



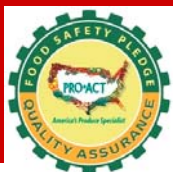
THINGS YOU SHOULD KNOW:

Freeze in Florida hurting strawberry, tomato and citrus supplies

Romaine and Romaine hearts are showing blister and epidermal peel industry wide.

We are in the process of updating *The Source* format, you will now see the Commodity Manager listed next to each of the products, as we take produce personal.

More exciting updates to follow...



The Source

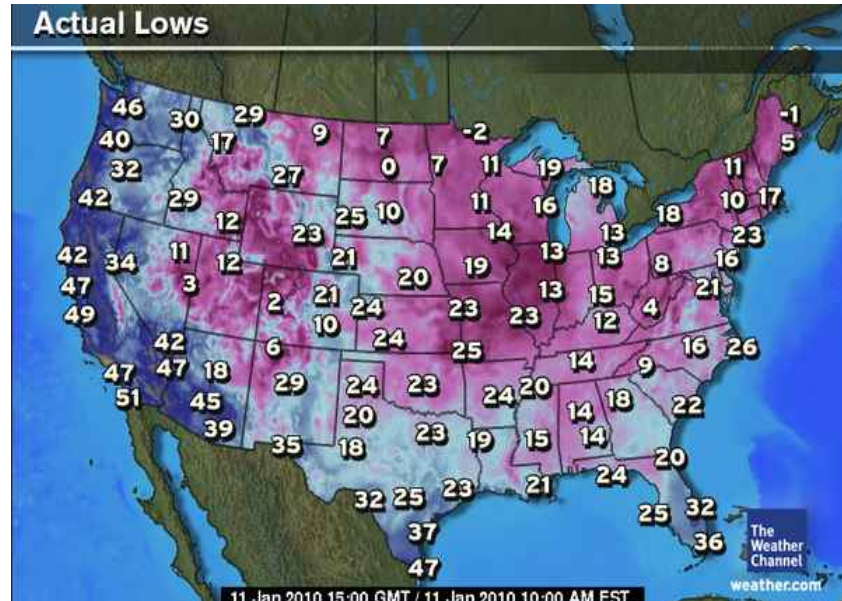
January 11, 2010

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Weather: *Tim Lynch*

A series of Pacific low pressure storm systems will begin to impact the high pressure ridge dominating the West this week. As these systems begin to break down the ridge low pressure systems (rain) will begin to impact the Southwest possibly by next week. The current system approaching the Northwest will bring rain to Central California and to the north with a slight (10%) chance of rain forecast for Southern California and the Desert locals. Strong winds (20-30mph) are expected mid-week as this system moves east and another system moves into the Pacific Northwest. A brief warm up is forecast for late this week into the weekend. High temperatures in the low to mid 70s with lows in the 40s look to be the norm this week.

Clear skies across Florida, combined with the current Arctic cold air advection, have led to many areas experiencing record low temperatures over the weekend into this morning. Record lows were broken across Northern and Central Florida with even some southern zones (Fort Myers 30 degrees) reporting record low temperatures. Forecasts expect another couple of cold nights, especially in Central Florida and to the north, before temperatures begin to moderate mid-week, returning to seasonal temperatures with a chance of showers late this week.



Freight: *Mike McIntire*

The availability of eastbound trucks in California, Washington and Idaho are still tight due to lack of freight off the East Coast. Crude oil prices are currently at \$82.31 per barrel. The National Average on diesel went up 8.2 cents from last week and is currently at \$2.879.

Commodity Updates

APPLES/PEARS *Jim Murphy*

Red Delicious, Gold Delicious and Granny Smith, along with most all varietal apples, remain in short supply on small sized fruit. This will be a season long dilemma and each week the supplies get lighter. Demand continues to be very strong on small fruit and will continue to be very strong in comparison to the available supply. Deals remain in the larger sized fruit, and quality is excellent on all apples. Specialty apples, including the Honeycrisp variety, are still available and in adequate supply. Anjou Pears are in excellent shape with better supplies in Washington. Bartlett pears are in short supply. There are also varietal pears available including Bosc, Seckel, Concorde, Comice and Crimson Red. Please consider different varieties on red apples in order to fill orders that require 100's, 125's, 138's and smaller.

ASPARAGUS *Gabe Romero/Mike Pacheco*

The asparagus market is steady with more supplies starting to come from Mexico. Peru still has supplies coming into the East and West Coast. Prices remain steady with availability on all sizes. Quality will be nice on the new crop coming from Mexico. But the quality on the Peruvian product varies on each shipment.

AVOCADO *Tim Kelley*

Mexico and Chile shipments are lighter, but steady. The over all supplies remain good. Demand is getting better.
Mexican Fruit: Mexico represents about 2/3 of the market at this time. They continue to have excellent quality and good steady supplies.
California Fruit: All shippers are picking limited volume of California fruit. Supplies will slowly increase as we move through the month. Maturity is very early.
Chilean Fruit: Chilean fruit is now coming in on smaller vessels and volumes are much lighter coming to the states. Quality remains very good.

BELL PEPPERS *Tim Kelley*

Western Green Bells and Colored Bells: With the freezing weather in Florida, demand continues to increase for Mexican product and is driving up the market on green bells. Production remains lighter this week, but

Commodities at a glance...

<u>Commodity</u>	<u>Quality</u>	<u>Market</u>
Apples	Excellent	Steady
Asparagus	Good	Steady
Avocado (Mexican)	Good	Higher
Avocado (Chilean)	Good	Higher
Bell Peppers (Western)	Good	Higher
Bell Pepper (Eastern)	Fair	Higher
Berries: Strawberries	Good	Higher
Berries: Raspberries	Good	Steady
Berries: Blackberries	Fair	Higher
Berries: Blueberries	Good	Steady
Broccoli	Good	Steady
Carrots	Good	Steady
Cauliflower	Fair	Lower
Celery	Good	Steady
Citrus: Lemons	Good	Higher
Citrus: Oranges	Good	Steady
Cucumbers (Western)	Good	Higher
Cucumbers (Eastern)	Good	Higher
Grapes	Good	Lower
Green Onions	Good	Higher
Lettuce: Leaf	Fair	Steady
Lettuce: Iceberg	Fair	Steady
Melons: Cantaloupes	Good	Steady
Melons: Honeydews	Good	Steady
Onions	Good	Higher
Pears	Excellent	Higher
Potatoes	Good	Steady
Squash (Western)	Fair	Higher
Squash (Eastern)	Fair	Higher
Stone Fruit	Good	Steady
Tomatoes (Western)	Good-Fair	Higher
Tomatoes (Eastern)	Fair-Good	Higher
Watermelons	Good	Steady

Commodity Updates continued

should see slight increases over the next couple of weeks. Colored bells from Mexico are in good supplies, but expect them to shorten up in the up coming weeks as growers start to harvest them green to catch the high value on the green market.

Eastern Bells: *Janine Baird*

Florida's weekend freeze has devastated bell pepper supplies. Demand will far exceed supplies this week and with continued cold temperatures in the Southeast there will be no relief for at least two more weeks. Additionally quality will be poor due to how easily pepper bruises in cold weather.

BERRIES *Mike Gorczyca*

Strawberries: Florida hit with it coldest night of the year last night. Lows were between 17 and 22 depending on location of the farm. Forecast is for a warming trend as this week moves on which will help the strawberry growers to get back into harvesting strawberries this week. Market is still active the start of this week but should start to soften later in the week out of Florida. Quality out of Florida is fair at best. Expect some water damage and bruising to be in most packs. Look for a production gap in about a month due the plants not producing blooms in the past 10 days. California has been getting some ideal weather temps in the mid to low 70's. Volumes are slowing picking up each week and quality is great. California strawberry market is active due to light or no harvest out of Florida. Again look for the market to soften if the weather in Florida improves this week.

Raspberries: The main growing area this time of the year is Mexico and they have been getting rain and cooler weather late last week which has slowed down the harvest of Raspberries. Most of the raspberries are grown under hoops in Mexico so we should not see any quality issues but supplies will be light due to the cool weather. Market is active with good demand. Driscoll is the main supplier at this time of the year.

Blackberries: Blackberry supplies are limited due wet weather in the growing areas late last week. Market is steady but will increase as this week moves on. Quality is fair.

Blueberries: Moderate demand with improving supplies is starting to weaken the market slightly. Quality is great.

BROCCOLI *Gabe Romero/Mike Pacheco*

This market is flat. Supplies are good from several growing regions. All shippers are looking to move all pack sizes and look to discount prices for volume deals all week. Quality is great from all areas.

CARROTS *Tim Kelley*

California carrots coming out of Bakersfield are finally starting to size up and there is a little better supply of jumbo carrots.

CAULIFLOWER *Gabe Romero/Mike Pacheco*

This market is steady with good supplies this week from all shippers. Shippers will be offering deals to move excess volume this week. There should be good quality and weight. But there are some lots that are showing black spotting and brown discoloration.

CELERY *Gabe Romero/Mike Pacheco*

The celery market is steady. Prices are still in the double digits but there seems to be average supplies. There are more supplies of smaller size celery that shippers are offering discounts. Florida production has been slowed down by the recent freeze down there. This will put pressure on the West Coast for more supplies. Quality is good from both areas.

CITRUS *Tim Kelley*

Lemons: Supplies are good on 115's and larger, with 165's and especially 200's becoming very tight. Quality is very good.

Limes: Supplies are short this week due to rainy weather in Mexico last week. Sizes are peaking on 200's and 230's. Quality remains good.

Oranges: Demand is strong. Crop continues to peak on fancy 72's, 56's and 88's. Supply of choice grades remain tight.

CUCUMBERS

Western Cucumber: *Tim Kelley*

Mainland Mexico production remains steady. Demand is very good due to Florida's freeze and the market is rising.

Eastern Cucumbers: *Janine Baird* Florida's frigid temperatures have ended the domestic cucumber deal. The on and the off shore product will be high for the next week or so, as

Commodity Updates continued

is typical with the beginning of the off shore deal. Many suppliers will push for even higher prices in keeping with the sky rocketing prices on other Florida product. Quality, however, is good.

GRAPES *Amy Grolnick*

Domestic Snack Pack grapes are finishing up and the first repacks from Chilean fruit have started in a light way; FOB's are very high. Chilean flames with better availability this week. The containers are starting to come in more regularly so we should have more consistent supplies. The heaviest supplies are still in the Green Seedless (Sugarone and Thompson varieties). Palettes are still available in limited supply. Overall supplies on Green Seedless are very good right now. Demand remains strong for both Red and Green Seedless.

GREEN ONIONS *Gabe Romero/Mike Pacheco*

This market is a little stronger as supplies from Mexico are less due to a lack of workers available to harvest product. Pencil sizes are still the largest volume available. The quality continues to be good with no significant problems to report. Processors have had minimal problems with the raw product available.

LEAF LETTUCE *Gabe Romero/Mike Pacheco*

The market is steady at low prices. Supplies are plentiful from all shippers on all packs. Red leaf seems to be commanding higher prices due to lack of acreage planted by all shippers. Florida has started packing romaine. Romaine and Romaine Hearts continue to show blister and epidermal peel from the cold temperature experienced last month out of Yuma. Quality has been average with tip burn and fringe burn showing up in some lots.

LETTUCE *Gabe Romero/Mike Pacheco*

This lettuce market is steady. Prices vary from shipper to shipper. Most suppliers are offering deals on product held over from the weekend. Quality has been very nice with weights in the 40-44 pound range. Florida has started production also. There have been some lots showing epidermal peel and blister.

MELONS *Amy Grolnick*

Cantaloupe: Honduran fruit is just getting going and supplies are dependent on when containers come in. Small fruit 15's and smaller are still extremely limited. Costa Rica got a late start on planting so have been pushed back a few weeks from their normal start. We should start to see fruit from there by the end of this month or beginning of next month. Shipping points in Pompano Beach and Port Manatee, FL as well as Los Angeles, CA and Camden, NJ continue to receive fruit but again sizes are mostly large (12ct and larger). The prices remain at higher levels on the small size fruit. There are extremely limited supplies of Mexican cantaloupes crossing through the Nogales, AZ point of entry and quality is fair at best. Overall quality for the offshore fruit is very good.

Honeydew: Offshore fruit is still arriving into Florida, California and New Jersey with volume supplies mainly in 5's and 6's. Supplies on 8's and smaller continue to be light. Good supplies of Honeydew out of Mexico and the quality is good.

ONIONS *Mike Gorczyca*

Good demand with lighter supplies has firmed up the Yellow onion market. Look for this trend to continue to the end of the Idaho season. Quality is still very nice with sizing still peaking on Jumbo's. Steady demand and supplies of Red Onions has kept this market steady the start of this week. Demand exceeds supplies on all sizes of White onions out of all areas. Market is very active.

POTATOES *Mike Gorczyca*

Cold weather is making hard for some shippers to run potatoes the start of this week. Demand is still light with a steady market. Most shippers are peaking on 70ct. Retail demand has slowed which will tighten up the carton market slightly. Quality is still good with a few shippers reporting some light peepers starting to show up in some of their storage potatoes. This is mainly caused by the shippers having to run some heat on the storage potatoes to keep them from freezing. Both Norkotahs and Burbanks are being packed depending on the shipper. Washington Norkotahs are going

Commodity Updates continued

strong with good quality and availability. Washington shippers are peaking on 60ct and larger. Colorado is going strong with supplies as well. Mount Vernon, Washington, has good availability on colored potatoes; product quality is excellent. North Dakota and Wisconsin have good supplies of red, yellow and white potatoes. California supplies will increase as more shippers come on board in the next couple of weeks with red, yellow and white potatoes.

SQUASH

Western Squash: *Tim Kelley*

Increased demand from the east due to the freezing weather in Florida is driving the market upward. Previous cool weather in Mexico has slowed production and supplies are light. Yellow squash is very tight. Italian supplies look to slowly increase over the next 1 to 2 weeks and Yellow in about 3 weeks. Demand is very strong and keep shippers clean.

Eastern Squash: *Janine Baird*

Domestic supplies of squash in Florida have been all but wiped out by the weekend freeze. Many Florida shippers are bringing squash in out of the West just to try to cover contracts, but those supplies are dwindling as well. This market is already at its peak – now it is just a matter of availability.

STONE FRUIT *Amy Grolnick*

There are still good supplies of both East and West coast imported cherries available, with heavier volume in the East. Sizing is large and quality is very good. Apricots are also available from air shipments, but sizing is limited and FOB pricing is somewhat high. Other Chilean fruit including peaches and nectarines are now arriving via vessel into both East and West Coast ports. Volumes are still limited.

TOMATOES *Ryan Frayo*

Eastern: Florida is currently encountering a very cold arctic blast that has brought temps below freezing. The temperatures are currently cooler than typical and will continue in the southern growing areas into this week. The damage the frost has done is unknown thus far, but growers are expecting crop damage none the less. Growers have picked as much fruit as possible to salvage as much of the crop as they

can. We can expect to see higher fob's probably up through the spring accompanied with shortened supplies. Quality issues will probably not appear for another week to two.

Western: limited harvesting in Florida has increased interest in Nogales. Nogales is facing challenges getting fruit with color, everything is crossing very green. Supplies are not up to full speed either. Typically we would be full bore by now, but with cooler than normal temps in Mexico is slowing production. Shippers in Nogales will need advance notice on load volume orders, calling for at least two days notice to allocate fruit accordingly.

WATERMELON *Amy Grolnick*

Colder weather in the watermelon growing districts continues to slow production especially in the seeded. Supplies are still crossing mainly through Nogales, AZ. Supplies are decent on Seedless, but sizing remains to the small side. Markets remain strong for both Seeded and Seedless. Overall Watermelon quality is still very good.

VALUE ADDED *Gabe Romero/Mike Pacheco*

Raw product for romaine continues to give processors problems. The cold weather that Yuma Arizona has been experiencing has resulted in this item to have short shelf life and brown to red discoloration in some bags. The cauliflower and broccoli raw product availability is ample to fill demand. Brown spotting on cauliflower florets, yellowing and pale color on broccoli florets will be common issues talked about with these products.