

By Tim Linden

2023 Could Be Challenging

Though the 2023 California avocado crop is similar in size to 2022, the marketing situation appears to be much different. At least that is the view expressed by several fruit marketers.

“Last year we had an extreme market,” said Peter Shore, vice president of product management for Calavo Growers Inc., Santa Paula, CA. “We’re not expecting to see those high returns this year.”

In early 2022, it was evident that Mexico would fall short of its projected volume for its fiscal year, which runs from July 1 to June 30. As a result, there was a very strong market for avocados as California growers began picking their fruit in January. Many of the state’s growers altered their harvesting strategies and put much more fruit into the market during the first quarter of the year. That created a demand-exceeds-supply situation for California avocados through most of the season. In the grove, prices hit record highs and many growers had record returns.

One year later, Mexico has a robust crop, and the market price reflects a situation in which supply is greater than demand. The FOB price going into the new year is only half of what it was a year ago.

“We are expecting to see a normal harvesting schedule this season,”



Shore said. “There should be some fruit picked in March, but we expect the bulk of the crop to be picked from the end of April through June.”

Calavo is expecting the crop to fall somewhere above 250 million pounds but most likely less than last year’s crop of 270 million pounds. “It’s always difficult to guess what the market will be, but we are anticipating a steady market throughout most of the California season,” he said.

The 2022 market was quite volatile with record FOB prices throughout the first two-thirds of the calendar year. The Calavo executive said the market is expected to rise from its current state

once demand picks up in January as it typically does in the runup to the Big Game avocado promotions that proliferate. He expects the optimum time to move California fruit will be toward the end of Mexico’s season in May and June.

On the plus side, Shore said California’s volume level should create a fairly strong marketing situation for the state’s fruit as there are many Western retailers that will be clamoring for the fruit and ready to switch to it when it’s available. That should put the California avocado in a premium position with premium pricing, but that price is still a function of the overall market, which is expected to be much lower in 2023.

Another good sign for the 2023 California season is the expected size of the fruit. “We’ve had two good rain events so far this winter,” Shore said, hoping that the promising start to the rainy season continues. “That should help size the fruit. We are seeing good size on the trees right now (early December). It’s too early to tell for sure but we think the fruit might be one size larger.”

Gary Calaroso, regional business development director for the Giumarra Companies, said the Giumarra estimating team believes the California crop will be around the 250-million-pound range. “We think the volume will be very similar to last year with the size of the fruit being a little bigger,” he said.

Because of the heavy volume of Mexico fruit currently in the U.S. market and expected through the rest of the 2022-23 winter, Caloroso said, “we expect there will be better opportunities for California fruit in the spring and summer.”

He added that Giumarra does not expect to see much California fruit on the market until well into March. “We think the best opportunities are to market the fruit a little later than last year,” he said.

At the back end of the deal, the company will have California fruit in September and October. “We are typically in the California deal to the very, very end,” he said, noting that Giumarra has a number of growers producing in the most northern district, allowing for later marketing.

In characterizing the avocado market when he spoke in early December, Caloroso said “during the last couple months the market has been low. We believe that is a reflection of the economy. A lot of consumers are hurting and the demand is being impacted by folks watching their money very closely.”

Couple the impacts of inflation

and the volume of avocados expected to be sold in 2023 and Caloroso said it does point to a more challenging situation. “We believe that there will be more avocados in the U.S. market than we’ve ever seen before in 2023,” he said. “Mexico has a big crop, including Jalisco (granted access in mid-2022), and Peru has opportunities to ship a lot of fruit here. We think total volume (into the U.S. market) will top 3 billion pounds.”

He added that Colombia is also expected to send more fruit to the U.S. market but he predicted it would still be a relatively small amount as Colombian exporters and U.S. importers develop the market for that fruit. He added that it is very important that Colombia gets off to a good start with top quality fruit.

Because of that increased volume of fruit, Caloroso said California growers should moderate their expectations. “We’re not expecting to see record returns.”

He said the industry will have to closely watch what is the best price point to move avocados at retail in a down economy. He indicated that there could be a retail price point that can move the volume of fruit and also deliver relatively good returns all along the supply, including at the grower level.

Caloroso said another positive for the avocado industry is the return of the foodservice sector from its low points during the pandemic restaurant shutdowns. “The foodservice sector has come back,” he said. “It was the sector hit hardest during the pandemic and it is back, but we are concerned what will happen with consumers in this economy.”

Gary Clevenger, managing member for Freska Produce International, echoed the comments of the other two handlers in noting that every year is different and 2023 does not look like it will have the high prices for avocados that were prevalent during most of the 2022

California avocado season.

“Last year, growers were rushing to get fruit off the trees in January to take advantage of the high prices,” he said. “I don’t think that is going to happen this year.”

He said Mexico does have a large crop, but he expects the volume being imported into the U.S. to decline beginning in March/April. “This year, I think the sweet spot for the California fruit will be in the March/April/May time frame,” he said, adding that if the crop reaches the 250 million pound number, there will most likely be California fruit into September.

He added that several weather factors – including the typical wind in January – could impact the ultimate size of the crop. On a positive note, Clevenger said there have been several beneficial storms with more in the forecast. “Rain definitely helps size the crop and it also cuts a few dollars off the water bill, so it’s a welcome sight.”

Concerning the size of the crop, he has heard mixed reports from growers with some looking at a lot of fruit in their groves and others seeing a below average crop. Another unknown, according to the Freska executive, is that there are new plantings in Ventura County that will reach the harvest stage this year. He is reluctant to predict what kind of volume those trees might produce in 2022, but said over time, those young trees will give the Ventura County volume a boost.

Clevenger revealed in mid-December that the current market price for Mexico avocados was about \$30 per carton FOB at the border. While that is a price that will not entice California growers to pick early, he said it is an excellent promotional price and the industry should be able to move many avocados in January, helping to create a better marketing situation in the spring. 🍌