

1.5.22 WK 01

LAST WEEK

SUPPLY 44.4 Million lbs.

DEMAND 45.0 Million lbs.

INVENTORY 60.9 Million lbs.

THIS WEEK

SUPPLY
TRACKING AT
48.0 Mil/lbs

DEMAND
TRACKING AT
48.4 Mil/lbs

INVENTORY
59.5 Mil/lbs

Take The Money And Run

Fueled by retailers CASHING IN on avocado promotions over the New Year's holiday weekend, the number of stores promoting avocados across America this week catapulted to 15,887—a whopping 180% increase from 5,666 stores on ad with avocados last week. That performance pushed the average per-piece price down 27% from \$1.42 to \$1.04—right on the ideal price point for consumers. It also propelled avocados from #7 to #2 on the

all-commodities Top 10 list of features in the U.S. That's not a surprise to anyone. The superstar of produce sits atop the profitability mountain after experiencing never-seen-before growth since 2007 when Mexican avocados hit the U.S. market. These numbers make it very clear how much retailers depend on avocados to anchor weekly features and boost annual value.

The Hass Avocado Board (HAB) exists to help make avocados America's most popular fruit. And to say the organization has done just that is a massive understatement. HAB has myriad resources available for retailers interested in maximizing the value of their avocado category. Here's the link:

[INSIDE HAB](#)

PROMOTION

MEXICAN AVOCADOS

Tumbling Dice

Out with the old, in with the new. The second half of the 2021-2022 Mexican avocado season starts RIGHT NOW. Yep, it's back to business for the Mexican avocado industry after kicking it for a couple of weeks to let Christmas come through town and introduce 2022 on its way out.

If you're reading any note of passivity into "back to business," remove it at once because the industry has clearly hit the bricks running. After all, the planet's biggest avocado promotion of the year is just five weeks away! And the countdown to kickoff has already started for the industry and its capable supply-chain. That's why the surface area available to work this week is up 12% over last week and, for perspective, up 33% over last year.

Further accommodation to this crop's pattern of mixed "orchard readiness to harvest" is evident in the wider range of options available this year. More than two thirds of the working area right now is at 1900 meters in altitude or higher. Over the last two seasons, 1900 meters and higher represented less than 60% of the surface area available.

Undaunted in the face of this season's "physically challenged crop" (we know, an understatement), the industry has masterfully developed and deployed its own version of Rube Goldberg's machine. Firing it up week after week after week for six months, the industry somehow found the volume—and sizes—needed to satisfy America's huge and still-growing avocado appetite.

That find-the-fruit challenge—full of crop complexity and demanding flexibility—was the story of the season's FIRST half. But it will be a different challenge—or challenges—in the SECOND half. Where do we start that discussion? With prices, of course. Specifically, how do grower prices—TRIPLE those of last year—effect go-to-market strategy for Super Bowl on February 13, 2022?

The first positive sign on that front is seeing industry-wide promotion already in full force. That world-class machine is busily connecting the

PRODUCTION & SUPPLY

avocado dots—health, nutrition, luxury, usage versatility, and guilt-free healthy pleasure—to the superstar of all spectator events.

Schedules, schemes, and programs will vary widely depending on end-user flexibility and market preference. But demand momentum will surely build as we inch closer to the game. Along the way, there will likely be a bonus from several spurts of avocado-focused promotions for NFL playoff games on the four weekends before Super Bowl.

One daunting obstacle along that road will be successfully trudging through a patch of pricing quicksand. That trap was created by half the available supply coming in outside the one-buck per piece SALES GUSHER GUARANTEE.

Paired with that challenge is the significant hurdle of having sizes for 50% of the most promotable sizes coming to market much smaller than what customers are accustomed to seeing—and buying—in their market. A challenge to be sure, but this is when the industry's innovation and creativity will kick in with bags, creative multiples, accrual programs, and whatever else it takes to make the pot right.

After the game ends and the confetti guns have shot their load at SoFi Stadium, it will be the Mexican avocado industry's TOTAL MESSAGE—it's impressive VALUE BUNDLE—that will carry the day.

Based on the event's blistering excitement and the avocado-attribute tie in, acquiring supply will be paramount, regardless of price. Even those consumers who have heretofore eschewed higher priced avocados will toss economic rationale out the window in favor of full and luxurious participation in the event. And that will be the case with or without pandemic restrictions. After all, last year's Super Bowl became a barn-busting success under a still-dark covid sky.

NET/NET: There are more reasons NOT to worry than worry. The industry can put together a nice run here if it pulls together and doesn't leave anyone exiled on main street. Popcorn worthy? Absolutely.

The calendar says 2022, but high **OUR TAKE** freight costs last week slowed the Mexican avocado deal's new-year kickoff. But that appears to be changing as harvest crews head for orchards stretching across the verdant slopes of Michoacan. Another shot of optimism can be found in widespread reports that freight costs have eased. Here's the **SIZE REPORT** for this week: **32/36: High prices, tight supplies; 40: Limited availability; 48: Rocking along; 60: Signs of a back-up forming; 70: Still steady as the deal's low-cost option; 84: Availability good, attractively priced; and #2: Supplies expanding, a good-value option. DEMAND:** Running around 48 Mil/lbs/wk, but there's a challenge coming as we move toward Super Bowl and see how consumers respond to the deal's high prices. **HARVEST:** Field activity is back to normal after two holiday-shortened weeks. Mexico cut 21,855 tons (48.2 Mil lbs) last week and sent 44 million lbs to the U.S. (91.3%). Projections for this week are 25,000-26,000 tons. Total U.S. avocado **INVENTORY** = 1.2 weeks.

BORDER PRICES

	\$ 58 -- \$ 62	32s	NA	
	\$ 58 -- \$ 60	36s	NA	
	\$ 53 -- \$ 55	40s	NA	
#1	\$ 51 -- \$ 53	48s	\$ 44 -- \$ 46	#2
	\$ 44 -- \$ 46	60s	\$ 39 -- \$ 41	
	\$ 34 -- \$ 36	70s	\$ 29 -- \$ 31	
	\$ 23 -- \$ 25	84s	NA	

CALIFORNIA HEADQUARTERS

Keith Slattery
CEO 949.456.6459
slattery@stonehillproduce.com

Dave Billings VP,
GM 714.381.7737
billings@stonehillproduce.com

Ashley Troxell Sales
Manager 949.922.2195
ashley@stonehillproduce.com

CONTACTS

TEXAS HDQTRS & WAREHOUSE

Joaquin Urias National
Sales Director 956.227.9834
joaquin@stonehillproduce.com

Danny Aguirre Sales
Rep 956.638-6497
daquirre@stonehillproduce.com