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Avocado market expected to strengthen as year progresses

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The month of July had many different factors that led to a drop in the f.o.b. price for avocados, but experts are expecting favorable conditions over the next few months that should lead to a stronger market. Mexico's 2019-20 crop was heading to the finish line at the end of July. Peru's volume will sharply decline by mid-August and California is expected to have a steady decrease in supplies throughout August and September.

Projections compiled by the Hass Avocado Board show average shipments will be at about 50 million pounds per week for the August/September time frame. They are expected to drop another 10 percent in October as California will be all but finished and Mexico's new crop will represent more than 90 percent of the volume.

Bob Lucy, president of Del Rey Avocado Co. Inc., based in Fallbrook, CA, said it should be a nice back end of the deal for California growers. He said California shipments were down a bit in July as many growers appeared to be holding fruit for later in the summer when the prices are expected to be higher.

"Every \$1 increase in the (f.o.b.) price means four more cents (per pound) back to the grower. Right now, we are in the high \$30s. A lot of them would like to see two to three more dollars on that."

Because they are waiting, Lucy said shipments have slowed down a bit from California. He said Morro Bay, the last production area in the state, will have fruit into October. Lucy also noted that the total California volume appears to be on schedule and should finish very near to the 370 million pounds predicted very early in the season. "Many of us thought the crop would be closer to 400 million pounds," he said. "But it's not going to get that high."

Donny Lucy, a vice president at Del Rey, reported that Mexico had an overlap from its regular 2019-20 crop to the July/August production of flora loca avocados, adding that the crop is up this year. He said it would be August before an estimate is given for the new crop, but speculation is that it will also be up. With regard to Peru, in mid-July, Donny Lucy said the crop, of which 180-190 million pounds are expected to be shipped to the United States, was at its midway point. Container shipments from Peru are expected to continue through the second week of August, with those cartons being marketed into September.

Giovanni Cavaletto, vice president of sourcing for Index Fresh, based in Bloomington, CA, said in mid-July it is the many different sources of supply currently causing the drop in the price. He said the movement is there but there are so many different options — Mexico's two crops, California Hass, California Lamb, Peru, Colombia, Florida, Dominican Republic and organics from several sources — that a market decline results. By middle of August, he said several of those options will be waning and he expects the market to strengthen.

“I don't think we will see less fruit but there will be less options and better pricing.”

Rankin McDaniel Sr., president of McDaniel Fruit Co., based in Fallbrook, CA, agreed that the market should be stronger by mid-August, pointing to the same decline in sources of supply that others articulated.

In an early look ahead, the handlers are expecting a larger crop out of Mexico for the 2020-21 season as well as a solid crop from California, and increased supplies from Peru and Colombia. Bob Lucy said California's fruit set looks good and it appears that the crop could be 350 million pounds or more, which means not the typical down year following an up year, which is the pattern for avocado trees.

Cavaletto agreed. “I never like making a prediction (about next year's crop) until after the 4th of July, but it has passed and so far, so good.”

He said the weather has been ideal with none of the extreme high temperatures of the past couple of summers, which can result in fruit drop.

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