

VEGETABLE WHOLESALE PRICE TREND

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Introduction

One of the major problems facing vegetable growers is price fluctuation. Vegetables are highly perishable with a short shelf life. Good pricing is an essential component for profit maximization. If the prices are good, the gap caused by the high cost of production is narrowed and profitability is improved. The reverse is true when depressing prices set into the equation.

In order to select pricing objective, it is important for the farmer to decide the target market. In the vegetable industry, most farmers or companies adopt the survival objective strategies due to (1) fierce competition, (2) increasing changes in consumer wants (3) overcapacity, (4) increasing regulations on input and chemical applications and (5) consumer awareness and health conscious attitude. Unfortunately however, the survival strategy is short-run incline. As long as the farmers can cover their variable and a portion of their fixed costs, there are still in business.

The primary objective of this research is to investigate wholesale price trend for vegetables. The specific objective is to analyze the wholesale price of selected vegetables in the Chicago Wholesale Market, originating from all over the United States, Costa Rica, Mexico, Canada and Honduras.

Material and Methods

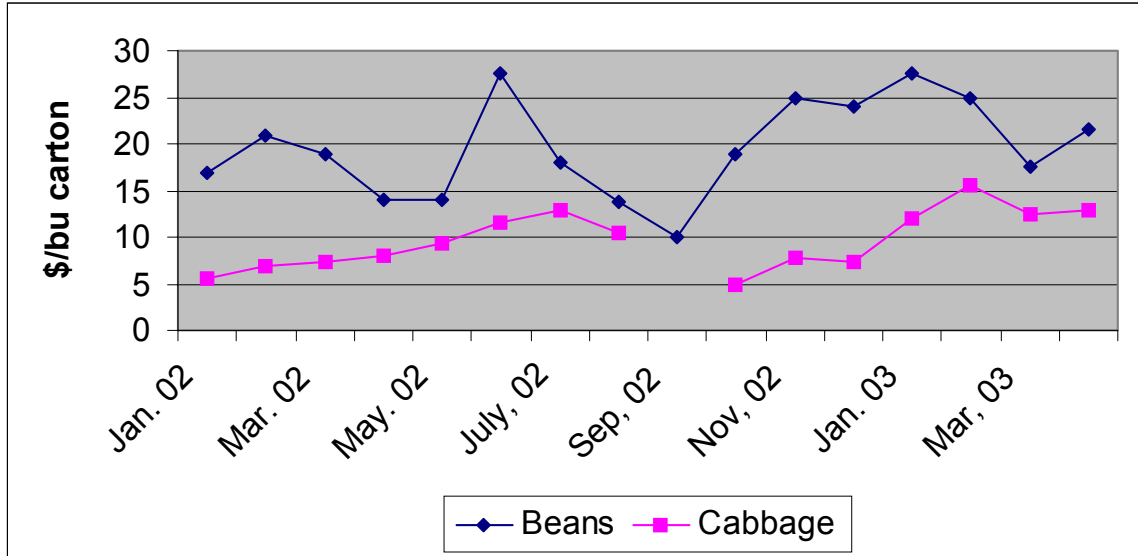
Descriptive statistics such as graphs and/or time-series will be used to illustrate price trend for the specific objective. Secondary data will be collected from the Economic Research Service/USDA.

Results and Discussions

Wholesale prices for vegetables fluctuated from month to month. Price trend for snap beans in Chicago depicted how volatile prices are. The highest prices were obtained in June 2002. Thereafter, prices took a serious nosedive until September 2002 when an upward trend set in. Another peak was observed in January 2003. Cabbage prices were gradually on the rise in 2002 but the best price was obtained in February 2003. Figure 1 shows that the highest price for beans from Florida, Georgia and Michigan was \$27.50

per bushel carton in June 2002 and January 2003 while the lowest price was recorded in September 2002 at \$10 per bushel carton.

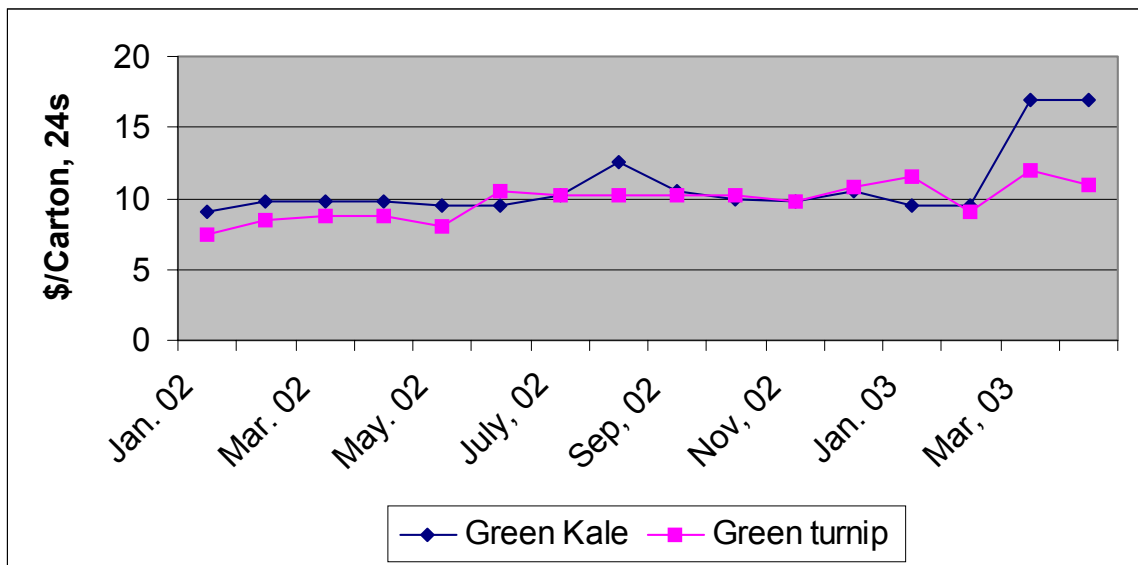
Figure 1: Wholesale Prices for fresh-market Vegetables in Chicago, 2002 - 03



Source: ERS, USDA (2003) Vegetables and Melons Outlook/VGS-296/April 17.

Prices for greens such as kale and turnip started off on the wrong footing in the early part of 2002, i.e. \$9 and \$7.50 per carton of 24s respectively and both prices leveled off. Figure 2 shows that green kale and turnip prices peaked in March 2003 at \$17 and \$12 per carton respectively.

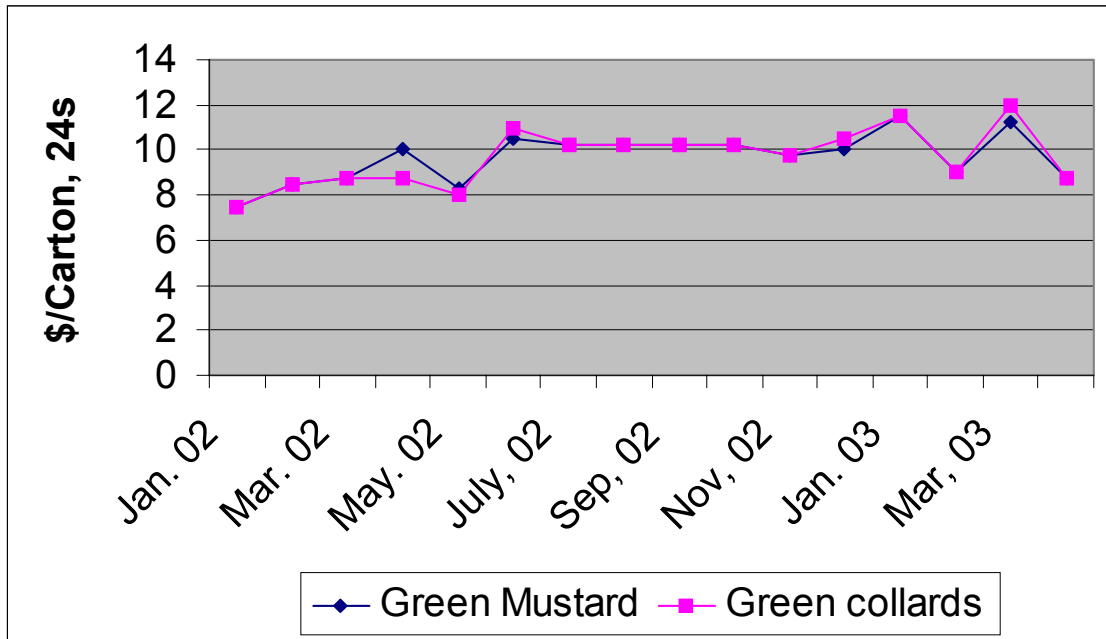
Figure 2: Wholesale Prices for fresh-market Vegetables in Chicago, 2002 - 03



Source: ERS, USDA (2003) Vegetables and Melons Outlook/VGS-296/April 17.

There was no significant change in the wholesale prices for mustard and collard greens obtained by Georgia and California growers in the Chicago wholesale market as shown in Figure 3. Price trend for these two vegetables were more or less the same from January 2002 commencing at \$7.50 per carton of 24s to \$12 and \$11.50 per carton concomitantly in March 2003.

Figure 3: Wholesale Prices for fresh-market Vegetables in Chicago, 2002 - 03

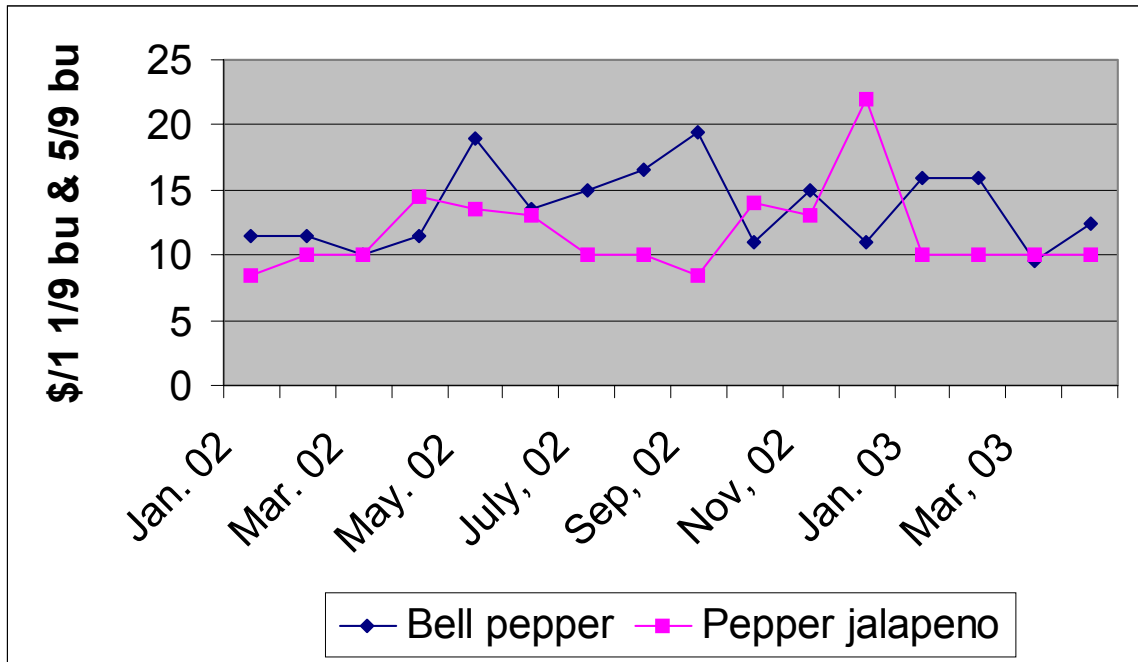


Source: ERS, USDA (2003) Vegetables and Melons Outlook/VGS-296/April 17.

Figure 4 shows that bell pepper continues to command better prices per 1 1/9 or 5/9 bushel than jalapeno except in December 2002 when jalapeno price exponentially rose to \$22 per 1/2 and 5/9 bushel crates compared with \$11 for green pepper.

Bell pepper prices peaked in May and September 2002 before plummeting. Jalapeno prices were less fluctuating compared to bell pepper. These wholesale prices were obtained by Florida, Georgia and Michigan in the Chicago Market Point.

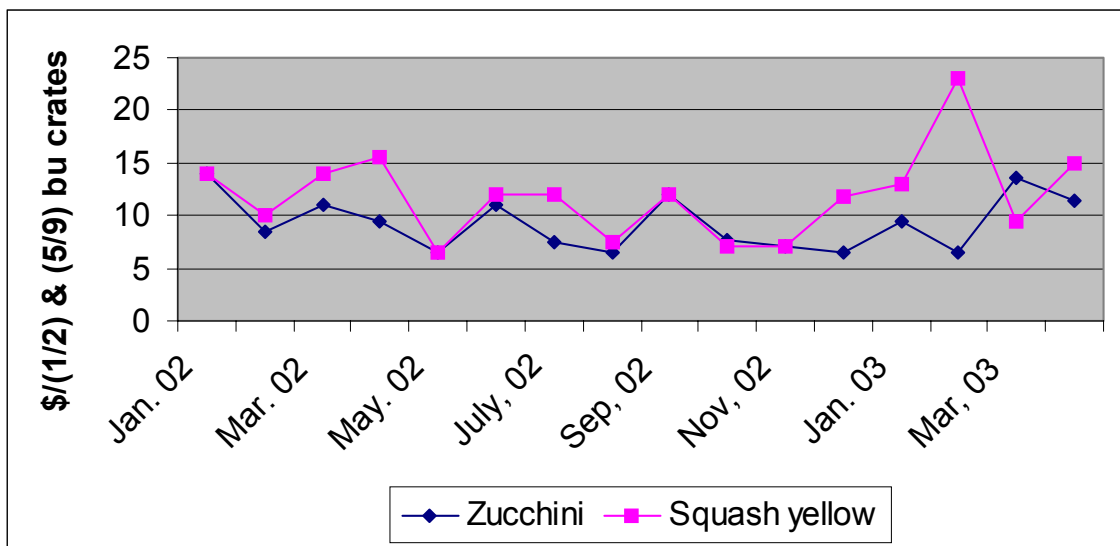
Figure 4: Wholesale Prices for fresh-market Vegetables in Chicago, 2002 - 03



Source: ERS, USDA (2003) Vegetables and Melons Outlook/VGS-296/April 17.

Figure 5 shows the zigzag wholesale price trend for zucchini and yellow straightneck medium squash. There was no significant difference in both crop prices until December 2002 when yellow squash price for 1/2 and 5/9 bushel crates skyrocketed and peaked at \$23 in February 2003, almost twice as much as its average prices.

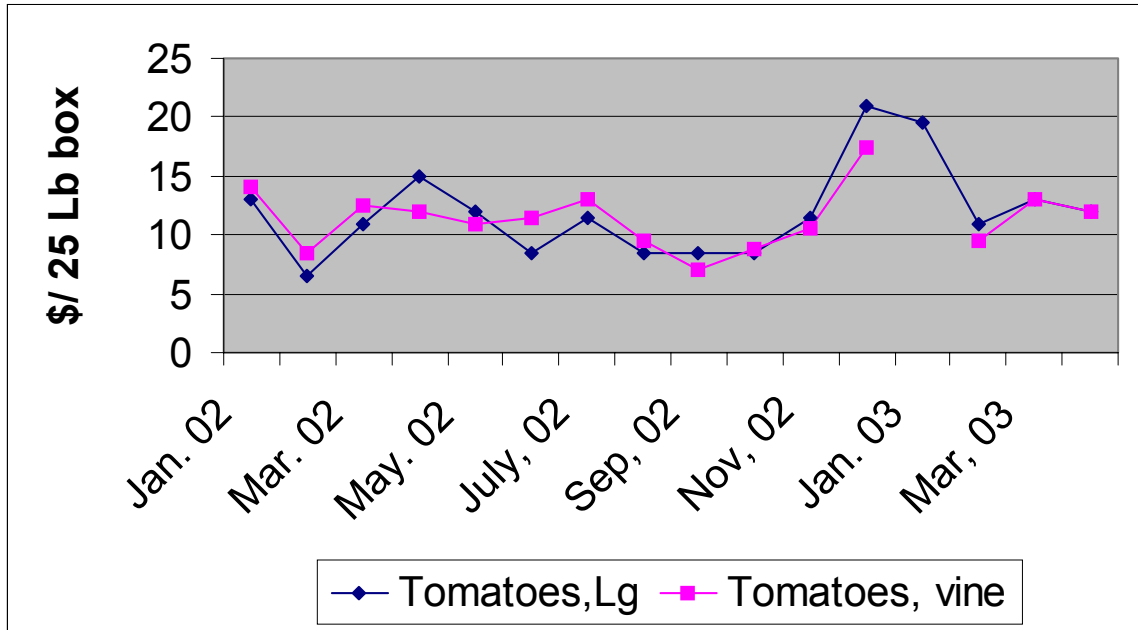
Figure 5: Wholesale Prices for fresh-market Vegetables in Chicago, 2002 - 03



Source: ERS, USDA (2003) Vegetables and Melons Outlook/VGS-296/April 17.

On the other hand, Figure 6 shows that mature green large tomatoes and vine ripe, large 6 x 6s tomatoes both commanded similar price trend. The peak price for both was recorded in December 2002 at \$21 and \$17.50 respectively. The least price was recorded in February 2002 at \$6.50 and \$8.50 per 25 Lb carton.

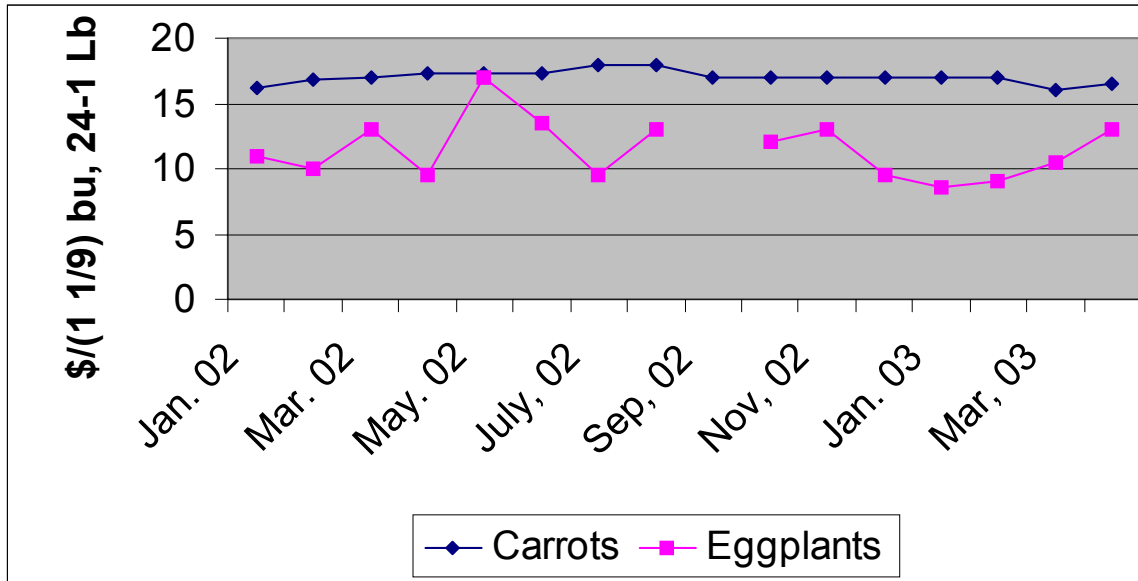
Figure 6: Wholesale Prices for fresh-market Vegetables in Chicago, 2002 - 03



Source: ERS, USDA (2003) Vegetables and Melons Outlook/VGS-296/April 17.

Wholesale price for 24-1 Lb film bag carton of baby peeled carrots is the most consistent compared with other vegetables. It slightly fluctuates from \$16 to \$18 per carton year round, with April to June being the most favorite, i.e. \$17.25 to \$18 per carton. Eggplant prices on the other hand were volatile, with the peak recorded in May 2002 at \$17 for medium size, 1 1/9 bushel carton. The minimum price was recorded in January and February 2003 at \$8.50 and \$9.00 per 1 1/9 bushel carton respectively (Figure 7).

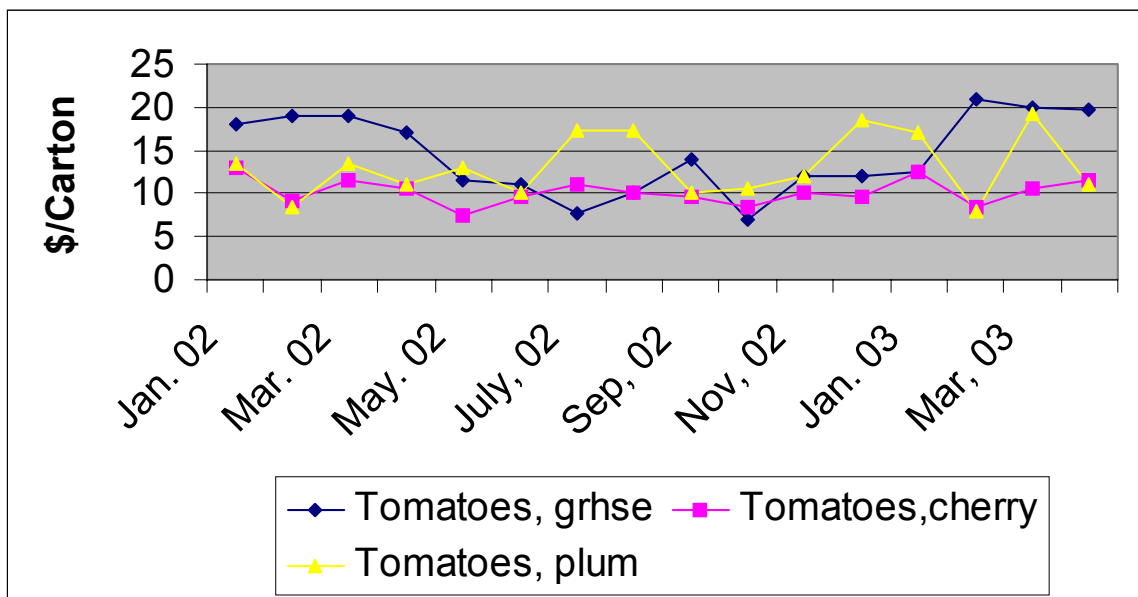
Figure 7: Wholesale Prices for fresh-market Vegetables in Chicago, 2002 - 03



Source: ERS, USDA (2003) Vegetables and Melons Outlook/VGS-296/April 17.

Besides cherry tomatoes that have a more or less consistent price trend, green house, vine ripe medium and large tomato prices are as fluctuating as the plum-type tomatoes coming from California, Florida and Mexico. Three significant peaks were reported for plum-type tomatoes. Green house tomatoes obtained better prices from January to April 2002 before the downward trend set in. Another peak price was observed in the early part of 2003 as shown in Figure 8.

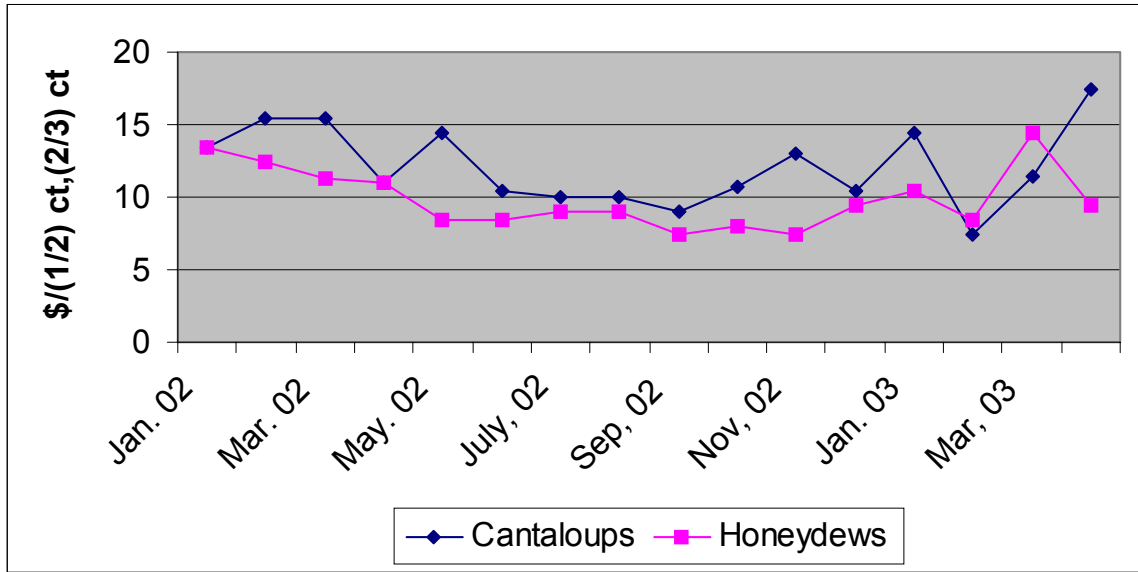
Figure 8: Wholesale Prices for fresh-market Vegetables in Chicago, 2002 - 03



Source: ERS, USDA (2003) Vegetables and Melons Outlook/VGS-296/April 17.

Figure 9 show that honeydews from California, Honduras and Costa Rica receive a less fluctuating prices compared with cantaloupe from California, Costa Rica and Mexico for 1/2 cartons of 15s and 2/3 cartons of 6s. Honeydew price is usually better in the early part of each year. Cantaloupe's peak prices were also recorded in the early part of 2002 and 2003 respectively.

Figure 9: Wholesale Prices for fresh-market Vegetables in Chicago, 2002 - 03

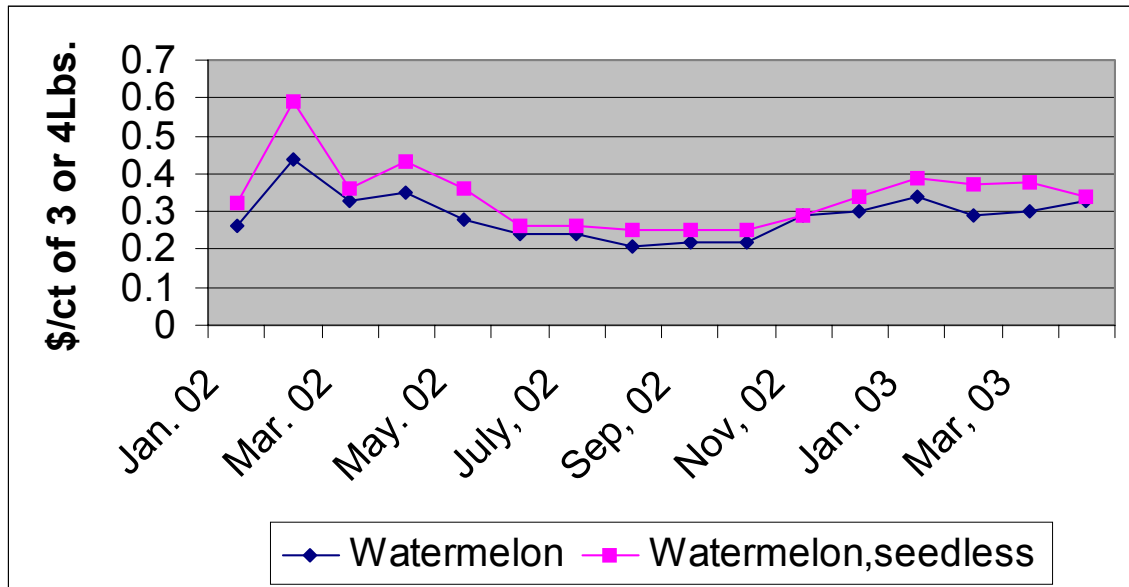


Source: ERS, USDA (2003) Vegetables and Melons Outlook/VGS-296/April 17.

According to Figure 10, there is no significant price per pound differences for various seedless and red watermelon coming from California, Texas and Mexico in cartons of 3s, 4s or 5s. The only peak \$0.44 and \$0.59 per pound respectively was recorded in February 2002 and a downward trend set in thereafter. The minimum price of \$0.25 per

pound was reported in August, September and October 2002 for seedless and \$0.21 per pound in August for seeded, red watermelon.

Figure 10: Wholesale Prices for fresh-market Vegetables in Chicago, 2002 - 03



Source: ERS, USDA (2003) Vegetables and Melons Outlook/VGS-296/April 17.

Conclusion

Vegetable wholesale price trend is an important guide to farmers as well as financial institutions. It is a guide for production and marketing decision aid. Unfortunately, price trend is so volatile and fluctuating that predictability is impossible. Most of the time, growers have to utilized their gut feelings or simply “take the bull by the horn”, so to speak, and get on with their business. There may also be variations depending on the targeted market.

References

1. ERS, USDA (2003) Vegetables and Melons Outlook/VGS-296/April 17.
2. AMS, USDA (2003) Fruit & Vegetable Market News.