

By Tim Linden

## Good Summer Prices Anticipated for California Fruit

It has been well documented that this season's California crop will not meet early expectations as adverse growing conditions, including a lack of rain, have contributed to less fruit on the trees and an increase in smaller fruit, resulting in fewer pounds produced.

Indeed, elsewhere in this publication, the report of the mid-season survey of handlers and growers by the California Avocado Commission reveals a total crop estimate at this juncture of 265 million pounds. That is 27 million pounds less than the February 2021 handler estimate of 292 million pounds, and about 20% less than the very early September 2020 crop estimates of 333 million pounds.

The good news is that the smaller crop has resulted in excellent prices for most of the California fruit thus far and that situation is expected to continue through the end of the season. Through May, California avocado shippers sent close to 130 million pounds to market. In early June (when this is being written), it is projected that Golden State growers will pick, pack and market about 115 million pounds in June, July and August, with the remaining production coming in September and beyond.

Bob Lucy, president of Del Rey Avocado Co. in Fallbrook, CA, pre-



dicted in May that June might result in a softening of the avocado market. "But July and August should be really good," he added, noting that Mexico's production should drop off.

In fact, the Hass Avocado Board, using numbers provided by the various industry organizations representing points of origin, estimates that the week ending July 4 will be the last week until at least the fall that total avocado shipments in the United States top 60 million pounds. In fact, through July and August, the weekly projected average is right around 50 million pounds. Considering the U.S. market consumed an average of 60 million pounds per week through the first five months of 2021, it

is not a stretch to guess that a 50 million pound average could bring with it a very strong marketing situation.

Rankin McDaniel Sr., president of the Fallbrook, CA-based McDaniel Fruit Company, agreed with that assessment. He predicted in May that the market price for California and Mexico fruit, as well as Peru fruit with pre-determined homes, should be solid this summer. He noted that there could be a two-tier pricing situation on Peru fruit with pre-sold volume at a higher price than spot market imports brought in by speculators trying to take advantage of the reduced volume. But he said California fruit should continue to receive a nice premium.



McDaniel did say that the lack of rain has resulted in a smaller size profile, which means more fruit in each box and reduced total tonnage.

Rob Wedin, Calavo's executive vice president of sales, was the third handler representative that agreed that a solid summer awaits California producers with fruit on the trees. He said avocado prices have been good and movement has been solid throughout most of the first half of the year, and that occurred without blow-out promotions by retailers. There are promotions but not at reduced prices. He expects more promotions during the summer, which should increase demand as volume falls.

With California reducing its estimate another 9%, Wedin remarked: "It should be a good June, July and August for Northern growers."

Del Rey has long been one of the last suppliers of California avocados in late summer/early fall as it has had a

robust deal in the most northern avocado producing region of Morro Bay. It markets many of those avocados under a "Morro Bay" brand and sold the fruit into November last year. Lucy said that this year, the Morro Bay season will not last as long. He reminded us that extreme heat visited the Morro Bay production area during the Labor Day weekend of 2020 causing extensive fruit drop and reducing the size of this year's crop.

In addition, he noted that California has a short crop and growers have received solid grove prices for their fruit all season and will continue to do so throughout the summer. Many growers, he predicts, will take those good prices early rather than expose their fruit to more risk by leaving it on the tree. Lucy expects the Morro Bay season to shift to the late summer with few supplies in October and November.

Lucy also remarked on the excellent market that has existed all year for

organic avocados, with the category often receiving a \$20 premium over conventional fruit.

Wedin made the same observation, stating that for a couple of months, organic avocados have been getting that \$20 premium on a consistent basis. He believes it is the result of California's smaller organic crop, which is not expected to last through the summer.

Wedin also made a quick comment looking forward to the 2022 crop. He said it was way too early to make any predictions about the ultimate tonnage that will be delivered to packing sheds next year, but there is a lot of fruit on the trees. He said little rain and mild temperatures have not stripped the trees of potential production as of yet. He doesn't want to jump too far ahead but said there is an opportunity that 2022 could produce a very good crop of California avocados. 🥑