

Labatt **FOOD SERVICE** *Produce Department*

4500 Industry Park

San Antonio, TX 78297

1-800-324-8732

MARKET REPORT: DECEMBER 23, 2010

****HAPPY HOLIDAYS FROM THE LABATT PRODUCE TEAM!!!****

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

WEATHER FORECAST IN GROWING REGIONS

Heavy rains and strong winds will continue to impact California and the southwestern growing regions as a powerful low pressure system finally begins to move to the east. Southern California is receiving the brunt of this system as reports of flooding and record precipitation are being reported. The Desert growing regions were in the line of fire Wednesday as this system moves east. At this point we will have to wait and see how this system impacts the various areas as it moves through the region. In the Eastern growing regions of Florida a moderate warming trend started Wednesday. This will keep the region dry with near normal temperatures (70s) through the end of the week. A low pressure system will bring a slight chance of rain late this week into the weekend.

TRANSPORTATION AND FUEL

In the Northwest: Idaho potato, and Idaho onion trucks remain steady but are dealing with tough weather conditions. Truck availability has gotten tighter towards the end of the week due to the holiday. Crude oil is steady. The national average went up slightly and is currently around \$3.25.

PRODUCE NEWS

APPLES

Red Delicious are sizing heavy to 88/100's. Strong demand is pushing the red prices higher. Golden's are peaking on 88's & larger & are heavy to the Washington extra-fancy grade. Granny Smiths remain heavy to the larger sizes and are peaking on the lower grades. Small Grannys are still very tight. Overall the demand for apples in Washington has been *very strong* as they continue to ship record numbers weekly. Higher prices on most varieties are forecast at the beginning of the New Year.

ASPARGUS

Market is active on all sizes. *Mexican* product is finished until January and *Peruvian* product is light in availability. Air space is extremely tight and product will be very light and high priced. Jumbo sizing is the tightest in availability.

AVOCADO

Mexico is crossing good volume and is the predominant fruit on the market. Chile is still bringing only light volume to the states due to their light season. The California harvest is done. Next Year's crop is much lighter than this year's record crop. Estimates look to be around half of this year's. Mexico's harvest continues at a good pace, with good supplies and good quality.

BELL PEPPERS

Western Green Bells and Colored Bells: Mexico's supplies loading out of Nogales look good. Red bells from the Coachella Valley are light in supplies as most growers are finished for the season. Chula Vista red bells are available with good quality, but light in supplies. Red bells from Mexico have started with limited supplies for a few growers. Looks like the first of the New Year before red's ramp up in production. Yellow bell supplies continue to be very light and quality is fair. Cold weather in all growing areas has slowed production.

Eastern Bells: The pepper market remains somewhat steady thus far, with the Eastern portion of Florida coming through pretty well, despite multiple nights of freezing temperatures. Quality is fair and demand is good.

BROCCOLI, CAULIFLOWER & CELERY

The broccoli market is steady. Crowns and Bunched product is in good supply with very little demand. Supplies will be good throughout the week. Mexico production has picked up its pace due to better weather and decreased demand. The cauliflower market is steady. More nine and twelve count cauliflower is available compared to previous weeks. Santa Maria and Yuma volumes are increasing and quality continues to improve. The celery market is steady. There have been recent harvest delays due to rain.

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CITRUS

Lemons: The Desert crop is going with good supplies. Larger 95's are coming in volume until the end of the year.

Limes: Lime supplies from Mexico will remain tight as shippers work through new protocols from the USDA for importing limes into the US. The new protocols are due to infestation of sweet orange scale that the USDA has found is some lots of fruit.

Oranges: Rain in the growing areas this week and forecasted into next will deplete inventories of already harvested fruit. Sizes still running small with choice grade still prevalent.

GRAPES

Domestic grapes are finished for the most part with shippers keeping the last of the product close to home. Both the red and green will have shatter with the green showing amber and the red with 50 to 80% color only. Peruvian red and green are starting to become available but are very limited. Chilean fruit is getting a late start this year and the first shot that came in over the weekend was very limited on red grapes with more greens available and the reds are mostly small to medium. Next week we should see better volume of Chilean fruit with good numbers in mid to late January. The market is still strong.

GREEN ONIONS

This market is getting active due to harvesting issues. Crews from Mexico will take the holiday off and it will be difficult to get increased supplies to cross the border.

LEAF LETTUCE

The freeze has hurt some suppliers more than others and it is reflected in the quality of their romaine. Romaine is showing blister, epidermal peel and bottom rot with most suppliers. This is an industry wide issue. Green and red leaf and butter is available with moderate supplies. Issues of fringe burn and blistering is occurring as well, but not to the extent of romaine. Yuma is in full production on leaf items.

LETTUCE

The market is steady. This is one commodity where availability is good. Shippers are seeing some epidermal peel as well as blister for product being harvested. Shippers are expected to have good supplies throughout the week. Demand will play a huge part in determining where this market will end up at. The weights and quality will vary amongst the different shippers.

MELONS

Cantaloupe: Domestic and Mexican cantaloupe are finished for the season. Offshore melon sizing is peaking on mostly 15's and 18's due to cold temperatures in Guatemala.

Honeydew: Domestic honeydew has finished for the season. Nogales has good supplies of Mexican fruit peaking on 6's and smaller. The offshore product has started up with excellent quality and much better supply which are also peaking on 6's and smaller.

ONIONS

Idaho continues steady on yellows and are still packing mostly jumbos and colossals. Availability is light due to the short week. Washington is still producing mostly jumbo yellows. The medium yellow market is steady but strong in both areas due to holiday and export demand. The yellow quality has been good. Reds and Whites are both steady and quality has been good. Colorado has a few yellows and reds and their market is steady. Nevada is still packing whites, yellows, and reds and they are steady on all colors but relatively high on yellows.

POTATOES

Idaho continues packing average sized *Norkotahs* and smaller *Burbanks*. The quality for both varieties has been good. Pricing is steady in both varieties on the smaller counts while larger *Burbanks* are slightly higher. Large *Norks* are steady but limited. Most shippers are running *Burbanks* through the New Year. The smaller size profile hasn't affected the market quite yet but it could in the near future for some suppliers. The biggest problem this week has been availability. Washington *Norks* are still peaking on 70-90's. Colorado *Norks* are sizing larger with smaller counts more limited. Colorado's market is steady on all sizes. The market remains steady for red and yellow potatoes.

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STRAWBERRIES

We are still dealing with an *industry wide* problem with supplies and quality of strawberries out of *California, Florida* and *Mexico*. All growers are experiencing unseasonably cold weather and/or freezing temperatures. Most growers are not harvesting. Plants were stunted in the short term from the cold weather. After plants are cleaned up and stripped of all the damaged berries, it will take a few weeks to completely recover. That is barring any additional freezing temperatures. This is a preliminary assessment of what has happened. This industry wide supply shortage will not change until mid January at best. Market is high.

California has received anywhere from 4-9 inches of rain over this last week and it was still raining Wednesday. Growers in California have been unable to harvest any fruit for the fresh market all week. The industry is hoping to see growers get back into their fields the start of next week. The forecast is for another storm to hit the growing areas again over the weekend. Strawberry growers will be stripping fruit once they can get into their fields. It takes 5 to 7 days to get thru all the bad fruit. Every time a storm comes in they will have to start this process over. The strawberry situation is an absolute mess. On a good note the Florida strawberry growers are starting to harvest and there is some light availability coming out of this growing area.

SQUASH

Western Squash: Mainland Mexico's northern growing areas are slowing down and finishing. Production from newer areas is starting to show some increased production.

Eastern Squash: The squash market is up with limited availability. There is some squash in Florida but the quality may be an issue due to the high winds that accompanied last week's cold weather. Some shippers are bringing in Mexican squash to help fill orders.

TOMATOES

Eastern: As the information continues to flow from the Florida tomato growing areas that were most affected by the cold weather, reports range from a 20% to 80% loss depending on location. Some growers have lost more than others. While it did have some immediate effect on the market short term, the holiday week with relaxed demand has prevented further attempts to strengthen pricing. Needless to say, the market is somewhat weak at this point and grower/shippers with product want to get stuck with what they have available. The market is a little chaotic and pricing is varies between shippers at this time. The true extent of the damage in the State of Florida will begin to more readily appear over the next couple of weeks as further assessments are made. With that being said, there will be gaps in supply from that Florida, but with Mexico just kicking off their season there might not be a real shortage of product over the course of the next four to six weeks. As demand increases after Christmas and New Year's, then we could see some higher FOB's. The forecast calls for more cold weather in Florida this holiday weekend.

Western: San Diego production continues a bit sluggish and inconsistent. The transition over to Nogales will happen in January. Roma tomatoes have become more available than weeks previous and fobs have stabilized. Cherry tomatoes have picked up a bit out of San Diego. There are two layer tomatoes crossing through McAllen TX currently and supplies should improve slowly for 25# round and Roma tomatoes.

WATERMELON

Seedless watermelon is transitioning from the Northern growing regions of Mexico to the Southern and product has tightened with product quality only fair. The Seeded Watermelon is still non-existent with no end in sight due to loads being shipped with Lime loads. Prices have firmed and the product is sizing smaller.

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