

LIBERTY FRUIT CO., INC.

WEEKLY MARKET REVIEW

August 12, 2010

WEATHER UPDATE

Unfortunately, below average temperatures continue in the coastal valleys of Central and Southern California, resulting in quality issues and reduced yields in various items, including romaine, iceberg and strawberries. Daytime highs along the coast will be in the high 60s and low 70s through next week; 5-10 degrees lower than normal. An inland warming trend will begin early next week in the San Joaquin Valley, where temperatures will rise into the 100s, with Fresno reaching 104 by Tuesday.

TRANSPORTATION

Freight rates are firm with a moderate increase in fuel prices that occurred last week. Demand for transportation equipment for California shipments is strong with the seasonal fruit harvest in full swing, including tree fruit, melons and grapes in addition to row crop vegetables.

CALIFORNIA LETTUCE & MIXED VEGETABLES

Iceberg & Leaf: Romaine continues to be in tight supply with no price relief in the immediate forecast. Cool, damp weather conditions continue to result in quality-related issues, including mildew and burn. Demand remains strong for California iceberg lettuce, which is currently priced at a discount to romaine. Head size is generally medium, with average solidity and carton weight (43-46 lbs for liner palletized iceberg). With no change in the forecast next week, current moderate production volume is expected to continue.

Broccoli, Cauliflower, Celery, Carrots: Bunched broccoli, broccoli crowns and cauliflower are all in plentiful supply. Quality is average, with broccoli showing occasional yellow bead and cauliflower occasional hollow core. Demand has strengthened for California celery and the market tone has firmed. Availability is heavier to the larger sizes. Quality is excellent, with long green stalks and substantial carton weights. Carrots are in plentiful supply for the jumbo sized carrots that are preferred by many foodservice customers. Production areas include the Southern San Joaquin Valley, Salinas Valley, Oregon and Washington.

Mixed Vegetables: Tight availability continues for Mexican asparagus, with no relief expected until September, when production is expected to increase from growers in Peru. Green onions from Mexico are in plentiful supply, and quality is excellent. Sizing is currently 6-8 per bunch on medium and 8-10 on pencil size. Availability is improving for California curly and Italian parsley; also cilantro. Kale is abundant, along with endive and escarole. Supplies are adequate of bok choy, while burn has significantly reduced yields for napa. Good availability on snow peas, green cabbage and red cabbage. Supplies are tight on bunched spinach.

Spring mix has been unaffected by weather conditions that have caused reduction in yield on various items. Availability is good, and competitive prices will continue. No issues to report on arugula and baby spinach. Earthbound Farm is promoting a new item; green butter whole leaves packed in a 2 lb clamshell. Ask your Produce Alliance representative for details!

STRAWBERRIES

The ongoing "marine layer" weather conditions continue to cause overcast, drizzle and moist growing conditions for growers located in the coastal districts of Central California. Strawberry quality has suffered, with many growers of University of California strawberry varieties unwilling to ship fruit to extended destinations in the Midwest and East. They prefer to ship to local markets characterized by a short period of time in transit. Production is on the decline, and yields have been further reduced as the result of growing conditions that is causing mildew and increased susceptibility to bruising. Prices are expected to trend higher through the month of August. Driscoll has indicated that we will not see any meaningful increase in supply until the new crop fall harvest in Southern California begins in late September in Oxnard.

Raspberry quality has not been affected by less than ideal growing weather, as the premium label raspberry growers have the vines sheltered under "hoops" in the field. Strong production volume will continue through fall. Rain in both Michigan and the Northwest has caused a disruption in the blueberry harvest. Supplies are tight and the market is strengthening. Blackberries are also in tight supply due to the rain in Oregon, Washington and British Columbia. With the blueberry harvest now past seasonal peak production, we do not expect to see any increase in supply until the harvest begins in Chile and Argentina in October.

CALIFORNIA-ARIZONA CITRUS

California Valencia oranges are in good supply for the popular mid-sizes (72, 88 & 113). Demand has increased for smaller sizes, with school districts back in session next week. The season is finished for California Navels. Chilean and Australian Navels are currently available, with volume increasing on Chilean Navels by late August, along with new crop Navels that will be available in Florida in September. California growers will have Valencia oranges available going into October, and California Navels will begin with harvesting in early November.

Lemons are in adequate supply from the larger shippers in Southern California. Prices are steady. New crop lemons will become available from Arizona in early September. Lemons from Chile are in good supply, with new crop lemons from Mexico just becoming available. Limes from Mexico will continue with good availability, pending any potential storm activity. Minneolas from Peru are currently available. Pineapples from Central America are in extremely tight supply, which is a seasonal occurrence that will continue to support current market strength through mid September.

MELONS

Demand is moderate this week for California honeydews and cantaloupes. Production is heavy to the large sizes (cantaloupe 9s and honeydew 5s). Growers anticipate an improvement in market conditions next week with increased demand from the retail sector and major chains beginning promotions. Watermelons are in plentiful supply at favorable prices, with numerous regional growing areas in the Midwest, South, Mid-Atlantic and California. Quality is outstanding for all California melon varieties.

APPLES AND PEARS

Prices remain firm for the remaining apple varieties in Eastern Washington, which now include, Golden Delicious, Granny Smith and Red Delicious. The harvest is in full swing for new crop California Bartlett Pears, with Bosc pears coming soon.

GRAPES & SOFT FRUIT

After getting off to a slow start, the San Joaquin Valley grape harvest is now in full production on red and green seedless grapes, including Flame, Thompson, Princess, and Sugarone. Black seedless varieties are also in good supply, with Red Globes just becoming available. Good availability also on California peaches, nectarines, red plums and black plums, with production heavy to large sizes. Chilean kiwi will be available through August, with a later than usual transition in September to new crop California kiwi.

AVOCADOS

A temporary oversupply situation occurred last week with California Hass avocados; growers have adjusted harvest schedules and production is once again in line with demand. Current offerings from Mexico and Chile are limited. California continues as the primary supply source through early September. Prices will remain firm, as cool weather conditions have allowed growers to maintain harvest volume at manageable levels. Quality and taste are outstanding, with California Hass at optimal seasonal oil content; the fruit is fresh with consistent ripening characteristics. The size profile is currently heavy to 48s & 60s. Customers who require larger sizes have opted for the Lamb Hass variety, which is a large sized avocado.

EASTERN & WESTERN VEGETABLES

Green bell peppers are in plentiful supply in the inland growing areas of Central and Northern California. Quality is excellent with block shape, deep green color and thick walls. Green bells are also available in Michigan, New Jersey and North Carolina. Red bells are in tight supply as we make the growing area transition to Hollister-Gilroy. Cucumbers are in plentiful supply in Michigan, and prices are very competitive compared to cucumbers in the West. Good availability on zucchini and yellow squash.

TOMATOES

Weather conditions in California and various regional growing areas have caused a moderate shortfall in supply for round slicing tomatoes; cool weather in the California, high temperatures in Virginia and heavy rainfall in the Michigan. Current regional districts that have availability include Tennessee, Ohio and Alabama. Prices are firm for round and Roma tomatoes along with grape tomatoes. Cherry tomatoes are value-priced, however quality is variable.

POTATOES

Price levels remain firm for late season storage crop Idaho Burbank Russets. Demand exceeds supply. New crop Norkotah's will be available soon.

ONIONS

Yellow onions are in good supply with more growing areas coming into production, including California, New Mexico, Oregon, Washington and Colorado. Red onions are also in good supply in California, Oregon and Washington. Prices are very reasonable. White onions are available in New Mexico at comparatively higher prices.