

By Tim Linden

Size Portfolio Made for Challenging Season

The California avocado season was quickly coming to a close as this was being written in mid-September with several handlers indicating they would be mostly out of fruit from the Golden State by the time the calendar turned to October.

The consensus seems to be that growers received relatively good returns from the fruit they had, but increased labor and water costs as well as a size profile that skewed smaller for most groves created a challenging year for many.

"Returns were pretty good most of the year and they were very good at the end of the season," said Gary Caloroso, regional business development director for Giumarra. "But after factoring in increased costs for water and labor, profitability for many growers might not have looked that good."

Rob Wedin, executive vice president of fresh sales for Calavo, concurred. "Overall prices were pretty good but if you didn't have the larger fruit, you were probably disappointed."

As a case in point, Wedin used mid-September pricing as an example. On this particular day, he said the f.o.b price on 48s was in the upper \$60s while 60-size fruit was less than \$50 per carton and the price for smaller fruit dropped off quickly. He said the culprit in this case was simply a function of supply and demand. Mexico had sent a significant volume of 70s and smaller fruit to the market the previous couple of weeks creating a sufficient supply of small fruit

and a shortage of larger fruit.

As Calavo's shipments were winding down, Wedin projected that the total California crop would be in the 260-million-pound range.

While he noted that it was much too early to put an accurate number on the size of California's 2022 avocado harvest, Wedin was confident to guess that it would be larger than this year with some very early promising signs that it could be a good crop. In the Santa Paula area in which he lives and works, he said estimators talk of the crop as being from two distinct regions: east of Santa Paula, and west of the town. "They are saying the crop west of Santa Paula has the potential to be huge," he said, noting that groves east of the city look to have less fruit on the trees.

Anecdotally, Wedin said the company's growers in North San Diego County have indicated that next year's crop should be bigger than this year.

Caloroso also put a number of caveats on his comments. "We are thinking that the crop will be larger than this year but nothing dramatic," he said. "It really depends on the weather."

It was lack of rain that created the smaller size profile for the 2021 crop and handlers say a good amount of rain can help the 2022 crop significantly. "We need a lot of rain," said Caloroso, emphasizing the importance that factor will have on the profitability of growers in 2022.

Another important factor is the size of the avocado crop that will be

imported into the United States from Mexico over the next year. By mid-September, Mexico's grower association had not yet released an official estimate. Giumarra's sources south of the border have indicated a slight increase, but again nothing dramatic.

On the other hand, Wedin has heard that Mexico might have a crop 10% larger than this season. After little growth in U.S. sales in 2021, he does not think a 10% increase from Mexico will be difficult to absorb. He argued that a solid and consistent volume increase from Mexico could make for great promotional opportunities and a significant uptick in sales.

Caloroso added that the foodservice arena should also see an uptick in avocado purchases in 2022 as more restaurants open and consumers slide back to their pre-COVID dining out habits.

The bottom line is that September of one year is not an excellent vantage point to speculate on what's going to happen the following spring. While the California Avocado Commission has to make a pre-season guess for budgetary purposes, marketers are content to wait a bit longer to see how environmental factors influence the following year's production. Wedin did note that unlike Labor Day of 2020 when temperatures in Ventura County registered as high as 116 degrees, 2021 has seen no such devastating heat wave. "We have had days in the 90s, but it has been pretty mild for the most part," he said, which is music to the ears of most growers. 🥑