

2.22 WK 05
THIS WEEK

LAST WEEK SUPPLY 59.0 Million lbs.

DEMAND 46.1 Million lbs.

INVENTORY 69.2 Million lbs.

Endless Love

The number of stores ON-AD with avocados dropped 19% this week from 6,728 to 5,432 as retailers continued to focus their advertised features on high-margin commodities that add maximum value to the bottom line. The average per-piece price decreased 12% from \$1.50 to \$1.32. Even with that drop in price, avocados remain out of the consumer's ideal price point (\$0.99 to \$1.19). On the national stage, avocados remained in the TOP 10--tied for #5--of all commodity

promotions in the U.S. With prices so much higher than last year, none of this should surprise anyone looking at the U.S. avocado deal. But rest assured, retailers will promote avocados for Super Bowl—America's #1 AVOCADO HOLIDAY EVENT OF THE YEAR with ENDLESS LOVE for green gold. Helping them to that end is ample inventory swimming in the supply pipe right now. That's good. After all, what would a Super Bowl party look like without your guacamole?

Avocados from Mexico (AFM) is rolling out a multichannel campaign for the Super Bowl that will see avocados on the digital shelves of 40 retailers. AFM has created a virtual "House of Goodness" experience where consumers can tour a home hosted by NFL star Drew Brees. Here's the link:

Promoting Avocados
for Super Bowl LVI



SUPPLY
TRACKING AT
46.8 Mil/lbs

DEMAND
TRACKING AT
53.2 Mil/lbs

INVENTORY
79.8 Mil/lbs

PROMOTION

MEXICAN AVOCADOS

Straight Down the Middle

PRODUCTION & SUPPLY

Whew! That was easy. Simply tack on an extra 13,000 tons, get everything into position for distribution—with the right size mix, right configuration, and right conditioning—and finish the task just in time for Super Bowl. What's not to love about that! Smooth as silk, right? You bet. And it's pretty much all over now but for the shouting. On game day, that is. Left in the wake of that flurry of activity is one simple but critically important question: How big will this year's Big Game be for avocados?

To begin that answer, it's safe to say that given the iron-clad, unmovable link between avocados and the Big Game, as goes the game itself, so goes game-time consumption of avocados. This is more than viewership. It's also the build-up and excitement surrounding the game. In other words, will the pre-game promotion, fanfare, and hoopla all be for naught because the event lacked a universal connection to the wider audience?

Put another way...will Super Bowl LVI play in Peoria? The answer to that question is a lay-up. For America's often overlooked mid-section, there is DRAMA GALORE as one of its own makes it to football's ultimate stage to take a shot at making history.

Yes, the Cincinnati market will light up like the Vegas Strip on New Year's Eve. But so will EVERY STATE between the left and right coasts. WHY? This matchup is a classic large-market favorite versus small-market underdog. Plus, it's been more than a generation since Cincinnati has had a whiff of anything close to a championship. That has long-odds bettors in the desert crowing over their smart-money wagers (that very few others considered).

Then there's this nugget: The Bengal's golden-haired golden boy is home grown and so is LA's boy-wonder head coach. You can't get much more middle of the country than that. But there's more. Where did the Rams win three Super Bowls in four years? St. Louis! What's all this got to do with avocado sales for the 2022 Super Bowl? Plenty. The Big Game needs a buzz about it from multiple angles running across several demographics sectors for avocado sales to do well. This Rams-Bengals match-up is loaded with this kind of buzz and that's GREAT NEWS for avocado movement.

So how will avocados do on game day? That's a no brainer for football, for fans, and for avocados. This is great news for an industry that has fought an uphill battle all season just to keep avocados on the table and a just reward for an impressive accomplishment. From the precision approach to inventory gathering to the creative placement of avocado offerings nationwide, this Super Bowl will be one for the ages, and a great way to kick off the season's second half.

Yes, job well done. But there's a tall task ahead with a crop that still has a long way to go. Have the headaches and challenges gone away? Probably not. Even with a less-complicated physical harvest process, it looks like grower leverage entrenchment will be in play at least for the next few months. What's more, grower/packer fragmentation continues unabated and creates a transaction complexity that is rooted in market disconnection. While most of the harvest activity is directly linked to actual market demand, a growing portion of the daily cut is linked to aspiration and hope. For many industry newcomers, grower-based packers, and part-timers, field activity is often based on concept, follow the leader, or incomplete information; all with, at best, a loose connection to the ins and outs of the market.

The upshot here, as the industry knows well after this season's turbulent first half, is that grower leverage is difficult to balance with the realities of the market. Prices this season have been double those of last season against a volume drop of only 13%, a fantastic windfall for the growers. However, the downside of this result is the price magnet created for all other origins eager to participate in this market.

California is more fully participating than ever in the last 10 years, Chile will continue to land fruit well into March, Columbia has been active, and the Dominican Republic is also shipping. Each will take a portion of the market away from Mexico. It may well be that instead of 25,000 tons per week, the market will only require 20,000 from Mexico, with the difference supplied elsewhere. And, once the pattern has established itself, more and more orders will be supplied from elsewhere, reducing Mexico's weekly share to some point in the mid-to-high teens. There wouldn't be a problem with that if the crop was short. But we don't have evidence of that being the case. Matter of fact, the industry estimate suggests there is enough to deliver 30,000 tons to the market for now through the end of June. Somewhere along the line these two competing forces must be reconciled.

After building its Super Bowl **OUR TAKE** supply cushion over the past several weeks, end-users in market have taken a cautious stance in this *hard-to-read* market. **DISTRIBUTION** for the Big Game weekend is in high gear. Here's the **SIZE REPORT** for this week: **32: HOT!** **36: Steady;** **40: Availability and demand both UP;** **48: Bargain opportunities are available but keep an eye on age;** **60: This year's Super Bowl superstar;** **70: Buyers starting to bite on this high-value play;** **84: Shining bright this week with much interest;** **#2: Availability steady with great deals out there.** **DEMAND:** Up and gaining momentum as we move into distribution for Super Bowl. **HARVEST:** Mexico cut 25,530 tons (56.3 Mil lbs) last week which resulted in 24,430 tons (53.8 M lbs) shipped to the U.S. (96% of last week's harvest). Harvest this week will stay low with supply on-hand for Super Bowl in good shape. We're expecting 21,000-22,000 tons (39-41 Million lbs for the U.S.) **INVENTORY** is at 1.5 weeks supply on hand and waiting for a lift to markets in the U.S. The lower harvest rate has cleaned up much of the "bargain fruit" that had been camping on the border. **PLUS:** Remember that next Monday is Constitution Day in Mexico, and most harvest crews will not be going into the field.

BORDER PRICES

	\$ 62 -- \$ 64	32s	NA	
	\$ 58 -- \$ 60	36s	NA	
	\$ 50 -- \$ 52	40s	NA	
#1	\$ 48 -- \$ 50	48s	\$ 38 -- \$ 40	#2
	\$ 38 -- \$ 40	60s	\$ 33 -- \$ 35	
	\$ 34 -- \$ 36	70s	\$ 28 -- \$ 30	
	\$ 23 -- \$ 25	84s	NA	

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