

Handlers Bullish About 2018; Excited About California Crop

In late August, there were a few undeniable facts that caused virtually every handler who was interviewed to be very bullish about the 2018 California avocado crop.

In the first place, at that point there was very little California fruit still in the pipeline. There were still a few shipments taking place from the most northern district in the state but growers in every other production area had long since exited the market. So a 2018 crop currently being projected at approximately twice the size of 2017 caused these handlers to be extremely excited about next year's prospects as they will be marketing fruit from the Golden State deeper into the summer.

Of course that excitement was being buoyed by the fact that the August market price for avocados gave the state's nickname new meaning.

Gary Caloroso, regional business development director for Giumarra, simply said "No!" when asked if he'd ever seen an avocado market this high in his 20 years in the business. "It's amazing," he added. A 48 size avocado was being sold for an f.o.b. price of \$75 or more for most of August, with the same strong market expected at least into September. The market price for

a carton of 48 size avocados has been greater than \$50 – and sometimes much greater – almost every week for the past 15 months.

"We've moved almost 40 million pounds of fruit with a \$75 market," said Rob Wedin, vice president of sales and market development for Calavo Growers, speaking of a recent week. "That's unheard of."

It is these types of numbers that make handlers bullish about 2018. Sure, California is going to have a bigger crop and Mexico is expecting a larger one as well. Peru could send more fruit to the U.S. and Chile probably will also increase its exports to the United States market over the next five months. Colombia is expected to chip in a small amount in its first year of access to this market while Jalisco production is the wild card. Just no telling if that political situation will be resolved in time for that Mexican state's summer 2018 production.

But, regardless of where the volume comes from, Caloroso believes sales will be brisk. "We have no concerns about moving next year's California crop," he said. "Demand continues to outpace supply and we have lots of customers who want California fruit."

He could have added that many of those customers saw their shipments of California avocados diminished significantly this year because of the small size of the total California crop. "We are very excited about next year. It's good for us and good for the growers."

Wedin of Calavo echoed those same sentiments. He's a data guy and said that for many years the amount of avocados sold in the United States has been growing at about a 15 percent clip, which means a doubling of consumption every six years or so. "This past year (because of production declines in the United States and Mexico) we saw a 10 percent decrease in supplies and look what has happened to the market."

He said as California supplies significantly dropped in late July, the market just kept going up. "We've had no price relief."

Wedin doesn't expect there to be true promotable pricing until October, although he did note that even with high prices, retailers have continued to promote avocados throughout the spring and summer, which speaks loudly of the popularity of the fruit.

Phil Henry, president of Henry Avocado also marveled at the amount of fruit that has been moving at record-

level pricing. While California's crop was down significantly this summer, the United States still consumed 30-40 million pounds per week with demand exceeding supply the entire time. He said those a bit longer in the tooth might marvel at avocados selling for \$2.49 a piece at retail, but younger shoppers don't have the same points of reference and apparently do not think that's unreasonable. He puts himself in the camp that believes demand continues to outpace supply and that even with a 400 million pound California crop next year, sales will be brisk.

All of those questioned believe that marketing of the 2018 California crop will begin a bit earlier than this year – probably March – and last a bit longer – probably past Labor Day.

Wedin said that by the time California starts picking its crop, there will be a much different market dynamic than is occurring currently. He expects there will be promotional pricing throughout much of the fall, winter and spring and strong weekly sales volumes will reflect that. It's much too early to tell but the Calavo executive indicated that the sweet spot for California growers next season might be late spring and late summer. The June/July marketing period could be a bit more challenging with Peru in the marketplace and the potential that Jalisco could be there as well. "That (the granting of U.S. access to Jalisco fruit) will be something to keep an eye on."

Henry expects the 2018 crop to be of excellent quality and size because of the top-notch water it has received. Of course, there was the pure rain water delivered from the skies throughout the 2016-17 winter and spring, but he said project water also has been great because of the excellent snow melt. If good water means good fruit, it could be a great year. He added that a mild summer produced less drop so he be-

lieves that the trees are well on their way to delivering a large crop. Of course, like all growers and handlers, Henry's caveat is that there still is a lot of time before the crop is in the bins so other issues could still play a role.

By all accounts, the 2017 crop produced record field prices. While

those per pound prices will be tough to beat in 2018, Wedin is confident that twice the volume will not result in a 50 percent drop in field prices. Demand in both the United States and the world appears to be a very strong friend for the California avocado grower. 🥑

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