

# Short supplies of avocado send prices soaring

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Don't be surprised if you can't find guacamole to go with chips at your favorite Mexican restaurant. There's a shortage of avocados, and as a result supply is low and prices have doubled — and in some cases tripled — from a year ago.

And those sky-high prices at supermarkets could be around until after the Super Bowl, when guacamole demand soars, according to produce experts.

"We're not going to have any avocados for anybody for maybe a week and a half," said Cythnia Guzman of Nature's Produce, a fresh fruit broker and distributor in Vernon, California. "We're seeing fruit out there at double the price it normally would be."

Hormel Foods owner of Wholly Guacamole — the nation's top-selling branded guacamole — said in statement it is monitoring the situation and leveraging its global supply chain to "minimize any potential business disruptions."

In recent weeks, the U.S. market supply has dwindled as a result of a grower's strike in Mexico. It has left retailers struggling to find avocados and resulted in some restaurants temporarily dropping guacamole from menus.

"We've been out of guacamole for four days now," Abigail Alfaro, who helps manage the Le Vecindad taco establishment in San Diego, said Friday. "Hopefully we will get some avocados soon."

[Del Taco](#) and [El Torito](#) Mexican restaurant chains ran out of guacamole briefly at some Los Angeles-area locations, based on calls Friday and over the weekend to locations.

A check of several [Chipotle](#) locations found they had guacamole. Earlier this year, the chain was giving away free chips and guacamole in a "Guac Hunter" online game promotion. The free offer has since ended.

Other major Mexican restaurant chains were contacted and most didn't want to talk about the issue although one indicated they had "proactively prepared" for the situation.

The cost of avocados is likely to put pressure on the bottom line of restaurant chains of all sizes as they struggle to hold down on costs. Indeed, avocados was one of the "primary" areas where [BJ's Restaurants](#) said it is seeing pressure in commodities, the CFO Greg Levin told analysts last week during the company's third-quarter earnings call.

America's appetite for the green fruit has soared in recent years due to health-conscious consumers, the popularity of Mexican food, and fruit appearing on more restaurant menus. It also has helped that Avocados From Mexico, the marketing organization for avocados, has run Super Bowl commercials in recent years.

Mexico is the major supplier this time of year for avocados and shipments from there have fallen more than 60 percent in recent weeks, according to data from the Hass Avocado Board. The strike was just resolved but the tight supplies and the very high prices of as much as \$3 apiece for large avocados could be around for some time, according to grocers.

"The interruption in harvesting was driven by internal industry issues that have been addressed with mediation by the Michoacan State Government and the Mexican Department of Agriculture," said the Association of Producers and Exporters of Mexican Avocado (APEAM) in a statement. "The primary issue revolved around sales negotiations between the growers and packers."

Michoacan is one the world's largest avocado producing regions and accounts for about 80 percent of Mexico's roughly 3 billion pounds of production. California's avocado crop also is substantial although it has been coping with the drought and the harvest peaked in July and since has wound down.

"The market got real tight a month ago," said Alan Arzoian, owner of Handy Market in Burbank, California. "All the inventory in the chain sort of disappeared. Pickers couldn't sell out of Mexico so they didn't pick anything. The strike is settled but it takes a few weeks for the food chain to fill up."

According to Arzoian, a carton of avocados typically runs around \$40 but he's been seeing prices up to \$120 per carton, or triple the normal price. He said there was a similar supply problem with limes about two years ago that interrupted the market and resulted in that fruit soaring.

Last week, cartons of Hass avocados crossing from Mexico through Texas were reported to be unusually low, according to the U.S. Department of Agriculture. "Supplies very tight," the USDA said last week in fruit shipping update that referenced avocados. "Trading very active for light supplies."

Meantime, APEAM last week projected that 40 million pounds of avocados would be arriving in the U.S. market, and it forecast the next several weeks would see "strong, steady volumes moving forward to help offset the temporary product shortage caused by a work stoppage over the last couple of weeks."