

By Tim Linden

California Season Progresses Without Surprises

Production agriculture rarely produces a season that doesn't have at least a few surprises because the nature of the business just isn't compatible with 100 percent accurate predictions. But by all accounts the 2017 California avocado season has progressed as expected.

Of course both the field and market price are on the high side of expectations, but growers and marketers alike predicted a very strong market would ensue well before the first avocado was picked.

"It has been a very good season in terms of price," said Dana Thomas, president of Index Fresh. "Of course, the price has been up because the volume is down."

At the end of May, he said more than 50 percent of the crop had been harvested as "the market is pulling the fruit off the trees." With such high prices – close to \$2 per pound in the field – there was no reason for growers to hold back and fruit was being harvested at a fast pace.

Thomas said growers had an additional incentive to unload their trees – decreasing the stress on the trees now and allowing an opportunity for the 2018 crop to come to fruition. "It looks to be very good, but I don't want to jinx it," Thomas said of the 2018 crop.

"It has the potential to be a really nice crop. There was a good bloom and a good set."

Echoing those comments was Rankin McDaniel Sr. of McDaniel Avocado Company. "We had a very good, early rainy season. And we've had excellent weather this spring. That led to a good bloom and a good set. At the moment (late May) we have a very good crop of pea-sized avocados on the tree. But it's going to take a couple more months to know what we have. There is going to be some natural shedding and we have to get through some heat, but it looks good."

He said the 2017 crop, which was estimated at half of 2016, appears to be in sync with that prediction.

Discussing the very strong pricing that has accompanied that short California crop, McDaniel said he has seen prices go to the same heights in the past but not for such an extended period of time. By the end of May, the demand-exceeds-supply situation had been in force for about six weeks and he expected it to remain for at least several more months. "I think we are going to see several more months of this. I see a strong market through October."

In fact, McDaniel said there might not be promotable supplies again until California enters the market with

a big crop in 2018. But even then, he remains "very bullish" on the prospects for California growers and all avocado growers. McDaniel said demand appears to be growing faster than supply can keep up.

Rob Wedin, vice president of fresh sales and marketing for Calavo Growers Inc., Santa Paula, CA, does not expect the current marketing conditions to last quite as long. He said early indications are that Mexico's 2017-18 crop is significantly larger than the crop currently coming to the end of its season. He believes that by September the Mexican crop will begin to impact the market and the f.o.b. price will fall. However, he agrees that the potential for the very strong market to last five months is unprecedented.

The Calavo executive also heard that an estimator of the Mexican crop noted in late May that there was more fruit still on the trees than some people anticipated. While shipments from Mexico declined in May, he observed that if that estimator is accurate, there could be greater supplies from that country in June and July than currently expected. That might lead to a softening of the market in late summer, but that almost certainly will not occur until the California crop is pretty much depleted.

Like everyone interviewed, Wedin does not expect volume shipments from California to last beyond mid-summer. He is forecasting that the last week with more than 10 million pounds from the Golden State will occur in June. He anticipates only 8 percent of the state's volume to be shipped in August and only 1 percent after that.

In late May, Bob Lucy, president of Del Rey Avocado Co. Inc., Fallbrook, CA, noted that the California crop was being picked and marketed a little bit faster than to his liking, but he understood the dynamics at play. "Right now," he said on May 26, "growers are getting \$1.90 per pound for 48s. It probably won't get much higher than that so I

understand the difficulty in leaving that fruit on the trees."

Del Rey typically has California fruit later in the season than most handlers as it is the marketer of a good percentage of the Morro Bay output. Lucy said the company will have fruit in August and September but he laments that California shipments will decline quite rapidly beginning in mid-July. "It's a challenge to get growers to keep the fruit on the trees," he said noting both the attractive field price and the desire to help the 2018 crop size.

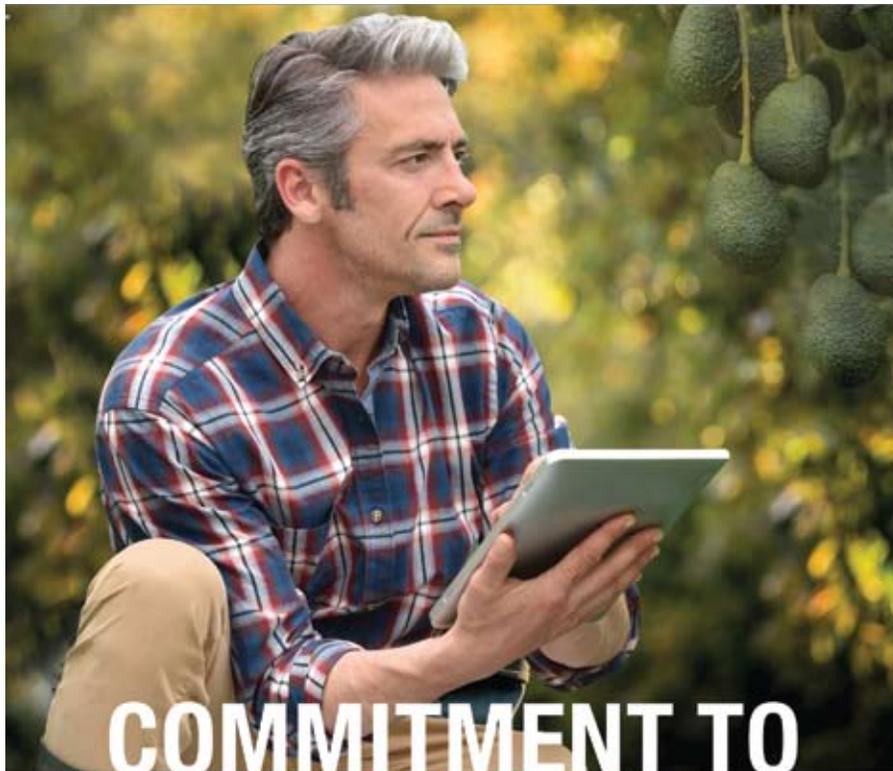
Speaking of next year, the Del Rey executive characterized the situation as a "huge, healthy bloom. The rains helped the fruit size this year but the greatest benefit was leaching the soil of all the salts that have been accumulating because of all the irrigation water we have used the last few years."

He said 20-25 inches of rain has created a lot of "happy trees" and he could have added "happy growers" as well.

Del Rey is a major player in the organics arena and Lucy said that even with the very high prices for the conventional California fruit (over \$50 per carton for an extended period of time), organic California avocados were still being bought and sold at a premium. "Normally we might see a 25 percent premium; this season it has been about 10 percent."

Still the field price for organic avocados was in the \$2.20 range for a 48, while the f.o.b. market in late May was in the \$62-64 per carton stratosphere.

Lucy said California growers are watching the trend and producing more organic avocados; he expects a very good crop next year. He did note that foreign suppliers are not increasing their supplies of organics at the same clip. 🥑



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