

By Tim Linden

Packers Optimistic That Strong Season Awaits CA Growers

There are potential pitfalls to the upcoming avocado season for California growers, but several handlers interviewed were unanimous in their belief that, managed properly, 2018 will be a good year.

"The crop looks to be twice as large so the average (in the field) price is not going to be as high as it was last year, but we do think it's going to be better than half as much," said Robb Bertels, vice president of marketing for Mission Produce Inc., Oxnard, CA.

He added that the average field price in 2017 set a record at about \$1.60 per pound. While no record will be set in 2018, he noted that with twice the volume (about 400 million pounds) and a solid field price, most growers should do well. He added the increased volume will allow for a longer season and the opportunity to market this year's crop farther east.

Gahl Crane, sales director at Eco Farms Avocados Inc., Temecula, CA, added: "We are looking forward to the California season. Once harvest begins, we expect a slow, steady, predictable flow of fruit from January into September."

Crane said the extended length of the season should allow many growers, especially the larger ones, to hedge their bets and capitalize when the market is strong. He also expects the organic market to be strong and more predictable than the conventional market throughout the year for California growers.

Gary Caloroso, regional business

development director for The Giumarra Companies, Los Angeles, CA, also pointed to the 400 million pound estimate as advantageous this year. "Most folks we are talking to are excited and optimistic about the season," he said.

While he acknowledged that some growers will pick early for their own reasons, including maintenance of the trees and groves, others will be able to gauge the market a bit and time their harvest to coincide with stronger marketing periods.

Rob Wedin, vice president of sales and marketing for Calavo Growers Inc., believes the timing of the marketing of this year's California crop will be critical to its profitability. "Thank goodness we have some volume to compete with this year," he said of the significantly larger crop.

While the final size of the crop depends on many factors, in late November Calavo's estimators were guessing that it will come in around the 390 million pound mark. Wedin said that will allow packers to offer the fruit to many customers and to supply promotions with sufficient volume, though he noted the number was "very, very unofficial."

He suspects that a significant portion of the California crop will be moved in the first five months of the year before Peru starts its peak shipping period, but Wedin said field price will dictate that for many growers. Speaking in late November, he said it appeared that the field price as California begins to ship in December would be acceptable for 48 size

and larger fruit. In late November that fruit was returning about \$1 per pound in the field.

The marketing situation on avocados has been quite unsettled for the past 18 months and it has been almost impossible to accurately forecast even two to three weeks down the road. For prolonged periods since late April of 2016, the market has been red hot. That was caused largely by a shortage of Mexican fruit in the late spring of 2016 and continuing through much of 2017. That was exacerbated by California's small crop in 2017.

The fact is that Mexico, with its exportable potential in excess of two billion pounds for the 2017/18 season, is in control of the situation. Throughout the fall, Mexico's shipments to the United States have been anything but consistent. Often, two weeks of strong volume are followed by a drop-off for a week as growers seek higher field prices. That was also the case in late November. On average, Mexico shipped only about 36 million pounds per week to the U.S. market in November.

Wedin said expectations are that Mexico's shipments will be in the 45 million pounds per week range in December and top 50 million pounds each week on average in January leading up to the Super Bowl, which will probably be the top avocado consumption weekend of 2018.

Crane of Eco Farms noted the difficulty in guessing what Mexico is going to do. On November 30, talking in general about the marketing situation, he said, "If you asked me 10 days ago, I'd say supplies were going to be increasing. But today they are trying to raise prices and are only sending small volume this way. Unfortunately Mexico controls the destiny."

Wedin said the good news is that Mexico, California and Peru all have good avocado crops that will be market-

ed over the next year and U.S. retailers appear ready to promote the commodity. After a slow 15 months in terms of sales, because of lack of volume, demand appears ready to continue the growth pattern that it established during the previous 10 years. "Retailers are showing a willingness to come back and promote," he said, adding that he expects strong promotions through the Christmas/New Year's holiday period.

He said January 16, which is the date that all California fruit, regardless of size, can be picked, should start the ball rolling on good volume from California.

Bertels of Mission said it is California's increased volume that is good news for retailers, packers and growers alike. California's consistent volume should add stability to the marketplace and create trust by retailers that supplies will remain strong. It is this movement, he said, that will help create profitability for avocados from all points of origin. The Mission Produce executive indicated that while 2017 was a great year for pricing, it created a difficult marketing situation because oftentimes there just wasn't enough fruit. "We are looking forward to good movement, which we think will create a strong market. We want to keep the volume moving."

He added that California fruit should be able to command a premium even as supplies increase. "The (California Avocado) Commission has numbers that prove that," he said.

He reiterated that California fruit will be shipped to a wider geographic region this year...even as far away as Europe and Asia. "There are export customers that want California fruit and we'll send it to them."

He also agreed with Wedin of Calavo that California growers would appear to have their best marketing opportunity in the first half of 2018. Bertels said that Peru sent about 145 mil-

lion pounds of fruit to the United States in 2017 and that number could be higher in 2018. "They have a good crop and the trees are maturing. We have trees that produced their first crop last year. They have more fruit this year."

Peru will probably start shipping to the United States in late April with

supplies increasing in May and peaking in June and July.

Crane said that while many California growers will market fruit during the first half of the year, he still expects June to be the peak in terms of volume. He also expects that there will be California fruit available into September. 🥑

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