Happy Thursday everyone and we apologize for the following, lengthy email.

The long, but thoughtful, email below provides an excellent summary of the impact that the cold temperatures had and will have on the various crops grown and harvested from the various growing areas active this time of year.

Just a heads up...keep in mind what you read about citrus (Oranges) because the impacts take time to reveal themselves. We'll be looking out for dry cells in the fruit that result because of freezing. The western Strawberry crop is way below usual harvest levels because the fruit isn't sizing in the cold weather. The harvest is way off due to the cold.

Well, it's not quite as cold as it's been out west, Salinas was a balmy 32 this morning...... but for us thin-skinned West-coasters, BRRRRRRRRRRRRRRRRRRR, it's still cold; from California's Central Coast south to Santa Maria continuing on to Oxnard (although not quite as cold here) and also as expected in the San Joaquin Valley down to the Imperial and Yuma Valleys. Additionally, cool temps have sagged south into northern Mexico.

The following is an update regarding certain growing regions:

Salinas and Santa Maria

Although most crops are like the birds and have headed south for the winter there still remains, as is typical, some acreage of broccoli and cauliflower in the Salinas Valley and broccoli, cauliflower and celery in the Santa Maria region; Other than immature bead and purple cast on broccoli and epidermal peel on celery we really don't anticipate much of an effect regarding quality. The biggest impact will be on sizing and supplies as growth rates have all but stopped after 8 straight days of overnight lows dipping below freezing. There could be some crop loss too but assessments will continue through next week. The lingering remnants of late-season strawberry acreage in Santa Maria came to an abrupt finish last week due to the subfreezing temperatures.

Oxnard and Ventura

While temps have been cool they haven't been freezing so strawberry, raspberry, celery and leafy veg acreage remain intact. Growth rates on all crops have slowed and available supplies are lessening but overall quality

shouldn't be hampered. Further inland areas such as Camarillo, Saticoy, Santa Paula, Fillmore and Moorpark were slightly cooler but still no reports of freezing temps. This entire region has so far escaped damage so all is well including avocadoes and even citrus groves scheduled for late February/early March production.

San Joaquin Valley

In many citrus producing areas temperatures dropped below the critical levels for 7 consecutive days and for extended periods of time (8 to 12 hours); a hard freeze warning remained in effect through this morning. Many citrus groves have been affected one way or another but it's too early to know what impact will be felt down the road; oranges and lemons most likely fared better than Mandarins. Agriculture commissions in the San Joaquin Valley have requested citrus packers to wait 48 hours before packing/shipping fruit harvested on or after December 11 allowing crews to assess fruit quality and identify freeze damage caused by the recent weather event. Further crop assessments will be ongoing for weeks to come so we'll share details as we begin to understand the toll Mother Nature has taken.

Also, the beginnings of early plantings of lettuce and leafy veg had just begun so IF any damage was done growers should be able to recover in time for the transitional spring crop (mid-late March/April).

Coachella, Imperial and Yuma Valleys

Eight straight days of frosts (Imperial and Yuma) and one more to go, according to forecasts. 4" soil temps have fallen to 48F-50F degrees; growth rates are stagnant, setting the stage for a supply gap in January. We're on the ground as we speak and will be into next to get a grasp on when the gap is expected. In the mean time smaller size and frost related defects (fringe burn, feathering, epidermal peel, blister and discoloration) will be seen for weeks to come.

As usual the Coachella Valley has been a few degrees warmer than the Imperial and Yuma Valleys. That said, overnight lows in the upper-20's/low-30's have been cold enough to slow things down and cause frost related quality issues on leaf veg, cole crops and bell pepper acreage.

Baja, Sonora and Sinaloa, Mexico

Temperatures in this region also cooled due to the Arctic air sagging south but have yet to hit critical levels like the temps felt in parts of the US. Monday and Tuesday overnight lows were the coldest so far with temps in the low-mid 30's in just a few locations. The forecast is for temps to warm up slightly so no frost is expected. Current and upcoming acreage on asparagus, beans, melons, tomatoes, squash and pepper crops in this region came through unscathed, although overall supplies should lighten (already have on asparagus).

The outlook for CA and AZ into the weekend and through next week...fortunately temperatures are expected to finally warm up into the weekend (max temps low-60's to low/mid-70's with lows in the mid-30's to low-40's) but another round of cool temps may hit late next week (Thurs-Fri, 12/19-12/20) bringing daytime highs down to the 40's and 50's and overnight lows in the mid-20 to low 30's.

We'll keep communicating pertinent information as necessary

Market Reports | S. Sherman Associates 4941 E. Rockridge Rd. Phoenix, AZ 85018 0 602-553-0250 | F 602-553-0255 www.sshermanassociates.com