

The U.S. lemon market is experiencing an inventory surplus due to a bigger harvest in California and Arizona, unfavorable weather on the East Coast and Covid restrictions tempering Asian markets, said Limoneira President and CEO Harold Edwards.

Speaking on his [earnings call](#) with analysts and investors, Edwards said that the recent omicron variant outbreak in Asia has markets in the region operating at about 50% of pre-Covid Levels.

This paired with a larger than expected harvest in California and Arizona, and bad weather conditions on the East Coast,

We are beginning to experience improved demand domestically, but we expect lemon pricing to remain pressured this fiscal year due to current industry oversupply and the Asian export market continuing to be dramatically reduced due to Omicron”, Edwards said. adding that prices could improve if Asian purchases come back in the second half of the year.

The company also has seen a rise in costs associated with its lemon production, which together with the lowered demand has also affected its overall margin for the fruit.

The company’s CFO Mark Palamountain added that Limoneira has been focusing on productivity, and that the issue of rising costs and falling prices is something felt in other growing regions as well.

“I don't know if you saw an article recently that all the Spanish lemon producers [basically went into revolt](#) just on the same thesis of the market prices aren’t following everybody’s costs. So it’s first in everyone’s minds and usually you see bulldozers after you get three or four years of this kind of activity and trees coming out.” Palamountain said on the call.

For avocados, the company’s other main crop, the company realized US\$800,000 in sales in the quarter, or 365,000 pounds. It is also raising its expected avocado volume for the full year of 2022 to 6 to 7 million pounds, from 5 to 6 million.

Limoneira posted an increased operating loss for the quarter of US\$9.6 million, compared to \$5.6 million in the first quarter of the previous fiscal year.