

Labatt **FOOD SERVICE** *Produce Department*

4500 Industry Park

San Antonio, TX 78218

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MARKET REPORT: MAY 28, 2010

We appreciate your business. Please let us know if you have any questions. Have a great weekend!

WEATHER IN CURRENT GROWING REGIONS

Salinas, CA: Daytime highs will finally rise into the upper 60s to mid-70s beginning May 30 with overnight lows in the mid- to upper 40s. There was a 50 percent chance of rain showers for May 27.

Imperial Valley, CA: Daytime highs will be in the low 90s to upper 80s through May 29, then rise into the upper 90s through at least June 1. Overnight lows will be in the low to mid-60s.

Las Cruces, NM: Daytime highs will be in the low 90s through May 30, then rise into the mid- to upper 90s. There is a 10-20 percent chance of daily showers through May 29.

PRODUCE NEWS

APPLES/PEARS

The smaller foodservice sizes and grades remain very limited in all varieties and will also get even tighter so stay ahead. Expect domestic fruit prices to continue to climb as we approach the end of the storage season. The pear quality is excellent but Washington supplies are lower and the market is strong.

BELL PEPPERS

Mexico supplies are quickly winding down as their season comes to the end over the next two weeks. Availability, size, and quality continue to drop. The California desert has hit their peak and demand is very good. They will begin to wind down for their season by the first week of June. Bakersfield looks to begin mid June. Red and yellow bells from Mexico remain limited as most shippers have finished for the season. The California desert crop for colored bells has started this week, with volume by the first week of June. One grower in Baja has supplies of new crop colored bells. With Florida peppers finishing up and Georgia just getting started; we will be seeing a two tiered market for the next week or so. Florida pepper pricing will begin to drop off, but Georgia prices will stay slightly higher, particularly on the off-grades which are typically very tight as the season starts.

BROCCOLI

Central Coast broccoli shippers remain in the midst of a considerable production gap from Salinas to Santa Maria. Today's modest offerings are the result of planting gaps caused by winter rains and the persistent cold temperatures which have curbed production. The market has increased considerably since mid-May and is expected to hold near current levels into early June. Bunch broccoli supplies are snug, and Asian-cut crowns are tight. Warmer temperatures beginning May 30 should increase availability in early to mid-June.

CAULIFLOWER

The cauliflower market is easing up. Some suppliers are better off than others and this has created a gap in pricing. Processors continue to purchase large blocks of product to meet their production needs. The weather continues to be cold and windy in all of the growing areas. Rain is also expected on Tuesday and Wednesday. The market could get stronger because of the expected rains later in the week.

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CELERY

This market is a little stronger on the small sizes, 36's and smaller. Larger sizing is more readily available but production overall is light. Cool weather in the Oxnard growing region has slowed the growth of this commodity. Salinas celery is expected to start by mid June. Santa Maria is also in production.

CITRUS

Lemons: Demand is steadily increasing each week, pricing remains steady. Quality is very good.

Limes: Better supplies this week on smaller fruit, with larger fruit remaining limited.

Oranges: Valencia quality is good, with early Brix levels in the 9 to 12 range.

CUCUMBERS

Mainland Mexico production is good as we move into next week. Expect steady supplies to mid June. Baja growers expect good production through the month and into June. Georgia is into good volume on cucumbers now, pulling the price down. Quality has been good and the market should remain at the lower levels through the end of the week.

ICEBERG LETTUCE

California's Central Coast has been plagued with cold, wet and windy conditions since early April. An unseasonably strong weather system produced rain throughout the Salinas Valley May 25 and May 26, and there was a 50 percent chance of more showers May 27. A salesman for a major Salinas lettuce shipper recently stated, "We plant lettuce with certain growing conditions and temperatures in mind. Today our industry is feeling the impact of the cold and wet spring in the forms of planting gaps and suspect quality. Shippers will likely offer a roller coaster of supplies through June and possibly into July." The Salinas Valley weather forecast is for sunny skies with daytime highs in the low to mid-70s beginning Sunday, May 30. A somewhat nervous Salinas lettuce salesman stated, "Warmer temperatures on the heels of unexpected measurable rainfall is a recipe for mildew. We've already been battling mildew in April and May, so this weather combination is not good news. Growers will have to be extra diligent to prevent a potentially serious outbreak."

The availability of eastbound trucks on the West Coast has been light all spring. Receivers are paying very expensive rates for this time of the year, and the industry could easily see record high freight rates during the peak summer season. High freight rates and limited truck availability dampen product demand. A Salinas leaf lettuce salesman recently stated, "Light supplies alone cannot sustain higher prices unless there is adequate truck availability to get the crop to market. A tight truck market, as we expect this summer, will curb demand."

LEAF LETTUCE

Cold and wet conditions of April and early May have stubbornly persisted into late May. As with lettuce, leaf shippers are dealing with planting gaps and sporadic supplies. Growers are keeping a watchful eye on the current rainfall and the expected warmer temperatures beginning May 30. A potential mildew outbreak could reduce yields and drive the market higher.

MELONS

The Imperial Valley spring melon season is underway. Production is light due to the recent string of persistently cool temperatures. Daytime highs are finally expected to tickle the century mark beginning Sunday, May 30, and continue into the following week. Shippers expect production to pop around Labor Day. Cantaloupes are heaviest to the medium sizes and will remain as such into the middle of the first week in June. Overall quality is excellent with good early-season Brix. The West Side district is not expected to start until July 10.

ONIONS

The ever-changing onion market is doing it again: changing. The Imperial Valley onion season is winding down and will conclude sometime the week of May 31. The jumbo yellow and red markets are rising in anticipation of light initial offerings in Huron, CA, and New Mexico. New Mexico shippers foresee light yields and small sizing the week of May 31. Yellow sizing will be heavier than usual to mediums, and yields will be only 850 to 900 sacks per acre compared to the typical 1,200 to 1,300. Shippers foresee normal yellow sizing the weeks of June 7 through June 21, but yields are expected to be only 1,300 to 1,400 instead of the expected 1,700 to 1,800. Huron, CA, shippers will start modestly June 1 and offer decent volume the week of June 7. Sizing is expected to be on the small side, with yields average at best. The jumbo yellow and red markets are once again on an upswing. Buyers are best advised to load now and get ahead of the rising prices. Buyers are doubly advised to load now because truck availability is expected to be minimal over the Memorial Day weekend.

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POTATOES

Little change from last week. Idaho's transition from Norkotahs to the smaller Burbanks has pushed the large carton market steadily higher since early March. F.o.b. prices on 70s and larger are strong and have the potential to push higher in June. Shippers confide that the bullish 70-count through 40-count market is more a function of fading supplies than brisk demand. Receivers are chasing the higher prices in hopes of buying again before the next price increase, and this reinforces the next round of higher prices. There is a significant price break from 70s to 80s, and again from 80s to 90s.. Idaho shippers will carry storage supplies into August and overlap the start of the new crop.

There is talk of internal black spotting in the Burbanks. One speculation is that the potatoes contain high solids and that the packing process (bouncing around) will produce black spotting under the skin. This is a cosmetic issue only and does not tarnish the quality.

SQUASH

Mexico production is becoming sporadic as they finish up for the season over the next 1 to 2 weeks. Both Baja and Fresno are still experiencing lighter production due to cooler weather. Squash is readily available in several southeastern states. With temperatures getting warmer, supplies should be plentiful and the market should stay at lower levels. There are great prices next week on both Zucchini and Yellow Squash.

TOMATOES

Eastern: Florida continues to run with pricing at the bottom of the spectrum and there continues to be a big upswing in production with just about all shippers coming in with plenty of volume and more behind it. The other eastern states are also getting close to kicking off their season and will continue to keep volume and production high and fobs relatively low. This is a dramatic change compared to the winter we just went through. Shippers are looking for business and are very aggressive with pricing. We can expect pricing to stay moderately low through June. Reports of quality are good as shippers have cleaned up the earlier problem fruit.

Western: Supplies out of San Diego are low but production continues to pick up. Shippers continue to crown pick and sizing is larger. There are little to no smaller sizes. Shippers are saying they will slowly increase volume this week and improve considerably the following week. Nogales is lower on pricing with their clean up deals in the minimum range. We expect to see less and less fruit out of Nogales as their season winds down. Quality will be the first indicator on how quickly things will wrap up. Weather has been favorable in Baja with no major issues. California is a little behind due to cooler than normal temps and should get started the week of June 14th.