

Prices in the U.S. avocado market are beginning to edge upward amid a gradual reopening of the economy and foodservice sector, according to the CEO of avocado company Calavo Growers.

Speaking on a first-quarter earnings call, Jim Gibson noted that Mexico is still going to be a strong player in the second quarter as California starts to come on.

"So, we expect that supply is going to continue to be strong in this period of time, but we are seeing that as the economy is beginning to open up, we can feel that there is latent demand that is beginning to press on that supply/demand balance," he said.

"And so, as a result of that, there is pricing pressure in the upside and we are following that up. So on our side of the world when that's occurring, we're really working on maintaining that good cost structure that allows us to stay in front of the pricing change."

"We're balancing our inventory position with demand as we move through the supply chain and that allows us in an up price market to continue to advance margin and we expect that margin will benefit as well."

Gibson later went on to say that there is "definitely" the feeling that that demand is increasing or about to increase.

"We're seeing rising prices coming out of Mexico and transversely, the price is going up out to the retail customer base."

"And so, that is beginning to occur and as it does occur, there is an opportunity for us to generate margin," he said. "And as a result of the higher prices, it allows for us to aggressively go out and seek new customers."