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## **Avocado supplies expected to ebb but could still be strong**

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As the calendar moves into the late-summer/early-fall period, there is a lot of speculation and apprehension as to what the supply of avocados will be and how the market will react.

There are strong indications that there is much more fruit available to fill demand this year than there was the past two years during that timeframe. Each point of origin seemingly has a much different situation than the last two years, so it's possible -- maybe even likely -- that the experiences of 2016



and 2017 are not relevant.

The future will decide that, but a review of those years as tallied by the Hass Avocado Board just

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might be illuminating.

In 2017, both Mexico and California had crops with reduced production from the year before. In the six-week period from early August to mid-September, Mexico shipped about 25 million pounds per week to the United States, while California's production during that entire time frame was less than 15 million pounds.

In addition, Peru's volume skewed toward the early to middle part of the summer, with peak weekly shipments coming the week ending June 11. During the four full weeks of June, Peru sent about 50 million pounds of Hass avocados to the U.S. market. Its July shipments were under 35 million and in the six-week period from Aug. 1 to Sept. 15, which marked the end of its season, it sent another 30 million pounds to the market.

Mexico began ramping up its volume in mid-September with production in the 30 million-pound-per-week range until a significant increase in late October to above 40 million pounds during the last full week of October. The late-summer/early-fall period last year produced very strong prices, with f.o.b. price often in the \$40s and occasionally in the \$50s

A brief review of 2016 showed that California's much larger crop created steady supplies for a much longer period. Its volume was typically in the 13 million- to 18 million-pounds-per-week arena most of the time stretching from mid-March to early August. Rarely did shipments fall below 10 million pounds per week. But production did fall off sharply after Aug. 15. In the first two weeks of August, total shipments from the Golden State were about 18.5 million pounds. For the next six weeks, the total was only around 15 million pounds.

Peru's volume through June and July ranged between 5 million and 7 million pounds per week. During the first week of August, Peruvian shippers also sent more than 5 million pounds to the U.S. market, but by mid-August there was a sharp decline. Total shipments in September barely reached 2 million pounds. Mexico's weekly volume in that August-September timeframe averaged a bit less than 30 million pounds. The same was true for the next few weeks, but in mid-October, concerned about the price, Mexican growers stopped picking. Volume plummeted and the market soared, with the price topping \$70. The situation did not normalize for more than a month, with high prices being the order of the day.

That is the backdrop the industry is looking at as it prepared for the late summer/early fall period of 2018. How will it compare to the previous years?

At a produce show in mid-July, one shipper predicted a return of the \$70 market sometime in August or September. Others wouldn't predict how high the market would go, but said it was climbing. That movement seemed to be based on a slow start to the Mexican summer deal and a heat wave that seemed to have cost California a significant percentage of its remaining fruit.

But one shipper preaching caution was Rob Wedin, vice president of fresh sales and marketing for Calavo. While an early July heat wave damaged some California fruit -- as much as 20-30 percent of what was left on the trees -- Wedin said the state's growers will still send more than 20 percent of its total to market in August and September. He also expects Mexico to send more fruit to market in those two months than it has the last two years, as those growers finish up their 2017-18 crop and begin on their 2018-19 crop. HAB projects that Mexico's volume during that time frame will be in the neighborhood of 35 million pounds most weeks.

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Another major difference is that Peru's crop is running about a month behind previous years. While early June produced its top week in 2017, this year it is expected to hit its peak during the last week of July, with strong shipments and marketing of the fruit continuing throughout August and September.

If the projections are right, Peru's volume during those two months will be close to 55 million pounds -- about 80 percent more fruit than last year. Chile will be in the U.S. market in September and Colombia is also sending some fruit to the United States this summer.

Add it all together and Wedin said it points to about 50 million pounds per week in the U.S. market for much of August and September. While that is below what the United States consumed during April, May and June, it's not that much different than shipments in March and July. Wedin said the market price should increase, but he does not anticipate the big spike others predict.

Rankin McDaniel, president of McDaniel Fruit Co. in Fallbrook, CA, also noted Peru's much later season this year in stating that his firm will have a significant amount of fruit to market in the late summer/early fall period.

"We are right smack dab in the middle of our Peruvian deal," he said in late July, adding that the firm will be marketing fruit from that South American country through September.

McDaniel Fruit will be loading its first container from Chile in mid-August for distribution in early September. And he anticipates Mexico's volume increasing as it moves through the summer.

The firm's chief executive said the dwindling California crop will put an upward price pressure on that production as there are many West Coast retailers that are strongly oriented toward California fruit and will be competing for supplies as long as they can. But he said supplies from the several foreign sources should allow for the filling of the pipeline and a price structure with promotional opportunities.

Brent Scatting, vice president of sales and marketing for Mission Produce Co., based in Oxnard, CA, said his firm's experts are expecting a tightening of supply, especially in September. He noted that the California crop is winding down with less supplies than earlier predicted for August and September because of the July heat wave.

Scattini agrees that Peru's volume is later but Mission is not expecting any new shipments after mid-August arrivals. Chile will have more fruit in September, but he said there is not a lot of information coming out of Mexico as to what they will be shipping in that period, and he said current shipments from Mexico have declined and the individual fruit is smaller.

Wedin said that as has been the case for most of the last decade, Mexico's volume drives the market. As Mexico's shipments ebb and flow so does the market price. For the most part, Mexico's shipments have been fairly consistent and in line with expectations this year.

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