

# OPINION

## *FROM AN ECLECTIC'S NOTEBOOK*

By James McCormac

The views expressed in *The Weekly Newsline* Opinion and Avocado Comments sections are those of its editor, James McCormac, and are not necessarily views of the California Avocado Society, Inc. When an editorial is published which is the view of the Society's Board of Directors, it will be so marked. Views of our readers are solicited and, to the extent practical, will be published. Address e-mail to: [jmccormac440@gmail.com](mailto:jmccormac440@gmail.com)

### **A Water Success Story**

It can be depressing to hear story after story of water woes – and some of them are horrifying. For example, I have heard of growers in San Luis Obispo trucking in water to keep their groves alive when their wells went dry. Ventura County is taking a hard look at their supplies of groundwater and devising the steps they may have to take if the situation deteriorates further. The central valley will not be planting thousands of acres because water will not be available this season, and the growers of tree crops are facing extremely difficult decisions.

In San Diego County we are told that the availability of water will be “normal” this year. The Metropolitan Water District developed the water storage capacity that is proving invaluable in this time of drought. Here in the southern growing areas, the difficulty is the cost of water. The wholesale cost of imported water may be the same, but each water district supplying water to avocado growers has their own costs of infrastructure and delivery, as well as access to additional sources of water.

The avocado growers in Escondido have been facing a particularly difficult set of problems. There is a municipal water district governed by the City Council of Escondido. Understandably, the city council is primarily concerned with municipal and industrial water use; agriculture is a distant afterthought. Some dedicated growers set out to change that.

They formed EGAP – Escondido Growers for Agricultural Preservation. The core group has been John Burr, Ed and Karen Grangetto, Phil Henry, Burnet Wohlford, and many others. They did their homework and set about changing how the “city fathers” perceive agriculture in Escondido.

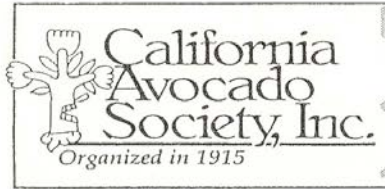
For example, they engaged in coalition building. Groups that are engaged in ecology were enlisted as active allies. Business groups, able to see the value of agriculture to the business community, were enlisted to the cause. Other agricultural groups were consulted for strategy, planning, and assistance.

Indeed, it is fortunate that the San Diego County Farm Bureau has its headquarters in Escondido. This group is already well known to the Escondido political community, and its board of directors and members were a valuable network.

EGAP also engaged the academic community. They commissioned an agricultural economic study authored by UC Davis economists to report on the value and realities of agriculture in San Diego County and in Escondido specifically.

The results have been impressive. Earlier this month, the Escondido City Council approved the first steps that will build the infrastructure to supply re-cycled water to agricultural areas of the city. In addition, the water will be roughly the same quality as imported water – meaning the water will receive reverse osmosis treatment to reduce the salt content.

The success of EGAP may be a special case, but it clearly demonstrates the possibilities when growers organize effectively to solve local problems.



# THE WEEKLY NEWSLINE

MARKET NEWS, OPINIONS, & STATISTICS FOR AVOCADO GROWERS

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April 15, 2014

## **AVOCADO COMMENTS**

The condition of the avocado market is no better or worse than it has been in recent weeks. I get the sense that the market is doing the best it can under the dual burden of high inventory and high wholesale prices. It may seem strange to cite price as a burden. I will explain what I mean a little later.

The most noticeable change in supply and inventory was in the California avocado industry last week. The harvest volume continues to grow as is expected this time of the season. The domestic harvest rose about 17% this past week. The shipment volume, however, rose a modest 3% compared to the previous week. Fruit that wasn't shipped was added to inventory, and the California Hass inventory rose 30% over the past week.

California handlers shipped 6.7 million pounds of Hass last week. The harvest of about 9.4 million pounds pushed inventories to 11.7 million pounds.

During the same period, the volume of Mexican Hass crossing the border rose by 12% over the previous week, but the inventory only rose a modest 8%. The increase in volume in large measure was driven by the handlers of Mexican fruit preparing for the Easter holiday. I am told that the Mexican harvest will go through Wednesday, packing will stop on Thursday, and the industry will not reopen until the following Monday.

The supply challenges become more difficult given how late Easter is celebrated this year. The Mexican industry will be taking a break at the time they would otherwise be using to prepare for a surge in volume in anticipation of the Cinco de Mayo promotion period. There will be, however, ample supply for Cinco. Here is where the burden of price enters the picture.

I suspect that the wholesale prices for avocados, foreign and domestic, have been raised to the point where retailers will post consumer prices that will not be all that attractive. By nature, avocados are embedded in any Cinco de Mayo promotion period. Avocados will get plenty of attention, but I am cautious about the volume that consumers will purchase this year.

## **Avocado Comments** — continued

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It is interesting to note that there is no price premium for California Hass in the current market. Almost anywhere in the country, the wholesale price of a box of Hass avocados is the same -- be it domestic or foreign. California Hass has an advantage in the west where retailers are now expressing a preference for local avocados. Chilean Hass is an exception to the avocado price parity. Given its late maturity and the time off the tree by the time it arrives, the Chilean fruit is sold at a discount in order to move it quickly through the market.

Looking ahead, there will be Peruvian Hass in the U.S. market around the middle of May. This will offset to some degree the expected reduction in the volume of Mexican Hass after the Cinco promotions. The volume of California Hass will be higher in May, so the combination of suppliers will keep avocados abundant in the wholesale market.

The drought and trees in bloom are combining to cause more fruit drop than usual. If you are going to pick up any of this dropped fruit, it is important that it is not mixed with your regular pick. It can cause havoc later on, as fallen fruit will not ripen the same as the rest of the pack in a box of avocados. Put your dropped fruit in a separate, well marked bin.

### **MEETINGS AND SEMINARS**

#### **California Avocado Commission**

Board of Directors Meeting  
Thursday, May 15, 2014,  
9:00 a.m. to 2:00 p.m.  
CAC Offices, 12 Mauchly, Suite L, Irvine.

#### **Hass Avocado Board**

Board of Directors Meeting  
Wednesday, May 7, 2014.  
Time: 9:00 a.m.  
230 Commerce, Suite 190  
Irvine, CA.  
Call 949-341-3250 for more information.

#### **California Avocado Growers Seminars -- “New and Old Ways to Meet New Challenges”**

**California Avocado Society  
California Avocado Commission  
U.C. Cooperative Extension**

June Seminar: “Rootstock Selections”

**Fallbrook** – Thursday, June 6, 2014,  
9:00 to 11:00 a.m., at the Fallbrook Public  
Utility District Board Room, 990 East Mission  
Road.

Sponsors: **Calavo Growers, Crop Production Services, Culligan International, Ecoflow, Mission Produce, and West Pak Avocado.**

**Ventura** – Wednesday, June 11,  
2014, 9:00 to 11:00 a.m., at the Cooperative  
Extension Office/Conference Room,  
669 County Square Drive.

Sponsors: **Calavo Growers, Crop Production Services, Ecoflow, Index Fresh, Mission Produce, and West Pak Avocado.**

**San Luis Obispo** -- Tuesday, June  
10, 2014, 1:00 to 3:00 p.m., at the Cooperative  
Extension Office/Auditorium, 2156  
Sierra Way.

Sponsors: **Calavo Growers, Crop Production Services, Ecoflow, Index Fresh, Mission Produce, and West Pak Avocado.**

#### **UCCE Ventura County & Hansen REC**

A Celebration of Science and Service  
Thursday, May 8, 2014,  
14292 W. Telegraph Road, Santa Paula.  
Call 805-645-1464 for more information  
and registration.

#### **California Avocado Society Contact Information**

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# AVOCADO STATISTICS

## INVENTORIES

	<b>last week</b>	<b>this week</b>	<b>committed</b>	<b>net inv.</b>	<b>harvest</b>
Hass	9,050,375	11,766,925	1,942,350	9,824,575	9,407,475
Lamb Hass	0	0	0	0	
Other	27,350	58,650	0	58,650	89,700
Calif. totals	9,077,725	11,825,575	1,942,350	9,883,225	9,497,175
Mexican Hass	16,534,700	17,844,025	7,243,100	10,600,925	
Chile	4,867,850	3,372,775	287,650	3,085,125	
Totals	30,480,275	33,042,375	9,473,100	23,569,275	

## PRICES

	<b>FOB 25# carton 04/14/14</b>	<b>field price per pound 04/14/14</b>	<b>retail price (per each)</b>	<b>FOB 25# carton 04/15/13</b>
<b>HASS:</b>				
2's	\$12.00-\$32.00	\$0.32-\$1.08		\$ 8.00-\$24.00
32's-36's	\$36.00-\$37.00	\$1.24-\$1.28		\$30.00-\$31.00
40's	\$36.00-\$37.00	\$1.24-\$1.28	\$1.79	\$30.00-\$31.00
48's	\$37.00-\$38.00	\$1.28-\$1.32	\$1.79	\$31.00-\$32.00
60's	\$30.00-\$31.00	\$1.00-\$1.04	\$0.79	\$22.00-\$25.00
70's	\$25.00-\$26.00	\$0.80-\$0.84	\$0.79	\$15.00-\$17.00
84's	\$19.00-\$20.00	\$0.64-\$0.69	6/\$3.99-4/\$3.79	\$11.00-\$12.00
<b>MEXICAN HASS (fob Texas)</b>				
All sizes	\$19.00-\$36.00	N/A	2/\$0.99-\$1.79	\$12.00-\$30.00
<b>CHILE</b>	\$15.00-\$31.00	N/A	2/\$0.99-5/\$5.99	

## PRICE/VOLUME RELATIONSHIP BY VARIETY - WEEK OF 04/12/15 - Week #15

	<b>volume</b>	<b>percent</b>	<b>field price</b>	<b>total \$</b>	<b>percent</b>
<b>HASS</b>	6,690,925	99.1%	\$1.09	\$7,293,108	99.7%
<b>LAMB HASS</b>	0	0.0%			
<b>OTHERS</b>	58,400	0.9%	\$0.40	23,360	0.3%
<b>TOTAL</b>	6,749,325	100%	\$1.08	\$7,316,468	100%

## AVOCADO SHIPMENTS

<b>SHIPMENTS FOR WEEK ENDING:</b>	<b>04/12/14</b>	<b>04/05/14</b>	<b>04/13/13</b>
<b>HASS</b>	6,690,925	6,572,725	13,959,900
<b>LAMB HASS</b>	0	0	0
<b>OTHERS</b>	58,400	89,825	35,000
<b>CALIF. TOTAL</b>	6,749,325	6,572,725	13,994,900
<b>MEXICO</b>	27,511,676	24,729,449	23,674,478
<b>CHILE</b>	2,783,539	3,599,768	0
<b>DOM REP</b>	0	0	0
<b>CA EXPORT</b>	660,675	679,000	950,325
<b>FLORIDA</b>	2,090	0	1,430
<b>TOTAL</b>	37,046,630	34,901,942	37,670,808

CA SHIPMENTS -- YTD - ESTIMATE VS. ACTUAL --THROUGH WEEK #15- 04/12/14

Source: CAC estimate

	<b>estimate</b>	<b>Actual YTD</b>	<b>Variance Actual vs. Est.</b>	<b>% variance</b>	<b>% shipped YTD</b>	<b>Last year % YTD</b>
<b>All Varieties</b>	49,003,279	38,054,500	-10,948,779	- 22.3%	11.7%	13.1%

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**WEATHER** — Thirty-day outlook for April 14, 2014, to May 14, 2014,  
for California avocado growers

Synopsis... We have been in a hot period at times throughout the state and are now starting to develop a cold period with troughs returning to California.

In the Near-Term - Southern California Avocado Region -- April 16 to 30... There is a chance for showers in southern California during the 21<sup>st</sup> to 23<sup>rd</sup> and again on the 25<sup>th</sup> to 27<sup>th</sup>. Watch for cold mornings between rain events.

May 1 to 15... We still have the warm sea surface temperature anomaly to the west of California, although it is much weaker than it was just a month ago. This will continue to assist nighttime temperatures to be mild. Sea surface temperature anomalies (SSTAs) will continue to be on the warm side into early May. The equatorial sea surface temperatures will continue to slowly increase causing the development of *El Niño* conditions in the east equatorial Pacific.

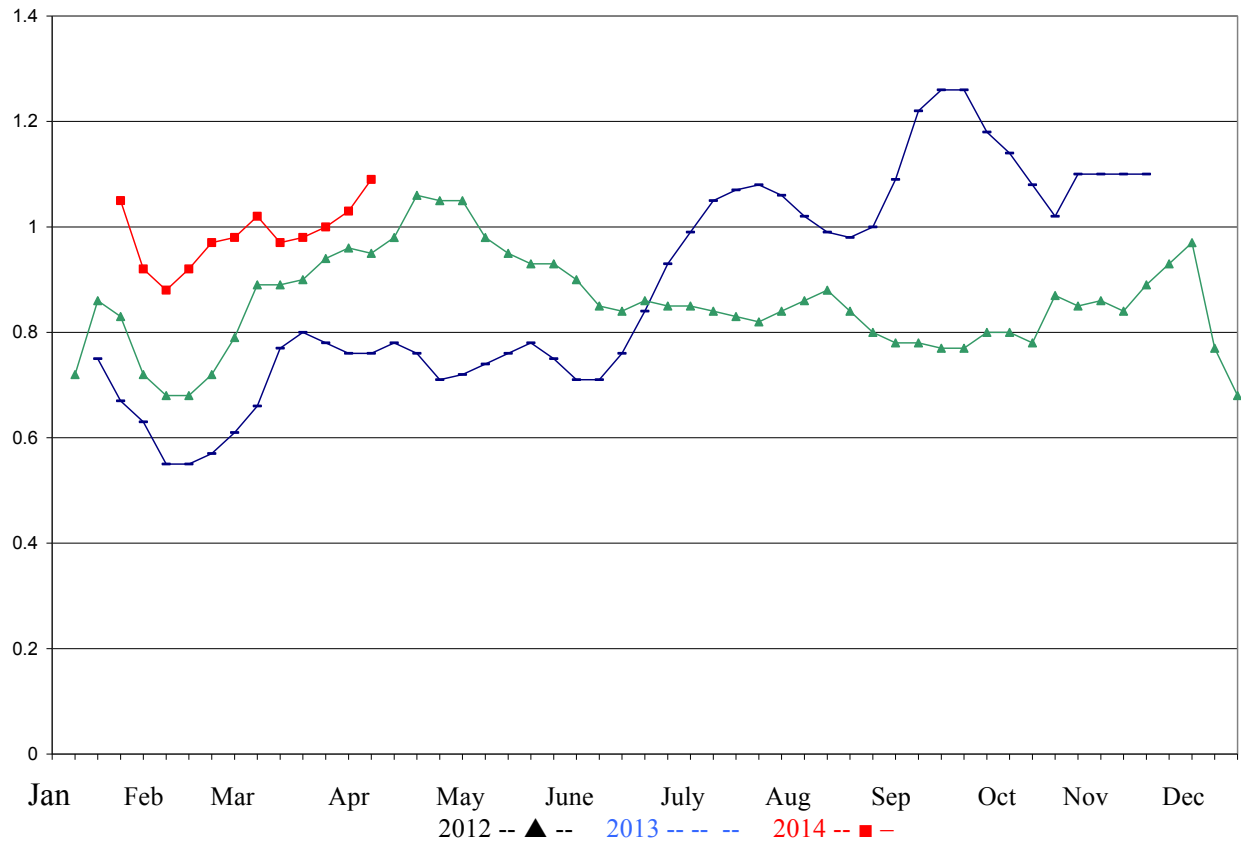
May 1 to 15 for the Avocado Regions... It should be cool with coastal eddy conditions from the 1<sup>st</sup> to the 5<sup>th</sup>. Then, as high pressure builds after 5<sup>th</sup>, we expect a return of hot conditions inland with a shallow marine layer and fog at the coast.

Seasonal Outlook/*El Niño* Update... May 15 to July 25... *El Niño* will slowly increase through most of the summer. Coupled with *El Niño* is the area of warmer than normal sea surface temperatures west of central and northern California. There is support for some cutoff lows to drift into northern and central California at times during the second half of May. There is no longer support in the sea surface temperature field for an early start to the summer monsoon in western Mexico. We should expect a near normal progression of the monsoon early this summer.

One thing to watch is a belt of low latitude westerlies extending from the Philippine Islands to the east Pacific off central California near 135W. There has been a persistent feature in the sea surface temperature field to support this pattern, and we should keep an eye on it. In the fall (October), such a pattern could quickly redevelop after a short quiescent period over the summer, causing early and significant rains over central California, especially if old typhoon remnants are entrained into the low latitude westerlies.

Southern California Avocado Region – May 15 to July 25... It should be warmer and drier than normal from the middle of May to the middle of June. Monsoonal moisture should start to make an appearance about the 1<sup>st</sup> of July.  
...Alan Fox, Fox Weather LLC...

## Hass Values



## Hass Shipments

