

Lemons from South America will help to "balance" the U.S. market this year after strong winds in coastal regions of California reduced the proportion of fancy grade fruit, according to Limoneira's CEO.

Speaking in an earnings call for the [first quarter](#), Harold Edwards said that the winds earlier this year caused the fruit to rub against the thorns on the trees, causing scarring and downgrading the quality of much of the fruit to choice grade.

"And so, in District 2, what normally would be forecasted 40% of the total tree crop being harvested at fancy grade for the Limoneira production and that of our affiliated growers, we're estimating that now closer to 25% fancy grade and then the choice grade upwards of 40% to 45%, where that's typically a little lower than that," he said.

He said this situation could result in an oversupply for the foodservice market, which could be exacerbated if restaurants and bars are slow to reopen, creating negative pricing pressure.

In addition, the overall tree crop size is down 20 percent in total as an industry, he said.

However, he said there is good news from Chile and Argentina - two of the key Southern Hemisphere lemon suppliers to the U.S. market.

In Argentina, Limoneira's production is not in the heavily drought-affected areas, unlike much of the middle part of the country.

"We believe, ultimately, that'll help us because there'll be a much better balance between the supplies of Argentine fruit and then its ability to find the markets," he said.

"And then, we also are experiencing drought conditions in parts of Chile. Our production is actually in pretty good shape. So, we believe that the production that you'll see coming out of our operations in both, Chile and Argentina, should be quite favorable.

"And we have a normally excellent percentage of fancy grade fruit that should find its way into the U.S. market in order to take advantage of the decreased coastal fruit that you'll have here, the fancy grade fruit."

He added that Limoneira would see the greater benefits of its Southern Hemisphere production this season than in previous years.

Limited effects of Texas storm for Limoneira

Speaking on the recent storm that heavily affected agricultural production in Texas and parts of Mexico, Edwards believes the impacts on Limoneira's fresh business would be limited.

"Texas got clobbered with really cold weather and snow ... and then, part of the Mexican production got hit as well. I guess, what we would expect to see, if there is any impact on our business, is -- would be slightly less production coming out of Mexico, which typically begins in August," he said.

"And we'd see that benefit in our fourth quarter. So, we do believe there'll be slightly fewer lemons from Mexico coming into the U.S. market."

"But, as it relates to Texas, that really impacted more the grapefruit and some orange production, which had less of an impact on our total business."