

1.26.22 WK 04  
THIS WEEK

LAST WEEK SUPPLY 58.4 Million lbs.

DEMAND 47.3 Million lbs.

INVENTORY 61.1 Million lbs.

**SUPPLY**  
TRACKING AT  
49.2 Mil/lbs

**DEMAND**  
TRACKING AT  
45.0 Mil/lbs

**INVENTORY**  
69.2 Mil/lbs

## Stayin' Alive

AVOCADO PROMOTIONS were held back last week by U.S. retailers who focused their advertised features on high-margin commodities that added maximum value to the bottom line. As a result, the number of stores on-ad with avocados ticked up a modest 8% from 6,226 last week to 6,728 stores this week. The average per-piece price increased 11% from \$1.35 to \$1.50, a price we have not seen in over two years. AVOCADOS remained parked OUTSIDE of the consumer's price-point

sweet spot (\$.99--\$1.19). On the national stage, avocados remained in the Top 10--tied for #6--of all commodity promotions in the U.S. As reported here last week, the Mexican avocado industry's struggle to find size and establish stability has depressed promotions for the Super Bowl. Nonetheless, retailers will promote avocados. And even though volume will be comparatively low from the historical standpoint, the financial rewards for those in the deal will be high.

*The French Agricultural Organization CIRAD has just published a fascinating, future-based report on the GLOBAL SUPPLY PROSPECTS FOR AVOCADOS. This is a must-read for anyone who has an investment in the U.S. Avocado deal. Here is the link on the Hass Avocado Board's (HAB) website:*

[Avocados On The Balance Beam](#)



## PROMOTION

**MEXICAN AVOCADOS**

## Damn The Torpedoes!

It seems like the SS Super Bowl is headed toward the Dead Sea. Headwinds? You're kidding, right? That's just the beginning of the story behind this voyage. Here's the rest: If you start at the season's opening on July 1st and fast-forward 30 weeks to today, you'll find turbulence at every single mile marker. ALL OF THEM.

Challenges blown in with this season's unstable air include high prices, a hyper-leveraged grower community, limited promotability, and constrained velocity. Other than all of that...things have been great. But seriously...the Mexican avocado deal has been asked to navigate these high-risk waters as if it's business as usual. Well, if you haven't noticed yet, we're not in Kansas anymore.

No wonder the industry's approach to this year's Super Bowl has been as cautious as Warren Buffet is on technology stocks. In this, the final week of inventory build for the Big Game, the total incremental cut for Super Bowl looks to be headed for 12,000 to 13,000 tons. That's a lot of fruit, but it's well below cuts in previous years.

If you're waiting for a surprise reveal of what caused this depressed total, it ain't coming. The modest avocado activity for this year's Super Bowl simply, and starkly, reflects the 2021-2022 deal's schizophrenic behavior that makes the cost of entry to play in this year's game a high-risk, high-cost gamble.

Even with a stalwart demand base that repeatedly confounds the basic law of price elasticity, we have never undertaken a Super Bowl promotion with prices as high as they are today. So, to the question of whether the negative effects of high prices will be offset by the desire to participate in the event; we have our answer, at least from those actively involved in making that wager. Here it is...

*Rather than run the risk of having to clean up high-priced leftovers after the big party, the industry consensus for the event is to keep it "lean and mean." The pre-Super Bowl supply build-up precisely reflects promotability by size, meaning that a disproportionate share of the incremental inventory is leaning to smaller sizes.*

It's not that 48s and larger won't be promoted. They will. The point here goes well beyond large fruit. Given the infrequent-buying

## PRODUCTION & SUPPLY

consumer's sensitivity to price points that have shot past their "referential price"--what they think avocados cost from purchases they have made in the recent past--small sizes are likely to garner a bigger lift. Even with that cold dose of reality, there is a possibility that consumption will surprise all of us. If signs of that higher-than-expected velocity appear early when the initial promotions run, there will still be time for last-minute accumulation. We'll know the answer to that question soon enough as the early phase of distribution is about to take flight for promotions that will run during the two weeks leading up to the Big Game.

No matter what happens, this year's Super Bowl challenge--like a broken record that keeps hitting the same rut over and over--will join the many other "lessons" from this season and add to the collective experience of the industry. The result will be a stronger, more knowledgeable, and more flexible juggernaut that will continue to support increased consumption of avocados.

But there's a HIDDEN CHALLENGE behind those bruising hard knocks and it's staging right now just around the bend. Here's that story: Last season, the weeks following the Super Bowl transitioned to an elevated weekly base-consumption level on the strength of strong universal promotability and mammoth supplies. Needless to say, this time around things will be different with a smaller crop and higher prices. In fact, on the basis of price alone we may snap back to CORE DEMAND immediately after the game with a 24,000-to-25,000 ton weekly requirement.

If so, based on the current crop estimate, the industry should have NO PROBLEM coming up with the goods through the end of June. As of this week, with an estimated 26,000 tons scheduled to come off the trees, there will be enough crop remaining to support demand as high as 30,000 tons per week. As always, there will be plenty of jockeying back and forth.

However, pending new information from a mid-season crop survey, it now seems the balance of power in the transaction game may come under pressure to change. Especially when participation from Chile, California and Peru are considered; this market may NOT NEED 25,000 TONS A WEEK, let alone 30,000. That is, unless promotability changes and promotion is quickly ramped up to carry demand excitement through and beyond Cinco.

This market is like sending out **OUR TAKE** invitations for an exciting party and only getting a handful of RSVPs. At a time when excitement around the Super Bowl is usually electric, this market seems to be walking in sand. But the game clock has not timed out and there are still opportunities to fetch your supply this week and get a crowd to the party. Meanwhile, overlapping this week's last-minute buying is the distribution machine moving into high gear. Here's the **SIZE REPORT** for this week: **32/36**: High and tight with some promotion interest; **40**: Availability improving and keeping up with demand; **48**: Not your father's 48--movement slow but steady; **60**: IDEAL promotion opportunity; **70**: Very promotable depending on your market's size preference; **84**: Still humming with that "small fruit big value" swag; **#2**: Availability steady and offering a good-value play. **DEMAND**: Slackened to 45 Million lbs. **HARVEST**: Mexico cut 31,664 tons (69.8 Mil lbs) last week which resulted in 26,249 tons (57.8 M lbs) shipped to the US. (83% of last week's harvest). Harvest numbers are trending lower this week after a few weeks of stepped-up activity for Super Bowl. We're expecting 26,000 tons this week (49 Million lbs for the U.S.) **INVENTORY** is at 1.5 wks/supply waiting for a ride to the Super Bowl.

### BORDER PRICES

	\$ 62 -- \$ 64	<b>32s</b>	NA	
	\$ 59 -- \$ 62	<b>36s</b>	NA	
	\$ 52 -- \$ 54	<b>40s</b>	NA	
<b>#1</b>	\$ 50 -- \$ 52	<b>48s</b>	\$ 40 -- \$ 43	<b>#2</b>
	\$ 41 -- \$ 43	<b>60s</b>	\$ 34 -- \$ 36	
	\$ 36 -- \$ 38	<b>70s</b>	\$ 29 -- \$ 31	
	\$ 23 -- \$ 25	<b>84s</b>	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