

While the grower strike is largely resolved, the setback will affect supply and prices over the coming weeks.

Avocado prices have been fairly high for the opening of the 2016-17 Mexican harvest due to a producer strike, but the issue appears to be resolved and prices are expected to start stabilizing.

Diario.mx reported growers in Michoacan did not harvest for the week of July 4-11, protesting outside the offices of the Mexican Avocado Grower and Packer Exporter Association (APEAM) calling for fixed dollar payments on exports.

In the domestic Mexican market prices reached MXN65 (US\$3.50) per kilogram (2.2 pounds) last week, compared with an average price of MXN15 (US\$0.81) for the previous season.

APEAM representative for the municipality to Tancítaro, Javier Mora, told the publication negotiations had been in pesos for exports, so even if the value of the dollar rose the price received would be the same.

The story reported that after the strike that affected 90% of the state's municipalities, growers reached a deal to be paid in pesos but with a dollar equivalency.

In an avocado market update, U.S. company Mission Produce said effects would be continue to be felt even though the situation was getting back to normal in Mexico and industry volume was up slightly last week due to higher Californian production.

"Basically the numbers don't look as bad as the reality, but the combination of severely curtailed production will have repercussions for the next several weeks; until more fruit is available for the market," Mission said in the update.

"Mexican shipments to the U.S. were about 16 million pounds, down from 22 million the prior week. The grower embargo is essentially resolved at this point, but the slowdown will have a lingering effect for several weeks as the pipeline refills.

"Production estimates for the next three weeks are 18, 22 and 25 million pounds, signaling that the Flor Loca harvest is ramping up."

The update highlighted volume from California would decline in the coming weeks, but Mexico should rebound to fill the void.

"Market pricing should remain high until supply and demand are more in balance."

Despite the news of protests, Mexican Agriculture Minister Jose Calzada Rovirosa attributed the higher prices to a "cyclical" situation for the crop in the local press.

"This has to do with cyclical processes. The harvest finished in June and the new harvest started on July 10 and here prices will surely start dropping substantially," he was quoted as saying.

"In terms of time, I don't know, but I want to comment that around 2.5 million [metric] tons of avocados are produced and Mexico produces 1.3 million."

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