

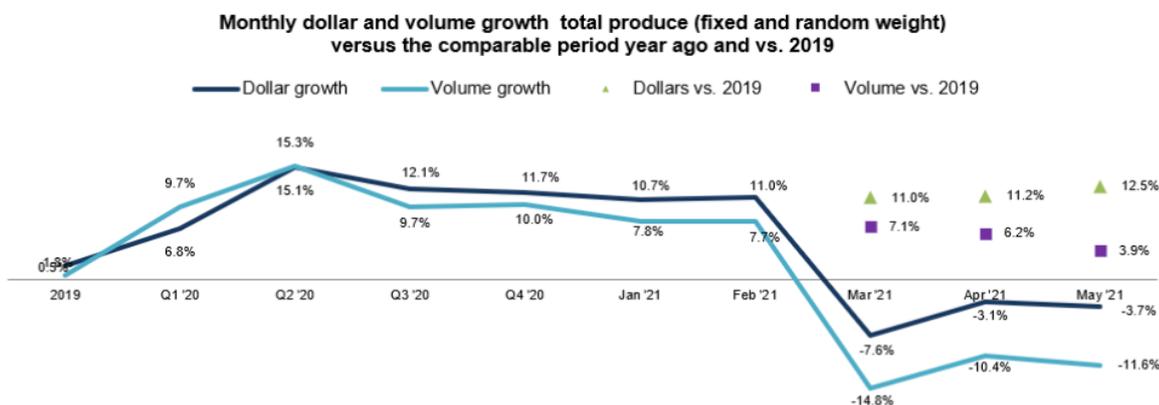
Rising inflationary pressure over recent months in the U.S. is increasing the gap between dollars and volume for produce sales at retail, according to a report.

The monthly report by 210 Analytics, IRI and the PMA explained that early on in the pandemic, fresh produce experienced deflation with volume outpacing dollar growth, though both experienced record highs.

"Deflation switched to inflation starting in the third quarter of 2020 and dollar gains have tracked above volume gains ever since," it said.

"The gap between dollars and volume is growing wider as inflationary pressure is rising in recent months. While dollars are within four percent of last year's levels in May 2021, volume is still tracking double-digits behind.

However, when compared with the pre-pandemic normal of 2019, both dollars and volume are up, signaling continued strong demand," it said.



Source: Source: IRI Integrated Fresh, Total U.S., MULO, 1 month % change vs. YA and vs. 2019 for March and April

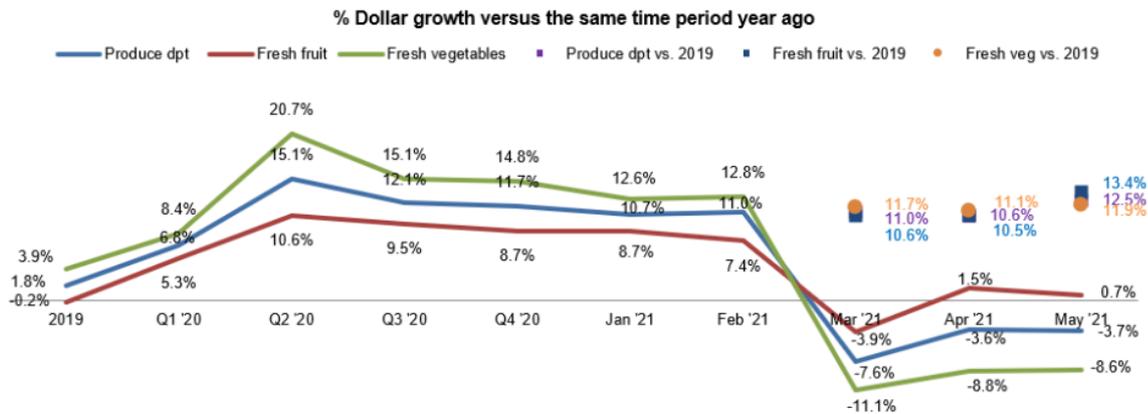
Joe Watson, VP of Membership and Engagement for the PMA, said: "While year-on-year comparisons for May makes it look like consumption has dropped drastically, reality is that demand for fruit *and* vegetables remains robust.

"The easiest way to look at performance is to compare May 2021 dollars and pounds to those sold in May 2019 — showing double-digit increases for both fruit and vegetables.

Watson adds: "Switching to the year-on-year view shows better results for fruit because the spikes in fruit were not as high as those of vegetables in the early pandemic months. Additionally, we switched from a deflationary environment to an inflationary world in fruit."

Prices for both fresh fruit and vegetables were up around 8% over May 2020 levels. Prices for fresh fruit were up the most, at +12.3%.

During May, fresh produce department sales came in 3.7 percent down on 2020, although fresh fruit sales were slightly up with 0.7 percent growth. However, fresh produce sales were 12.5 percent higher than the same month in 2019.



Source: Source: IRI Integrated Fresh, Total U.S., MULO, % change vs. YA

“It is hardly surprising fruit and vegetables across temperature zones were not able to meet the enormous sales spikes of 2020,” said Watson.

“However, fresh produce had by far the strongest performance and sales are just a few points below year-ago levels while demand remains robust versus normal. Keeping an eye on the demand versus 2019 will help us understand the at-home versus out-of-home balance, which is imperative for demand forecasting.”