

# Commodity Forecast

Jan – Mar 2023

 PRODUCE ALLIANCE



<b>Apples</b>	Washington State Apple Crop looks to be around 100 million boxes vs. 122M the last two years and 132M 3 years ago. With the number of Trees in the ground – this number is shocking. The last crop we saw 100 million boxes was in 2007. Mid-April 2022 – Eastern Washington experienced 20-degree temperatures with apple trees in bloom which caused a significant loss in the crop. Additionally, cooler temperatures in the spring with extreme summer temps also played a negative role in the supply of apples combined with two devastating hailstorms causing some blocks of orchards not to be harvested. Furthermore, Fujis and granny smiths are known for alternate-bearing crops. Last year we saw heavy crops, so this year both are down significantly.
<b>Asparagus</b>	Market expectations for Q1 are positive. Asparagus volume out of Baja Mexico is expected to be excellent, so supply should be in much better shape over the next month. This is the period when Peru shuts down most of their because Mexican production is so heavy.
<b>Avocados</b>	The crop is projected to be 20-22% higher than last year. Availability is still expected to be very strong for the rest of the season, especially in January, as many growers target this market. There is always the concern of freezes as we get into the colder months ahead, but we typically see minimal impacts on the overall supply when freezes happen. We have seen growers holding back on harvest due to prices in the last couple of months, so we expect growers to push for higher pricing for the month of January (Super Bowl). However, we only expect a moderate increase with the amount of supply still available in Mexico. The size curve is expected to trend towards 48 and 60cts as harvests increase.
<b>Bananas</b>	We expect tighter supply through Q1 as yearly production hits the typical low due to cooler weather. Worldwide demand is at record highs putting upward pressure on the cost of bananas. We do not foresee any supply issues through Q1 barring any unforeseen weather or political events.
<b>Bell Peppers Red/Yellow/Orange</b>	Supply will continue to be short through the first of the year then expected to be at normal capacity crossing through Nogales and Texas. We expect very limited field supply available out of Florida this year as growers are planting less pepper due to increased costs. Overall market should be stable February-April.

<b>Bell Peppers Green</b>	Good supply expected through Q1 out of Mexico and Florida, barring no weather events.
<b>Blueberries</b>	January and the first half of February are relatively steady, with good supply from Chile and Mexico. By the second half of February, Chile supply is drying up quickly. The industry depends on the small volumes out of Florida and Mexico to bridge the gap until the start-up of Georgia and Central Valley California in the spring. March can be challenging for blueberries depending on how long Chile can go and if there's been any weather in the southeast.
<b>Blackberries</b>	Steady volumes from Central Mexico. Prices are expected to remain steady through Q1. Various weather factors could affect supply from time to time, but overall, this should be a stable period.
<b>Broccoli &amp; Broccolini</b>	Warmer weather is forecast for the first week of January which will help with growth. We do anticipate the market to come off these historical high levels, but January and early February are generally the colder months, which could tighten up supply again if it turns cold. Rain the last week of January could impact quality but we may see better supply as we progress through the quarter.
<b>Cabbage</b>	As we see the weather warming up, we will see supply start to increase. Quality in the growing areas of the desert has been very good.
<b>Cauliflower</b>	Just like with broccoli, the warmer weather is forecast for the first week of January which will help with supplies. We do anticipate the market to come off these historical high levels, but January and early February are generally the colder months which could tighten up supplies again if it turns cold. Look for better supply as we progress through the quarter.
<b>Celery</b>	Celery will remain in short supply with a commodity celery market over \$20 continuing at least through January as the cold weather continues to limit growth. There are no gaps in planting and the field issues like insects or diseases are pretty much behind us in Oxnard. We are just dealing with plants that are not getting the opportunity to grow. Similar challenges in fresh-cut, as shippers anticipate that the first three weeks of January, production about 20% less than planned due to celery not growing. Expect some prorating/allocating through the next three weeks.
<b>Cucumbers</b>	Good supply expected out of Mexico and Honduras through Q1 2023.

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<b>Eggplant</b>	Good supply expected out of Mexico and Florida through Q1 barring no unforeseen weather events.
<b>Grapes</b>	Storage grape supply out of California is done and we are in offshore fruit full time. We are seeing higher cost for the month of January due to riots in Peru In August/ September The Central Valley of California saw some very extreme weather that will impact that this will be short lived. We expect a decline in price by the end of January once the vessel delivery schedule normalizes. We expect at or slightly above pricing for Q1 and at or just below normal supply after January 1, barring any further political or weather events.
<b>Green Beans</b>	Supply should be steady out of Mexico and Florida for Q1 barring any further weather events. We are seeing a dip in production the front end of January due to cooler than normal temps in Sinaloa and South Florida.
<b>Green Onions</b>	Market will start to loosen up as we head in to Q1 2023 as workers will be getting back after the holidays. Warm weather should help increase supplies, but we still need to watch for cold weather through the month of January and into February.
<b>Herbs</b>	January is usually when demand slows down, and the herbs can catch up in growth due to the heavy holiday demand, especially rosemary, sage, and mint. Weather is the major factor in the supply of fresh herbs. Supply will be steady for February and March, if we have typical growing conditions. Basil and chives will be grown in Mexico with all other herbs locally. If we have issues with the local harvest, we can supply from Mexico. We will start the process of planting basil for our local crop in February to have a later March or early April harvest.
<b>Lemons</b>	The lemon season will be in full swing throughout Q1 with good availability and good supplies. Rain in California the last week of the year may interrupt supply out of a few areas the first week or two of 2023 but there are good supplies so this will only be delays.
<b>Lettuce – Spring Mix, Arugula, Baby Spinach</b>	As we will see with the lettuce and leaf items, supply and quality will continue to improve as we see markets stabilize after the historical high prices, we have seen during Q4 of 2022. As with all lettuce items, weather could continue to play a key roll in daily supply as weather will continue to be very unsettled during January and February and could affect markets.

<b>Lettuce - Romaine, Iceberg, Leaf</b>	Supply and quality will continue to improve as we see markets stabilize after the historical high prices, we have seen during Q4 of 2022. Weather could continue to play a key roll in daily supply as weather will continue to be very unsettled during January and February and could affect markets.
<b>Limes</b>	Quality and shelf life continue to deteriorate as the current production cycle winds down. Weather, including consistent rain events over the past few months, are also a major contributing factor. In response, pack-out yields on U.S. #1 grade fruit have declined. Costs in Mexico are expected to remain in an upward trajectory into Q1 2023, adding continued pressure to U.S. market pricing. New production harvests will occur the second or third week of January. Yields are expected to remain scarce in response to weather-related trends (cooler temperatures lead to slow crop growth). Pricing will be subject to change on a day-to-day and/or hourly basis pending availability, but we look for pricing to remain high at least through super bowl weekend, possibly longer.
<b>Cantaloupe &amp; Honeydew</b>	Markets expected to stabilize after January 1st and predicted to be normal throughout the offshore season.
<b>Watermelon</b>	We expect firm markets through Q1 as supply is lighter out of Mexico through Q1. Offshore fruit will begin to arrive the first week of January but will be pricy due to higher freight costs.
<b>Mushrooms</b>	Supply will remain extremely tight; we do expect some relief post-holidays. Overall market price will be considerably higher due to labor, inflationary pressure and supply shortages.

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<b>Onions</b>	<p>Onion demand continues to remain flat, and the market does not appear to be moving anywhere fast any time soon during Q1. If there is going to be a spike in the market, we are going to need to see demand patterns change, which is certainly possible during Q1. We will likely start to see Mexican onions crossing in January, and then yellows about a month after in mid to late February. Idaho/Oregon maintain that their current pace of shipping, they will be done by the middle of March. This is like last season's crop end date. The underlying factors remain in place for a very strong finish – but it will all depend on demand levels. The low yields, and short storage supplies on hand (supported by the NOA report) are good indicators of this. Washington remains in better shape than Idaho from a supply standpoint. Size profiles have been on the smaller end in both regions, with most product sizing in the medium and jumbo range. We have seen some improved availability on colossal and super colossal sized onions in recent weeks, but this may get tougher in Q1 as the later storage varieties generally do not size as big. Growers are expressing further concern regarding continually rising overhead costs as it relates to next season's crop (fuel, seed, packaging, etc.). Their suppliers are all asking for hefty increases for next season above the already inflated overhead in this year's crop. It is not impossible that we see further consolidation among growers and shippers, or just less onion acreage being grown altogether out of the Northwest.</p>
<b>Oranges</b>	<p>The orange season will be in full swing throughout Q1 with good availability and good supplies. Rain in California the last week of the year may interrupt supplies out of a few areas the first week or two of 2023 but there are good supplies so this will only be delays.</p>
<b>Other Citrus Items</b>	<p>California mandarins will be in peak season during Q1 with good volume and very good quality. Supply looks very good as the shippers are anticipating an increase in supplies from last year. Blood oranges and Cara Cara's will also be available.</p>
<b>Raspberries</b>	<p>Steady volumes from Central Mexico and prices are expected to remain steady through Q1. Various weather factors could affect supply from time to time, but overall, this should be a stable period.</p>
<b>Snow &amp; Snap Peas</b>	<p>December through March/April is typically when Guatemalan pea production is at its peak. No issues expected on the east. We will continue to see some issues out of the weather due to weather.</p>

<b>Potatoes</b>	<p>Potato demand on cartons has significantly flattened during this past quarter. Q1 generally brings an increase to the market as begin to near the tail end of Norkotah supplies in March. Growers continue to receive record offers from processors (even higher than last season), and reports of further record breaking offers for the spring continue to roll in. Because of this, the fresh market has a 'safety net' of where pricing will likely not fall beneath. 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. We will see Nebraska finish up, and less supply out of Colorado and Wisconsin toward the end of Q1. These should give the overall market a boost as well. National supply reports are showing that there are less potatoes this year than this last year – and this is not considering the 6M pounds plus that have already been sold to processors.</p>
<b>Strawberries</b>	<p>Availability and market heavily determined by weather in the various growing regions. Southern California, Central Florida, and Central Mexico are all in various stages of their crops during Q1. All are a potential threat for inclement weather affecting supply. Typically, the market is steady to higher for January, with a lot of New Year resolutions and retail ads running through the first half of February during the Valentine's Day holiday pull. If there haven't been any weather events affecting supplies, the market typically declines post-Valentines Day as the volume increases from Florida and decreases from Mexico. These regional deals will be on the tail end of their seasons, while California spring crops in Santa Maria will just be starting up. During this period, demand is high for California strawberries and lower for Florida and Mexico.</p>
<b>Tomatoes – East Coast</b>	<p>No major supply interruptions expected out of Florida through Q1 barring any further weather concerns. We will see a very slow start to the season out of South Florida mainly due to cool weather slowing down production but once we see some stable temperatures, this should improve.</p>
<b>Tomatoes – West Coast</b>	<p>Volume expected to increase by January 10th promoting stable supply and quality, barring no weather events through Q1.</p>
<b>Yellow Squash &amp; Zucchini</b>	<p>No major supply interruptions expected out of Florida and Mexico through Q1, barring no weather events.</p>