

MARKET TRENDS

JANUARY 26, 2018

PERFORMANCE
FOODSERVICE

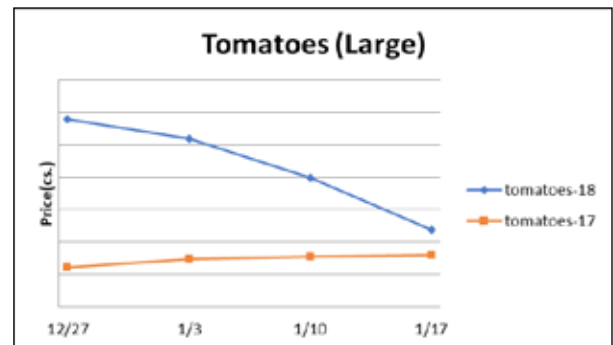


Produce

Tomato supplies continue to slowly improve from the Hurricane Irma damaged fields. This is influencing the tomato markets lower. The tomato (large-case) market has declined 50% since peaking in mid-December. U.S. tomato shipments are expected to build in the coming weeks which could put further downward pressure on the tomato markets. The lettuce markets remain rather range-bound with fairly adequate supplies. The 24-count iceberg lettuce market has averaged lower in February from March in five of the last six years. This week, we are seeing some quality issues on vegetables in general out of the southeast due to last week's freeze in Florida. Logistics update: Transportation continues to be a struggle as the weeks pass. Rates are still much higher than usual. This is an extraordinary situation that we will keep monitoring closely. Lemons and oranges are in a very extreme market. Strawberry and raspberry supplies have also tightened up due to significant weather impacts, and we will need to watch closely this week to see if the fruit is further harmed in the fields. The squash market is firmer, but supplies are available.

MARKET ALERT

- **Arugula & Wild Arugula – ESCALATED**
- **Asparagus – ESCALATED**
- **Baby Kale Blends – ESCALATED**
- **Berries (Blueberries, Blackberries, Raspberries, Strawberries) – ESCALATED**
- **Lemons – EXTREME**
- **Mushrooms – ESCALATED**
- **Oranges (Small sizes) – EXTREME**



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Produce

Apples & Pears

The market is steady. Storage stocks are ample. Peak sizes are: Fuji (88- to 100-count), Gala (100- to 133-count), Golden Delicious (100- to 113-count), Granny Smith (113- to 138-count), and Red Delicious (80- to 113-count). Quality is very good: sugar levels range from 14 to 18 Brix. The Pear market is unchanged; storage stocks are ample, especially 100- to 120-count sizes. Bartlett supplies will be depleted by the first week of February; several growers have already ended their seasons. Sugar levels vary from 12 to 14 Brix.

Artichokes

Steady market with higher prices. Quality is good.

Arugula

Escalated - Supplies are limited but getting better and quality is improving.

Asparagus

Escalated - Supplies are short and prices are higher, but quality is good.

Avocados

Overall volume will remain consistent; however, smaller sized fruit is still a challenge over the next several weeks. There is also the potential for a flush of #2 fruit on the horizon just in time for Super Bowl demand.

Bananas

Demand remains firm and quality is good, but we are seeing short supplies across the country and expect a shortage to continue through 2018 due to virus impacts.



Beans

East: Sporadic volume is still wreaking havoc on the bean deal. There are reports of some growers losing their crop due to bloom drop. In addition the freeze and cold temps have significantly impacted crops, with very limited volume produced. It is expected to continue for a number of weeks. Quality is mostly good and FOBs are staying firm and high.

West: Steady volume is coming from MX with improvement on the horizon. Thus keeping prices steady into next week. Quality is good.

Berries:

Blueberries

Escalated - Availability is lighter due to the cooler weather and limited labor in Mexico; FOB prices are high and quality is fair.

Blackberries

Escalated - Volume is light, quality is in question due to weather with the potential for rain on the horizon for this coming week. FOB prices are also high.

Raspberries

Escalated - Volume is very light due to weather impacts and FOB prices are escalated.

Strawberries

Escalated - The market is very active and FOB prices are still higher this week. We are also seeing quality issues due to rain in California as well as Florida with supply shortages eminent over the next week and potentially longer. Supplies are better through McAllen; however, due to logistics shortages, it's very difficult loading trucks out of the region.

Bok Choy

Quality is average and we are seeing some higher quotes on WGA cartons.

Broccoli / Broccoli Florets

Supplies have improved, quality is good, and the market is steady.

Brussels Sprouts

Markets are improving as additional inventory becomes available. Quality is good.

Cantaloupe

We are seeing decent volumes of offshore fruit arriving on both coasts, with fair demand fruit is on the large side mostly 9's and very few 12's and 15's. The overall quality of the offshore fruit looks good with a green to cream cast and very good internal color and descent sugars. We will be in the offshore fruit through April until we start back in the desert around the first of May.

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Produce *(continued)*

Carrots

Due to the heat and rain, we are seeing some quality issues and a shortage on jumbo supplies as well as tables and cellos. This market is improving, but prices are still higher.

Cauliflower

Supplies are great and quality is excellent with a wide range of pricing.

Celery

Market is steady. We are seeing good quality and steady supplies.

Cilantro

Supplies have improved and we are seeing improvement in quality.

Corn

Sweet corn markets have firmed up slightly out of South Florida; we are seeing some availability crossing through Nogales. Quality is good.

Cucumbers

East: Florida has mostly wrapped up their season with the vast majority of supply now coming from Honduran imports. Supplies have been a little light with the boat schedule, but more volume is expected to arrive at the end of the week. Prices are still firm at higher than usual FOB. Quality is mostly good, but there have been some containers with weak product.

West: Volume is improving slowly as weather has perked up, pushing prices down just a hair. Quality is mostly good.

English Cucumber

There are excellent supplies crossing through Nogales and McAllen.



Eggplant

East: Still very limited supply coming from FL. FOBs remain high. Relief is expected in about 7-10 days with good weather conditions on the horizon. Quality has improved on the crop that is available.

West: All regions are pushing out product, but yields are a bit lower. Prices are firm and quality is great.

Fennel

Supplies for the week will be good and quality is good.

Garlic

Extreme - We have now fully transitioned from common storage garlic to cold storage product. Fortunately to date, our recoveries are faring relatively fine through the cracking/peeling process. Concerning the future/2018 crop, we are 85% completed with our planting season. Provided the weather (and that Mother Nature cooperates), we should finish planting within the next two weeks. In the coming months, we'll hope for cold enough weather and decent rainfall (similar to last year) to help facilitate the growth of the bulbs.

Ginger

Chinese ginger supplies are steady. Quality is good.

Grapes

We are finished with our California fruit. There are good volumes of Peruvian arriving on the east coast and good volumes arriving from Chile on both coasts. The Chilean and Peruvian fruit quality is very nice, which is a big change from last year. We are hoping that the imports this year will continue with excellent quality barring any major weather issues. The Chilean crop is of normal volumes and the weather has been good, so we are expecting a good year.

Green Cabbage

Supplies have tightened and markets have firmed on both coasts, but quality remains good.

Red Cabbage

Quality and sizing have been great with good color. The market is firming.

Green Onions

Prices have come down; quality has improved.

Honeydew

We are seeing some off shore and Mexico fruit here on the west and good volumes on the east as well. The Mexico volumes will be very light until around April, and will be dependent on offshore through April. The first fruit is a bit

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Produce *(continued)*

green but cuts nice and sugars are descent, We will start to see better volumes in the next few weeks, but right now fruit is on the tighter side especially on the 6's and 8's fruit is mostly 5' and 4's. We will also be dependent on the offshore fruit through April, until we start back in the California desert the first of May.

Jicama

Prices are firming up and inventories are lighter. We are seeing some quality and shelf life issues in storage product.

Kale (Green)

Quality is average and supplies are improving.

Kiwi

California crops are now in full swing with ample supply available and showing excellent quality. This new crop will extend all the way through to February. Market remains steady.

Lemons

Market very strong with excellent demand and some sizes demand exceeds supply. We are about done harvesting in Dist 3 (desert) and also going in a descent way here in dist 1 (Central Valley), we are gassing fruit in both areas and you will see some checkerboard color but for the most part quality is good, just like the oranges we will hope to see better color break here in Dist. 1 as our temperatures cool down which will promote better color break and allow for less gassing hours. The overall crop size out of dist 3 is about 20% lighter than last year and here in Dist. 1 about 15% lighter. We expect the market to stay fairly strong with lighter volumes out of both districts, and with domestic and export demand very good.



Lettuce:

Butter

Prices are stable. Quality is good.

Green and Red Leaf

Quality is good. Prices are good.

Iceberg Lettuce

Supplies are good with no supply gaps forecasted. Quality is overall good and the market is steady.

Romaine

Supplies are good and quality is improving. We are still seeing some heavy rib and twisting.

Romaine Hearts

Supplies will be good for the next few weeks. Quality has improved, as most issues with quality can be peeled off.

Limes

Prices are slightly higher; stocks are a bit tighter than last week. Discoloration/yellowing is a minor problem.

Oranges

Market is very strong with excellent demand across the board the 113's and 138's are demand exceeds supply. We are in full swing on our California navels and the overall quality is looking good with sugars are still around 11-15 and acid levels are minimal, so fruit is eating good. We are done gassing fruit as we have had several cold nights in the high 20's which really helped bring on color and firm up the fruit. Our forecast is for rain Thursday through Tuesday of next week which we hope come to fruition here, but hopefully not too much on the coast. The overall crop is about 15-20% lighter than normal, therefore smaller fruit will continue to stay very tight going forward. Most blocks right now are peaking on 72's followed by 56's.

Napa

Supplies are steady and quality is good.

Onions

It is likely that we will see pricing remain elevated as demand continues to exceed supplies. Sizing is peaking mostly on mediums and jumbos with fewer big onions, but size overall has become better. Transportation in this region has been the largest factor keeping pricing where it is as trucks have been extremely tight. This is forcing heavier movement from regions outside of the northwest which has forced that area to keep pricing where it is at.

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Produce *(continued)*

Parsley (Curly, Italian)

Quality and supplies have improved.

Green Bell Pepper

East: The crop is rebounding nicely from the cold temps, with yields slowly increasing. Volumes are still somewhat light but improved week over week. There is a good selection on sizes and grades, with tans being the most limited. FOBs are down. Quality is good despite the weather.

West: Both growing regions, Sinaloa & Sonora, are producing great yields, however the strong MX national demand is keeping volumes hitting the USA lower than preferred. FOBs are down slightly. Quality has been shaping up nicely with reports of good thick walls.

Jalapeño Pepper

East: supply is still very minuscule from FL with Plant City's crop wiped out due to the freeze. FOBs are relatively steady. The bright side is quality is great.

West: The two heavy hitters, Sonora & Sinaloa, are both pumping great supplies and quality out. Prices remain low with promotable volume available.

Red Bell Pepper

Supplies are now shipping primarily through Nogales and markets are down. Quality is outstanding.

Yellow Bell Pepper

Supplies are unchanged loading through Nogales. FOB prices are mostly unchanged as well.

Pineapple

Prices are steady; supplies are plentiful. Quality is good: fruit is juicy and tangy, yet sweet. Sugar levels range from 13 to 16 Brix.



Idaho Potatoes

Demand on 40ct./70ct. is very good, the remaining sizes demand is fair. Demand on consumer packs is fair at this time. The biggest factor in this potato market is the transportation part of the equation. The rail cars coming out of the state are still very tight and the truck side of the transportation issue is extremely tight. It appears we still do not really know the new "normal" freight rate that both the shipper and receiver can count on. We are coming to the point where traditionally the state would experience an eight-week slow down on demand and supplies. We can't really expect this to happen under current conditions. You should expect pricing to remain steady.

Radishes

Quality is good and supply is slowing down. Expect to see stronger markets through the summer.

Salad Blends

Prices are level; stocks are adequate. Quality is good. Inspectors are vigilantly monitoring core material/seeder and internal burn issues to pack the finest product available.

Snow and Sugar Snap Peas

Snow and sugar snap peas supplies are improving through Miami.

Spinach (Bunched)

Supplies are good and quality has improved.

Spinach (Baby)

Baby and clipped spinach supplies are good. We are seeing improvement in quality.

Spring Mix

Supplies are good and quality has improved.

Yellow Squash / Zucchini

East: As previously report, yields are going to be down for at least two weeks for a few reasons: cold weather, light plantings, and Plant City's crop a wrap. Squash FOBs are up and holding very firm. Warmer weather will bring on the growing cycle but until then, prices will remain high and product short. There have been quality concerns on both yellow and green. Yellow is showing heavy scarring while green is showing light scarring and some minor shelf life issues.

West: MX has rebounding nicely after the shady skies passed through. Good volume is coming from all regions, however, there are some major quality issues. Because of this, there is a spread in pricing. Better quality is demanding a much higher price point.

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Produce *(continued)*

Tomatoes

East

Rounds

Production is reaching tip top levels as temperatures warm up and most major growers are now back online. The crop was recently leaning heavy on the small size, however, should start to size up as warmer temps settle in. FOBs are down dependent on size, with the biggest drop shown on extra-large size fruit. Quality and size availability is excellent and will only continue to get better as growing conditions improve.

Romas

Improved conditions have helped push more volume into the market place as more growers come on board. Despite, lighter plantings this year, there is still ample supply available. Prices have fallen significantly on all sizes. Quality and size availability is excellent and will only continue to get better as growing conditions improve.

Grapes

Finally grapes are starting to catch up as post cold snap and post hurricane plantings mature. It was touch and go a few weeks as weather stunted maturity, however, more volume is entering the market. Thus, FOBs have fallen significantly. Quality is excellent.

Cherries

Ample supplies continue to press FOBs downward. Quality is excellent.

West/Mexico

Rounds

The last few shippers from Baja & Eastern MX are pushing out very minimal product as their season still lingers. Culiacan & Western MX is pushing more volume across borders. FOBs are moving down, either hitting or coming close to the minimum trade value. Quality and size availability is excellent.

Romas

Roma prices fall again, lingering either at or pushing towards minimum trade value. Plenty of supply is coming from Culiacan & Western MX as more growers come on board. Quality and size availability is excellent.

Grapes

Beautiful growing conditions are bringing plenty of supply on board as crops return to normal. FOBs have plummeted. Quality is excellent.

Cherries

Great volume is coming from Nogales, keeping prices at low cost. Quality is excellent.

Watermelons

Prices have eased; supplies are ample. Quality is average: minor problems include under-ripeness, thick green/white rinds, and light-colored flesh. Sugar levels range from 7 to 12 Brix.

