

TESTA PRODUCE, INC.

Green by Nature... Greener by Choice

MARKET REPORT

Overview

Week of 1-23-23

In South Florida, as well as Mexico, we continue to see lighter supply and firmer markets on green pepper, zucchini, and yellow squash. Cucumbers remain very limited and do not expect improvement for several weeks and the color pepper supply is excellent! Tomato production continues to improve in Florida, but we are far from normal for this time of year due to several weather impacts over the past three months. We expect lower production, higher than normal market prices but nothing too concerning. The hot pepper market seems to be staying firm as cold temps and weather damage are rally causing shortfalls this season, with serrano and anaheim the highest priced and shortest available. Honeydew and cantaloupe have become quite a challenge due to cooler weather and should improve over the next 10-14 days and it is critical to be flexible on size during these times where we are short and managing very limited inventory. In Yuma, supplies continue to increase on most items and markets are stabilize.

BELL PEPPERS

Supply out of Florida remains light due to the freeze last month and expected to remain as such over the next week. With this lighter supply in the east its driving demand west to Nogales and McAllen where we are seeing very active markets and mixed quality due to weather. We hope to see more volume out of the west over the next ten days.

MUSHROOMS

Quality is good despite supply being lighter than expected. We continue to see lack of labor, shortages in component of growing such as peat moss and other inflationary pressures. We expect to see this continue to be a challenge until some of the growing costs can get under control of this particularly labor intensive and cost sensitive item.

BROCCOLI

Quality is very good, and supply continues to improve.

MELONS—ESCALATED

Cantaloupe: Cantaloupe arrivals for the end of the week will see a shift more to smaller sizes (9/12/15s) which is also an after effect of the cooler temps. Quality has remained strong with good color for this time of year and internal brix levels of 11-14%.

Honeydew: Honeydews quickly moved into a demand

exceeds supply situation in all areas (Central America and Mexico) and there is not enough supply to cover the needs of everyone. Our shippers are restricting all our volume to cover contract only to get us through this period. We do expect supply to begin to pick up to more consistent levels by next week in Florida, but we are anticipating a shift in sizing to 6/8s as fruit did not size up during the cold snap. Advanced ordering and size flexibility may be necessary until supply increases.

Watermelon: Overall quality is very nice, still seeing firm pricing and moderate demand. Nogales and McAllen are the primary shipping points and mini watermelons seem to be easing back in price as store sets change and demand drops. Offshore watermelons are limited but we are shipping a few 4/5ct this week.

CABBAGE (RED)

Supplies are improving but market remains very active, pricing is steady. Quality is good.

CARROTS (Jumbo)

Heavy rain in California continues to affect available supplies as shippers are not able to get all product needed out of the fields. Rain is forecast to continue through mid-week next week before we see fields starting to dry out. Shippers

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continue to struggle with supply on Jumbos as sizing remains small.

CAULIFLOWER = EXTREME

Cauliflower supply is still limited as cooler weather has continued to slow growth. Overall quality is good, market remains very active.

CELERY

Pricing remains very active although market has come down slightly and supply and quality continue to improve.

CILANTRO

Pricing is still escalated but supplies are improving. Quality is very good.

CORN

Markets remain firm out of Nogales and South Florida and quality is very nice, however it's still too soon to truly assess any freeze impacts in Florida.

CUCUMBER

Short supply out of Florida, mostly an impact of last month's freeze while Honduran imports are slow to start and are very inconsistent in quality. In the west, we see lighter crossings through Texas and Nogales continue to put upward pressure on pricing. We are seeing some hit and miss quality on cucumbers across the spectrum, mainly pitting, virus pressure, shorter than normal shelf life and yellow belly. We expect active and short markets for the next two to three weeks.

FENNEL

Available supply remains light, especially on large size and the market remains active.

FRENCH BEANS

French supply is still light out of Mexico; quality is fair to good. Labor issues will continue to limit harvesting and packing out of Mexico. Out of the east, we have seen improvement in the quality and production of Guatemalan products.

GARLIC

New crop California has started although domestic supply is very tight, and shippers are holding to averages. We expect this volatile market to continue through the summer.

SUGAR SNAP/SNOW PEAS

Excellent supply of sugar snaps from Mexico, light out of California due to rain. A good supply of snow peas from Mexico, light out of California. Guatemalan production continues to improve.

GINGER = EXTREME

Chinese supply will be very sporadic due to delays in unloading containers and inspecting at the ports. Pricing will be climbing daily.

GREEN ONIONS

Supply continues to slowly improve, but still well below normal volume and quality is improving.

TOMATOES (GRAPE & CHERRY)

East Coast

- We are seeing improved production out of areas least impacted by Ian and markets are retreating. We expect to see markets continue to improve.

Mexico

- Stable numbers this week, mostly due to cooler temps keeping prices higher than normal this week crossing through Nogales and Texas. Quality is outstanding on the new crop.

HOT PEPPER

In the east, supply improving out of South Florida (Cubanelle, Long Hots, Hungarian Wax, Jalapeno and Shishito. In McAllen, volume is lighter on all varieties and seeing quality issues on the tomatillos. Habanero, jalapeno and poblano are all holding at higher-than-normal pricing while the shortest availability is on Serrano and Anaheim due to ongoing supply issues from Coahuila and Chihuahua. Markets will remain firm, but we are starting to see some improvement in cross-

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ings out of Nogales. Good supply on tomatillos in all growing regions.

LIMES

Not much change from last week with steady pricing as post-holiday demand has decreased. Some new areas are getting started with a slight increase in supplies crossing from Mexico, but we still anticipate lighter volume to continue with demand increasing demand coming into Superbowl. Market remains very unstable as pricing is expected to increase again towards the end of January/early February.

POTATOES

Potato demand on cartons has significantly flattened during this past quarter. Q1 generally brings an increase to the market as begin to near the tail end of Norkotah supplies in March. Growers continue to receive record offers from processors (even higher than last season), and reports of further record breaking offers for the Spring continue to roll in. Because of this, the fresh market has a 'safety net' of where pricing will likely not fall beneath. We anticipate we will continue to see this trend to get growers to release product on the fresh side. Other growing regions are echoing the same sentiments as well. We will see Nebraska finish up, and less supply out of Colorado and Wisconsin toward the end of Q1. These should give the overall market a boost as well. National supply reports are showing that there are less potatoes this year than last year – and this is not considering the 6M lbs. plus that have already been sold to processors.

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