

TESTA PRODUCE, INC.

Green by Nature... Greener by Choice®



COMMODITY UPDATE

DATE: SEPTEMBER 18, 2013

LEMON SUPPLY SHORTAGE INFORMATION

VALUED TESTA PRODUCE CUSTOMERS:

WE WOULD LIKE TO TAKE THE TIME TO GIVE YOU SOME INFORMATION REGARDING THE INDUSTRY'S RECENT LEMON SUPPLY SHORTAGE. THIS INFORMATION COMES FROM SUNKIST GROWERS.

- FOR THE PAST SEVERAL MONTHS, IMPORTED LEMON SUPPLIES FROM CHILE TO THE U.S. WERE DOWN AS MUCH AS 30-40% FROM THE SAME TIME LAST YEAR. CHILE SHIPPERS HAVE SENT A MUCH HIGHER PERCENT OF THEIR CROP TO ASIA THAN TO THE U.S.
- MEXICAN GROWERS EXPERIENCED VERY HOT, DRY GROWING CONDITIONS WHICH CAUSED LESS GROWTH, MOSTLY SMALLER SIZES, AND REDUCED VOLUME RESULTING IN SPORADIC SUPPLIES. IN ADDITION, HEAVY RAINS SIGNIFICANTLY DELAYED HARVESTS FOR THE NEXT WEEK OR SO. SUPPLIES SHOULD IMPROVE FOR THE MONTHS OF NOV/DEC, WHICH WILL HELP RELIEVE THE INDUSTRY'S DEMAND EXCEEDS SUPPLY RATIO.
- D3 NEW DESERT CROP TYPICALLY DOESN'T START IN LARGE VOLUMES IN SEPTEMBER, AND THIS MONTH IS NO EXCEPTION. THEY'VE HAD TO DEAL WITH SOME RANDOM HEAVY RAINS AND HIGH TEMPS (WON'T PICK IF TEMPS ARE ABOVE 95 DEGREES). AND WHEN TEMPS DID DIP DOWN BELOW 95, HUMIDITY WAS TOO HIGH (WON'T PICK IF HUMIDITY IS ABOVE 35%). SO IN ATTEMPTS TO 'MIND THE FRUIT' AND DO THE RIGHT THING TO PRODUCE QUALITY LEMONS FOR SUNKIST, IT DID NOT ALLOW FOR GETTING FRUIT OFF. PICKING HAS STARTED IN COACHELLA AND YUMA, BUT SO FAR VOLUME IS LIGHT AND SIZING ISN'T GREAT. THIS REGION LIKELY WONT HIT BETTER VOLUMES UNTIL MID- OCTOBER SO IT'S A SLOW, GRADUAL PROCESS TO FIND IMPROVED, CONSISTENT LEMON SUPPLIES.
- THE D2 SOUTHERN CALIFORNIA CROP STORAGE IS AT A SEVERAL YEAR LOW SO THEY ARE TRYING, WITH VERY LIMITED SUPPLIES, TO STRETCH THIS OUT SO THEY DO NOT 'GAP' AND HAVE NO LEMONS AT ALL UNTIL THIS D3 PROGRAM CAN INCREASE VOLUMES TO SATISFY. THIS POINTS TO A VERY TOUGH NEXT COUPLE OF WEEKS, A SLOW GRADUAL IMPROVEMENT, AND HOPEFULLY A BETTER NOV/DEC.
- HIGH SUMMER TEMPS IN SEVERAL REGIONS OF THE U.S. HELPED DRIVE INCREASED FOODSERVICE CONSUMPTION, AND RETAILERS REPORTED INCREASED LEMON SALES EVEN WHEN THEY WERE NOT HIGH-LIGHTING OR PROMOTING.

IF YOU HAVE ANY QUESTIONS ABOUT THIS ISSUE, PLEASE CONTACT OUR QUALITY ASSURANCE MANAGER, BARBARA DALY, AT BARBARAD@TESTAPRODUCE.COM OR PETER TESTA AT PETER@TESTAPRODUCE.COM.

IF YOU WOULD LIKE TO ADD SOMEONE TO, OR BE REMOVED FROM THIS NOTIFICATION, PLEASE CONTACT OUR IT MANAGER, JAMIE WHITE, AT JAMIEW@TESTAPRODUCE.COM, OR 312.226.3237, OR YOU MAY CONTACT YOUR SALES REP.

THANK YOU,

TESTA PRODUCE QUALITY ASSURANCE

Testa Produce, Inc. 4555 S. Racine Ave. Chicago, IL 60609
p. 312.226.3237 f. 312.226.3410 www.testaproduce.com