



Week of November 16, 2009

Market News, See What's Cropped Up!

Finally we are starting to see things quiet down in the produce world. So, let's get the bad news over with so we can get to the good stuff. **Grapes** are getting ready to transition to Chile so we are seeing higher prices as the California supply dwindles. Chile looks to start late because of recent cold weather and rain. **Leaf Lettuce** is still having all sorts of problems - especially **Romaine**. We are seeing the same defects as we have seen in the previous weeks. Brown spotting, browning on the rib, brown butts, fringe burn, and internal burn. **Romaine Hearts** are extremely tight and quality is marginal at best. Shippers are also reporting fringe burn upon arrivals. We are hoping we will be through all of this within the next few weeks. **Head Lettuce** is slowly getting better, lightweights seem to be the biggest defects as of late. **Tomatoes** are also having a tough time. Demand is increasing as we approach the holiday and supplies are very low. Diminished supplies on the west coast and low yields on the east coast are to blame. Color has been very difficult to achieve. We are expecting gradual improvement by early December, but we will have to wait and see. The high tem-

peratures experienced on the towards the end of September caused bloom drop resulting in reduced volume. Ok, on to the good stuff. Apples are steady. **Asparagus**, **Avocados**, and **Bell Peppers** are all steady. **Berries** - across the board are holding steady, however quality is fair at best. Broccoli is holding steady, but quality is fair at best. **Citrus** is steady and the **Texas Oranges** and **Grapefruit** are very sweet. We had one lot last week that was a little sour, however our latest shipments have been wonderful! **Squashes** are steady, **Cauliflower** are steady and so are **Potatoes**. Remember we still have lots of **Fall Décor** options for you this Thanksgiving and we have special pricing on most items. Please call you Customer Service or Sales Representative for more information. We have some wonderful **Texas Basil** from our friends at Live Green Farms. Luscious green leaves and very few stems, this is an excellent product. The large leaves and less stems equal to a higher yield overall. Did I mention that it is very intensely flavored? You'll have to try some for yourself!

Volume 7, Issue 3

Seasonal Sensations

Texas Basil

Texas "Early" Oranges

Texas Ruby Red Grapefruit

Texas Cameo Apples

In the Spotlight

Fingerling Yams

Fingerling potatoes are grown for flavor and tenderness, not quantity or size, thus resulting in the best potato available. They are very rich and flavorful and add a wonderfully special touch to any meal. These Fingerling Sweet Potatoes are excellent roasted and will be a surprising addition to any of your holiday menus. Averaging 2 - 4 ounces each these little gems are tender and succulent!

So, what's available that's different?

Yuzu
Fingerling Yams
Spitzenberg Apples
Arkansas Black Apples
"Chocolate" Persimmons
Longan



Pomegranate Seeds
Szechuan Buzz Buttons
Tiny Veggies
Black Radish
Heirloom Potatoes
Passion Fruit





Restaurants still looking at a long road ahead

Ashley Bentley - The Packer Despite rumblings of an approaching economic recovery from some economists, the foodservice industry has yet to see the light at the end of the tunnel.

During the summer, many foodservice associations, market researchers and restaurant operators themselves had higher hopes for the latter half of the year. Now that it's here, it has hardly lived up to those expectations.

"While there were signs in recent months that the short-term outlook may be improving, the latest figures indicate that the restaurant industry's recovery has yet to fully gain traction," said Hudson Riehle, senior vice president of the Research and Knowledge Group for the Washington, D.C.-based National Restaurant Association in a report on the association's latest Restaurant Performance Index.

The monthly comprehensive index of restaurant activity showed an increase in restaurant activity in July, as well as more positive expectations from many operators, but started to head downward again in August. As of the end of September, which includes the latest available data, the industry as a whole had been in a state of contraction for 23 months.

"I would guess we'll be behind retail a little in recovery," said Tim York, president of Salinas, Calif.-based Markon Cooperative. "We didn't really see a drop-off until November of last year, and then fell off a cliff."

Recovery so far is slow and spotty, York said.

Almost 70% of restaurant operators reported a same-store sales decline year-over-year in August, and 65% reported it in September, according to the National Restaurant Association. Just 28% of operators said they expect economic conditions to improve during the next six months.

From June-August, restaurant industry traffic dropped 3.6% year-over-year, and spending took a 1.6% hit, according to a report from market researcher The NPD Group. According to that report, mid-scale restaurants fared the worst, with a 5% drop in traffic, while quick-service restaurants saw a 3% decline.

"Quick-service is doing fine because everybody's trading down, looking for those dollar meals," said Lloyd Ligier, vice president of business development for Monterey, Calif.-based Pro*Act.

September wasn't as hard on full service restaurants as August had been, according to a recent report from Technomic. Performance still declined, but only by 6.3%, compared with 12% the month before.

The survey, which included sales data from more than 2,700 national independent and chain restaurants, found a substantial variance in performance region by region. The Phoenix market, for example, reported a 7.6% year-over-year growth, while the Los Angeles market saw a 12.1% decline.

"Las Vegas, Reno, you talk about destination places, resort areas, they're all down," Ligier said. "Holiday travel this year, it's all down."

Across all markets, dinner had the largest decline at 6.8%, with lunch the least hit at 5.3%. The NPD report also reported a 6% drop in dinner traffic.

Produce in foodservice

The drop in business has actually meant a surge in some items for fresh produce suppliers.

"What we do see is operators are looking to save money," York said. "We are seeing pre-cut items continuing to grow and becoming a larger and larger share."

He said one might think operators would trade back to bulk, but that fresh-cut salads, onions, carrots and fruit all continue to grow.

"They're predictable, stable pricing," York said. "I think they're being smart about it, and looking to pre-cut as a cost benefit."

Ligier said the main thing he's seen is that Pro*Act's customers don't want to sacrifice the quality of their food, although they are looking at cost more closely. They may come up with some smaller portions, but the quality of the food has to stay the same, Ligier said.

"Fresh produce is not like beef, where you can go from prime to choice," Ligier said. "The difference between a good carton of lettuce and mediocre is yield. There's no savings there, it'll actually cost you more."

Pro*Act works with its customers on ways they can save on certain items, Ligier said. For example, with romaine lettuce being priced high lately, the company suggests its customers increase the proportion of iceberg and other lettuces in its mixed salads, or to offer new menu items like wedge salads that don't require romaine lettuce.

"So we try to suggest to people to stay away from products that prices might be up on," Ligier said.

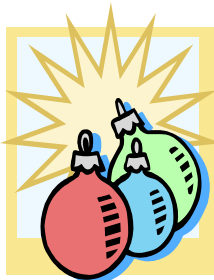
The drop in food prices at retail over the past year, while restaurant prices have continued to increase, is one of the reasons behind the numbers, Harry Balzer, chief industry analyst and vice president at NPD said in the report. High unemployment also took its toll, he said.

"Until that (unemployment) comes down, I don't see that we're going to get people into seats anytime soon," Ligier said. "I think we're going to have a pretty long go at this."

Third Coast Produce Holiday Hours



Thursday, December 24
Customer Service closing at 12:00 pm
Friday, December 25
Christmas Day, closed
Saturday, December 26
Normal business hours



Wednesday, November 25
Customer Service closing at 12:00 pm
Thursday, November 26
Thanksgiving, closed
Friday, November 27-
Normal business hours



Thursday, December 31
Customer Service closing at 5:00 pm
Friday, January 1
New Year's Day, closed
Saturday, January 2-
Normal business hours