

By Tim Linden

No Quarrel with Pre-Season Estimate

With the days getting shorter and colder and the fruit on the trees in a very slow growth mode, there appears to be no reason for handlers to quarrel with the pre-season estimate for the 2017 California avocado crop.

It became evident in the summer that the 2017 crop would be significantly smaller than 2016, in which more than 400 million pounds were harvested. For budgeting purposes, the California Avocado Commission (CAC) has pegged the crop at 200 million pounds. While that annual estimate is typically conservative to guard against a budget shortfall, everyone interviewed expects it to be fairly close to the ultimate outcome.

Rob Wedin, vice president of fresh sales and marketing for Calavo Growers Inc., Santa Paula, CA, said in early December that there was no apparent reason to alter the pre-season estimate at this time. He noted that cold winter weather had put the fruit in a little-to-no-growth mode so that if the crop ends up sizing very well – altering total volume – it's much too early to know that.

Dana Thomas, president of Index Fresh, Bloomington, CA, had virtually the same report from his perch further south. He said a good amount of rain and warm weather could end up increasing the individual size of the fruit adding tonnage to the volume, but at this point, in early December, 200 million pounds appeared to be an accurate assessment.

Because the crop is going to be much smaller than at any time in the recent years, Wedin said it is incumbent on the handlers to maximize per-

pound revenues in 2017. He expects the California crop to begin to be marketed later than it was in 2016, with the lessons of 2016 clearly evident.

"This year (2016) the market was definitely stronger in May, June, July and August than it was earlier in the year," said the Calavo executive. "I expect most growers – and it is the grower's decision to make – will take a look at last year and try to hit that same window."

Thomas agreed with regard to the bulk of the crop, but said, for one reason or another, some growers will pick early and Index will be ready to market that fruit. He said the small size of the crop will allow for selective and niche marketing and he does expect California fruit to return a premium throughout the season.

Rob Bertels, vice president of marketing for Mission Produce, Oxnard, CA, said CAC has long stressed its "tiered approach" to marketing the state's production. For the 2017 season, more than ever, he said this concept will come into play, as handlers will reserve the California fruit for those retailers most interested in promoting it. He expects some fruit will be marketed to several accounts in time for Super Bowl promotions.

While it's too early to know what the avocado market will be during the spring, there are some factors that could lead one to speculate that oversupply might again be an issue. Mexican growers were very concerned about the marketing situation in 2016 as it fluctuated wildly with periods of very low prices and other items when demand far exceeded

supply. In October, there was a disruption in the marketplace with some Mexican growers cutting off supplies to the United States. What has resulted is less Mexican fruit being marketed in the October to December time frame than in 2015. Even in early December volume was still only at the 30 million pounds per week level, which was about 20 percent less than shipped during the same weeks in 2015.

Wedin was confident volume would continue to ramp up for the holiday pull at the end of December, and throughout January for the many retail promotions that typically occur as the Super Bowl date approaches.

In 2016, there were more supplies in February than consumed and the market price dropped significantly in March and April, just as some California growers were beginning to ramp up their volume. When Mexico's volume dropped significantly in May, the market turned very hot. By all accounts, Mexico has more fruit this season than it did last season, and, to date, they have shipped less fruit. Of course, there are many marketing weeks left in the Mexican crop year to catch up.

Thomas does not expect a repeat of 2016 in early 2017. He believes Mexico will send a strong volume of product to the U.S. market for the late January push, but thinks it will be less than last year to guard against the post-Super Bowl glut that occurred in 2016. He is also not convinced Mexico has more volume than last year. He believes lack of volume during the late fall period might be reflective of what's on the trees. 