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**Produce FOBs remain sky-high post-Thanksgiving**

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By

Tim Linden

December 5, 2022

The week following Thanksgiving typically marks a drop in demand for most fruits and vegetables as the heavy holiday pull subsides. This year, the super high prices for so many commodities prior to the holiday left warehouses empty and there has been no change in the supply-demand curve.

A week before Thanksgiving, veteran California vegetable salesman Mark McBride noted the high prices were unprecedented. "If anybody tells you they've seen this before, they are lying," said the Coastline Family Farms sales executive. "I've never seen anything like this before, not even close."

On the Tuesday following the holiday, McBride again said there is no precedent for what's going. "I took a couple of days off for Thanksgiving and when I came back it was just as crazy as when I left," he said.

One week before the holiday (Nov. 18), the USDA's Market News Service Report listed the average price for iceberg lettuce at just under \$94. Ten days later on Monday, Nov. 28, the report listed the average open market price at \$93.50. The range in the FOB for a carton of lettuce was still \$85 to \$100, with open market sales mostly in the mid-\$90s. McBride predicted the prices would hold through most of December. He said the fields that would be harvested in the following couple of weeks are populated with very light heads. "Make a fist," he said. "That's the head size we are seeing out there."

The high prices are hitting many different commodities from all the leafy greens to broccoli, cauliflower, celery and tomatoes.

Echoing McBride's characterization of leafy greens, longtime tomato salesman Joe Bernardi, president of Bernardi & Associates, based in Nogales, AZ, said the FOB price on a 25-pound carton of round tomatoes reached a level he had never seen before as it hit \$50.95 on Monday, Nov. 28. Bernardi said the price was also very high on Romas, grape tomatoes and even cherry tomatoes.

He added that typically when lettuce prices are high, demand for tomatoes declines as there are less salads being made. That has not been the case this holiday season. Bernardi anticipated that the market will remain high until mid-January when the West Mexico tomato deal in the Culiacan district starts firing on all cylinders. He said Hurricane Ian in Florida and a couple of hurricanes and tropical storms all across Mexico since mid-September have resulted in depleted tomato supplies. Florida's best window is typically November/December, but this year Ian wiped out a lot of plants in late September. The replanted acreage is not expected to start producing until the middle of January.

McBride noted that the weather is the main factor in the vegetable market as well, but he added that it was impossible to explain why it has risen so high for so long. He said the factors causing a lack of supply are still in play and will be well into December. The transition from the summer/fall production

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in coastal California to the winter acreage in the deserts of California and Arizona is always a time when supplies can get tight. This year that situation was exacerbated as the Salinas Valley ended its season with disease issues that reduced yields. The Huron district in the San Joaquin Valley, which typically serves as a stopgap between the summer and fall for some shippers, had only half a crop because California's water shortage decreased acreage. On top of that, the desert deals got off to very slow starts because of cold, icy weather. On Nov. 29, McBride said there had been ice in the fields in the early morning for 10 days running. While this is a seasonal challenge, he said it typically doesn't happen until later in the season, not at the front end.

Of course, the low yields and high prices have caused growers to start harvesting fields ahead of schedule. This has a multiplier effect down the road as there will be fewer fields to harvest in the coming weeks.

Jason Lathos, manager of commodities for Church Bros. Farms, based in Salinas, CA, agreed with the others in noting that in his two decades in the business he has never seen anything like it. He did say that over the past several years the transition to winter production has been impacted by weather issues and created strong markets — but nothing like 2022.

“This year, we saw weather and disease problems reduce yields in Salinas both in terms of cartons and pounds per carton,” he said. “Then the front end of the Yuma deal was hit by rain and now we've had ice in the fields four out of the last six days. That means we can't start harvesting until about 11 a.m., which cuts production even more because there are fewer daylight hours to work.”

Lathos said it has been the “perfect storm” of many supply-reducing events occurring at the same time to create this potentially once-in-a-lifetime situation. Another issue is seeder pressure, which basically reduces the per pound yield tremendously when the lettuce is being processed for the value-added packs. “You need two acres to cover the pounds that would typically be coming out of one acre,” he said, adding that the demand for value-added lettuce packs has remained extremely strong. That is the case because the price of those items typically does not reflect the market price as retailers try to keep a consistent price as much as they can.

“The high prices for head lettuce have caused wholesale demand to be down, but we have not seen much of a decline in the value-added business,” he said.

Before the holiday, Lathos predicted the market would remain very strong after Thanksgiving because wholesaler demand will pick up when the holiday is over. “An empty pipeline (in the wholesaler community) and processor demand should keep the market high as we move into December.”

Lathos said Mother Nature will ultimately provide the solution. Warm weather is needed to get the fields back on track producing a normal yield on a per pound basis.

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## [Tim Linden](#)

### **About Tim Linden |**

Tim Linden grew up in a produce family as both his father and grandfather spent their business careers on the wholesale terminal markets in San Francisco and Los Angeles.

Tim graduated from San Diego State University in 1974 with a degree in journalism. Shortly thereafter he began his career at The Packer where he stayed for eight years, leaving in 1983 to join Western Growers as editor of its monthly magazine. In 1986, Tim launched Champ Publishing as an agricultural publishing specialty company.

Today he is a contract publisher for several trade associations and writes extensively on all aspects of the produce business. He began writing for The Produce News in 1997, and currently wears the title of Editor at Large.

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