



Demand for California Avocados Should be Strong All Summer

The demand in May for California avocados was very strong resulting in greater-than-expected volume and setting the stage for good demand throughout the summer.

There is no doubt that a huge number of imported avocados from Mexico in January caused a supply-exceeds-demand situation that ran through the first third of 2016. Currently, it is generally accepted that the United States can consume around 45 million pounds of avocados dur-

ing an average week. Expecting a boost from the Big Game weekend, which featured an Avocados from Mexico television commercial during the game, around 55 million pounds of fruit was shipped into the United States from Mexico during one January week. The market crashed and didn't get on strong footing again until late April prior to Cinco de Mayo when Mexican volume started to wind down. By late May, the market was very strong and handlers were predicting an even stronger June

when California would be at the peak of its production.

Rob Wedin, vice president of sales and marketing for Calavo Growers Inc., Santa Paula, CA, told *From the Grove* during the last full week of May that shipments from California might hit 19 million pounds that week and could peak at close to 20 million pounds in the next week or two. He anticipated about six weeks in May and June of 18 million pounds per week or more. If that materializes, it means that more than 25 percent

of the crop would be shipped when the market is expected to be stellar. He projected July volume to be closer to 15 million pounds per week with 10 million pounds per week being the estimate from California for August.

With two-thirds of May gone, California had shipped about 40 percent of its crop, the first 25 percent under very difficult market conditions. If Calavo's calculations prove to be accurate, about 65 percent will be sold by July 1, with 90 percent of production expected to be completed by September 1.

Because Mexico had far less rain than anticipated this spring, there was also speculation that the typical July 1 start date for their new crop might be delayed this year. Instead, it could take much of July for the volume to ramp up. Robb Bertels, vice president of marketing at Mission Produce Inc., Oxnard, CA, said with less than 30 million pounds per week expected from Mexico through June, it appeared as if the demand-exceeds-supply situation will last well into the summer and maybe through the entire summer.

After all, it has been estimated that Peru will send less than 100 million pounds to the U.S. market this year, and the vast majority of that will be sold on the East Coast. Though several handlers did indicate that the very strong market for California fruit could impact Peruvian imports. It has been generally acknowledged that the strong market in Europe has caused Peru to look in that direction primarily. But if they can get a very good return coming to a hot U.S. market that might alter some marketing strategies.

Bob Lucy, president of Del Rey Avocado Co., Fallbrook, was a bit more cautious about the strong avocado market when he spoke to *From the Grove* on May 28. "I'm worried that it (the market) is getting too high, too fast. So far, so good. But if you push it up too fast, demand can

suffer."

It is the age-old situation of trying to nurse a strong market along rather than kill it with prices that are too high. But like the others interviewed, Lucy said it did appear that the volume for the next six weeks – through the 4th of July – would have a difficult time keeping up with demand. He believes U.S. demand is around the 45 million per week number. He added that the flora loca crop (Mexico's first crop of the new season) is the wild card. If it's late, as is currently being predicted, the California avocado market could remain very strong and active through July and August.

Still another handler, Rankin McDaniel Sr. of McDaniel Fruit Co., Fallbrook, CA, said the demand for California fruit has been coming from all corners of the country. With Mexico's production waning and Peru sending most of its volume to other overseas markets – most notably Europe – there are simply not enough avocados to fill all the pipelines in this late spring/early summer period. While the vast majority of California fruit is marketed in the western half of the country, McDaniel said he is shipping some of his production to East Coast customers.

Lucy articulated the basic sentiments of the handler community when discussing the new rules opening up all Mexican states as potential suppliers of avocados to the United States. On May 27, the U.S. Department of Agriculture Animal and Plant Health Inspection Service (APHIS) published the new rule in the Federal Register making it effective on June 27. He said packing facilities in Jalisco will be the first to pass the U.S. protocol and be able to ship to their northern neighbor. "But I don't think it is going to be a problem," he said.

Lucy explained that the Jalisco fruit is already being sold in the market and is part of the global avocado

community. This is not new fruit being sold.

Bertels of Mission Produce agreed, noting that the Jalisco fruit is not new fruit on the market but a new market for the Jalisco fruit. It is reasonable to expect some of that fruit will come to the United States but only if the market is strong as most of it is already being sold to other foreign markets, most notably Europe or Asia.

McDaniel agreed that Jalisco "won't be much of a factor in the short term." While he expects Jalisco to meet the APHIS certification protocol fairly quickly, he does not expect that to happen until after August 1. At that point, California shipments will be winding down and should not be materially affected.

McDaniel Fruit already handles avocados produced in Jalisco and sells them in the international market. Like all the others, McDaniel said, even when the fruit is certified for shipment to the U.S., it will not represent new production.

The impact the production from Jalisco or any other Mexican state will have on the global marketplace will always be dwarfed by what is happening in Michoacán. Experts say that avocado production from Michoacán makes up about 85 percent of Mexico's potential export volume. Bertels said Michoacán already has more than two billion pounds that can be certified for shipment to the United States. Some have estimated Jalisco's potential export production to be in the 100 million pound neighborhood with it typically being marketed from late spring through the fall. If marketed orderly that only means an additional 15-20 million pounds per month at the peak of its season. Compare that to Michoacán. This season, Michoacán's U.S. shipments varied by about 30 million pounds per week, from their high point in January to their low point in June. 🥑