in the highest volume weeks of the year for round mangos as Southern Sinaloa and Nayarit peak and Northern Sinaloa starts.
- Kent, Tommy and Keitt varieties available.
- Organic Kents/Keitts will be in abundant supply the next 5 weeks.

#### Garlic:

- CA harvest has begun and allocations will cease next week. This doesn't guarantee that all orders will be filled in full but we should start to see a slow down on prorates.
- Options from other suppliers also available. Please reach out for pricing and availability.

#### Asparagus:

- Supply is getting better due to increased production out of Peru. Mex is still dealing with a shortage of supply, no rain/water restrictions and some Covid-19 labor issues. There are pockets of better supply but limited.
- Forecast for the next 2 weeks is good supply out of Peru as long as weather cooperates. Some areas in Mex shutting down early due to decreased demand.

#### Avocados:

- Demand tailing off a bit post-holiday. All regions in play with good supply, Peru and Colombia coming on stronger. Due to a decrease in demand and good supply markets are becoming depressed.
- Forecast for July is slowing demand, deflated prices and slower than usual movement.

#### Potatoes:

- We are getting towards the end of storage crop in ID, WI and CO. Quality is spotty. There will be small gaps in good quality russet supply over the coming weeks.
- Markets are firm right now and will remain that way until new crop starts 2nd to 3rd week of August. Due to the spotty quality issues and tight supply no ads are encouraged until new crop starts.
- Reds and Golds are steady with good quality, markets coming off a bit - Whites are very tight on supply

#### ONIONS:

- Markets are steady on yellow and red. Look for supplies of white onions to increase next week which will soften markets.

As always, we sincerely appreciate your support and please let me know if you have any questions or need any additional information.

Dale