

Market Update

January 20, 2022

 We have a lot to talk about, so much more affecting our business than just the weather in today’s world. Let’s take a look…

**Asparagus:** Quality has been very good on Mexican grass. Movement is steady, a good item for weekend push. 28# units in the near future.

**Cabbage:** Prices has risen quite a bit over the past two weeks. I’ll talk more about freight rates later, but the high cost of transportation has a larger per box effect on products that have fewer cases on a pallet. So, cabbage at 35/pallet will have twice the effect as mini carrots at 70/pallet. Brussel sprouts are hard to come by and expensive.

**Lettuce:** The market is fairly stable. Overall quality is good, you may see some effects of weather.

**Mushrooms:** Between road closures and production shortages we’ve been a bit hit and miss on mushrooms. We are still getting prorated about 25% of criminis and 90% of oysters.

**Onions:** Overall market is up slightly.

**Peppers:** Hot House colored bells are looking good and are very promotable. Green market is stable – time for a pepper push.

**Tomatoes:** Rounds and romas are the top dogs this week. Quality is outstanding and prices are never better. TOV’s & beefs are up this week, and cherubs are very hit and miss for supplies.

**Apples:** Sales are spectacular. Push whatever variety suits your fancy; you can’t go wrong. We have been promoting a UXF Cosmic Crisp – looks great and is at a substantial savings.

**Berries:** Toughest category in the shopping cart. Many offshore arrivals are held up in port awaiting their turn to get off loaded. Recent rain created havoc in the strawberry deal on past 6 weeks. We look to be stabilizing, Valentine’s Day promotions are still wait and see.

**Avocados:** Field prices in Mexico continue to climb. Peak sizes are 48/60ct. Demand continues to grow as we get closer to the Super Bowl. Freight issues persist, adding to the already sky high cost of fruit. No relief until after the game.

**Grapes:** Where do I begin? I was told today 1.2 mm cases of Chilean fruit is not getting out because of Covid being found on the vessels. That makes the next 2-3 weeks supply look pretty weak, with a probable influx of grapes in 4 weeks.

1. **The Fruit.**   Peru is actually about 9% ahead of last year from a production perspective in volume.  So, you may ask, where is all the fruit then?   Some of the fruit is going to the EU for example, which is common.  The value of the dollar as well as other production areas such as Brazil, So. Africa and Chile have a bearing on what is sent to the US vs other market destinations (EU, Asia, Africa).   Of all the challenges, fruit is actually the least of our challenges.
2. **So American Ports:**
	1. Peru’s infrastructure only allows for vessel containers.  “Feeder Vessels” are loaded in Peru and sent to Panama, the Dominican Republic and the Bahamas, for example, where the ship is then fully offloaded and re-loaded on what are called “Delivery vessels”.   Today, there are more loaded feeder vessels than there are empty delivery vessels, so there is fruit that is being left behind until the delivery vessel makes its way back to Central America to load again.  If you do this week after week, it’s obvious what that means from a backlog and shortage perspective.
	2. Chile can, and does, load a “break bulk” vessel.  These are loaded, pallet by pallet, into a ship that can contain 500,000 18# lugs.   These can deliver directly from the port in Chile into the US ports.  These are much more reliable from an ETA standpoint, however, they have only just now begun arriving, so we are in a “catch up” mode.
	3. Labor.   All facets from harvesting, packing, cooling, draying, intra So. Amer to port, are effected.  As is labor at the port to operate the equipment, etc.
	4. Communication.   Given today’s technology, you would think it is easy to track a vessel, but it is surprisingly challenging to get accurate and timely updates.
3. **US Ports:**
	1. **Labor.**  There is a finite amount of labor that is available to offload, fumigate/cold treat, inventory, QC and distribute arriving fruit from the US Port to the loading location.  Pre-Covid, it may take 3-4 days to unload a vessel, today is taking 5-10 days out East and 10-21 days out West.
	2. **Equipment.**  There is not enough equipment available to move all this fruit around to keep up with demand and availability.   Again, there is a finite amount of activity that can be done with unions in a given day.
	3. It is a bit of a luck of the draw on where your container is on a ship from So. America to Panama, offloaded in Panama onto another vessel to the US, then offloaded here and drayed to the loading location.  Information flow is slow and many times inaccurate.   That then impacts our ability to hire trucks when we cannot give them load/unload info.
4. **Domestic trucking:**
	1. Driver shortage.
	2. Equipment shortage.  We have seen as high as 28:1 Load to truck ratios out East!   So even when you have the fruit, that doesn’t mean you have a truck to load it on.
	3. Both of these factors are impacting when we have available equipment when the fruit is finally available to load.

All of that said, our industry is filled with the best of the best at dealing with supply chain interruption and just in time logistics and supply chain management.  It will get better.

**Citrus:** Navels continue to eat great. Choice fruit is not as plentiful as in years gone by and the spread between choice and fancy is getting pretty narrow. Now is a good time to consider moving into fancy grade. Lemons remain stable, limes are through the roof. We expect to load Sumo/Dekopons this week. Rounding out the citrus lineup we have bloods, cara caras, and mandarins in both Halo’s and Peelz brand.

**Pears:** A full lineup is available every day. Recent pear ads blew us away – quality is outstanding!

 Are you numb yet? Every day we are faced with late trucks, lost trucks, no trucks, and short trucks. It seems as though each week some vendor is increasing their cost of goods – and for good reason. Add that to the challenge of staffing your produce department during what seems to be a never-ending pandemic and you become exhausted!

It would be easy to lose heart. But that’s not who we are. We pick ourselves up each day and start all over again. And we do it well! I think we all thought 2021 would not match 2020 in sales, but it exceeded it! The momentum hasn’t left yet as each week we continue to show double digit growth. Speaking for myself I find I need to make sure I don’t become complacent and too accepting of performance drops. Just because I haven’t received my last two deliveries from vendor x, and when it shows up I have 3 weeks of purchase orders on the truck, and several items are short, and there is no paperwork – that’s no reason to accept it. Now I need to sharpen my pencil and see if there is something I can do to make it better. Each and every transaction is deserving of my utmost attention, even if I have a lack of faith the load will make Spokane on time. How does the old saying go? “We’ve done so much with so little for so long now, we can do practically anything with nothing.” Well it’s not quite that dramatic, but we at Peirone have to tip our hats to our retail partners for showing up each and every day and just “gettin’ it done.”