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Weather issues keeping some veg FOBs up

By

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The typical post-holiday decline in demand has resulted in an almost-across-the-board drop in FOB prices on western vegetables, but cold weather and a seemingly unending string of storms has kept some prices at a relatively high level this month.

“Celery is still in the mid-\$50s,” said Adam Sides of Boskovich Farms in Oxnard, CA, noting that demand dropped off as expected right after the holiday, but cooler temperatures and heavy rains have limited supply and kept the market strong.

Talking to *The Produce News* on Monday, Jan. 9, Sides said the Oxnard region was getting rain and more was expected throughout the week. He added that it was difficult to harvest leafy greens, Romaine and some of the other wet vegetables so those markets were relatively strong in the lower \$20s range.

He added that some items Boskovich was sourcing from Mexico — leeks, green onions and radishes — were also in short supply with strong markets. “It looks like those items will stay short for a couple more weeks,” Sides said.

He added that one surprise product with a rising market and diminishing supplies was parsley, which typically doesn’t see a lot of volatility.

Farther up the California coast in Santa Maria, Robb Bertels, vice president of sales and marketing for Gold Coast Packing Inc., was blunt in his assessment of the situation: “We are under water right now,” he said on the afternoon of January 7, noting that the office had cleared out because of potential flooding in the surrounding streets. “Our biggest impact is with cauliflower, which we source from Santa Maria on a year-round basis. We won’t be able to get in the fields for a day or two, or maybe longer, depending upon how much more rain we get this week.”

He added that the cauliflower market hit the floor following the holiday pull, but it’s starting to rise again.

Bertels said most of the vegetables Gold Coast packs in its value-added products, which defines the bulk of its business, are sourced from its contract growers in the desert at this time of year. “We bring the product up from the desert and pack it here,” he said. “Right now we are getting enough product to fill most of our orders, but for much of the past three months we have been in a short situation. We have had to prorate our orders at times.”

He added that the shortages over the past few months have also triggered pricing provisions on occasion, which generally allow sellers to increase the contract price when volume is abnormally low and market prices rise significantly.

Bertels said a bigger impact from these January rains will probably be gaps in supply and higher prices in March, April and May when the transition from the desert production areas to coastal California growing districts occur.

“Right now, is when we would be planting,” he said. “It’s great to have the water — we need it. But these rains and the atmospheric rivers are preventing us from planting. We will see how long it disrupts us and how long it takes us to dry out but I suspect there will be some shortages in the spring.”

Jason Lathos, manager of commodities for Church Bros. Farms in Salinas, CA, agreed that the biggest potential impact from California’s current unrelenting rains is lack of supply come the spring. He said the rains will prevent most growers from planting for the next week or two. But he added that those fields currently being planted won’t be ready for harvest for about 120 days, which gives growers a chance to “catch up” if the weather cooperates. “We are planting now for the start of the Salinas deal,” he said. “Farmers are really good at dealing with the weather. Potentially, there could be some gaps but that’s yet to be determined. A lot could happen in between. We could get perfect weather, which could catch us up.”

Lathos said the typical drop in demand followed the holiday season, but he sees signs that consumers are back in the market and he is anticipating rising demand throughout January.

The Church Bros. executive reasoned that several factors — including bad weather in the East and the usual post-holiday slump — resulted in a drop in demand, but there are even more factors working to reverse that trend. “The pipeline is pretty empty, the weather back East is better, schools are back open, which increases demand, New Year’s resolutions result in better diets, and there are more social gatherings with the college championship game last night, NFL playoffs and the Super Bowl,” he said. “My forecast is that because of these reasons, we are going to see demand increase every week this month.”

Lathos reported that of “the five major commodities, celery is at the top with a really strong market and cauliflower is at the bottom with a low market. In between, we have lettuce, romaine and broccoli. Each of those are improving with broccoli being very active. Even cauliflower is starting to get caught up” with supply and demand getting back into sync.

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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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