

Record Field Prices Highlight 2022

Though the 2022 California avocado crop was not great in volume and the end-of-the-season grove prices were lower than expected, a good portion of the season saw record prices with a sustained field price hovering around \$2 per pound during late spring/early summer.

"We saw grove price exceed \$2 per pound," said industry veteran Rob Wedin, senior vice president of Calavo Grown. "Not sure I've ever seen prices like that during the sweet spot of the season."

Wedin is retiring from Calavo Growers Inc. at the end of October after serving 49 years with the organization so if he hasn't seen it in his career, it probably hasn't happened. He noted that there have been periods in the past when the grove price spiked at the front or back end of the season but not for such an extended period in the middle of the season.

There were several factors that caused those high prices – including solid demand and excellent fruit – but Mexico's shortfall was the primary reason. "They had about a 300-million-pound shortfall from April into July, which was a surprise," he said.

Doing the math, Wedin said Mexico's volume was less than expected by an average of 15 million pounds per week for about a four-month period.

Very solid demand saw prices rise without a letup in demand for weeks on end. The FOB market soared with many California growers harvesting ahead of schedule to take advantage of the price per pound. By late summer, with Mexico's volume increasing and Peru sending many more avocados to the U.S. market than first anticipated, California had fewer avocados available for harvest. Late season growers did not get the market boost that has occurred the past several years, but most growers did well this year, Wedin observed.

Keith Blanchard, California field manager for Index Fresh, echoed the comments of Wedin. "We saw record-high pricing for a majority of the season," he said. "That inspired growers to harvest early and consequently we finished earlier than we usually do."

He added that the final numbers aren't in, but the Index executive suspects that the average price per pound at the grove was the highest ever. "The longevity of the high prices was something we haven't seen before," he said. "These were great returns for growers who had fruit. Unfortunately, there were areas that were light so not everyone participated in the great returns, but I would say most growers did."

A couple of executives from Mission also weighed in on the 2022 season. "Although California yields per acre

were generally variable from grove-to-grove in 2022, many producers experienced record-high fruit returns," said Gabe Filipe, senior director of California sourcing and farming.

He added that the company was able "to market our California avocados in key markets across the U.S. and internationally. Due to the high demand for locally grown products, our California-sourced fruit performs well in the market."

But Filipe noted that California growers continue to face several challenges associated with the drought, high temperatures and strong winds. In addition, increased input and labor costs are impacting total returns. "Inflationary pressures have tempered organic expansion in California due to the higher input costs associated with growing organic fruit," he said. "Most California growers are unable to capture enough of an economic premium to rationalize the switch from conventional growing practices."

Specifically talking about demand for the avocado in the marketplace and marketing strategies, Mission's Senior Category Manager Jennifer Anazawa said: "Demand for California avocados continued to surpass available supply during the 2022 season, which resulted in record-high fruit pricing."

She added: "In 2022, consum-

ers have been adapting their shopping behaviors in large part due to inflation, not only with respect to avocados but for many grocery items. Shoppers are becoming savvier, selecting to purchase particular sizes according to their usage plans and taking advantage of bagged avocados. They're also looking for coupons, checking circular ads and visiting multiple retailers in search of the best price."

Anticipating 2023

Turning his attention to the 2023 season, Blanchard said at this early juncture (mid-September) it appears the crop is going to be very similar in size to 2022. "It looks like we started out with a crop (on the trees) slightly south of 300 million pounds. We had some heat early on and some wind from a summer storm, especially in the south, that did produce some fruit drop. Nothing severe, but we did lose some fruit. It's very early to guess, but we're expecting a crop no larger than 270-280 million pounds."

Marketing conditions next spring and summer, as well as cultural reasons, will inform growers as to when they should start picking, but Blanchard said flexibility remains an important tool. He noted that 2022 turned out so well because growers and handlers were flexible and were able to take advantage of the strong market. He added that California fruit is in good demand with a great following so he expects there will be good marketing situations throughout next season.

"The key for us is to have a steady and consistent supply of California fruit to take care of the customers who demand it and are willing to pay a premium for it," he said.

He said growers should be in close contact with their handlers to determine the best time to harvest to take advantage of those opportunities.

While Blanchard expects solid marketing opportunities to emerge, he did say that for budgeting purposes, it would be a bit optimistic to be expecting the \$2 per-pound price much of the fruit received in 2022.

As of this writing in mid-September 2022, veterans in the avocado business can take an educated guess at the number of pounds expected in 2023, but they do emphasize that it's only a guess. Wedin of Calavo said his field people are guessing that the crop will be down about 15% from the expected final figure of about 270 million pounds this season. He said California's continuing drought, inconsistent temperatures during the bloom in May and a late summer heat wave appear to have combined to limit the potential crop.

The current market situation has Mexico expecting to send 3 billion pounds of avocados to the U.S. market during its July 1, 2022-June 30, 2023 crop year, according to Wedin. That almost assuredly means much more fruit on the market next spring than was there this past spring.

The Calavo expert said growers should take note of this possibility as they plan their harvesting strategy in the new year. He does not expect growers will be in a rush to unload their trees. On the other hand, he said the demand for California fruit from customers in the West should outstrip the supply. California does not operate in a bubble and the FOB price will certainly be influenced by the general market next year, but California growers will still be in a fairly strong position if the crop tonnage plays out as predicted. He said there will be no marketing need to get that fruit off the trees early. He suggests growers who can should consider waiting a bit longer and letting the fruit size to its full potential. 🥑



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