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September 7, 2017

QUOTE OF THE WEEK

The market is down to the real hardcore avocado eaters who will pay the price.

THIS WEEK IN AVOCADOS

- *Origins: CA down to 2.6%*
- *Retail prices are high - still, again, so-what-else-is-new.*
- *HAB aims to double consumption.*
- *GEM assessment approved for HAB.*
- *California versus the World-where we stand.*

Avocado Origins Last week's supply was under the current hardcore consumer demand. Rain in MX has caused the harvest to be delayed. Prices this week have exploded again due to lack of fruit. Sources report that Mexico is expected to have a very large regular crop and ship 50M pounds per week from October until June next year. That will put us in an oversupply situation and may drop the prices a bunch. We shall see.

California	635,990	2.6%
Mexico	19,001,264	79.8%
Chile	940,308	3.9 %
Dominican Republic	60,000	0.3%
New Zealand	0	0.0%
Peru	3,176,317	13.3%
Total in pounds	23,823,879	

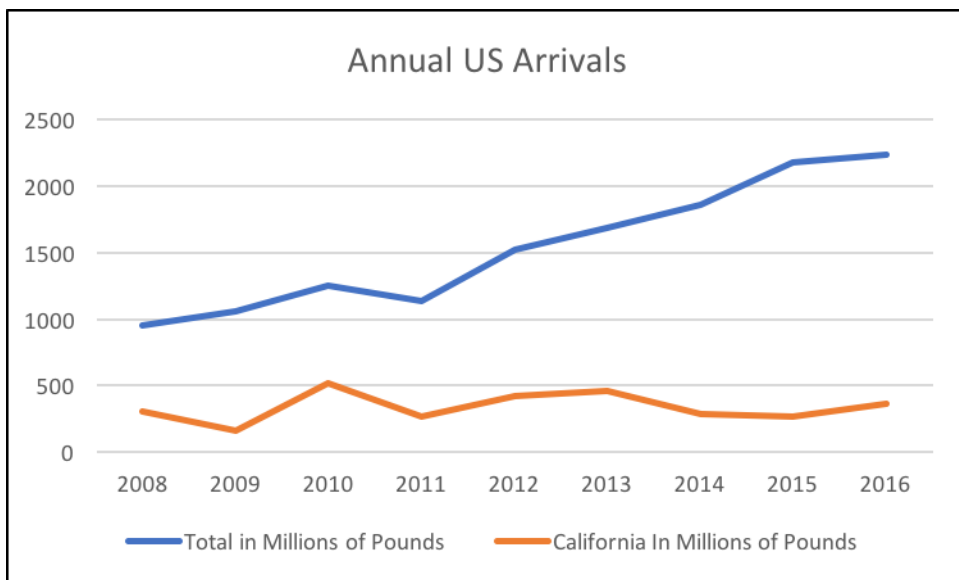
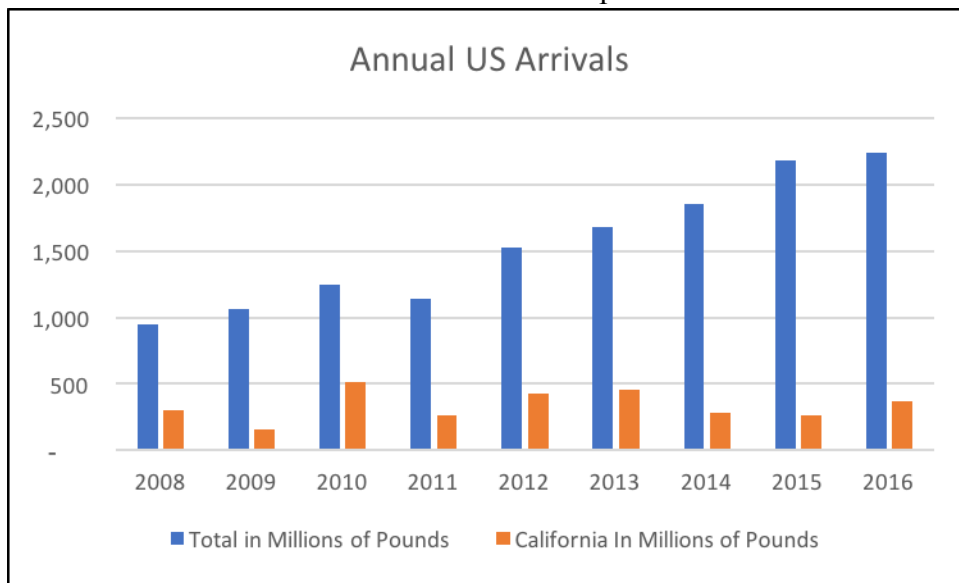
Retail Avocados Avocado prices, according to one headline I read, are still stratospheric. Lugs are going in the mid \$80s for 48s in LA and NYC. In San Francisco, a few sold as high as \$104.

HAB aims to double consumption If Emiliano Escobedo, executive director of the Hass Avocado Board, Mission Viejo, Calif., has anything to say about it, U.S. consumption of Hass avocados will double by 2021.

The industry’s goal is to see avocado per capita consumption rise from the current 7 pounds to 14 pounds in four years. “The U.S. market is now the No. 1 consumer market in the world,” he said. “There is no other market that consumes that many avocados.” The vision of HAB is to be the catalyst to make fresh avocados the No. 1 consumed fruit in the U.S. (Oranges are #1 at 35 lbs. per year and apples are #2 at 27 lbs. per year, the majority of which came from juice. Bananas and apples top the list for most popular fresh fruits.) <http://bit.ly/2eDu5mN>

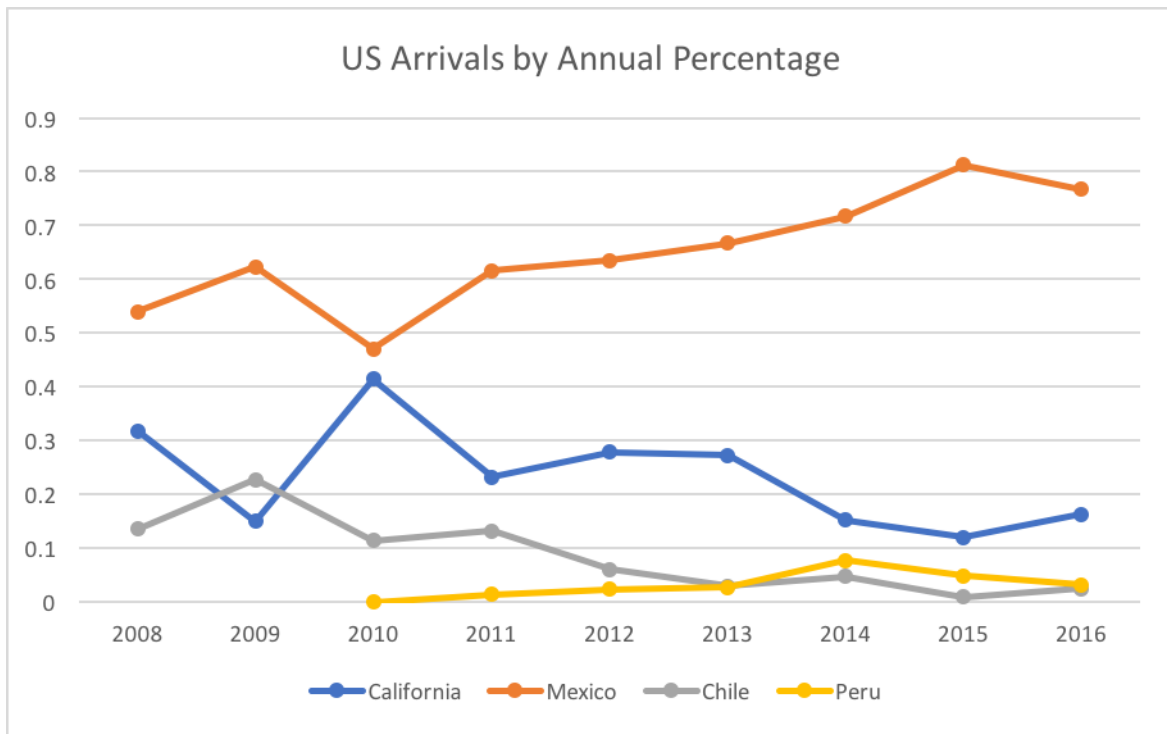
GEM Assessment Approved The U.S. Department of Agriculture (USDA) announced that GEM avocados will be assessed at the same rate as other varieties of Hass avocados beginning Jan. 1, 2018. The assessment rate for all Hass avocados marketed or imported for the fresh market in the United States will be \$0.025 cents per pound. The Hass Avocado Board recommended this addition to the Hass Avocado Promotion, Research and Information Program. The board provided evidence to USDA that the Gem avocado variety is so similar to Hass avocados that it is indistinguishable to consumers in the fresh market. The board is authorized to collect assessments on other varieties of fresh avocados by the Hass Avocado Promotion, Research, and Information Order. So, like, huh? Shouldn’t growers get equal payment for these “so similar to Hass, indistinguishable to consumers” avocados instead of a discounted rate from handlers and buyers? Just asking.

California avocados versus the world This week, I thought it would be interesting to see where our harvest stands in comparison to the other suppliers of Hass avocados to the US. I used the data from the Hass Avocado Board for “Arrivals” from 2008 to 2016. Here’s how we stack up.



The two Annual US Arrivals charts show different looks of the total US arrivals and the amount California's harvest contributed. We've had a relatively consistent California harvest with a mean of 338M pounds. During this 9-year period, our highest harvest was 516M pounds in 2010 and the lowest was in 2009 with 159M pounds (alternate bearing years, perhaps?) Clearly seen in the charts is the steep increase of overall arrivals, from less than 1 billion pounds in 2008 to more than 2 billion pounds in 2016. During that same period, California's harvest has remained relatively flat, which is obvious in the line chart on the previous page.

I used the HAB numbers to calculate each country's annual contribution by percentage. In the chart below, the blue line represents California. Note that our percentage is declining on a consistent basis as Mexico's is growing. We are now consistently under 20% of the overall avocado market in the US. Our lowest year was 2015 with only 12% of the market. 2016 was a big harvest year for us with 366M pounds and we only tagged in at 16% of the overall arrivals. This year, with our smaller crop, we are likely to be less than 10% of the overall arrivals once the final tally is done.



Editorial comment starts now. I have heard CAC's Tom Bellamore's "Premium" positioning talk which is an exciting concept. CAC's web site says, "'Premium" positioning, supported by consistently high-quality production that is delivered to consumers soon after harvest, is at the heart of our long-term strategy.'" But, how many buyers look for the California label? I never did before I became a grower and started writing the *Weekly Newsliner*. And, I wander through my grove with my 5-year-old granddaughter as she sings, "Avocados from Mexico, Avocados from Mexico, Avocados from Mexico," I wonder if premium positioning to the sophisticated consumer is possible with the enormous Avocados from Mexico (AFM) advertising budget. Yes, California fruit tastes better and is a huge benefit to our local markets in the West since our fruit is "farm to quickish-truck-ride to table." And, retailers continue to pay a small premium for California fruit since they know they will get longer shelf life. But, with handlers getting increasingly higher revenues from imported avocados, AFM's huge expenditures on advertising, and California's shrinking percentage of the overall market, it's a stretch to believe that we can expect special attention from anyone as we move forward. Is it possible to ride on AFM's ads for increased consumer consumption and save our precious CAC dollars for discovering a better tree, a better rootstock, a better irrigation methodology, etc.? Let me know what you think at estrada.susan@gmail.com.

CAS Annual Meeting Oct. 21, 2017, Four Points by Sheraton Ventura Harbor Resort, Be there or be .

WHOLESALE AND RETAIL PRICES

HASS AVOCADO PRICES 9/5/2017 (This is the last report for this year.)

SIZE	ORGANIC #1 Field Price/Lb.	Conventional #1 Field Price/Lb.	Conventional #1 Carton Price	Lamb Hass Field Price/Lb.
32 (12.5-14 oz)	\$2.38 – 2.50	\$2.08 – 2.16	\$57.25 - 59.25	\$1.70 – 1.76
36 (11.5-12.5 oz)	\$2.38 – 2.50	\$2.08 – 2.16	\$57.25 - 59.25	\$1.70 – 1.76
40 (9.5-11.5 oz)	\$2.38 – 2.50	\$2.08 – 2.16	\$57.25 - 59.25	\$1.70 – 1.76
48 (7.5-9.5 oz)	\$2.38 – 2.50	\$2.04 – 2.10	\$56.25 - 59.25	\$1.70 – 1.76
60 (6.25-7.5 oz)	\$2.38 – 2.50	\$1.90 – 1.96	\$52.75 - 54.25	\$1.70 – 1.76
70 (4.75-6.25 oz)	\$2.04 – 2.10	\$1.64 – 1.70	\$46.25 - 47.75	\$1.40 – 1.46
84 (3.75-4.75 oz)	\$0.98 – 1.05	\$1.00 – 1.06	\$27.25 - 29.01	\$0.80 – 0.86

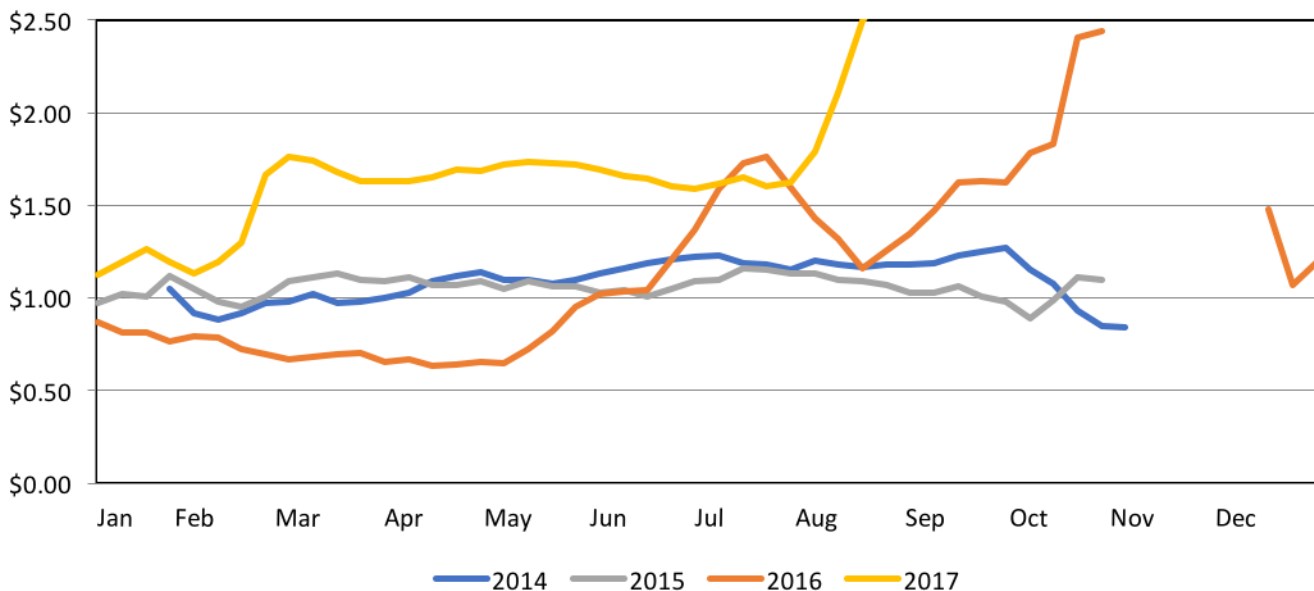
CA source: Handler field price sheets. Conventional #1 field prices are converted to carton prices with \$5.25 added for handler retain, palletizing and cooling. Price colors show differences from last week: **GREEN** indicates increase, **RED** indicates decrease, **BLACK** indicates no change.

RETAIL PRICING FOR WEEK OF 9/1/2017

VARIETY	# STORES with ADS	Weighted AVG PRICE	STORES LAST YEAR	PRICE LAST YEAR
Conventional	502	1.81	8103	1.05
ORGANIC	27	2.50	434	1.75

USDA advertised prices do not indicate fruit size.

Average Weekly California Hass Field Price



HARVEST

Fruit	Season to Date	Fruit	Season to Date	Fruit	Season to Date
Hass (North)	108,307,211	Lamb (North)	3,439,725	Pinkerton	94,082
Hass Organic (North)	4,302,837	Lamb (South)	3,318,219	Gwen	68,079
Hass North Total	112,610,048	Lamb Total	6,757,944	Reed	233,427
Hass (South)	69,293,683			Other	367,288
Hass Organic (South)	14,593,235	Fuerte	87,106		
Hass South Total	83,886,918	Bacon	268,006		
Hass Total	196,496,966	Zutano	103,587	Grand Total	204,476,485

As of 9/1/17. Harvested last week: Hass, Hass Organic, Lambs, Reeds, Other.

Weekly Crop Movement vs. Distribution Projections All Varieties

Week	4Y Historical Forecast	AMRIC Handler Forecast	Harvest	Shipments
August 13	6,114,161	3,298,800	3,394,245	5,592,948
August 20	4,841,781	2,623,100	2,342,165	4,129,941
August 27	4,185,593	1,502,100	1,283,999	2,818,124
September 3	3,076,326	1,173,700	664,154	1,555,275

Winding down quickly.

INVENTORY

WEEKLY CA INVENTORY BY SIZE

I'm discontinuing this chart until next season.

Conv. #1	Daily Inv.		Inv.	Organic	Daily Inv.		Inv.
Size	Wk. Average	%	Days	Size	Wk. Average	%	Days
28	227	0%	-	28	46	1%	11.6
32	4,023	6%	2.1	32	62	2%	310.0
36	6,351	10%	4.1	36	131	3%	1.3
40	13,196	21%	7.8	40	297	7%	13.7
48	19,476	31%	3.0	48	518	13%	1.9
60	7,503	12%	1.0	60	913	23%	3.6
70	5,948	9%	5.0	70	1,661	42%	2.4
84	6,960	11%	6.4	84	357	9%	7.7
96	396	1%	4.6	96	-	0%	
Total	63,298	101%	2.9	Total	3,984	100%	2.8

Volume Summary (pounds)

	Shipped by AMRIC Handlers	CA Harvest + Import Arrivals
Week 44 ending 9/3/17	24,157,875	25,811,803
Week 43 ending 8/27/17	20,418,823	38,951,265
Week 42 ending 8/20/17	22,560,015	37,983,220
Week 41 ending 8/13/17	24,381,048	40,251,581

This week, Mexico imported 19M, Chile imported .9M and Peru imported 3.2M.

30 DAY OUTLOOK FOR COAST and VALLEY AREAS OF CALIFORNIA and SEASONAL OUTLOOK 0830 PDT Sep 5, 2017

Unusual weather occurred this past week. Besides the heavy rains occurring from remnants of Tropical Storm Lidia, there was extreme heat. Highs reached into the low 100s in the Bay Area cities and in many areas of NW California. For example, Fortuna on the north coast only 6 miles from the ocean was 104 on Sep 3, with 90 or above on Sept 2-4th.

GENERAL SYNOPSIS FOR CALIFORNIA... 9-23 Sep

BASIC PATTERN...Sep 9-23 The basic highlights: a) High pressure continues through about 16 Sep in the Pacific Northwest and Great Basin. Unusually warm or hot conditions continue likely during this period in Oregon and most of California with support for dry conditions in the north. b) Upper low pressure off California will continue the support for rains in southern and central California from TSTMS, while NW California starts to see some rain from a few fronts arriving from the west. c) Model guidance suggests a continued active period for tropical cyclones during this middle part of September. d) Warmer than normal sea surface temperatures continue throughout the eastern N Pacific, and in the area of tropical cyclone formation off Mexico through mid Sep. This places us at risk for subtropical moisture incursions into SOCAL and Arizona. e) Support exists in the sea surface temperature anomaly (SSTA) field for a long wave trough in the central North Pacific near 140W, and high pressure continuing in the interior W and NW US states. This often associates with troughing near southern California.

REGIONAL HIGHLIGHTS FOR WEEKS 1 AND 2 ...

N and Central Calif... Sep 8-22...Continued warmer than normal in N California and Oregon, and in most of California. Lingering SE flow and upper low pressure near the coast continue the support for showers and TSTMS. So, though warmer than normal, wet conditions still are possible. Fronts coming into Oregon continue mostly eastward, then dive SE into the central US, leaving the Great Basin area warm and dry.

Salinas Valley-San Luis Obispo Co Sep 8-22...Periods of very warm or hot weather alternate with periods of showers and TSTMS through the 15th. Main rains in central and N Sierra NV are 12-14th, with wettest in coastal mountains 8-9th. The next periods of showers occur 21-23rd.

S Calif Avocado Area... Sep 8-22...Santa Barbara Co to San Diego Co ...The upper low, after retreating to the N of southern California on 6th will make another showery visit to the Southland on 9-10th, inducing TSTMS in the mountains and deserts.

WEEKS 3 thru 4: Sep 23-Oct 6...

N and Central Calif and Monterey County...Other periods of rains are indicated in N California during 25-30th, focusing in N California on 25-28th and Sierra NV on 27-30th. Other periods of showers or rain occur Oct 2-5th. A warm or hot and dry period is possible during 8-15th October.

S Calif Avocado area...San Luis Obispo S)...The warmer than normal conditions continue through the 24th, then there is a chance for cooler conditions with coastal drizzle during 25-30th. Another period of cutoff low activity is suggested for 2-6 October. A period of hot Santa Ana winds is possible during 8-15th October.

SEASONAL OUTLOOK/ El Nino UPDATE...

Oct 7 –Dec 30 After a hot and dry period during 8-15 Oct, wet conditions return to NW California and Siskiyou's at times during mid to late Oct, followed by a seasonably wet November. After a dry break during the latter half of November, wetter than normal conditions develop during the middle half (10-25th) of Dec. A La Nina pattern has appeared in the sea surface temperature anomaly field, and this supports a shift to drier than normal conditions in central and S Calif, during late Dec and into January 2018.

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