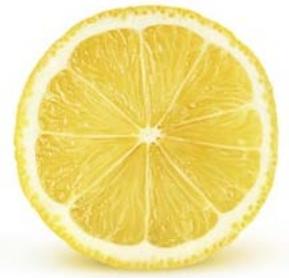


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Retail Market Report

February 20th, 2020

Tomato Update

Mexico Tomato supplies out of Mexico continue to reel from the accumulative amounts of rain that have inundated the growing areas unabated since mid-November. Collectively nearing 15"-18" total. All the associated short and long-term plant damage you would expect from that amount of rain began presenting itself early last week. Harvest yields due to the post rain virus brought on by extreme moisture has decreased volumes to 10-20% of "Normal". Under ideal circumstances the warmer weather this week would have begun to improve the situation. This year, growers are saying *"the damage has already been done and is irreversible at this point."* To be safe, based on the information we have now, this situation will extend through the end of March. In April, Florida begins harvest of their spring tomato crop and this should bring some relief. In the meantime, tomato pricing will be day to day, based on market conditions and availability. Current market on roma and round tomatoes is in the **HIGH** \$30's to mid/high \$40's.

Florida The Florida growing region is approximately 6 weeks away from the start of their spring tomato harvest. In the meantime, they are harvesting limited amounts of tomatoes and keeping most of this supply for local demand. The best repacked Florida tomatoes are in the \$30 and availability is virtually non-existent.

Heirloom Tomatoes Excellent supply out of Central Mexico and Baja. Promotional opportunities available for the balance of February and front part of March.

Outlook Two situations impacting winter tomato supplies are unforeseen (and uncontrollable) weather events along with the new International Trade agreement. Another long-term concern is decreased fresh tomato acreage planted in the U.S. year over year due to grower's inability to compete with the cost of Mexican grown tomatoes. This was the major driver in the new U.S. Mexico tomato suspension agreement. The goal of the agreement was the realignment of tomato production costs between the two countries.

Weather Outlook

California High pressure continues out west as a cold front approach the region late Friday into Saturday with a cool down and chance of showers across Central and Southern California. This system will bring cooler temperatures and a chance of rain to the Southwestern Desert growing regions over the weekend followed by strong winds and cold temperatures early next week.

Mexico Seasonably warm temperatures and generally dry conditions look to continue across Mexico going into next week.

Florida A cold front moves into Florida mid-week with light to moderate scattered showers descending south into the weekend bringing a gradual warming.



Berries

Strawberries There is a slight increase in production out of Oxnard and Santa Maria with a decline in demand. Look for the market to ease off towards the end of this week post Valentines Day demand. Quality is excellent due to the optimum growing conditions in the coastal regions. Nighttime temperatures remain cooler than normal which is holding numbers down slightly but will gradually increase going into next week. Florida is producing better volume this week and expect to see a two-tiered market evolve as shippers on the West Coast attempt to hold higher pricing and demand a premium for California fruit.

Blueberries Supplies are becoming tighter out of Mexico as they transition growing areas. Offshore fruit is arriving sporadically from Chile and Peru generating shortages at the distribution areas due to decreased overall volume. The market will remain firm at higher price levels for the next several weeks.

Citrus

Navel Oranges We are now in peak production out of the Central Valley and Coastal regions. Sizing will peak on 72/88/56/48ct. Larger sized navels available now through the remainder of the season.

Lemons California production will start to wind down out of the Imperial Valley and Coachella. Supplies will be strong in the Coastal regions and Central Valley through April.

Grapefruit Our next crop out of California will begin mid to late February.

Limes Crossings are expected to become limited as spring approaches. Past years have shown a limited spring market to start weeks 8-10. Current sizes are peaking on 150/175 count with limited availability on 230/250 count. Good quality reported with minimal breakdown or stylar.

Avocados

California The California growing region is anticipating heavy yields this season; however, growers are trying to hold off on harvest as much as they can to offset the size curve and align with Mexican market. The size curve is leaning to 60s and smaller which is dominating the pack out. Expect 48s and larger to hold at a premium for the season. California crops are typically heavy on #1 grade since the fruit sits on the trees for a window of 6-7 months. This fruit is less exposed to mother nature compared to Mexican fruit which is exposed year-round and tends to be heavy on #2 grade fruit.

Mexico The market continues to elevate, and supplies are expected to become extremely limited moving forward. Crossings from Mexico are minimal and will inevitably tighten up the supply chain. Unfortunately, there is not enough fruit available in the pipeline to fill demand and expect the current situation to become worse before seeing any relief. Demand Exceeds Supply industry wide. Sizes 48s and larger are virtually non-existent as the size curve is leaning towards 60s and 70s. Eventually those sizes will tighten up as the industry adjusts to the size curve. Mexican growers are slowing production to stretch the existing crop and prevent a potential gap in Quarter 3 (July- September).

Onions

Midwest & Mexico The onion market is lower as supplies are plentiful out of the Northwest. Crossings from Mexico into South Texas are also adding pressure to Northwest demand sustaining a low market. Expect to see pricing stabilize at low levels on yellow and red onions with opportunity buys available. White onion markets will start to show increases in the coming weeks as some suppliers finish for the season in Washington, Oregon, and Idaho. Northwest storage supplies are anticipated to finish within the next 6-8 weeks giving way to the California desert crops.

Bell Peppers

Green Bells There is plenty of product in Mexico but could start see some sporadic availability this week due to rain and delayed harvests. Possibility of some rain related quality concerns within the next 7-10 days along increased pricing due to weather.

Red & Yellow Bells Crossings through Nogales have been short of normal, especially due to the recent weather. Quality is marginal but there is plenty of volume to work through allowing demand to be met. FOB pricing is elevated.

