

THE WEEKLY NEWSLINE

April 4, 2018

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QUOTE OF THE WEEK

It is one of the miracles of modern trade that in 2017, Mexico's most violent year on record, this cartel-riddled state exported more than 1.7 billion pounds of Haas avocados to the United States, helping them surpass bananas as America's most valuable fruit import. Nine out of every 10 imported avocados in the United States come from Michoacán.

THIS WEEK IN AVOCADOS

- *Avocado origins – Quiet week.*
- *Grower prices – another green gold week!*
- *USDA terminal market – same old, same old*
- *Retail pricing – less ads, higher prices*
- *Crop tracking – we are at 14%.*
- *Volume– shipments are steady*
- *Other Weekly average price, Fruit of global trade, Chip hates avocado toast, April Fool's pranks, April seminars, ProGibb LV info request.*

Tell your colleagues to subscribe to the Newsline at <http://bit.ly/2mTvKTe>.

Avocado Origins For the week ending April 1, we 39M pounds came into the market. Mexico picked about 10 million less pounds last week because they took 2 or 3 days off for Holy Week. California almost doubled its harvest, but we are still behind the forecast. Remember that consumption is running around 45M pounds a week, so last week's harvest was short about 5M pounds. We should see business getting back to normal from now on. What is normal? I guess we'll find out over the next few weeks.

| Origin | Pounds |
|---------------|-------------------|
| California | 8,244,614 |
| Mexico | 30,913,989 |
| Total | 39,158,603 |

WHOLESALE AND RETAIL PRICES

HASS AVOCADO PRICES ON 4/3/2018

| SIZE | ORGANIC #1 Field Price/Lb. | Conventional #1 Field Price/Lb. | Conventional #1 Carton Price |
|-------------------|-------------------------------|------------------------------------|---------------------------------|
| 32 (12.5-14 oz) | \$1.50 – 1.62 | \$1.34– 1.46 | \$38.75—41.75 |
| 36 (11.5-12.5 oz) | \$1.50 – 1.62 | \$1.34– 1.46 | \$38.75—41.75 |
| 40 (9.5-11.5 oz) | \$1.50 – 1.62 | \$1.34– 1.46 | \$38.75—41.75 |
| 48 (7.5-9.5 oz) | \$1.54 – 1.70 | \$1.34– 1.46 | \$38.75—41.75 |
| 60 (6.25-7.5 oz) | \$1.32 – 1.44 | \$1.06 – 1.18 | \$31.75 – 34.75 |
| 70 (4.75-6.25 oz) | \$1.06 – 1.16 | \$.86 – .96 | \$26.75 – 29.25 |
| 84 (3.75-4.75 oz) | \$.58– .68 | \$.58 – .68 | \$18.01 – 20.21 |

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.

Another green gold week for the California conventional grower. Those handlers must really, really, really want your fruit to fill their coolers. If we continue to follow the 2015 pricing curve, the prices will hold pretty steady for a while. If we don't, who knows? As I mentioned last week, there is concern that Mexican growers still have plenty of fruit to keep the market full for the next few months at least and, possibly, well into the summer. Stay tuned to the charts over the next few weeks. The data should give us a good idea of what is going to happen to our prices.

USDA TERMINAL MARKET PRICING FOR 4/2/2018

| Market | Size | Origin | Lug Price | Market/Offerings | Prior Week |
|-------------|------|------------|-----------|------------------|------------|
| Los Angeles | 48 | California | \$44-45 | Light | \$44-45 |
| Los Angeles | 48 | Mexico | \$40-44 | Steady | \$40-44 |
| NYC | 48 | Mexico | \$43-45 | Steady | \$43-45 |

California fruit remained the same price at the LA terminal market.

RETAIL PRICING FOR WEEK ENDING 4/21/2018

| VARIETY | # STORES with ADS | Weighted AVG PRICE | STORES PRIOR WEEK | PRICE PRIOR WEEK |
|--------------|----------------------|-----------------------|----------------------|---------------------|
| Conventional | 4,659 | 1.30 | 6,815 | 1.14 |
| Organic | 975 | 1.68 | 445 | 1.48 |

USDA advertised prices do not indicate fruit size.

It looks like Easter and Passover is a time for retailers to raise the price of avocados since people have to buy them for their family celebrations. Organics jumped 20 cents each and conventional jumped 16 cents each. Wow. Conventional ads dropped by more than 2000 but organic ads almost doubled.

HARVEST

| Fruit | Season to Date | Fruit | Season to Date | Fruit | Season to Date |
|-------------------------|-------------------|-------------------|----------------|--------------------|-------------------|
| Hass (North) | 28,176,232 | Lamb (North) | 0 | Gwen | 0 |
| Hass Organic (North) | 830,497 | Lamb (South) | 0 | Pinkerton | 34,490 |
| Hass North Total | 29,006,729 | Lamb Total | 0 | Reed | 0 |
| Hass (South) | 20,424,877 | | | Zutano | 117,275 |
| Hass Organic (South) | 4,284,618 | Bacon | 365,967 | Other | 55,862 |
| Hass South Total | 24,709,495 | Fuerte | 88,409 | | |
| Hass Total | 53,716,224 | GEM | 0 | Grand Total | 54,378,227 |

Harvest numbers are inclusive through 4/3/18. California growers harvested these varieties last week: Hass, Hass Organic.

WEEKLY CROP TRACKING FOR ALL CA VARIETIES

| Week | 4Y Historical Forecast | AMRIC Handler Forecast | Harvest | Shipments |
|-------------|------------------------|------------------------|-----------|-----------|
| Apr 1 (22) | 12,115,161 | 10,823,600 | 8,510,784 | 6,408,832 |
| Mar 25 (21) | 10,163,218 | 12,996,500 | 5,192,852 | 5,880,625 |
| Mar 18 (20) | 8,727,616 | 11,150,000 | 4,275,975 | 5,834,910 |
| Mar 11 (19) | 7,405,884 | 9,451,200 | 7,035,360 | 5,866,545 |

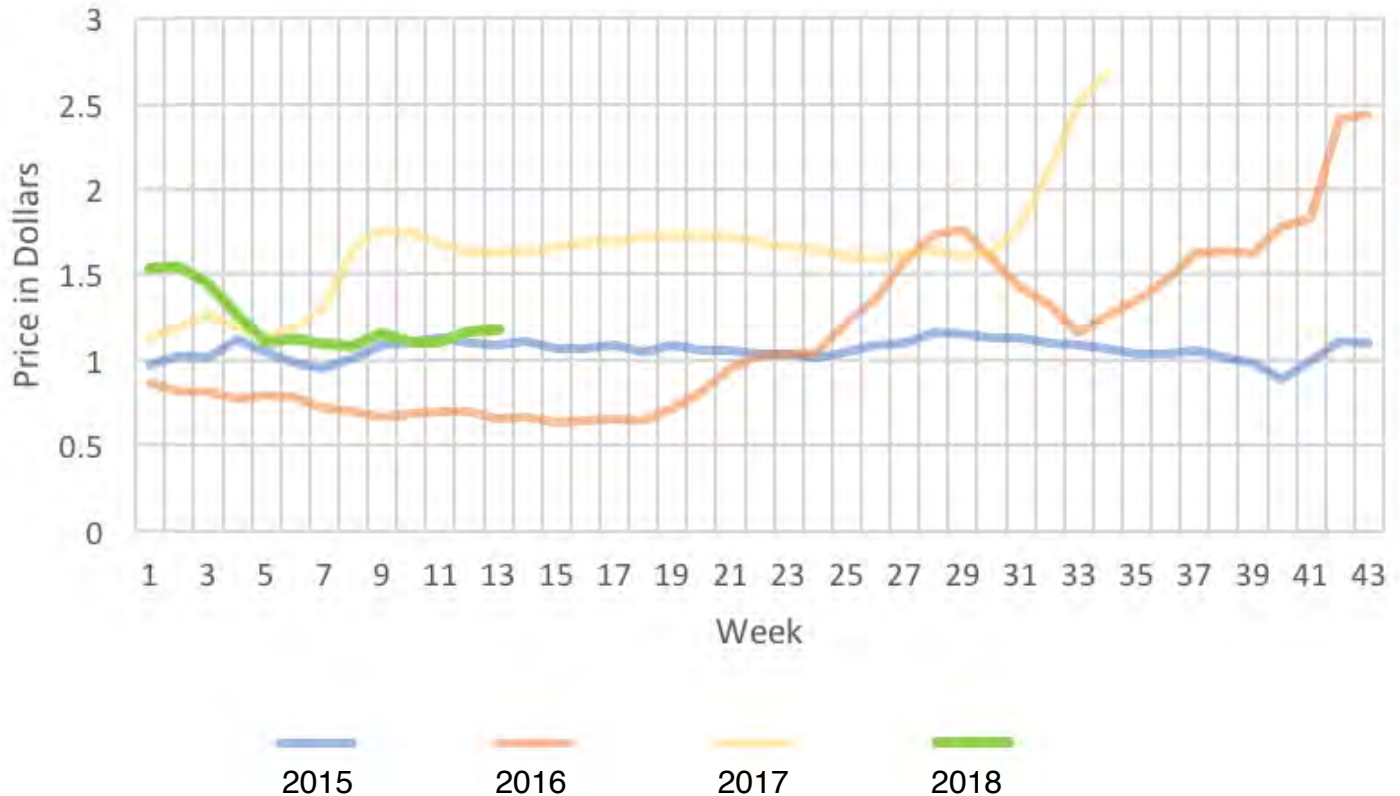
We have harvested 14% to date and 12% has shipped. The harvest is 4% lower than forecast.

WEEKLY SUMMARY FOR ALL CA VARIETIES

| | CA Harvest | CA Shipped by AMRIC Handlers | CA Harvest + Import Arrivals* | Shipped by AMRIC Handlers |
|------------------------|------------|------------------------------|-------------------------------|---------------------------|
| Week 22 ending 4/1/18 | 8,245,464 | 6,155,675 | 39,874,449 | 27,650,382 |
| Week 21 ending 3/25/18 | 5,025,508 | 5,647,375 | 47,085,743 | 28,548,150 |
| Week 20 ending 3/18/18 | 4,143,387 | 5,610,475 | 53,285,408 | 28,992,559 |
| Week 19 ending 3/11/18 | 6,816,994 | 5,639,500 | 53,286,182 | 29,816,769 |

You can see that our harvest jumped last week, but the shipments by AMRIC handlers did not jump at the same rate. AMRIC stands for the Avocado Marketing and Research Information Center and collects data to analyze current market situations and forecast trends. AMRIC handlers are defined as handlers who handled a minimum of one percent of the previous years' total California crop volume. Take a look at the 12 handlers on the AMRIC list: <https://bit.ly/2oTCCqq>

Weekly Average Price

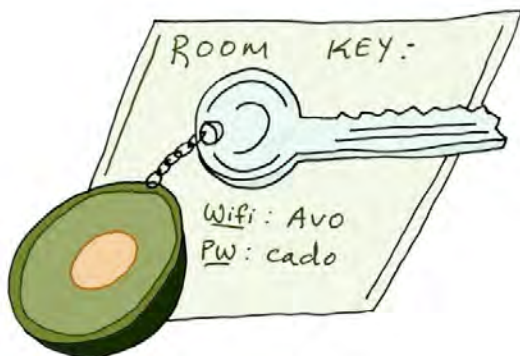


Fruit of global trade The New York Times Magazine had a long read on avocados on March 27. Essentially, it discusses what the avocado trade looks like in the US and what we might expect with a severe NAFTA revision. It's definitely worth the read if you are trying to wrap your head around a steep tariff on avocados from Mexico.

Source: <https://nyti.ms/2lbkQa7>

Chip hates avocado toast If you are an HGTV fan, you've seen Fixer Upper with Chip and Joanne Gaines. Joanne gave Chip avocado toast which he promptly declared "disgusting" and put up a sign to honk-vote at their newly opened restaurant in Waco, Texas. The video is funny.

Source: <https://bit.ly/2GwrHKJ>



April Fool's pranks In-N-Out Fans lost it over an April Fool's prank promising bacon and avocado in a Cali-style burger. The elaborate goof went down over the weekend. The New Yorker did a satire article describing "new avo innovations." My favorite: Avocado hotels, brought to you by the creators of the avocado restaurant.

In-N-Out video: <https://bit.ly/2GyNO3x>

New Yorker article: <https://bit.ly/2Gwks9I>

APRIL SEMINARS: OLD AND NEW SMART AGRICULTURE

Speakers:

Khaled Bali: Irrigation Specialist, Kearney REC

Alireza Pourreza: Ag Engineer, UC Davis

Tim Spann: California Avocado Commission Research Program Director

In with the Good, Out with the Bad!

What works:

Soil augers, tensiometers, multisensors with data loggers, soil maps, fertilizer schedules and Crowley's Nutrient Management Calculator.

Dates/Times/Locations:

Tuesday, April 17, 2018, 1:00 p.m. to 3:00 p.m., UC Cooperative Extension Office Auditorium, 2156 Sierra Way, San Luis Obispo, CA 93401

Wednesday, April 18, 2018, 9:00 a.m. to 11:00 a.m., UC Cooperative Extension Office Auditorium, 669 County Square Dr. Ventura, CA 93003

Thursday, April 19, 2018, 1:00 p.m. to 3:00 p.m., Fallbrook Public Utility District Board Rm., 990 East Mission Rd. Fallbrook, CA 92028

ProGibb LV Plus Plant Growth Regulator Solution

Gibberellic acid is approved for use on avocados in California under a Special Local Needs (SLN) registration effective March 27, 2018. ProGibb has been shown to effectively increase fruit size and set when applied at the cauliflower stage of bloom. If you know anyone who is planning to use it, let me know. I would like to share this information - why they are applying, the costs of applying and the training needed, etc.

The photo on the right shows the cauliflower stage of bloom. This should be happening now or really soon for most California growers.



30 DAY OUTLOOK FOR COAST and VALLEY AREAS OF CALIFORNIA and SEASONAL OUTLOOK 2334 PDT Apr 2, 2018 GENERAL SYNOPSIS FOR CALIFORNIA... April 6-30

BASIC PATTERN

a) Fronts come through with significant rains on 5-7th, rains on 10th, showers in N California on 12th, and some more showers in the N SierraNV and N California 15th and 18th. b) Support continues in the midlatitude Pacific sea surface temperature field, for high pressure near 145-160W 37-43N, a trough near 135-128W with a shift of active westerlies Further north to focus on NW California and Oregon. c) Warm sea surface temperature anomalies persist off to W and SW of San Diego. This will provide moisture for upper lows troughs, and fronts that develop or move into California from the W.

REGIONAL HIGHLIGHTS FOR WEEKS 1 AND 2: April 6-20

N and Central Calif... Rains occur 6-7th, 10th, showers on 12th, 15th and 18th. The stronger fronts on 6-7th and 10th advect sub-tropical moisture from W and SW of Southern California.

Salinas Valley-San Luis Obispo CoRains occur 6-7th, 10th, then sparse showers 12th, 15th, and 18th. Rains on 6-7th appear significant. The cold sea surface temperature anomaly off N California may contribute to an increased risk of late season frost in the coldest locations on 8-9th, 13-14th, during clear periods between fronts and rains.

S Calif Avocado Area...San Luis Obispo Co to San Diego Co ...Chances for showers return about 6-7th, then again about 10-11th. Although some rains are indicated on 6-7th the heaviest rains remain north of the Thomas Fire burned areas (Santa Barbara Co). The cold sea surface temperature anomaly off N California may increase risk of a cold nights in the normally coldest valleys in early to mid Apr, during clear periods between fronts and rains. Rains are possible about 6-7th, 10-11th, mainly Ventura Co north, but only showers or sprinkles in southern counties, including Riverside, Orange, and San Diego.

WEEKS 3 thru 4: Apr 21-May 5

N and Central Calif Coastal Zone to Monterey County...Dry warmer days but continued chilly overnights in the colder valley areas. locally cold and possibly frosty nights occur during 22-25th in NW California coastal valleys and wine country. Hot days become more likely towards the end of April 25-30th and first few days of May.

S Calif Avocado area... San Luis Obispo and south) ...Rain appears unlikely during this period. The best chance for cold nights occurs during 22-25th followed by a general transition to hot conditions in foothills and inland valleys and SOCAL deserts during 25-30th to May 5.

SEASONAL OUTLOOK/ La Nina UPDATE...May 6 to June 10...

Below normal rainfall is suggested by CFSv2 for May. After the hot period around the first few days of May, in southern California we should turn fairly quickly into the usual marine stratus pattern while it heats up inland. This means basically night and morning coastal low clouds and fog, partly cloudy or mostly sunny and mild afternoons near the coast of southern and central California/San Luis Obispo Co. As southern California experiences coastal eddies and marine layer conditions, California and the Bay Area tend to have more sunshine. With hot conditions expected inland and in the foothill areas of central California and SierraNV, snowmelt will tend to accelerate during 5-20th May in the central SierraNV. In the first week or so of June, CFSv2 shows a tendency for upper lows and troughs near the N California coast. This trend is consistent with the prevailing sea surface temperature anomaly pattern. If this area of above normal rainfall occurs, as suggested in June, it may associate with above normal thunderstorm (TSTM) activity, at the beginning of the hot and dry season. This is currently shown to follow a hot and dry May.

N and Central California May currently appears to be hot and dry in the coastal hills, foothills, and inland valleys (Sacramento and San Joaquin Valleys and Delta), but with the usual gusty afternoon winds during the periods of deeper marine layer, and cooling, in response to troughs. Northwest California coastal area may be sunnier than normal as coastal eddy conditions develop in Southern California. Note that there is a chance for above normal occurrence of TSTMS during the first part of June.

S California SOCAL appears to be warmer and drier than normal inland during this period. However, the hot conditions inland may tend to increase onshore flow into the coastal valleys, resulting in mild conditions near the coast. May is the season for fog and stratus in coast and valley areas. The usual fog/stratus regime will be occasionally interrupted by a warm or hot day, with minimal fogs at the coast, and shallow marine inversion. Warm and dry conditions in May are followed, according to CFSv2, by some possible troughing during the first week or so of June. This troughing would tend to support TSTMS in N California, but a deeper marine layer and seasonally cool coastal marine layer conditions in SOCAL coast and valleys. Looking out further into the summer, NMME (ensemble) guidance is suggesting conditions that support an unusually hot summer.

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