



The Source

May 18, 2009



THINGS YOU SHOULD KNOW:

No Commodity Alerts at this time

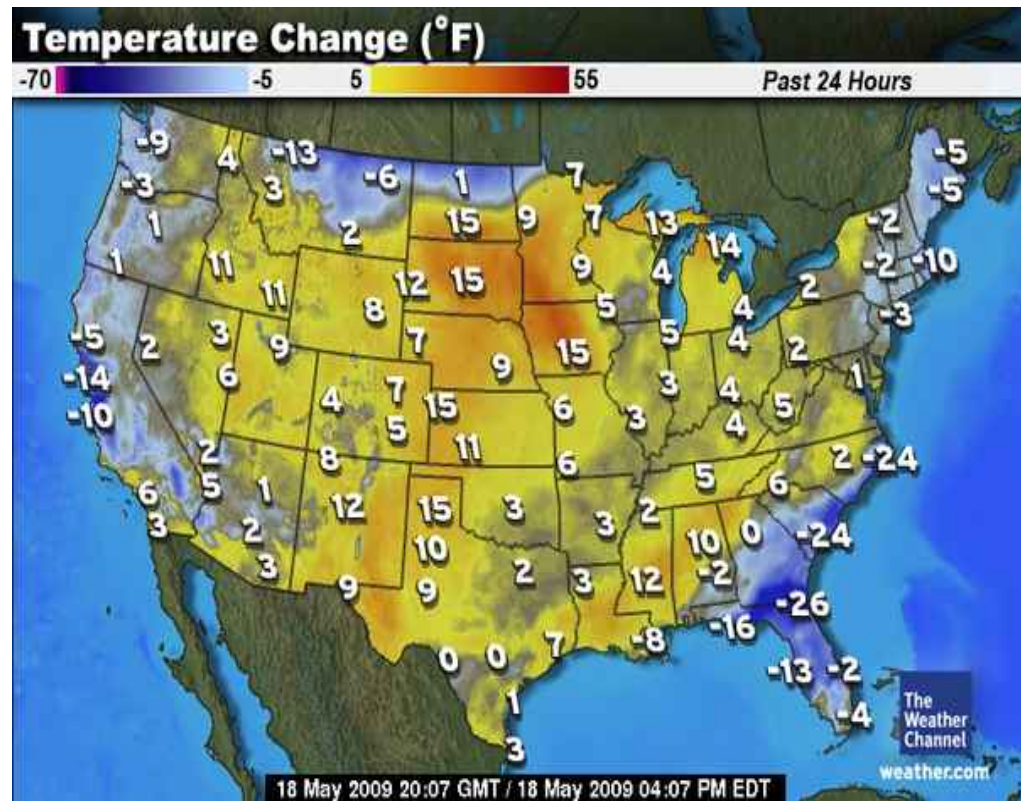


PRO*ACT The Source

Weather:

Morning low clouds and fog with afternoon clearing will be the norm this week in the Salinas Valley with temps in the low 70s expected through the week.

In the southeast an exiting cold front will bring cool breezy conditions behind this system into mid-week. Temps in the low 70s today will gradually moderate through the week with as a slight chance of thundershowers remains.



Freight:

Trucks in California have tightened up due to the lack of freight coming off the East Coast. Washington and Idaho remain steady. Crude oil has gone up today \$2.87 and is currently at \$59.21. The National Average on diesel is went up 1.5 cents and is currently at \$2.231 per gallon.

Commodity Updates

APPLES/PEARS

The Gala Apple market remains very strong, as well as the demand and especially on the retail side in 3 and 5# bags. Washington could be out of Gala supplies by mid June. New Zealand is also snug, and their market is slightly stronger to start this week. Red Delicious Apples in the lower grades (lighter color) remain tight as controlled atmosphere storage crop is short. Small sized Granny Smith and small sized varietal red colored apples continue to be excellent choices for someone looking for a 'deal' on apples and there are still plenty available. Washington and Oregon Pears continue light production from storage and the Hood River, Oregon area (Oregon's largest pear producing area) could be done in as few as 2 weeks and leave Washington to finish the storage pear season. Both Washington and Oregon are shipping all #1 fruit from here until the end of the storage season due to quality concerns.

ASPARAGUS

This market has lowered. California production continues to have good supplies to fill all orders. Supplies continue to be heavier for standard sizing. Product out of Peru continues to be strong on the East Coast. Washington continues to be in full swing production and pricing has been competitive.

AVOCADO

Mexican fruit – Mexican supplies remain light, but steady coming into the states. The Mexican crop is past their peak on production.

California Fruit - California growers are packing good volume, but still lighter than years past, due to the much smaller crop this year.

BELL PEPPERS

Western Green Bells and Colored Bells:

Mexico is done for the season on green bells. The California desert is going with good volume and will continue over the next two weeks. Quality is very good. Red and yellow bell supplies coming out of Nogales are dwindling as their season ends. Baja is going with good volume colored bells. Demand is very good. The California desert has started with a light clean up pick and will get going with steady harvest by the end of the week, with more volume by the first week of June.

Commodities at a glance...

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

Legend

Quality
 Excellent
 Good
 Fair
 Poor

Market
 Steady
 Higher
 Lower

Commodity Updates continued

Eastern Bells: Central Florida supplies of pepper are tapering off but the Georgia is just barely getting started, leaving a looming gap in pepper supply. Nogales is beginning to finish up as well, so the pepper market will rise in the coming days. Expect a sharp increase in price by the front of next week.

BERRIES

Strawberries: Californian production has started this week slightly short with most shippers. The weather was hot over the weekend and if there were any negative reactions from the plants, we will see the issues appear in a couple of days. There are good supplies of organic strawberries in both Salinas and Santa Maria. Most shippers have pulled out of Oxnard and are now shipping out of Salinas / Santa Maria. Although supplies are a bit snug today, shippers are holding steady with pricing. Salinas / Watsonville fruit has great quality and size.

Raspberries: Californian production continues to increase. Both Oxnard and Salinas / Watsonville are producing and we are seeing much better availability as more shippers are coming on line in the northern growing areas with new fruit and FOB are reflecting this. New crop quality is good.

Blackberries: Blackberry production is slowing, but still continues with consistent transfers arriving from Mexico, just not as much fruit. We can expect Mexican production to be wrapping up around June as are currently getting reports that Mexico is coming close to the end of their season. There continue to be shippers in much better shape than others. We continue looking at local production to increase. Watsonville is producing small quantities, and is inconsistent at this point.

Blueberries: Blueberry production continues to slowly increase in California and will slowly increase even more over the next two weeks. The Central Valley will be the primary area of production and we are seeing some better production in Oxnard and Watsonville. Fruit is starting to transfer over from the valley. This week we are seeing a better variety of pack sizes, 4.4, 6oz, pints and 18oz. Florida does not have much to offer currently due to 4 days of consistent rain. The growers can't get into the fields to harvest.

BROCCOLI

This market is stronger on both crown and carton business to start the week. Many suppliers have caught up with excess supplies. Broccoli crown production as well as bunched product will be lighter in supplies throughout the week in the Salinas Valley. In the Santa Maria region, production also has become lighter. The quality on all broccoli items continues to be good.

CARROTS

California carrots are now coming out of the new fields in Bakersfield. Size and quality is much better than the ones from the Imperial Valley. Georgia has good availability and quality on the East Coast.

CAULIFLOWER

Supplies continue to be light with all suppliers. The combination of lighter plantings and lower yields has created a gap in production. Expect this commodity to be light in availability throughout the week. Demand exceeds supplies. Some suppliers continue to purchasing outside product to cover orders. The overall quality of this commodity has been average. Santa Maria and Salinas both have product available.

CELERY

This market has softened on all sizes. Overall, Oxnard has ample supplies to fill all orders. The quality continues to be good with little cedar to report. This market should be competitive in pricing or most of the week. Salinas's production is expected to begin in late June to July.

CITRUS

Lemons: The Central Valley is 90% picked. Ventura County is supplying the bulk of the volume. There are good supplies and that are peaking on 140's, followed by 165's and 115's.

Limes: Supplies are steady and running heavy to smaller fruit. Larger fruit is limited, but looks to start improving by the 1st or 2nd week of June. Quality is good.

Oranges: Old crop Navel supplies continue to tighten as growers begin to finish for the season. Late navel varieties will continue into

Commodity Updates *continued*

June. Valencia production is good. Quality is very good, with sizes running 88's, 113's, and 138's.

CUCUMBERS

Western Cucumber: Mexico's volume is looking to lighten as we move through the week. Quality remains very good. Baja is getting into good production and looks like good supplies over the next two weeks.

Eastern Cucumbers: Cucumbers are beginning to load in Georgia this week but in limited volume. Supplies have been plentiful in Florida but by the end of next week those too will drop off and Georgia will be left to meet demands. A gradual rise in the market can be expected over the next two weeks.

GRAPES

Crimson red seedless from Chile are still shipping from the East Coast, but supplies will most likely finish by the end of this week. Flame red seedless grapes are being packed in Coachella, CA and Nogales, AZ, but the Nogales crossings have been limited, leaving strong demand on the Coachella fruit. Green seedless grapes are shipping as Perlette from Nogales and Sugarone from Coachella. Supplies are light on the Sugarone to start the Coachella deal. The Perlettes continue in Nogales with good supplies and lighter demand. Lower scale truck traffic through the Nogales, AZ areas now is having an effect on demand, but there is still enough to keep the market strong until next week strictly due to availability.

GREEN ONIONS

This market remains steady. There are no changes to report. Supplies continue to be strong from the Mexican region. Expect this market to be stable throughout the week. The quality continues to be good, with little to no problems reported.

KIWI

Kiwi quality remains excellent and movement is steady. The market will remain steady again this week.

LEAF LETTUCE

All leaf items are in good supplies in both the Salinas valley and Santa Maria growing regions. Warm weather this weekend has

accelerated the growth of these commodities and suppliers are looking to move volume orders. The quality on leaf continues to be average at best. Some quality defects that continue to surface include insects, fringe burn, tip burn, and wind burn.

LETTUCE

There is a good availability of this commodity with most suppliers. Warm weather in the growing regions has this commodity in good shape in terms of weight and texture. The weights for palletized lettuce have become much better with 45-47#s being reported on cartons. Suppliers no longer are substituting 30 count lettuce to fill orders like in the previous weeks. Las Cruces, Mexico continues to have production if interested. Yields continue to be reported to be stronger to start the week for production in Salinas.

MELONS

Cantaloupes: The CA Desert deal is going strong and with very weak demand, the deal is flat. There is volume on all sizes and fruit quality is excellent. Look for supplies to keep increasing well into next week and hopefully with the finish of the offshore deal the demand will pick back up. Offshore cantaloupe supplies from both Guatemala and Honduras look to be extended again through this week and there is still only moderate demand. Shippers are still looking to move fruit from the Eastern ports. Quality is still good for offshore fruit and brix remain at decent levels, so keep the orders coming!

Honeydews: The market remains at lower levels on Honeydews again this week, and even with Nogales finishing up their spring crop, demand still can't push the market. The offshore supplies on honeydews look to be finished by the end of this week and the CA/AZ desert growing areas will take over. The market should remain steady for the balance of this week all depending on demand pressure and what the California deal comes up with as far as fruit numbers. Quality remains good and sugar levels are also very good.

ONIONS

Several Texas shippers were hit with 2-3 inches of rain over the weekend which is making for very limited supplies. There should be better availability toward the end of the

Commodity Updates *continued*

week. Imperial Valley California has good supplies currently available. Huron, California should start up with limited supplies next week. Washington still has some limited availability of storage onions.

POTATOES

The quality is still very good on the Idaho storage crop. Wisconsin is becoming more limited with availability. Colorado has good supplies and quality is still good. Colored storage potatoes are loading out of North Dakota and Wisconsin. Washington has all but finished. California new crop colored potatoes available with very good quality. New crop California Russets should start next month. Northern and Southern Florida now with availability on new crop colored potatoes.

SQUASH

Western Squash: Mainland Mexico's volume is starting to drop a little on Italian and Yellow, but there is a range in quality in many lots. Baja is harvesting and will continue to increase volume through the month. The Fresno area of California is increasing production of Italian.

Eastern Squash: The squash market has gained strength as Georgia is not producing enough volume to offset the diminishing supplies in Florida, which will be finished by this weekend. The push upwards will continue for the next couple of weeks. Quality is fair as we are seeing the results of South Georgia's recent winds and heavy rain.

STONE FRUIT

California tree fruit numbers are quickly on the rise with warmer spring weather prevailing. Yellow/White Peaches, Yellow/White Nectarines, Apricots and Cherries are available in good supply, especially in the smaller sizing. Early production is very good and color is excellent! There is high colored good eating fruit available and FOB prices are coming down quickly. Cherry quality is very good and sizing is large (peaking on 9/10 ROW). Supplies will continue to increase this week on all fruit and will in turn put downward pressure on the current FOB pricing.

TOMATOES

Western: Mexican production is slowing as growing regions are moving north. There are

still decent supplies of Roma tomatoes in Nogales (clean up) Pricing continues very inconsistent and has varied from day to day. Color has been a bit of a challenge, but pre-ordering helps avoid issues. We are seeing tender and occasional spotting in the fruit with overall quality marginal. Roma tomatoes are more available than the previous couple of weeks but are hit and miss with quality. Some shippers have lowered fob's to keep lower quality fruit moving. San Diego is getting small shots now and will be looking to go full bore around the last week of May.

Eastern: Tomato production in Florida continues to increase as new growing areas are producing good numbers and predominately larger sizing. There has been a drop in pricing. Roma tomatoes are more available and fobs are declining. Grape tomatoes are continuing to be a bit tight.

WATERMELONS

Watermelon supplies remain light, especially in the seedless fruit. The Mexico deal is wrapping up and the CA/AZ desert areas are not quite ready yet. The new crop areas will not make an impact on supplies until next week, possibly even beyond that depending on weather. The market has moved upward on seedless and will be strong throughout the week. Demand is very good for all watermelons. Overall Watermelon quality is good and will get even better once the Yuma, AZ and CA desert deals get going stronger.

VALUE ADDED

The lettuce has had much better weights and this has caused processors to purchase less product. Hence, there is more availability for carton business. Some light bruising has been reported on chopped romaine. Complaints have been minimal on green onions. The warm weather we had last weekend could create quality issues.