

By Tim Linden

Solid Pricing Expected to Last

Though the volume of fruit from California that will be marketed in the late summer/early fall is uncertain, the very good, season-long farmgate pricing is expected to prevail until the last avocado is picked, packed and shipped.

Rob Wedin, executive vice president of sales, Calavo Grown, said demand for California fruit remains very high and he is not anticipating that is going to change as the season progresses. Through the week ending June 3, Calavo Growers Inc. had harvested about 55% of its expected California volume. During June, the company is budgeted to harvest another 17-18% followed by 15% of its total California volume in July. If those expectations come to fruition, the company will only have about 12% of its local volume left.

Wedin noted that Calavo skews more heavily toward production in the north, so he observed that California had most likely picked a greater percentage of its total volume by early June. And in fact, the numbers bear that out. By that early June date, California had harvested about 180 million pounds of fruit. The California Avocado Commission recently revised its total estimate downward to 286 million pounds from the original 306-million-pound forecast early in the season. That means about 63% of the volume had been harvested by June 3.

With only a bit more than one-third left to be marketed over the summer, the result should be a continuation of the strong market.



The Calavo executive said a solid June/July market is almost a certainty. As he spoke to *From the Grove* in early June, Wedin reasoned that México's always-robust supplies were in decline and there just isn't enough available fruit over the next couple of months to fill the demand. Throughout the first six months of the year, he noted that supply was typically in the 45-50-million-pound range per week and demand outpaced that. That supply/demand equation is not expected to significantly change this summer.

Supplies from México throughout May averaged less than 30 million pounds per week. California has been trending downward since it hit its peak week of 15 million pounds in late April. The state's growers are not expected to ship more than 10 million pounds

during any week once the calendar switches to July. While Peru's volume will continue to climb, Wedin does not believe Peruvian exporters will ship enough fruit to alter the current demand situation. In addition, he noted that Peru's fruit is typically priced differently than avocados from California and México. Peru has long relied on program sales to some of the nation's largest retailers to establish its pricing model. This year, Peru's shipments to the U.S. market are expected to increase by almost 30% and there will undoubtedly be more Peruvian fruit on the open market. That could be a factor, but Wedin does not expect it will create significant downward pressure on California pricing.

Avocado officials in México have reported that there is a good-sized



summer crop as well as a lot of fruit on the trees for the 2022-23 season, which runs July through June. Nonetheless, Wedin said California fruit should still offer excellent returns as long as it lasts. He said the market has maintained very strong FOB pricing for many months. The most sought after fruit sizes were regularly in the mid-\$50s per carton FOB while sales in the \$60s and beyond were not rare.

The 2022 California avocado season has been a very interesting one as the very strong early pricing led to more marketed fruit in the first few months than expected. This gave growers great returns on their early production, but it also meant a lot of fruit was picked early, which has the effect of reducing overall tonnage. It was a recent survey of growers and handlers (reported on page 8 of this issue) that led CAC to reduce its overall estimate.

Keith Barnard, senior vice president of sourcing and sales, Mission Produce, did articulate the crop reduction and cause for *From the Grove*. “The 2022 mid-season crop estimate for California avocados is currently projected at around 286 million pounds of fruit, which is a slight increase from the 2021 crop,” he said. “This year, growers have been harvesting smaller fruit be-

fore they reach their peak size potential, which is mainly driven by the high pricing across all sizes, including small fruit.”

He added that “California growers have experienced excellent returns year-to-date, which has encouraged them to pick earlier than normal this season.”

The early picking did impact the size curve but not the pack presented to retailers. “California fruit quality has been excellent this year and the industry expects this to continue throughout the season,” Barnard said.

CAC Board Member Gary Caloroso, who is regional business development director for The Giumarra Companies, Los Angeles, echoed the sentiments of the other two handlers quoted in this story. “Returns have been very good all season,” he said. “Unfortunately, we didn’t have the size curve we were hoping for, but growers still got very good prices.”

He said demand for California fruit remains very strong. He expects Giumarra to have supplies until Labor Day, though its late fruit will be limited. “We do not have as much fruit in the far north (San Luis Obispo County) this season as we have had in the past,” he said.

Like the others, Caloroso does not expect imported fruit to severely impact the current price structure for California. As noted, México’s volume is currently in decline and the Giumarra executive does not expect supplies will reach the point that the market drops precipitously. While growers in the Mexican state of Jalisco have gained access to the U.S. market, the expectation is that the volume will grow gradually and not be impactful this summer.

“The forecast is that Jalisco will ship about 150 million pounds to the U.S. market over the next 12 months,” Caloroso said. “Currently, they send about one-third of their fruit to Europe, one-third to Canada and one-third to Japan. They will have to take some of that fruit and switch it to the U.S. market.”

The fact that Jalisco growers already have customers for their fruit should naturally limit shipments to the U.S. In addition, both Caloroso and Calavo’s Wedin said the process of certifying all that fruit, from the grove through the packinghouses, for U.S. shipment is laborious and time consuming.

Wedin said logistically the United States Department of Agriculture must increase its staff in México to handle the certifications and that is taking time. “We don’t expect that a lot of Jalisco fruit will be sent to the U.S. this summer,” he said.

Peru has estimated that it will increase its exports to the United States this summer to a reported 250 million pounds compared to about 190 million pounds in 2021. Shipments are expected to hit their peak from early July through mid-August, with as many as 20 million pounds during their top week. During that specific late July week, California is projected to have only about 15% of its crop still on the trees. 🥑