

MARKET TRENDS

DECEMBER 15, 2017

PERFORMANCE
FOODSERVICE



Produce

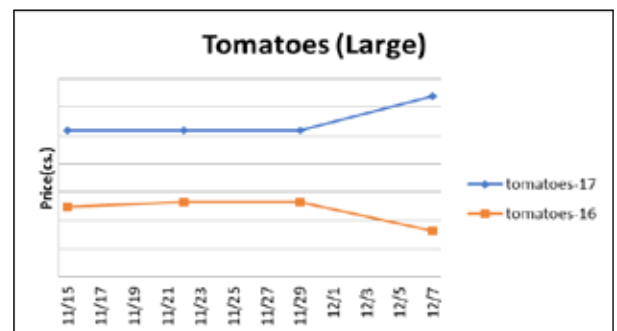
The tomato markets are elevated due to short supplies from Florida. Hurricane Irma damaged tomato plants throughout the state which has caused the harvest to be significantly subpar. Florida tomato shipments last week were less than half of the same week a year ago. Some improvement in Florida tomato supplies is likely to occur as the winter progresses, but the downside in prices may be limited in the near term. Lettuce prices remain fairly engaging. Adverse weather in California could bring modest support to lettuce prices soon. Lettuce, romaine and leaf items are steady and are still a good buy. Carrots have improved, but we are still seeing a slight shortage in product. Lemons are short in supply. Grape and cherry tomatoes are escalated, and roma and round tomatoes are extreme.

Tomato Weather Update – East West and Mexico

Extreme - Ruskin/Palmetto region will be severely short as we are just not seeing plants come on as estimated, in addition to ongoing gaps in production. We are witnessing the situation we have all been aware was coming for some time now. On September 10, 2017, Hurricane Irma devastated several growing districts throughout Florida with winds over 100 miles per hour and catastrophic flooding. This weather event is currently impacting harvest of all vegetable items in the Ruskin/ Palmetto region resulting in extreme yield deficits coming from the fields. In addition to this event in the east, we are seeing major issues with Roma tomato, Grape tomatoes and Round tomatoes out of Central Mexico as cold nights have literally stopped production. We do not anticipate seeing any relief until the week of Christmas.

MARKET ALERT

- **Avocados – ESCALATED**
- **Carrots – ESCALATED**
- **Lemons – EXTREME**
- **Mushrooms – ESCALATED**
- **Onions – ESCALATED**
- **Potatoes – ESCALATED**
- **Snow & Sugar Snap Peas – ESCALATED**
- **Strawberries – ESCALATED**
- **Tomatoes (Cherry, Grape) – ESCALATED**
- **Tomatoes (Roma, Round) – EXTREME**



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Apples & Pears

The market is level; Washington supplies are ample. Fuji, Gala, Golden Delicious, Granny Smith, and Red Delicious Apples are on the market. Large-size Granny Smith stocks are limited. The Pear market is level; stocks are abundant, particularly 100- to 120-count sizes. The Bartlett season is expected to run through January 2018, but some growers will end this month. Quality is very good: sugar levels range from 12 to 14 Brix.

Artichokes

Steady market with higher prices. Quality is good.

Arugula

Supplies are low for baby and wild. Quality is average. Prices are rising.

Asparagus

Prices are stable. Quality ranges from very good to excellent: stalks are straight and tender, tips are tight, and flavor is pleasantly grassy.

Avocados

Escalated - We are seeing ongoing issues with the supply of avocados crossing the border from Mexico. These issues are the result of continued closures of several packing sheds in the region. These closures are the result of a politically-driven decision made by the board of elected growers in Mexico. Due to the nature of the root cause of these closures, domestic marketing companies have no control over supply and no way to influence the re-opening of these facilities. As a result, we are anticipating a steady increase in FOB prices at the border over the next several weeks, despite the Minister of Agriculture for Mexico stepping in to attempt to resolve these political issues. We don't have any hard information about a timetable for negotiation or resolution of these issues and have been apprised of rumors of organized shutdowns occurring this weekend, which will further tighten supply.

Bananas

Demand and quality are good and inventories are unchanged this week.

Beans

East: Beans are very weak in the east with rock bottom prices. Plenty of supply and great quality is coming from FL.

West: MX has great supply with a weak market. Plenty of beans are available and great quality.

Berries:

Blackberries

Prices are low. Mexican supplies are plentiful. Quality is very good; berries are plump and juicy with sweet, yet tangy flavor. Sugar levels range from 12 to 13 Brix.

Blueberries

The market is starting to inch down as weather warms in the Southern Hemisphere. Stocks should reach higher volume by mid-December. Quality is good: berries have firm skins with mildly sweet flavor.

Raspberries

The market is unchanged; stocks are adequate. Quality is very good: color is deep red and flavor is tangy, yet sweet. Sugar levels range from 13 to 14 Brix.

Strawberries

Prices are high. California rain has caused decay, mold, and reduced shelf-life. New crop strawberries are on the market in Florida and Mexico, where quality is better. California quality is fair: ordering for quick turns is recommended.

Broccoli

Expect weak prices through December; supplies are abundant in all areas. Quality is best in California: heads are deep green and compact with earthy flavor.

Brussels Sprouts

Very high prices and tighter supplies remain but are leveling out. Quality is improving. We expect improvement in about 2 to 3 weeks.



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Produce (continued)

Cantaloupe

We are basically finished on the California and Arizona desert fruit for the year and seeing some offshore arrivals here on the west coast, the east coast has better volumes of offshore fruit at this time and we will start seeing better volumes of offshore in the coming weeks. The overall quality of the first off shore 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.

Carrots

Escalated - Due to the heat and rain, we are seeing some quality issues and a shortage on jumbo supplies as well as tables and cellos.

Cauliflower

Prices are good. We are seeing this market tighten up a little due to demand picking up. Quality is good. Quality is best in California.

Celery

Prices are steady to slightly higher than last week; volume is high. Quality is very good: incidences of pith are low. The Florida season will start next month.

Cilantro

Quality and prices are good with steady supply.

Corn

Sweet corn supplies are improving out of Florida as new crop production begins.



Cucumbers

East: More than enough supply is available from FL. Prices remain weak with good quality continuing to come from the area. Honduras is starting to bring supply to the US as well.

West: Mainland MX continues to pump good supply and good quality to the marketplace. Baja is expected to wrap up in about 1 week. Prices remain weak and steady.

English Cucumber

Supplies are improving as greenhouse production ramps up out of Mexico.

Eggplant

East: FL is picking up supplies in Plant City with South FL to come on board soon. GA is still picking decent supplies. Prices have eased off and good quality is coming from all areas.

West: The desert is pushing out the last of their supplies as mainland MX ramps up. Prices are low and quality is excellent.

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

Market steady as we are still shipping California fruit and will be doing so through December, there is some Peruvian arriving on the east coast and we will see some very light volumes from Chile arriving on the west coast next week and containers will follow butt with light volumes. The first break bulk vessels out of Chile will not be arriving until after the first of the year, so we hope have a smooth transition without any gaps on grapes. The overall quality of the California fruit is good, but this fruit is all storage fruit and on the greens we are repacking some but for the most part fruit is good and eats very well and holding up good. The Chilean crop is of normal volumes and the weather has been good, so we are expecting very nice quality.

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Produce *(continued)*

Green Cabbage

Supply is good on both coasts, quality is good.

Red Cabbage

Quality and sizing have been great with good color. Market is stable.

Green Onions

Iced Prices are good, quality is good.

Honeydew

We are also finished in the California and Arizona desert, and seeing some light offshore volumes coming in and a few Mexico dewes still crossing. The Mexico volumes will be very light until around April, and will be dependent on offshore through April. The first fruit is a bit 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. We will also be dependent on the offshore fruit through April, until we start back in the California desert the first of May.

Jicama

Normal prices and quality is good.

Kale (Green)

Demand is steady and quality has improved. Supplies are steady.

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.



Lemons

Market very strong with excellent demand and some sizes demand exceeds supply. We are harvesting in Dist 2 (desert) and also going in a light 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. We hope to be done gassing on lemons by the first of the year. 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/Red Leaf

The market is low. Quality is very good, but the overall industry continues to struggle with weak tip and growth crack issues; however, our inspectors are identifying optimal fields from which to pack.

Iceberg

Prices are weak. Quality is average: the overall industry continues to struggle with weak tip and growth cracking.

Romaine

The market is weak; supplies are ample. The overall industry continues to struggle with weak tip and growth crack issues; however, our inspectors are identifying optimal fields from which to pack.

Romaine Hearts

Supplies are good and prices have improved. Quality has improved. Most issues with quality can be peeled off.

Limes

Prices are up. Lower-than-normal temperatures are decreasing Mexican supplies. Labor is also limited due to the holiday season.

Napa

Supplies are normal. Quality is good.

Onions

Expect a stable market through December, as there are no major weather events forecast. Available stocks are dominated by medium and jumbo sizes; Colossals and Super Colossals will remain tight through the storage crop season.

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Produce *(continued)*

Oranges

Market is very strong with excellent demand across the board. We are in full swing on our California navels and the overall quality is looking good with sugars are still around 11-12 and acid levels are minimal, so fruit is eating good for this time of the year. We are still gassing fruit 3-4 days to bring on color so you will see some checkerboard color with slight green and some spotting which is all due to gassing. We are experiencing some cooler temperatures as we have been unseasonably warmer than normal but it looks like we are finally going to get some normal weather for this time of the year. With the cooler temperatures and the fluctuation of day to night temperatures we will see the better color each week and hopefully we will be finished gassing by Christmas. The overall crop is about 15-20% lighter than normal, therefore smaller fruit will become very tight by the first of the year and it will be a battle through the year on 88's and smaller as most blocks right now are peaking on 72's followed by 88's. We will keep you posted going forward.

Parsley (Curly, Italian)

Prices are stable and quality has improved. Steady supply.

Green Bell Pepper

East: Struggles from Irma continue in the east. GA has wrapped up due to quality issues. South & Central FL continues to pick not nearly enough to cover demand. Prices remain high and steady. Quality is fairly good right now. Relief is expected in a few weeks as more acreage fires up. West: We are about 14 days out from MX really seeing size and larger volume. CA still has some supply but their volume is less and less as the season winds down. Prices remain high and steady. Quality is fairly good right now.

Jalapeño Pepper

East: Prices have eased off a bit, but supply will remain light until S. FL begins in about 2-3 weeks. Quality is mostly good.

West: The market has weakened another \$1-2 as Mainland MX continues to push out good supply. Quality is great.

Red & Yellow Bell Pepper

The market will remain high until mid- to late December when production increases in Florida and Mexico. Quality is very good: skins are smooth, color is vibrant, and flavor is sweet, yet spicy.

Pineapple

Prices are low; volume is high. Quality is average: pineapples are juicy and tangy, yet sweet. Sugar levels vary from 13 to 16 Brix.

Idaho Potatoes

Carton prices will remain fairly steady as cold weather isn't expected to affect supply levels through the holiday season. Quality is very good in all regions.

Radishes

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

Salad Blends

Prices are level; growers will harvest and process iceberg and romaine lettuces in Yuma through the winter season. Quality is average: core material/seeder and internal burn problems are being monitored closely by our inspectors.

Snow and Sugar Snap Peas

Escalated - Snow and sugar snap peas are in high demand and markets are extremely tight.

Spinach (Bunched)

Supply is good and quality is just fair due to the ice and heat.

Spinach (Baby)

Baby and clipped spinach supplies are good, showing average quality.

Spring Mix

Prices are stable; supplies are sufficient in Yuma. Quality is good.



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Produce (continued)

Yellow Squash / Zucchini

East: There is ample supply of both yellow and green squash coming from mostly Central & South FL. Quality is generally good, however, yellow squash is seeing some very heavy scarring and even some decay. FOBs are low and steady.

West: There is ample supply of both yellow and green. Quality overall is good, however, some issues can be relevant mostly on yellow in the form of scarring.

Tomatoes

East

Rounds

Palmetto/Ruskin is past crown and working through 2nd and 3rd pickings. Very light supplies are trickling out of the region as sizing and volume drops off. Supply will be inadequate for the next 2-3 weeks until Immokalee crop comes into full production. First harvest is looking to be near December 15 to the 19th with supply not picking up until December 25th. Bear in mind, it will take another 10+ days to fill the pipeline. Expect high prices and very tight supply until Christmas with January 1 being the projected date for the market to weaken. Demand is having to move to the west to fill the void. Please reference the western crop update as well. Quality is mostly good from the area. FOBs have moved up and continues to rise as the gap worsens.

Romas

Similar to rounds, romas from the east will be very scarce for the next 2-3 weeks until Immokalee crops begin. Supplies are scattered with very few farms left producing. Quality is mostly good and prices have moved up for all sizes. As rounds rise, demand is anticipated to move to romas, therefore, we could see another price jump before the situation improves.



Grapes

Although there is still a slightly limited supply dilemma, prices fall another few dollars. Most contracts have resumed contracted pricing. The transition from Palmetto/Ruskin to South Florida will begin in the next few weeks, but there is not expected to be a supply gap. Quality is mostly good, however, there have been some challenges in older crops.

Cherries

Some gentle downward pressure on pricing this week and demand weakens. There is still not enough volume to drive lower market pricing. Nonetheless, no shortage is expected. Quality is good.

West/Mexico

Rounds

Eastern MX & Baja supply continues to tighten up due to seasonal decline as well as the strong eastern demand. A recent frost has also hurt the critical supply situation. Fruit is so short, it is under an auction style situation for buyers. Sizing options are extremely limited. Despite this, quality has been holding up nicely. Expect to see a very large increase in pricing for next week, depending on size. Relief is not expected until Florida snaps out of the lingering grip of Hurricane Irma and Culiacan area fires up in mid-late December.

Romas

Eastern MX & Baja are slowing in production due to the season decline and cooler temperature settles in the regions. In addition, demand is firmer this week. Expect to see a significant price increase on all sizes, mostly extra large and large. Quality has been acceptable. Relief is not expected until Culiacan fires up in mid-late December.

Grapes

Steady supply from Eastern MX & Baja and a balanced demand is resulting in steady prices for next week. Quality is mostly good, however, some trouble is evident in older fields.

Cherries

Demand and supply both remain in a healthy balance. Thus, FOBs remain firm moving into next week. Quality is good.

Watermelon

Prices have risen; poor weather conditions have decreased supplies. Quality is good: sugar levels range from 10 to 11 Brix.