

Smaller Crop Should Produce Better Pricing

A trio of handlers agreed that the estimated 292-million-pound 2021 California avocado crop appears to be an accurate forecast and it should result in strong pricing throughout the main marketing period of the California crop.

Indeed, the f.o.b. price of avocados rose more than \$10 during late February/early March and these handlers expect that there will be continued upward pressure on price as the California season moves forward. On March 10, Del Rey Avocado Company Vice President Patrick Lucy said 48s avocados were returning an f.o.b. price in the mid-\$40s with 60s fruit in the mid to high \$30s. That early March range bodes well for growers as some have already started size picking and he expects many to follow suit in the spring if the price holds or increases as he believes it will. He predicted that the f.o.b. price for the most desirable fruit will remain in the \$40s or above for many months. Mexico, he said, was already showing signs of having consistently less volume in the April through June time frame. If Mexico ships an average weekly volume of 38 million pounds in those weeks (which is expected), a demand exceeds supply situation should await California shippers at least until Peru starts shipping in volume, probably in early June.

Lucy said the prospects are even better for organic California avocados. "We expect the California organic crop to be down 20% from last year and Mexico is already running out." The Del Rey executive speculated that or-

ganic 48s could be in the mid-\$50s and higher through the early part of the California season. That again should last at least until Peru enters the game.

Rob Wedin, executive vice president of sales for Calavo Growers, had an equally optimistic outlook for the California avocado season. He said the smaller crop, wind damage and lack of rain causing smaller fruit led to a very slow start to the California deal with very few avocados shipped in February. He noted that during the first week of March this year, California growers shipped less than 30% of the volume shipped in 2020. This turned out to be a very good thing as the market price was low in January and most of February. He expects California growers to size pick in March and early April sending only 60s and larger fruit to market.

At the same time, he believes the market will continue to strengthen. Speaking during the second week of March, Wedin said the grove price in Mexico had significantly increased since the beginning of the month indicating that the volume left to pick was less than what might have been expected. "Right now the question is whether Mexico will rebound (with volume)? It doesn't feel that way," he said.

Until Peru puts some pressure on the market with its volume, which will most likely start to hit the U.S. market in early June, Wedin sees only upward pressure on the price. The longtime Calavo executive estimated that volume from that company will be steady from April through August, with July being the heaviest shipping month. During

that time, Calavo expects to send about 83% of its fruit to market, getting good prices for all of it.

While there are some accounts across the country that want California avocados and are willing to pay the premium on both the fruit and the freight, Wedin said the "Seattle to Phoenix corridor" will produce more than enough demand for a sizable majority of the Golden State's production.

Gary Caloroso, regional business development director, concurred with the comments of the other two handlers. "We see the crop in the 280-290 million pound range," he said. "We agree with the Commission's forecast. And the smaller crop will absolutely mean better pricing."

But Caloroso does expect Giumarra to stretch its season out to have fruit in both September and October. On pricing, he also agrees with the others. "We are projecting a stronger market moving forward," he said.

He added that how retailers react to the higher f.o.b. price will determine the number and intensity of promotions that California avocados will see in 2021. He said there will be promotable volume available but there will also be very strong demand.

There does appear to be some opportunities for promotions especially with bagged fruit. Consumers showed a preference for bagged avocados, and other bagged produce, during the pandemic. And it does appear that there will be value proposition for bags being used with more number two fruit than usual because of the wind scarring. 🥑