

November 3, 2022

OVERVIEW

Colored bell peppers continue to be a challenge due to low production however we may start to see some relief as Baja and Coachella will scratch this week. In the west, we continue to see the impacts of Hurricane Kay on the entire tomato and mixed vegetable category crossing through Otay. California tomatoes are done for the season and dry veg is done out of the intercoastal valleys and Central Valley transitioning to Coachella. Steady production in South Georgia continues exception being cucumber. Production out of Mainland Mexico on tomatoes continues to be below normal and demand is high as consumers move west to source tomatoes since the growing regions of Central and South Florida were ravaged by Hurricane Ian. We expect extreme markets on tomatoes in all growing regions through the end of the year (6-8 weeks at minimum) due to several recent extreme weather events as well as dry veg, and citrus crops throughout the region. We are anticipating our first push of cold weather to Northern Mexico this weekend and will need to observe the impacts this event has to vegetables grown in Sonora and Southern Arizona. The remainder of the Salinas season continues to be very challenging with quality, condition and especially supply as markets are at historic record highs and all crops are affected. Weather conditions and diseases have impacted supply with pricing on many of the core items at historical high price levels. Expect continued low production, high markets and prorates. In addition, many shippers could see the start of the desert season with light supplies as many fields saw a loss of supplies due to the heavy rains in Northern Mexico, the desert of Calif and Yuma during the early planting times.

MARKET ALERTS



BELL PEPPERS & MINI SWEETS (RED & YELLOW) – ESCALATED

Red Bell Pepper: Markets are holding strong as supply remains limited this week. We are scratching this week in the desert and quality is very nice.

Yellow Bell Peppers: Markets are holding strong as supply remains limited this week.

Mini Sweet Peppers: Supply is lighter this week and pricing is higher.



BROCCOLI – ESCALATED

Current supply continues to be light, market is considerably higher.



CARROTS (Jumbo) – ESCALATED

Baby peeled, and food service items are in great supply. Current field sizing is small, so supply continues to be limited on Cellos/Jumbos in California. Regionally, Michigan and Illinois are in good supply with Cellos and Jumbos.



CAULIFLOWER - EXTREME

Cauliflower supply is extremely short from the cooler weather, and the market has increased considerably. Expect light supplies to continue until the Yuma season gets started towards the end of November.



CILANTRO – ESCALATED

Cilantro supply is going to continue to be light as yields continue to be light due to the recent heat and adverse weather in all growing areas.



MUSHROOMS – ESCALATED Quality is good despite supply being lighter than expected. We continue to see lack of labor, shortages in component of growing such as peat moss and other inflationary pressures. We expect to see this continue to be a challenge until some of the growing costs can get under control of this particularly labor intensive and cost sensitive item. We should begin to see seasonal price increases as the holidays approach and supply gets tighter as retail pulls increase on an already strained supply.



POTATOES - EXTREME

The potato market has severely tightened up as growers are finished with harvest. Pricing took a swift increase over these last two weeks. This is a rather unprecedented time to see such a large increase. Like last year, growers are staring down record offers from processors (even higher than last season) and are in no rush to run their potatoes at the current pricing levels. The process market is yielding a better return than the current fresh market. Because of this, the fresh market has no choice but to pay more for product, or they simply will not get the supply. We anticipate we will continue to see this trend to get growers to release product on the fresh side. Other growing regions are echoing the same sentiments as well. Thanksgiving ads are about to be in full production effect for next few weeks. One of the big factors that has made product so tight over the last few weeks is the abbreviated run schedules at the sheds. In year's past, we see cartons become plentiful during this time as they become a byproduct as sheds increase production to meet consumer bag demand. It will be interesting to see what



CUCUMBERS - ESCALATED

Markets remain firm as volume is lighter out of Baja and South Georgia this week. Lighter supply crossing through Nogales and Texas as well, but we hope to see improvement over the next 10 to 14 days barring any further weather events.



FRENCH BEANS – EXTREME

Demand exceeds supply out of Mexico and Guatemala. Quality continues to be fair to good. Relief out of Mexico has now been pushed back to mid-Nov. Guatemala will continue to be light as past weather has hampered harvesting and quality.



GARLIC – EXTREME

New crop California has started although domestic supply is very tight, and shippers are holding to averages. We expect this volatile market to continue through the summer.



GINGER – EXTREME Chinese supply will be very sporadic due to delays in unloading containers and inspecting at the ports. Pricing will be climbing daily.



GREEN BEANS – EXTREME

Extremely limited supply available out of South Georgia. There are a few beans out west, but markets remain very high and expected to be snug through the Thanksgiving Holiday.



GREEN ONIONS - EXTREME

Market is slightly lower, although supply continues to be very short.



HOT PEPPER – ESCALATED

In the east, we are ramping production up out of South Georgia. In McAllen, volume is lighter on all varieties and seeing quality issues on the tomatillos. Anaheim, Serrano and Jalapeno are all holding at higher-than-normal pricing. We are seeing quality issues and low production from Coahuila and Chihuahua and California is about done for the season. Markets will remain firm until we start seeing crossings in Nogales over the next several weeks.



LETTUCE – EXTREME

The western vegetable industry continues to experience a series of challenges due to extreme weather and heavy disease pressure resulting in lower yields, short supply, and poor quality. In

takes place this season with the crop being as short as it is. Trucks have not reacted yet to holiday demand. They do appear to be tightening to certain parts of the country, and as the week goes on, most carriers are covering their available equipment, causing a bit of a short supply situation. The Q4 push we are accustomed to seeing is not taking place.



SUGAR SNAP PEAS – ESCALATED

We continue to see production and quality issues in snow peas from Guatemala. Sugar snaps continue to be short due to the rain, but production should improve in early November. Peruvian production is almost wrapped due to seasonality. California's new crop is very light. However, the quality is good. Mexico's crop is behind schedule due to multiple rain events. Supplies are expected to increase out of Mexico in three weeks.



STRAWBERRIES – EXTREME

Volume estimates out of Santa Maria hit a season-low this week. Temperatures have cooled down quite a bit over the last week with day temps in the mid to upper 60's while nights are in the mid 40's. Conventional and organic fruit quality and size show signs of recovery with the cooler temperatures, but production remains down. Crews are throwing down 25-40% of the fruit, still showing quality issues. Cool weather, shorter days, wet mornings, and wind in the afternoons have put added pressure on already empty fields. The fruit has not had a chance to color up and Watsonville production remains day-to-day. Growers report that quality and size are showing some improvement, but this was short-lived due to mid-week rainfall. It is still early in Mexico's season, but volume is improving. Florida growers are reporting heavy flower sets on plants in the organic fields, and they expect to start harvesting a few crates of organics in the next two weeks. Conventional production will hopefully start shortly after, and overall supply is expected to remain very limited over the next 3-7 weeks.



TOMATOES – EXTREME

East Coast

Round and Roma Tomatoes: Supply will get very short this week and quality is fair at best as the local deals wind down and Quincy continues to harvest very light numbers. We are seeing some salvage harvesting in the Ruskin/Palmetto region which was hit hardest by Hurricane Ian, they will have very little supply and quality will be well below normal expectations. We are seeing Force Majeure declarations from the growers in these regions for their loss. We will likely see this type of market environment through the end of the year. We ask to keep flexible on varieties and size to help navigate through this trying time so we can do our best to keep the supply chain consistent.

Grape and Cherry Tomatoes: We are seeing demand exceeds supply conditions on all the snacking varieties

some extreme cases, Growers are experiencing complete losses, due to the INSV virus and weather-related issues on iceberg lettuce, romaine, romaine hearts and all leaf items. Volume is going to continue to decrease until the transition to Yuma in late November with prorates on numerous items, especially iceberg lettuce. This has significantly impacted markets in terms of price and quality, and shippers having to deviate from the normal quality we are accustomed to. Our contracts are continuing to perform better than the market but expect higher pricing. In addition, many shippers could see light production at the start of the desert season as many fields saw a loss of supplies due to the heavy rains in Northern Mexico, the desert of Calif and Yuma during the early planting times. Expect lighter supplies to continue into early to mid-December, possibly into January



MELONS – CANTALOUPE & HONEYDEW – ESCALATED

Domestic melons from Arizona are quickly finishing as all growers have battled lower yields caused by weather and whitefly. We were optimistic production in Yuma would continue through next week but that does not look to be realistic right now. What is being harvested in our remaining fields has been very large jumbo fruit on both cantaloupes (6Js) and Honeydew (4Js) which is extremely uncharacteristic for this time of the year. There are crossings through Nogales which will be utilized where necessary as we bridge the transition to western offshore arrivals in a few weeks. We are fortunate to have our first arrivals from Guatemala hitting Florida early next week which will provide immediate relief to all eastern divisions. We anticipate a good mix of sizing initially which will be very helpful. Honeydew production from Guatemala should start arriving by Monday 11/7. Sizing on the dews is primarily 5/5Js from all growing regions right now with sparse availability on the 6s. Volume on offshore cantaloupe and honeydew will remain limited for the next couple of weeks. Hurricane Lisa is expected to make landfall tonight on the coast of Belize and is forecast to cross the northern part of Guatemala as a tropical storm. It is expected to be a rain event with little damage due to winds. We currently expect there to be an interruption of harvest for a day or two due to rain.

due to the impacts of Hurricane Ian. Growers are declaring Force Majeure as we expect type of market environment through the end of the year. We ask to keep flexible on varieties and size to help navigate through this trying time so we can do our best to keep the supply chain consistent.

Mexico

Round and Roma Tomatoes: Mainland Mexico and Baja have been impacted by several weather events over the past two months that have either damaged crops or have delayed them. Between this and the conditions on the east coast, we expect to volatile markets through the end of the year as we transition to Sinaloa on the mainland around Mid to late December and from Central Baja to Southern Baja over the next 2-3 weeks. We ask to keep flexible on varieties and size to help navigate through this trying time so we can do our best to keep the supply chain consistent.

TRANSPORTATION & WEATHER



Fuel has leveled off over the past 2 month after the quick increase through Q2 this year. It is difficult to forecast with many changing factors, but most experts expect to see fuel rates increase slowly through the next couple of months. The fuel market is very delicate at this time, and many factors can change that forecasting quickly.



OXNARD, CA:

Wed 11/2 -- 49°F Clear	Thu 11/3 68° 45°F Sunny	Fri 11/4 67° 47°F Partly Cloudy	Sat 11/5 66° 47°F Sunny	Sun 11/6 64° 54°F Mostly Sunny	Mon 11/7 60° 47°F Showers	Tue 11/8 58° 46°F Showers	Wed 11/9 59° 45°F Partly Cloudy	Thu 11/10 61° 47°F Mostly Sunny
------------------------------------	-------------------------------------	---	-------------------------------------	--	---------------------------------------	---------------------------------------	---	---

MOULTRIE, GA

Thu 11/3 80° 53°F Sunny	Fri 11/4 81° 62°F Sunny	Sat 11/5 83° 64°F Mostly Cloudy	Sun 11/6 84° 63°F Partly Cloudy	Mon 11/7 82° 62°F Partly Cloudy	Tue 11/8 79° 58°F Mostly Sunny	Wed 11/9 69° 60°F Showers	Thu 11/10 73° 61°F Showers
-------------------------------------	-------------------------------------	---	---	---	--	---------------------------------------	--

JALISCO, MX:

Wed 11/2 -- 56°F Clear	Thu 11/3 82° 55°F Sunny	Fri 11/4 80° 51°F Sunny	Sat 11/5 79° 52°F Sunny	Sun 11/6 79° 53°F Sunny	Mon 11/7 79° 54°F Sunny	Tue 11/8 80° 56°F Mostly Sunny	Wed 11/9 80° 56°F Mostly Sunny	Thu 11/10 79° 55°F Mostly Sunny
------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--	--	---

CULIACAN, SINALOA

Wed 11/2 -- 60°F Mostly Clear	Thu 11/3 93° 60°F Sunny	Fri 11/4 89° 56°F Sunny	Sat 11/5 89° 56°F Sunny	Sun 11/6 89° 57°F Sunny	Mon 11/7 89° 58°F Mostly Sunny	Tue 11/8 89° 59°F Sunny	Wed 11/9 89° 59°F Sunny	Thu 11/10 88° 58°F Sunny
---	-------------------------------------	-------------------------------------	-------------------------------------	-------------------------------------	--	-------------------------------------	-------------------------------------	--------------------------------------

SALINAS, CA

Wed 11/2 -- 43°F Partly Cloudy	Thu 11/3 60° 39°F Sunny	Fri 11/4 65° 49°F Partly Cloudy	Sat 11/5 62° 51°F Partly Cloudy	Sun 11/6 59° 47°F PM Showers	Mon 11/7 54° 44°F Showers	Tue 11/8 53° 43°F Showers	Wed 11/9 54° 41°F Mostly Sunny	Thu 11/10 57° 41°F Partly Cloudy
--	-------------------------------------	---	---	--	---------------------------------------	---------------------------------------	--	--

COACHELLA, CA

Wed 11/2 -- 54°F Mostly Clear	Thu 11/3 70° 47°F Mostly Sunny	Fri 11/4 75° 43°F Mostly Sunny	Sat 11/5 77° 47°F Mostly Sunny	Sun 11/6 77° 49°F Sunny	Mon 11/7 76° 49°F Mostly Sunny	Tue 11/8 70° 47°F Partly Cloudy	Wed 11/9 70° 46°F Sunny	Thu 11/10 71° 46°F Mostly Sunny
---	--	--	--	-------------------------------------	--	---	-------------------------------------	---

QUINCY, FL

Thu 11/3 84° 55°F Sunny	Fri 11/4 83° 61°F Sunny	Sat 11/5 85° 63°F Mostly Cloudy	Sun 11/6 86° 63°F Partly Cloudy	Mon 11/7 85° 62°F Partly Cloudy	Tue 11/8 82° 59°F Mostly Sunny	Wed 11/9 72° 59°F Showers	Thu 11/10 76° 59°F Showers
-------------------------------------	-------------------------------------	---	---	---	--	---------------------------------------	--