



PRO*ACT QUALITY CONTROL

MARKET REPORT

June 2, 2008

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*** COMMODITY ALERT ***

Apples: The **shortage continues** on small size RED apples (100 and Smaller)! They remain in a DEMAND EXCEEDS SUPPLY situation and will remain so throughout the balance of the season.

Banana Squash: Very limited in supplies, and most are very small in sizing. New fields have started with limited supplies out of Northern Mexico with improved size, but supplies and size will be an issue. Look for a gap in supply coming in June to maybe the beginning of July when California will begin.

Freight: Diesel has leveled off, at least for this week and is trading at \$127.69 up .34 cents for the day. The National Average fell 1.6 cents last week and is currently at \$4.707. This is the first time diesel has declined in almost two months. **Trucks in CA are at a critical stage with carriers that are out here getting record money to haul loads.** Expect that to continue this week, as there are just not as many trucks out there as in years past.

Potatoes: All potato supplies are **extremely limited**. Most shippers are only getting 25-30% #1 product. Product is only going to get tighter as we get further into storage product.

FREIGHT

Trucks in California remain as tight as they have ever been and market trucks are asking for and getting top dollar. Teams remain tighter than normal. Trucks in the Northwest and Idaho are steady. Trucks down in McAllen, TX continue to be extremely tight as well. The National Average on diesel dropped slightly by 1.6 cents to a \$4.707. Diesel in Salinas continues over \$5.00 a gallon currently going for \$5.039 down 6 cents from early last week. Crude oil has stayed relatively steady today increasing by .37 cents to 127.72 near closing today down \$2.94 from last Monday's close.

APPLES/PEARS

Demand pressure continues for small sized fruit in all varieties and the market continues very strong. Supplies are not able to keep up with the demand the shortages will continue as we move into the first week of June. There is STILL heavy pack out volume on large sized fruit and this will continue through the season's end. Pear volume should carry through this month and quality for storage pears is still very good.

ASPARAGUS

The asparagus market is steady for the front side of this week. This commodity is being produced in three regions. These areas include Washington, Peru and California. The pricing at this time is stable. There is a cost difference comparing Peruvian versus Californian asparagus. The California product is commanding a premium. The supplies coming from all areas are good. The overall quality has been good. There have been a few reports of light decay and dehydration. **MARKET STEADY**

AVOCADO

California fruit –California harvest continues at a slow pace; limited harvest as growers are still waiting for size to come. Crop estimates have been lowered for this year by 8 to 10 percent. 48's and larger are becoming a little tight. There remains a light supply of #2 fruit, as the crop is very clean. Demand for fruit remains very good as less Mexican fruit is crossing into the States. The market is steady. **Mexican fruit** – Mexico's crop continues to service mostly the Midwest and East Coast; supplies continue to drop. Mexico's volume will remain through the summer. Market is steady.

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BELL PEPPERS

Western Green Bells and Colored Bells: Coachella Valley supplies are good, but shippers are past their peak harvest. Quality is very good, and demand remains good. The market is steady. Red and Yellow bells are going out of Coachella. Supplies are increasing and the market is soft. **Eastern Bells:** The pepper market is beginning to soften as Georgia and Mississippi come into better volume. Quality has been excellent and the downward trend is expected to continue.

BERRIES

Strawberries: Weather has remained mild and mostly overcast through the weekend but the forecast calls for a slight warming trend through this week. Most shippers are starting to get in better shape with production. Shippers are producing better volume in Santa Maria compared to Salinas / Watsonville. Quality is consistent between growing areas. Slight market decline **Raspberries:** Production has increased significantly in Watsonville. Most shippers are now producing good volume with raspberries and we are continuing to see a slight market decline. Quality remains good. **Market Slightly Lower Blackberries:** Quality remains consistently good. Production in Watsonville has increased. Most to all shippers have already lowered prices with the increased production. Overall production has increased in all areas Watsonville, Santa Maria and Kingsburg. Mexico also is sending up good volume. Quality is good. Market steady **Blueberries:** New crops in California are producing good volume in Delano Ca. and Watsonville is still just producing very small numbers. Other shippers are transferring blues up to Watsonville from Delano and Kingsburg CA. New crop quality is good with the exception of some San Joaquin valley growers encountering some early cold and recent heat related defects. Still there was not enough damaged to hurt production too much. The Carolinas are now producing but rain has slowed production significantly. Georgia is also producing but it is on the down slide of production. New Jersey is soon to start. Slight market increase

BROCCOLI

The broccoli market is steady for the front side of this week. Some suppliers are looking to move volume, so pricing is flexible. Supplies from all growing regions look to be steady. There are also good supplies of Broccoli Crowns and Asian cut broccoli crowns. The field reports indicate that the bunched broccoli continues to range from two to four stalks. This commodity is showing some branchiness, purple cast, and knuckly. **MARKET STEADY**

CARROTS

West Coast supply and quality is good on all sizes. Texas has started up and quality is good. Market steady 25# Rainbow Carrots now available. Supply will be hit and miss until they get ramped up over the next week or so. Georgia has good supply and quality. Michigan will start up in July. **MARKET STEADY**

CAULIFLOWER

The cauliflower market continues to be steady. Some suppliers have attempted to raise their prices but overall things are steady for the front side of this week. Supplies will vary according to the growing region, but overall good quantities are available. This commodity is showing occasional off white to yellow color. There are also some lots showing bruising. The weights have been ranging 27 to 32 pounds. **MARKET STEADY**

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CELERY

The celery market that eased up a little by the end of last week has firmed up. The smaller sizes seem to have better supplies. However, suppliers continue to fight the seeder problem that exists throughout the industry. Supplies will continue to be light due to the low yields that are coming in from the fields. Prices will be very firm from the different shippers throughout the week. Most shippers are selling out what limited supplies they do have each day. Continue to book orders in advance as much as possible. All shippers are reaching way ahead of harvesting schedules due to the seeders in the fields. **MARKET STEADY**

CITRUS

Lemon: Demand continues to get stronger as warm weather drives usage up. Growers are harvesting at a rate to meet demand in most sizes. Fruit is peaking on 115's and 165's, with **200's beginning to get tight**. Storage levels are remaining steady, but continue lighter than normal for this time of year. Demand is very good. The market is steady at current levels. **Oranges:** Many growers are finishing on Navel's; Sunkist's last 1 house still packing Navels and will finish this week. Sizing on Navels is mostly large fruit, 72's & 88's. Valencia oranges are going with all shippers now, with sizing ruining mainly 88's and smaller. Quality is very good with brix in the 11.5 range. The market is steady and firm.

CUCUMBERS

Western Cucumber: Mainland Mexico crossings are declining, and should be finishing this week. Baja growers are starting to struggle to keep up with demand as Nogales declines and their volume drops off after the spring flush. Fresno has started with light volume, but no real production for 2 weeks. Demand is good. The market is getting firm. **Eastern Cucumbers:** This market has stabilized with only the super select sizes remaining tight. Quality is improving.

GRAPES

Heavy volume on both red and green seedless in both Coachella and Mexico have markets low and supplies high. Nogales shippers are dealing and quality is excellent across the board! Color, sugar levels and overall bunch quality is excellent and weather conditions are ideal! Black Seedless also available and quality is excellent there also. The market will continue lower this week with continue volume increases on all grapes.

ONIONS GREEN

The green onion market and supplies continue to be limited out of Mexico. Prices will be slightly more active due to hotter temperatures and growing regions switch in Mexico. This has delayed some crossings of this commodity from the border. Domestic Green onions have started but are commanding a premium compared to the Mexican product. The quality has been average. There have been some lots showing slimy decay, yellowing of the tops, and brown discoloration. **MARKET STEADY**

KIWI

Strong supplies from both New Zealand and Chile have the market off this first week of June. Quality is very nice from both areas and the market will continue to ease off as we move further into this month.

LEAF LETTUCE

The leaf market remains steady. Supplies continue to be strong on green, red, and romaine. Most shippers continue to price these commodities aggressively. The weights have been average on red and green leaf ranging from 20 to 24 pounds. Romaine weights are ranging from 39 to 44 pounds. There have been some lots showing tip burn, yellow discoloration, and some mechanical damage. **MARKET STEADY**

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LETTUCE

The lettuce market is showing some strength. Some suppliers are stronger than others are and this has created some price variances in the market. We shall see if prices hold as demand does not seem to be there to sustain the price increases. Overall, supplies are good. Lettuce has been reported to reach weights of 40 to 46 pounds. This commodity is showing some irregular sizing, occasional mechanical damage, windburn, and occasional growth crack. There is good green color on most packs of lettuce.

MARKET STEADY

MELONS

Honeydews: Supplies continue strong out of both Nogales and the CA/AZ desert growing regions with overall quality reports very good! Continued strong production and warm weather will keep the markets low and supplies plentiful! **Cantaloupes:** The CA/AZ desert production remains heavy again this week as we start the month of June and there will continue to be very good supplies! The sizes will continue to the large side and quality will remain very good with strong fruit and high sugar levels. Demand is very slow and expects no change in the market conditions this week.

ONIONS

The Imperial Valley shippers are all but finished for the season. Huron, California has started in a light way with more suppliers packing this week and next. Product will be limited this week as they are just getting started. New Mexico is starting this week in a light way and production is limited for what they will have available. Vidalia Onions are still going with good quality and volume. **Market is higher on both red and yellow onions.**

POTATOES

Extremely limited supplies continue with market prices increasing daily across the board. The majority of Idaho potatoes are now Burbanks. The Burbanks are running very small with many more #2's than usual this year. Market is continuing to go up and looks to continue to increase as the season winds down. Washington has good supplies of Norkotah's but Idaho shippers are buying up product to fill in for short supplies, which is pushing the Washington market up as well. Colorado is done for the season and should be into new crop around August 1st. Nevada is still in very small Burbanks and they are now in lots with less #1 product as well. California Russets start date has been pushed back to at least the second week in June. New crop red, white and gold potatoes now out of California with good availability. Lighter supplies of white are coming out of Florida with good supplies of reds. North Dakota has finished for the season. Arizona is going with good availability on reds and golds. **Burbanks are becoming even more limited on all sizes. This will remain the case for the remainder of the storage season.**

SQUASH

Western Squash: Mexico has dropped way off in volume; high temperatures have caused some quality issues. Expect Mexico to finish this week. The Central Valley of California production was hurt by heavy winds 2 weeks ago, and production is way off. Baja production is increasing, but is not keeping up with demand. The market is very active. **Eastern Squash:** There is a large spread in the yellow squash market but quality issues abound on the lower priced yellows. Green squash is holding at the middle range and could be softening in the coming days as above average temperatures are expected throughout South Georgia.

STONE FRUIT

Apricots, Peaches, Nectarines, Pluots, Plums and Cherries are all available and volumes continue to increase. Warmer Central Valley weather is helping build supplies again this week. Both eating and aesthetic quality is very good on all stone fruit right now and there is no better time to make a push on fruit! The market looks to soften again this week and next with volume increases coming.

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TOMATOES

Western: San Diego production has increased slightly with good quality. San Diego is still getting up to speed. Production should significantly increase as we get further into June. Roma tomato market has decreased slightly. McAllen TX is currently crossing good quality tomatoes, greenhouse/shade grown in 25# and two layer packs and Romas. Slight market increase **Eastern:** Growing conditions have been fair with the exception of some scattered showers that could possibly slow production. Weather forecast calls to clear up. Tomato quality is also good but volume and sizing are still irregular. The market is unstable. Sizing is weak. There is an abundance medium and large fruit lacking the extra large sizes, but no vine ripe tomatoes at this time. The market is unstable.

WATERMELON

Northern Mexico is still struggling on seeded watermelons and will so again into next week. Overall quality for both seeded and seedless is very good, as well as high sugar levels, but shippers continue to struggle on seeded supplies.

VALUE ADDED

The lettuce and romaine based items are at full swing production from all processing plants. There have been some lots showing red to brown discoloration in the lettuce-based items. In addition, there has been some bruising of the romaine, which is showing up as black discoloration in the romaine-based items. Broccoli and cauliflower processors have good supplies this week. Green onion processors are having issues with quality. Some lots are showing brown discoloration and slimy decay.