

By Tim Linden

## Field Price, Extra Volume Takes Sting Out of Short Crop



**A** record average field price for the 2019 California avocado crop combined with 15 percent more volume than anticipated turned the season into a positive one. At least that was the view of several handlers who commented on another California avocado season unlike any other.

“Growers weren’t happy with the volume drop caused by last year’s July heat wave,” said Ross Wileman, senior vice president of sales and marketing for Mission Produce Inc., Oxnard, CA, “but at least they were able to maximize their returns with good field prices and a little more fruit than they expected.”

He said the market ended up very strong and while it is impossible to make up the dollars lost by only producing half a crop, the average field price of over \$1.70 per pound took a big dent out of the potential financial shortfall.

Rob Wedin, vice president of fresh sales and marketing for Calavo Growers Inc., Santa Paula, CA, made a similar point. “The field price was significantly higher this year...at least in June and July when we shipped most of our California fruit. Growers that waited came out pretty well.”

While the average price shows that growers did well with regard to the price, he noted that there were a sizable number of growers that had a tough season – especially growers hit the hardest by the extreme July heat wave of 2018. With a crop that was half the size of normal (or even less), some of those growers picked early to set up their trees for a strong 2020 crop. In those cases, not only did they have low yields but also low field prices. He said that in March the field price was less than \$1 per pound.

Bob Lucy, president of Del Rey Avocado Co, Fallbrook, CA, said some growers had a “great year.” Yield issues almost always strike unevenly and some producers were able to take advantage of very strong field pricing with pounds per acre above the average. Talking in late August, Lucy noted that the San Luis Obispo producers were still packing their Morro Bay avocados and finding excellent sales with some California retailers. “We still have a couple more weeks to go (with California fruit),” he said on August 28, after most other packers no longer had any California fruit left.

With the crop almost completely harvested, the handlers turned their attention toward 2020. While each said that any crop size predictions this early in the ball game are subject to change, they all agreed that there is a much



bigger crop on the trees than a year ago. No one quarreled with the preliminary California Avocado Commission estimate of around 365 million pounds. The early estimate is made for budgeting purposes and is typically on the conservative side. The handlers seem to agree with the consensus being that the 365 million pounds is probably on the low end of the expected range.

But as Wedin of Calavo said: “We don’t start getting serious about the estimate until February 15.” He said by November 15, it is possible to make a fairly accurate estimate but there is still three months of winter that the crop has to navigate until it comes to fruition. He said when the trees were in bloom during the spring there was a lot of excitement as there was an excellent bloom. While the set appears to be fairly good, he said a sizable percentage of those blooms didn’t produce a piece of fruit.

Lucy made a similar point that the making of a crop is a process with many stages. He noted that the amount of rain in the November/December time frame typically determines how large the individual fruit will grow. And that’s key to determining the overall weight of the crop. A crop with large fruit (say 40s to 48s) obviously produces more pounds for the season than a crop that peaks on

60 size fruit. Lucy said the trees do appear to have set a fairly good crop. The winter will determine how large the fruit grows.

Each of the handlers expressed a level of excitement and anticipation in being able to market the certainly-larger 2020 California crop. Wileman said there does appear to be a “new normal” with regard to the avocado market. He said this year both the market and the field price stayed very strong even as combined weekly volume from all sources rose. During July, 50 million pounds of fruit were being marketed in the United States each week while the field price approached \$2 per pound.

Some are predicting that 3 billion pounds of fresh avocados will be sold in the United States in 2020. That would represent a close to 20 percent increase. What price will growers be able to get for their fruit when the weekly average is 60 million pounds? “That’s the million dollar question,” said Wileman. “We don’t know. Selling that much fruit is doable but at what price?”

He said every year is different and every year requires its own strategy.

Wedin said a deep dive into the numbers paints a promising picture, and reveals a lot of loyalty among retailers for California fruit. He said that

during the May through July time period, the U.S. market consumed about the same amount of fruit in 2019 as it did in 2018 (more than 615 million pounds each year) yet the market price was \$24 more per carton for California fruit and \$20 more for all fruit. The average f.o.b. price in that time frame was in the mid-\$50s in 2019 compared to the low to mid-\$30s the year before. He said that proves demand continues to grow.

The relative scarcity of California fruit appears to also have played a very important role in driving the market upward. While total volume was similar, California growers sent about 12.5 percent fewer avocados to market during that time frame this year than they did a year ago. That gap could be credited with playing a big role in driving the price up for all avocados.

In looking at 2020, Wedin said that he has tracked the increase in demand at about 15 percent per year during the past decade. Is a 20 percent increase on a higher base going to occur without growing pains? Past history shows that the market has been able to remain steady even during short periods of very strong volume. But is that sustainable over many months? Time will tell.

All three handlers agreed that a California crop approaching 400 million pounds will have to be marketed over a longer time frame. But Lucy said the California industry’s most loyal retailers are excited about that. “If the size is there, we will be marketing some fruit in January,” he said. “There are retailers who will write California avocado Super Bowl ads. We think we will get going (with California fruit) around January 15.”

Of course, he did offer his early caveat about good winter weather being the key to producing both an early and a large crop. 🍷