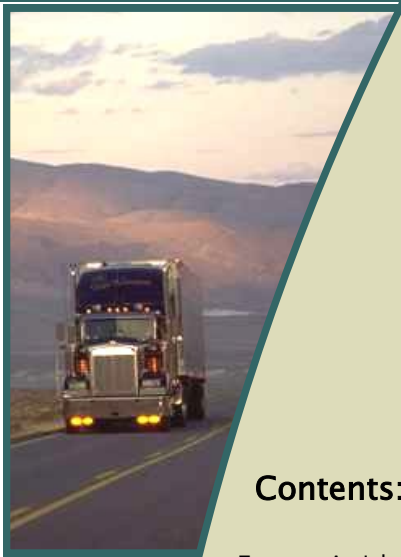
USDA United States Department of Agriculture



Agricultural Refrigerated Truck Quarterly

3rd Quarter, 2017
July—September

A quarterly publication of the Agricultural Marketing Service
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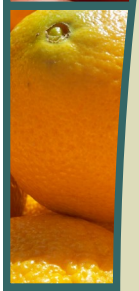
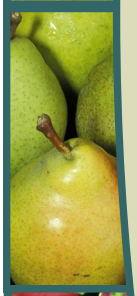


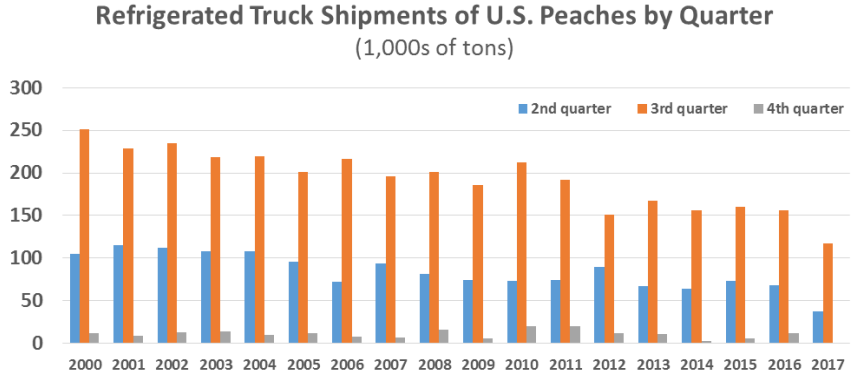


Contents:

Feature Article

Reported Peach Shipments Reach New Low

Reported refrigerated truck shipments of U.S. peaches, during the 3rd quarter of 2017, fell to their lowest levels in 18 years.[1] Poor growing conditions led to lower than expected production, and a 25 percent reduction in shipment volume below the 3rd quarters of 2015 and 2016.



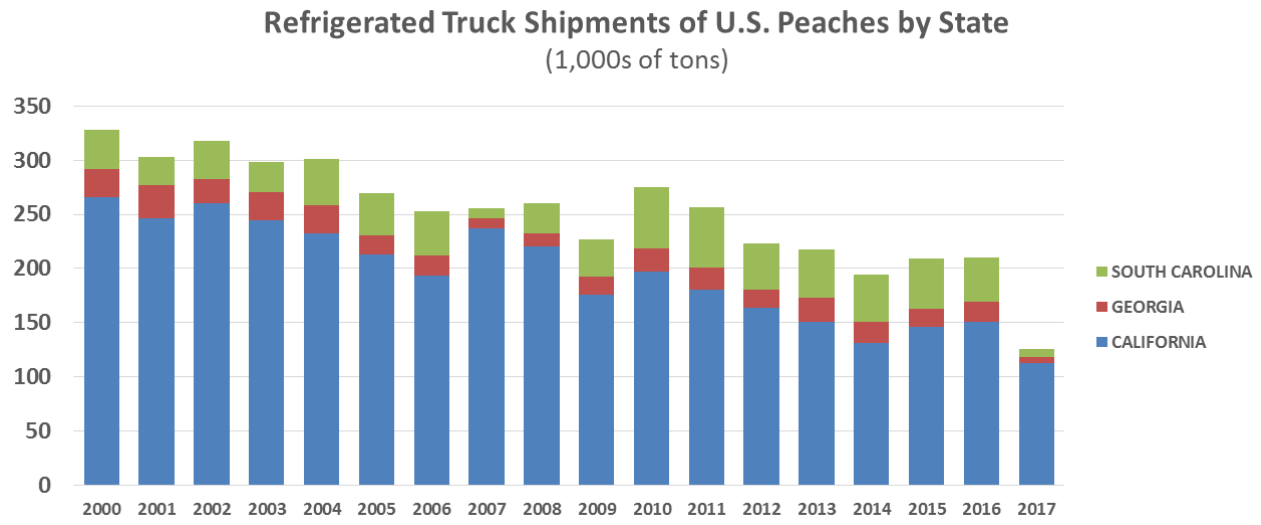
Several factors led to one of the lowest shipment volumes of peaches, on record, during the 3rd quarter of 2017. The USDA National Agricultural Statistics Service's (NASS) October 2017 *Crop Production* report shows U.S. peach production down for the eighth consecutive year, at 735.2 tons, making it the smallest on record since 1980. Low chill hours,[2] an early bloom, and a late-spring freeze in South Carolina and Georgia, the top two peach producing States after California, contrib-

[1]The dataset for USDA Agricultural Marketing Service's truck movements of fruits and vegetables begins in 2000. Truck movements for all commodities and origins are not available. Those obtainable are reported, but should not be interpreted as representing complete movements of a commodity. https://www.ams.usda.gov/market-news/fruits-vegetables

[2]Most deciduous fruit trees require a certain number of "chill hours"–the number of hours spent between 32 and 45 degrees Fahrenheit–during the winter to produce an optimal harvest. According to the National Oceanic and Atmospheric Administration, the 2016-2017 winter was the sixth warmest on record for the U.S., resulting in a lower than average number of chill hours.

uted to a 75 to 80 percent reduction in total annual production from the previous year. As a result, refrigerated truck shipments of peaches from these two States also dropped 73 to 75 percent during the 3rd quarter from the previous year.

Nationwide, annual truck shipments of peaches peak during the 3rd quarter, as the fruit reaches maturity. However, depending on the growing region, peaches can be harvested and transported as early as May. Roughly 30 percent of California shipments and over 50 percent of Georgia and South Carolina shipments occur during the 2nd quarter. Typically, shipments during the 2nd quarter represent about 29 percent of movements. Shipments during the 3rd quarter represent about 67 percent of all peach movements during the year, with the remainder shipped during the 4th quarter.



While commercial peach production occurs in 28 States, roughly 84 percent of U.S. production is concentrated in California, South Carolina, and Georgia. Over the past five years, California was responsible for 72 percent of U.S. peach production, followed by South Carolina at 8 percent and Georgia at 4 percent.

The 2017 weather-related drop was amplified by the overall long-term trend in declining peach production acreage. Despite remaining the third largest producer of peaches in the world since 2001, behind China and the European Union, the U.S. share of total world production fell from 11

percent in 2001 to 4 percent in 2017.[3] NASS data show U.S. peach production fell from 1.2 million tons in 2001 to 0.8 million tons in 2016, due to declining acreage. During this period, world peach and nectarine production increased 78 percent to 23.3 million tons, driven primarily by increased Chinese production.[4] Partially offsetting declining domestic production, the U.S. imported 63.8 thousand tons of processed peaches from China in 2016, up from 0 tons in 2001.[5]

Conclusion

If production continues to decline, peaches will represent a declining share of refrigerated truck cargo, with impacts varying by state. Shipments of peaches represented only 2 percent of all reported refrigerated truck movements for both Georgia and California in 2016; an indicator that truck operators in these States have more diversified cargo opportunities and a smaller reliance on peaches. In contrast, the impacts of declining peach production will be in South Carolina where peach shipments represented 29 percent of reported refrigerated truck movements for 2016. Yet, the impacts of unforeseen weather events can amplify this trend as they did during 2017, impacting the industry to an even greater extent.

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[3]USDA Foreign Agricultural Service, *Production, Supply, and Distribution – Fruits and Vegetables* Online

[4]Ibid.

[5]USDA Foreign Agricultural Service, Global Agricultural Trade System Online

Quarterly Overview

Fruit and Vegetable Shipments

Reported U.S. truck shipments of fresh produce during the third quarter of 2017 were 8.33 million tons, 12 percent lower than the previous quarter, and 1 percent lower than the same quarter last year.

Shipments from California were the highest in the third quarter, totaling 2.94 million tons and accounting for 35 percent of the total reported shipments of fresh fruits and vegetables. Shipments from the Pacific Northwest totaled 1.6 million tons, representing 19 percent of the reported shipments. Movements from Mexico totaled 1.51 million tons, representing 18 percent of the reported total.

The following top five commodities accounted for 44 percent of the reported truck movements during the third quarter of 2017:

- Potatoes (14 percent)
- Watermelons, seedless (11 percent)
- Apples (7 percent)
- Onions, dry (7 percent)
- Grapes (4 percent)

Truck Rates

The table below provides a snapshot of quarterly truck rates for U.S. produce shipments over four mileage categories—0-500, 501-1,500, 1,501-2,500, and 2,500+ miles. Please note the U.S. average truck rates provided below are calculated using weighted regional rates and volumes.

U.S. Average Fruit and Vegetable Truck Rates per Mile

	0-500 miles	501-1,500 miles	1,501-2,500 miles	2,500 miles +
Q3 2016	4.71	2.47	2.05	1.21
Q4 2016	3.36	2.04	2.03	1.08
Q1 2017	2.81	1.86	2.05	1.05
Q2 2017	4.10	2.40	2.12	1.04
Q3 2017	5.06	2.52	2.25	1.26
Q3 Change from Previous Quarter	23%	5%	6%	22%
Q3 Change from Same Quarter Last Year	8%	1%	10%	4%

Diesel Fuel

During the third quarter 2017, the U.S. diesel fuel price averaged $2.63 per gallon—3 percent higher than the previous quarter and 10.4 percent higher than the same quarter last year.

Regulatory News and Updates

FMCSA Requests Comments on Independent Driver Petition for ELD Exemption
On January 2, the Federal Motor Carrier Safety Administration (FMCSA) announced the Owner Operator Independent Drivers Association, Inc. (OOIDA's) petition for an exemption from the electronic logging device (ELD) requirements for motor carriers considered to be small transportation trucking businesses. This exemption would allow small trucking businesses, that do not have a carrier safety rating of ``unsatisfactory'' and can document a proven history of safety performance with no attributable at-fault crashes, to complete paper records of duty status (RODS) instead of using an ELD device. OOIDA believes the exemption would not have any adverse impacts on operational safety, as motor carriers and drivers would remain subject to the hours of service regulations, as well as the requirements to maintain paper RODS. FMCSA requested public comment on OOIDA's application for exemption on or before February 1, 2018.

FMCSA Requests Comments on Agricultural Retailers Petition for ELD Exemption
On December 28, 2017, FMCSA announced the Agricultural Retailers Association's (ARA) petition for an exemption from the requirement that ARA members use an ELD to record their drivers' hours of service. ARA said the ELD requirement imposes undue economic, and other burdens, on its member retailers and distributors of farm-related products and services. It asserts ELDs fail to properly record the complex hours of service data, are not properly certified by the FMCSA, and do not provide appropriate cyber-security safeguards. ARA also asserts ELDs will not function properly in many locations in rural America because of poor internet and cellular connectivity. ARA said the operations of its members, under exemption from the ELD requirements, will achieve a level of safety equivalent to, or greater than, the level that would be achieved absent the proposed exemption. FMCSA requested public comment on ARA's application for exemption on or before January 29, 2018.

FMCSA Clarifies Agricultural Commodity Exception to Drivers' Hours of Service Regulations
On December 20, 2017, the Federal Motor Carrier Safety Administration (FMCSA) published proposed regulatory guidance to clarify that the 150 air-mile radius agricultural commodity exception to the drivers' hours of service regulations applies to: (1) drivers while driving unloaded to a source where an agricultural commodity will be loaded; (2) an unloaded return trip after delivering an agricultural commodity; and (3) the initial 150 air-miles from the source of the agricultural commodity, on the outbound and return trips to the source of the agricultural commodity, when operating beyond the initial 150 air-mile radius. FMCSA requested public comments on the proposed regulatory guidance on or before February 20, 2018. The statutory definition of agricultural commodity (49 U.S.C. § 31136 note) is as follows:

''(7) AGRICULTURAL COMMODITY.—The term 'agricultural commodity means any agricultural commodity, non-processed food, feed, fiber, or livestock (including livestock as defined in section 602 of the Emergency Livestock Feed Assistance Act of 1988 (7 U.S.C. 1471) and insects)."

FMCSA Provides 90-day Temporary Waiver from ELD Requirement for Agricultural Commodities
On December 20, 2017, FMCSA published a limited 90-day waiver from the drivers' hours of service regulations pertaining to ELDs for the transportation of agricultural commodities. FMCSA "has determined that the waiver is in the public interest and would likely achieve a level of safety that is equivalent to, or greater than, the level that would be achieved absent such exemption, based on the terms and conditions imposed. The waiver will

also, through notice and comment, provide FMCSA with time to consider certain exemption applications from segments of the agricultural industry concerning the use of ELDs to document drivers' hours of service and clarify applicability of the requirements and the need for certain carriers to begin using ELDs by the December 18, 2017 deadline." This waiver expires on March 18, 2018.

FMCSA Proposes to Revise Regulatory Guidance Concerning ''Personal Conveyance''

On December 19, 2017, FMCSA published a proposal to revise the regulatory guidance concerning driving a commercial motor vehicle (CMV) for personal use while off-duty, referred to as ''personal conveyance.'' This provision is available to all CMV drivers required to record their hours of service who are permitted by their employer to use the vehicle for personal use. The revision would allow CMVs with loads to be used for personal conveyance. Comments on the guidance and its economic impact are due by February 20, 2018.

FMCSA Plans Congressionally Mandated Driver Commuting Practices Survey

On November 27, 2017, FMCSA announced it is seeking approval from the Office of Management and Budget (OMB), and public comments by January 26, 2018, on the proposal to survey driver commuting practices. The survey will fulfill Section 5515 of the Fixing America's Surface Transportation Act, 2015 (FAST Act), which requires FMCSA to conduct a study on the safety effects of motor carrier operator commutes exceeding 150 minutes. FMCSA is required to submit a report to Congress containing the findings of the study. The survey will gather information on the prevalence of excessive (greater than 150 minutes) driver commuting in the commercial motor vehicle (CMV) industry, including: (1) the number and percentage of drivers who commute; (2) the distances traveled, time zones crossed, time spent commuting, and methods of transportation used; (3) research on the impact of excessive commuting on safety and CMV driver fatigue; and (4) the commuting practices of CMV drivers and policies of motor carriers.

FMCSA Announces Flexible Sleeper Berth Pilot Program Details

On October 27, 2017, FMCSA announced it submitted an Information Collection Request (ICR) on the flexible sleeper berth pilot program to OMB for review and approval, and for public comment by November 27, 2017. FMCSA first proposed the pilot program on June 6, 2017, and proposed the information collection on June 27, 2017. The goal of the pilot program is to allow temporary regulatory relief from the FMCSA's sleeper berth regulation for a limited number of commercial drivers who have a valid commercial driver's license (CDL), and who regularly use a sleeper berth to accumulate their required 10 hours of non-duty work status. During the pilot program, participating drivers would have the option to split their sleeper berth time within parameters specified by FMCSA. Driver metrics would be collected for the duration of the study, and participants' safety performance and fatigue levels would be analyzed. The pilot program seeks to produce statistically reliable evidence on the question as to whether split sleeper berth time affects driver safety performance and fatigue levels.

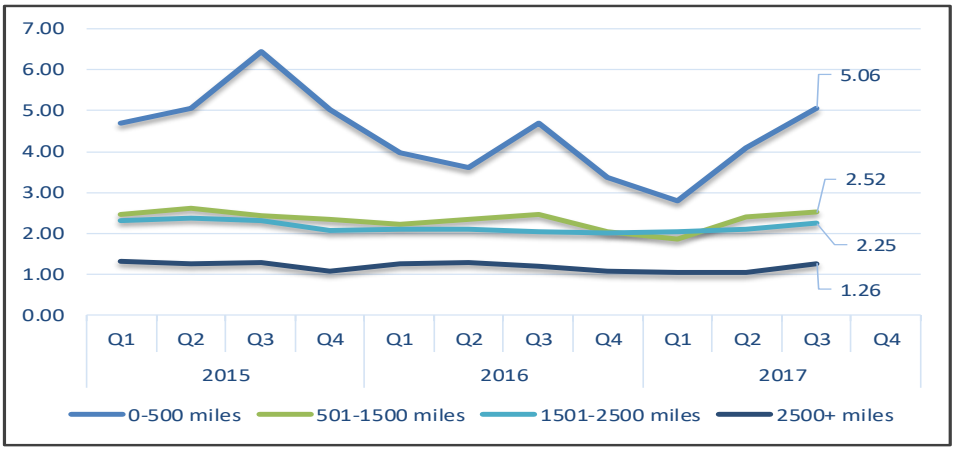
U.S. Department of Transportation Continues Regulatory Review

On October 2, 2017, the U.S. Department of Transportation (USDOT) announced it is reviewing its existing regulations and other agency actions to evaluate their continued necessity, determine whether they are crafted effectively to solve current problems, and evaluate whether they potentially burden the development or use of domestically produced energy resources. As part of these reviews, USDOT invited the public to provide input through December 1, 2017, on existing rules and other agency actions that are good candidates for repeal, replacement, suspension, or modification. USDOT may also hold a public meeting to discuss and consider comments from members of the public.

National Summary

U.S. Truck Rates

Figure 1: Average Truck Rates for Selected Routes ($/Mile)



Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

Table 1: Average U.S. Truck Rates for Selected Routes between 501 and 1500 miles ($/Mile)

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	*Annual
2017	1.86	2.40	2.52		
2016	2.22	2.34	2.47	2.04	2.26
2015	2.47	2.62	2.43	2.36	2.47
2014	2.31	2.66	2.65	2.50	2.53
2013	2.24	2.60	2.62	2.31	2.44
2012	2.10	2.54	2.45	2.29	2.35
2011	2.02	2.60	2.77	2.26	2.41
2010	1.82	2.21	2.33	1.94	2.08
2009	1.85	1.99	2.02	1.86	1.93
2008	2.02	2.56	2.77	2.24	2.40
2007	1.89	2.23	2.25	2.03	2.10
2006	1.92	2.10	2.21	2.02	2.06

*Annual: Weighted average rate for all 4 quarters.
Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

Table 2: Quarterly Rates for Key Origins by Month; 501-1500 miles ($/Mile)

	3rd Qtr 2017			2nd Qtr 2017		
Origin	July	August	September	April	May	June
California	3.02	2.78	2.71	2.59	2.83	3.17
Florida	-	-	-	2.32	2.47	2.45
Great Lakes	3.75	3.64	3.55	3.02	3.41	3.41
Mexico-Arizona	2.44	2.37	2.57	2.16	2.32	2.48
Mexico-Texas	2.10	1.94	1.99	2.21	2.23	2.18
Texas	2.71	2.46	2.53	-	-	-
PNW	1.66	1.71	1.89	1.93	1.75	1.63
Southeast	3.97	4.86	6.26	3.62	3.19	3.23

Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division
Note: "n/a" indicates rates not available.
Note: The rates for 8 long-haul fruit and vegetable truck corridors are included in the national rate, weighted by commodity and origin volume.

Truck Rates for Selected Routes

Table 3: Origin-Destination Truck Rates for Selected Routes, 3rd Quarter 2017 ($/Mile)

Origin	Destination									
	Atlanta	Baltimore	Boston	Chicago	Dallas	Los Angeles	Miami	New York	Philadelphia	Seattle
California	2.45	2.42	2.30	2.39	2.69	3.94	2.44	2.40	2.38	2.95
Great Lake	3.32	3.24	4.01	4.40	2.93	.	2.84	4.60	3.63	.
Mexico-Arizona	.	.	.	2.39	2.93	1.98	2.59	2.58	2.50	.
Mexico-Texas	2.16	2.12	2.14	1.85	2.33	1.65	2.30	2.18	2.12	2.04
New York	2.15	4.02	7.65	1.79	.	.	2.07	7.56	4.02	.
Other	2.66	4.30	2.39	2.09	3.30	1.77	2.37	3.84	5.90	.
PNW	2.08	2.12	2.16	2.09	2.10	1.76	2.04	2.27	2.22	7.02
Southeast	7.71	8.08	5.25	3.85	3.03	1.58	5.05	6.71	7.05	.
Texas	2.92	2.70	2.62	2.63	3.88	1.88	2.55	2.75	2.69	2.33

Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

Truck Rates for Selected Routes

Table 4: Origin-Destination Truck Rates for Selected Routes, 3rd Quarter 2017 ($/Truck)

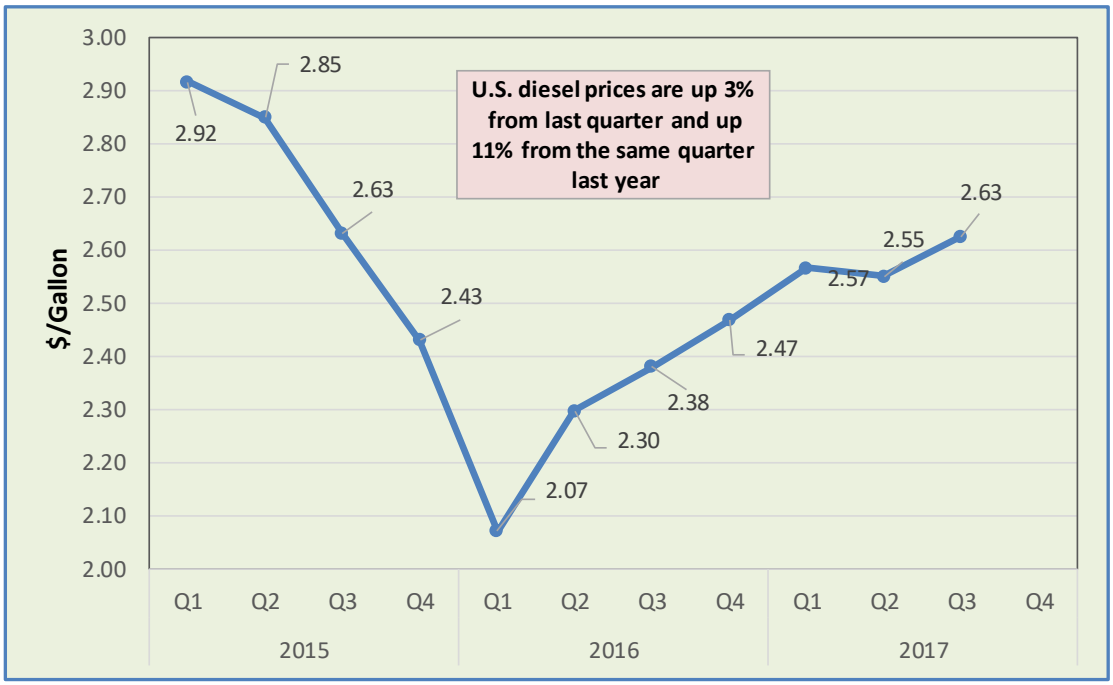
Origin	Destination									
	Atlanta	Baltimore	Boston	Chicago	Dallas	Los Angeles	Miami	New York	Philadelphia	Seattle
California	5,502	6,660	7,031	5,031	4,030	875	6,876	6,839	6,630	3,128
Great Lake	2,963	3,327	3,876	1,185	3,282	.	4,858	4,117	3,146	.
Mexico-Arizona	.	.	.	4,296	2,869	1,108	5,892	6,454	5,992	.
Mexico-Texas	2,481	3,788	4,712	2,638	1,163	2,635	3,515	4,365	4,019	4,885
New York	2,150	1,325	1,300	1,500	.	.	3,000	1,133	925	.
Other	2,334	3,319	3,981	2,145	1,630	1,660	4,764	3,824	3,519	.
PNW	4,616	4,879	5,955	3,756	3,881	1,812	6,111	5,796	5,576	983
Southeast	2,681	3,085	4,249	3,293	3,360	3,706	3,662	3,929	3,403	.
Texas	2,481	3,773	4,712	2,635	1,163	2,631	3,519	4,369	4,031	4,885

Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

U.S. Diesel Fuel Prices

The diesel fuel price provides a proxy for trends in U.S. truck rates. Diesel fuel is a significant expense for fruit and vegetable movements.

Figure 2: U.S. Average On-Highway Diesel Fuel Prices



Source: Energy Information Administration/U.S. Department of Energy

Table 5: 3rd Quarter 2017 Average Diesel Fuel Prices (All Types - $/Gallon)

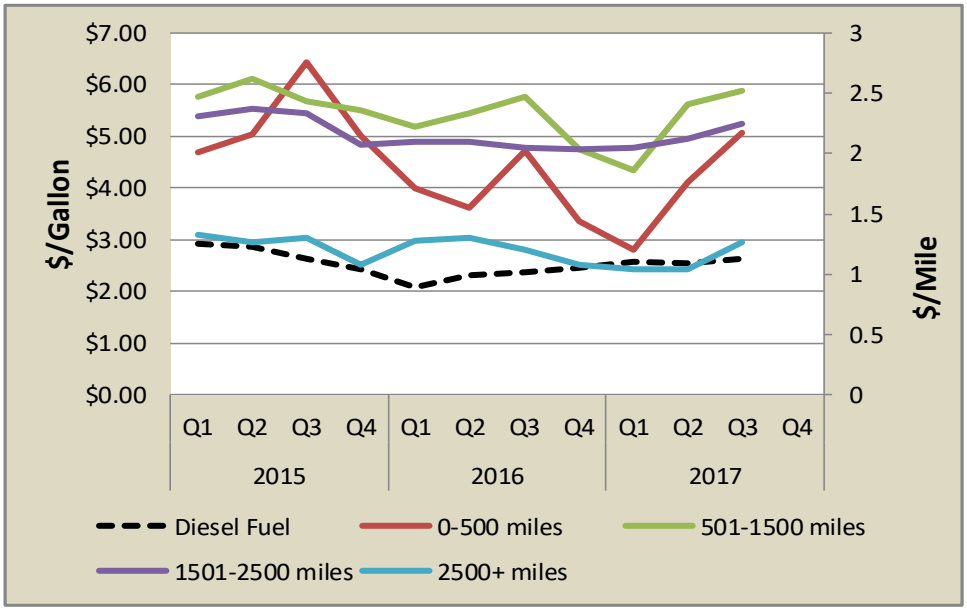
Location	Price	Change From	
		Last Quarter	Same Qtr Last Year
East Coast	2.66	0.06	0.27
New England	2.65	0.03	0.23
Central Atlantic	2.78	0.04	0.30
Lower Atlantic	2.57	0.08	0.25
Midwest	2.58	0.10	0.23
Gulf Coast	2.46	0.06	0.22
Rocky Mountain	2.70	0.06	0.26
West Coast	2.92	0.20	0.26
California	3.00	0.08	0.09
U.S.	2.63	0.08	0.25

Source: Energy Information Administration/U.S. Department of Energy

Relationship Between Diesel Fuel & Truck Rates

The diesel fuel price provides a proxy for trends in U.S. truck rates. Diesel fuel is a significant expense for fruit and vegetable movements.

Figure 3: U.S. Average On-Highway Diesel Fuel Prices and Truck Rates



Sources:
Diesel Fuel: Energy Information Administration/U.S. Department of Energy
Truck Rate: Agricultural Marketing Service, Specialty Crops Program, Market News Division

Table 6: Average Diesel Fuel Prices and Truck Rates

		Diesel Fuel ($/gallon)	Truck Rates ($/mile) 501-1500 miles	% Change From:			
				Last Qtr		Same Qtr Last Year	
				Diesel	Truck	Diesel	Truck
2015	Q1	2.92	2.47	-25%	9%	-28%	10%
	Q2	2.85	2.62	-2%	6%	-26%	1%
	Q3	2.63	2.43	-8%	-7%	-33%	-7%
	Q4	2.43	2.36	-8%	-3%	-37%	4%
2016	Q1	2.07	2.22	-15%	-6%	-29%	-10%
	Q2	2.30	2.34	11%	5%	-19%	-11%
	Q3	2.38	2.47	3%	6%	-10%	2%
	Q4	2.47	2.04	4%	-17%	2%	-14%
2017	Q1	2.57	1.86	4%	-9%	24%	-16%
	Q2	2.55	2.40	-1%	29%	11%	3%
	Q3	2.63	2.52	3%	5%	11%	2%
	Q4						

Sources:
Diesel Fuel: Energy Information Administration/U.S. Department of Energy
Truck Rates: Agricultural Marketing Service, Specialty Crops Program, Market News Division

3rd Quarter 2017 Comparison Analysis

Diesel fuel prices averaged $2.63 per gallon this quarter, 3 percent higher than last quarter and 10.4 percent higher than the same quarter last year. Average truck rates for shipments between 501 and 1,500 miles were $2.52 per mile, 5 percent higher than the previous quarter and 1 percent higher than the same quarter last year.

Quarterly Truck Availability

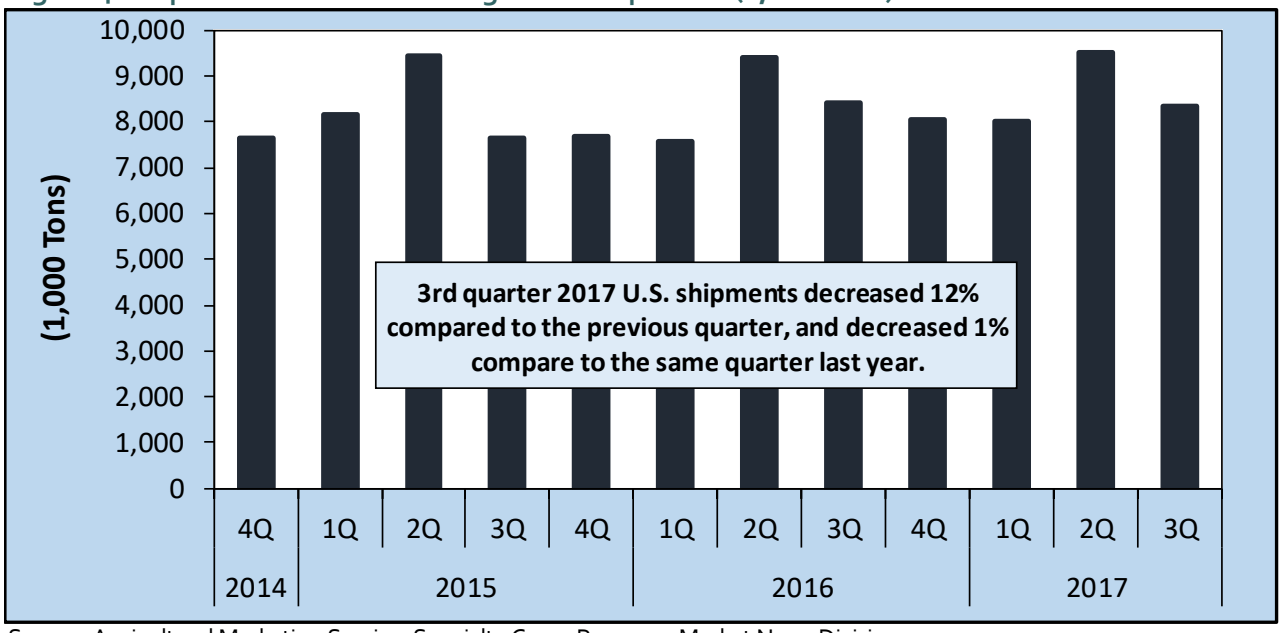
Table 7: U.S. Fresh Fruit and Vegetable Truck Availability, 3rd Quarter 2017

Region[1]	Commodity[1]	Truck Availability: Surplus - 1 / Slight Surplus - 2 / Adequate - 3 / Slight Shortage - 4 / Shortage - 5 — Week Ending[1]											
CALIFORNIA, CENTRAL, AND WESTERN ARIZONA		**7/4**	**7/11**	**7/18**	**7/25**	**8/1**	**8/8**	**8/15**	**8/22**	**8/29**	**9/5**	**9/12**	**9/19**	**9/26**
Central District California	Artichokes, Corn, Roma Tomatoes, Tomatoes	3	3	3	3	3	3	3	3	3	3	3	3	3
Imperial & Coachella Valley California	Bell Peppers, Melons	3	3											
Kern District California	Carrots, Potatoes, Grapes	3	3	3	3	3	3	3	3	3	3	3	3	3
Oxnard District California	Cabbage, Celery, Cilantro, Strawberries, Kale, Parsley	3	3	3	3	3	3	3	3	3	3	3	3	3
Salinas-Watsonville California	Broccoli, Cauliflower, Leaf Lettuce, Lettuce, Lettuce Romaine	3	3	3	3	3	3	3	3	3	3	3	3	3
San Joaquin Valley California	Onions, Grapes, Nectarines, Peaches, Plums, Apples	3	3	3	3	3	3	3	3	3	3	3	3	3
Santa Maria California	Strawberries, Broccoli, Cauliflower, Leaf Lettuce, Lettuce, Lettuce Romaine	3	3	3	3	3	3	3	3	3	3	3	3	3
South District California	Avocados, Citrus		3	3	3	3	3	3	3	3	3	3	3	3
GREAT LAKE (MI & WI)		**7/4**	**7/11**	**7/18**	**7/25**	**8/1**	**8/8**	**8/15**	**8/22**	**8/29**	**9/5**	**9/12**	**9/19**	**9/26**
Central Wisconsin	Potatoes, Onions	3	3	3	3	3	3	3	3	5	5	5	5	4
Michigan	Blueberries, Bluby, Cux		3	3	3	3	3	3	3	3	3	3		
	Cucumbers		3	3	3	3	3	4	4	4	4	4	5	4
	Apples		3	3	3	3	3	4	4	4	4	4	4	4
MEXICO BORDER CROSSINGS		**7/4**	**7/11**	**7/18**	**7/25**	**8/1**	**8/8**	**8/15**	**8/22**	**8/29**	**9/5**	**9/12**	**9/19**	**9/26**
Mexico Crossings Through Nogales, Arizona	Tomatoes, Grapes, Mangoes, Mixed Vegetables, Watermelons	3	3	3	3	3	3	3	3	3	3	3	3	3
Mexico Crossings Through Texas	Tomatoes, Carrots, Broccoli, Mangoes, Limes, Mixed Fruits, Vegetables	5	3	3	2	2	2	2	2	2	3	3	3	3
PACIFIC NORTHWEST (ID, OR, & WA)		**7/4**	**7/11**	**7/18**	**7/25**	**8/1**	**8/8**	**8/15**	**8/22**	**8/29**	**9/5**	**9/12**	**9/19**	**9/26**
Columbia Basin Washington	Potatoes, Onions	2	3	3	3	3	2	2	2	3	4	5	5	5
Upper Valley, Twin Falls-Burley District Idaho	Potatoes	3	3	3	3	3	3	3	3	3	4	5	5	5
Yakima Valley & Wenatchee District Washington	Apples, Pears			3	3	3	3	3	3	3	3	3	3	3
Idaho And Malheur County, Oregon	Onions										3	5	5	5
SOUTHEAST (GA, SC, & NC)		**7/4**	**7/11**	**7/18**	**7/25**	**8/1**	**8/8**	**8/15**	**8/22**	**8/29**	**9/5**	**9/12**	**9/19**	**9/26**
Charleston-Beaufort District South Carolina	Tomatoes, Melons	5	4											
Eastern North Carolina	Sweet Potatoes	5	4	3	4	3	4	3	3	3	5	4	4	4
South Georgia	Corn, Melons, Beans, Cucumber, Eggplant, Peppers, Squash	3	3	3										
Vidalia District Georgia	Onions	3	3	3	3	3	2	2	2	2				
TEXAS AND OKLAHOMA		**7/4**	**7/11**	**7/18**	**7/25**	**8/1**	**8/8**	**8/15**	**8/22**	**8/29**	**9/5**	**9/12**	**9/19**	**9/26**
Texas	Watermelons	4	3	3	2	2	2	2	2	2	3	3	3	3

[1] Regions reported and commodities shipped vary by week, month, season, and year. Within a region, truck availability may vary by commodity and destination.
Source: weekly Specialty Crops Truck Rate Report, Agricultural Marketing Service, Specialty Crops Program, Market News Division

Reported U.S. Shipments

Figure 4: Reported U.S. Fruit and Vegetable Shipments (1,000 Tons)



Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

Table 8: Reported U.S. Fruit and Vegetable Shipments (1,000 Tons)

Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Annual
2017	8,017	9,518	8,334		25,870
2016	7,562	9,417	8,406	8,053	33,438
2015	8,166	9,433	7,659	7,699	32,957
2014	7,779	8,965	8,081	7,643	32,468
2013	7,451	8,972	7,762	6,546	30,731
2012	7,577	9,008	7,774	7,532	31,890
2011	7,007	8,981	7,887	7,988	31,863
2010	7,065	8,881	7,985	7,522	31,454
2009	7,158	8,728	7,990	7,270	31,147
2008	7,059	8,666	7,426	6,904	30,057
2007	6,959	8,585	7,475	7,099	30,118
2006	6,335	8,400	7,854	6,960	29,550
2005	6,877	8,324	7,737	7,387	30,325
2004	6,867	8,331	6,876	6,732	28,807
2003	6,824	8,013	7,043	6,684	28,564
2002	6,787	8,094	6,414	6,460	27,755
2001	6,822	8,144	6,314	6,471	27,751

Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

Reported Shipments by Selected Commodities

Table 9: Reported Top 10 Commodity Shipments for 3rd Quarter 2017 (1,000 Tons)

Commodity	3rd Quarter 2017	Previous Quarter	Same Quarter Last Year	Current Quarter as % change from:	
				Previous Qtr	Same Qtr Last Year
Potatoes	1,205	1,174	1,162	3%	4%
Watermelons, Seedless	950	1,134	990	-16%	-4%
Apples	605	740	573	-18%	6%
Onions Dry	569	691	541	-18%	5%
Grapes	355	229	392	55%	-9%
Tomatoes	312	407	302	-23%	3%
Lettuce, Iceberg	306	326	327	-6%	-6%
Cantaloups	303	217	380	40%	-20%
Strawberries	292	372	282	-21%	4%
Lettuce, Romaine	237	263	236	-10%	1%

Regional Markets

California

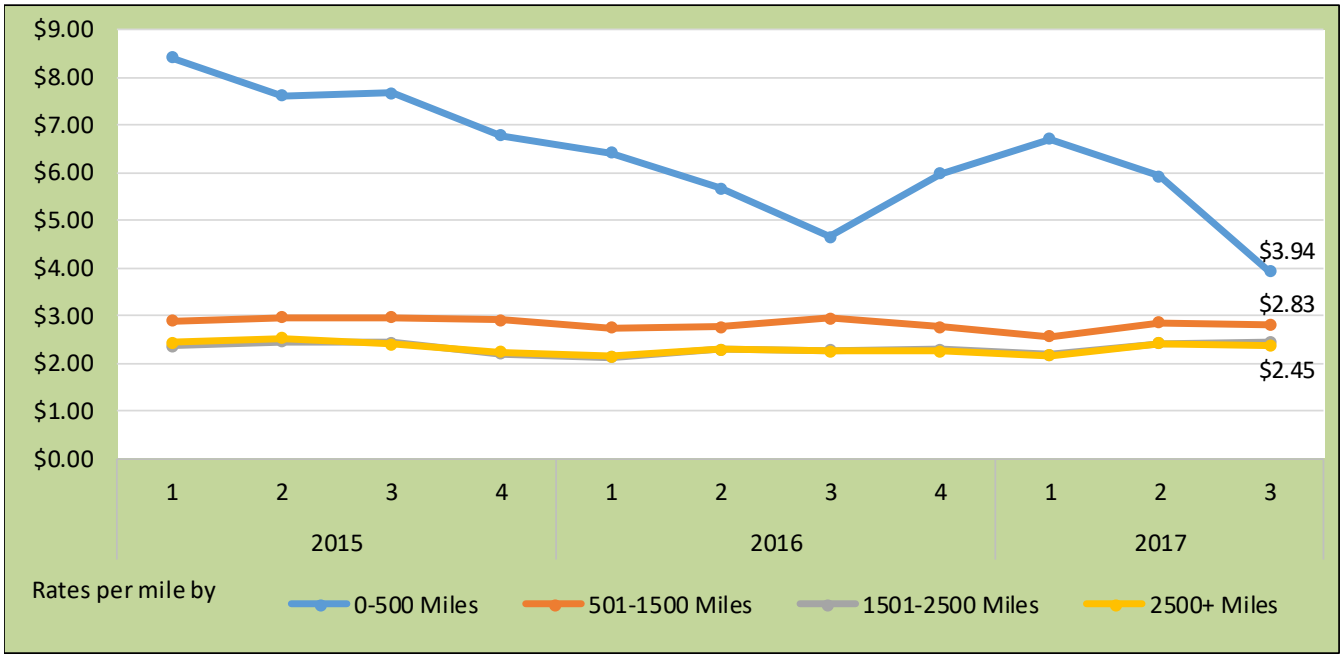
Table 10: Reported Top Five Commodities Shipped from California (1,000 tons)

Commodity	3rd Quarter 2017	Share of California Total	Previous Quarter	Same Quarter Last Year	Current Quarter as %	
					Previous Qtr	Same Qtr Last Year
Grapes	353	12%	40	390	786%	-9%
Lettuce, Iceberg	298	10%	292	321	2%	-7%
Strawberries	292	10%	361	282	-19%	4%
Cantaloups	271	9%	60	334	350%	-19%
Lettuce, Romaine	236	8%	238	235	-1%	0%
Top 5 Total	**1,451**	**49%**	**991**	**1,562**	46%	**-7%**
California Total	**2,944**	**100%**	**2,128**	**3,146**	**38%**	**-6%**

Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

"-" indicates no reported shipments during the quarter.

Figure 5: California Truck Rates ($/Mile)



Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

Figure 6: California Truck Overview

Region/Reporting District	Availability Rating, 1=Surplus to 5=Shortage			
	July	August	September	3rd Quarter
Central District California	3.00	3.00	3.00	**3.00**
Imperial, Palo Verde, And Coachella Valleys	3.00	n/a	n/a	**3.00**
Kern District California	3.00	3.00	3.00	**3.00**
Oxnard District California	3.00	3.00	3.00	**3.00**
Salinas-Watsonville California	3.00	3.00	3.00	**3.00**
San Joaquin Valley California	3.00	3.00	3.00	**3.00**
Santa Maria California	3.00	3.00	3.00	**3.00**
South District California	3.00	3.00	3.00	**3.00**
Regional Average Availability	3.00	3.00	3.00	**3.00**
Diesel Fuel Price ($/gallon)	2.88	2.96	3.17	**3.00**

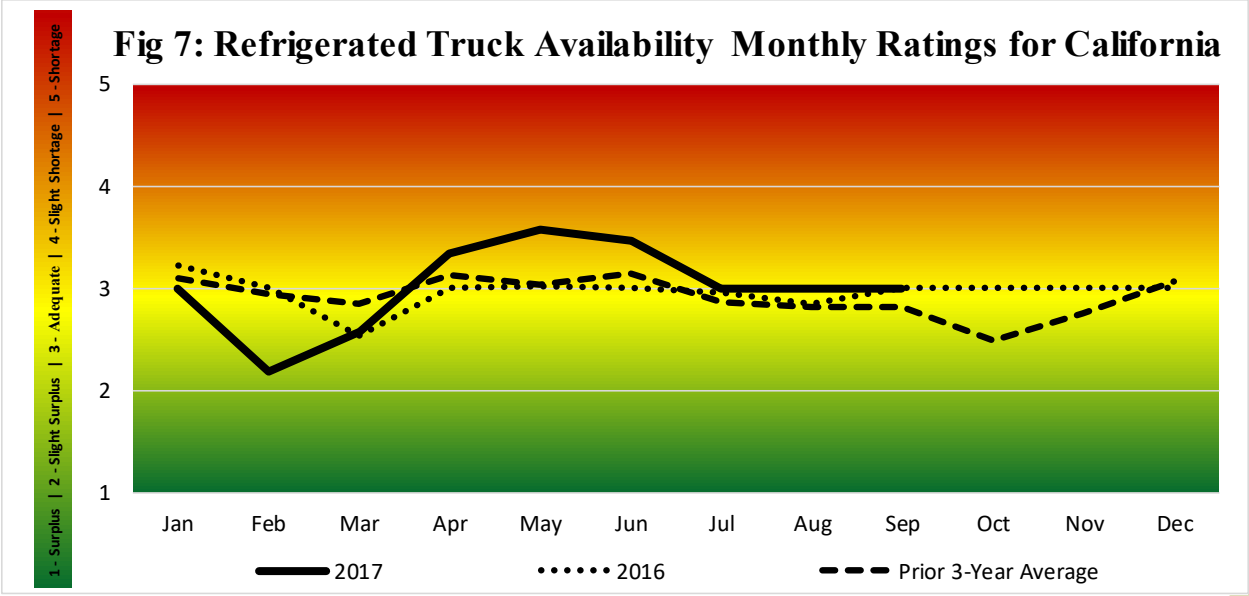
Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy

For the purpose of this report the California sub-group of the West Coast PAD District 5 was used to represent the diesel fuel price.

Volume: Total reported shipments of fruits and vegetables from California during the third quarter of 2017 were 2.9 million tons, a 6 percent decrease from the same quarter last year. The sum of the top five commodities decreased 7 percent from the previous year, with only strawberries showing an increase.

Rates: The quarterly average truck rate for shipments between 501 and 1,500 miles was $2.83 per mile, 1 percent lower than the previous quarter, and 3 percent lower than the same quarter last year.

Truck Overview: Diesel fuel prices averaged $3.00 per gallon, 3 percent higher than the previous quarter, and 9 percent higher than the same period last year. Truck availability for California was reported as adequate in all reporting districts during the quarter.



Pacific Northwest (PNW)

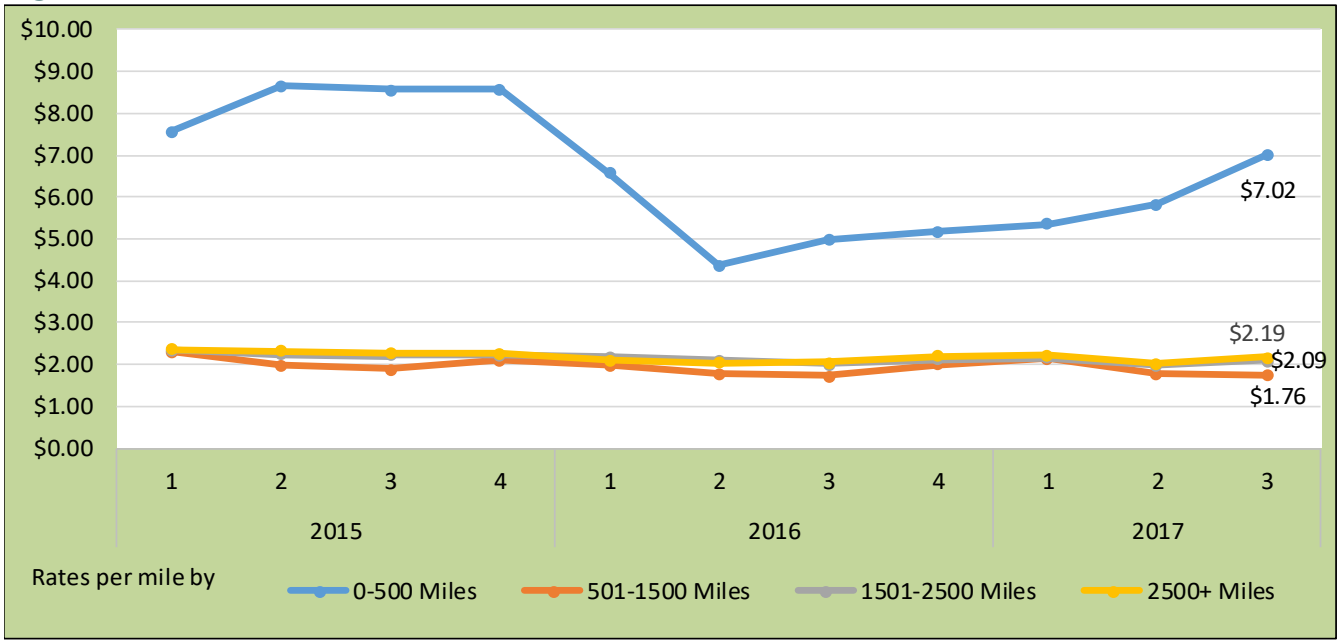
Table 11: Reported Top Five Commodities Shipped from PNW (1,000 tons)

Commodity	3rd Quarter 2017	Share of PNW Total	Previous Quarter	Same Quarter Last Year	Current Quarter as %	
					Previous Qtr	Same Qtr Last Year
Potatoes	609	38%	558	593	9%	3%
Apples	517	32%	680	504	-24%	3%
Onions Dry	230	14%	181	241	27%	-4%
Cherries	151	9%	55	66	174%	128%
Pears	54	3%	70	57	-23%	-5%
Top 5 Total	**1,562**	**98%**	**1,544**	**1,462**	**1%**	**7%**
PNW Total	**1,601**	**100%**	**1,554**	**1,523**	**3%**	**5%**

Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

"-" indicates no reported shipments during the quarter.

Figure 8: PNW Truck Rates ($/Mile)



Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

Figure 9: PNW Truck Overview

Region/Reporting District	Availability Rating, 1=Surplus to 5=Shortage			
	July	August	September	3rd Quarter
Columbia Basin Washington	2.75	2.40	4.75	**3.30**
Idaho And Malheur County, Oregon	n/a	n/a	4.50	**4.50**
Upper Valley, Twin Falls-Burley District Idaho	3.00	3.00	4.75	**3.58**
Yakima Valley & Wenatchee District Washington	3.00	3.00	3.00	**3.00**
Regional Average Availability	2.92	2.80	4.25	**3.32**
Diesel Fuel Price ($/gallon)	2.66	2.78	2.99	**2.81**

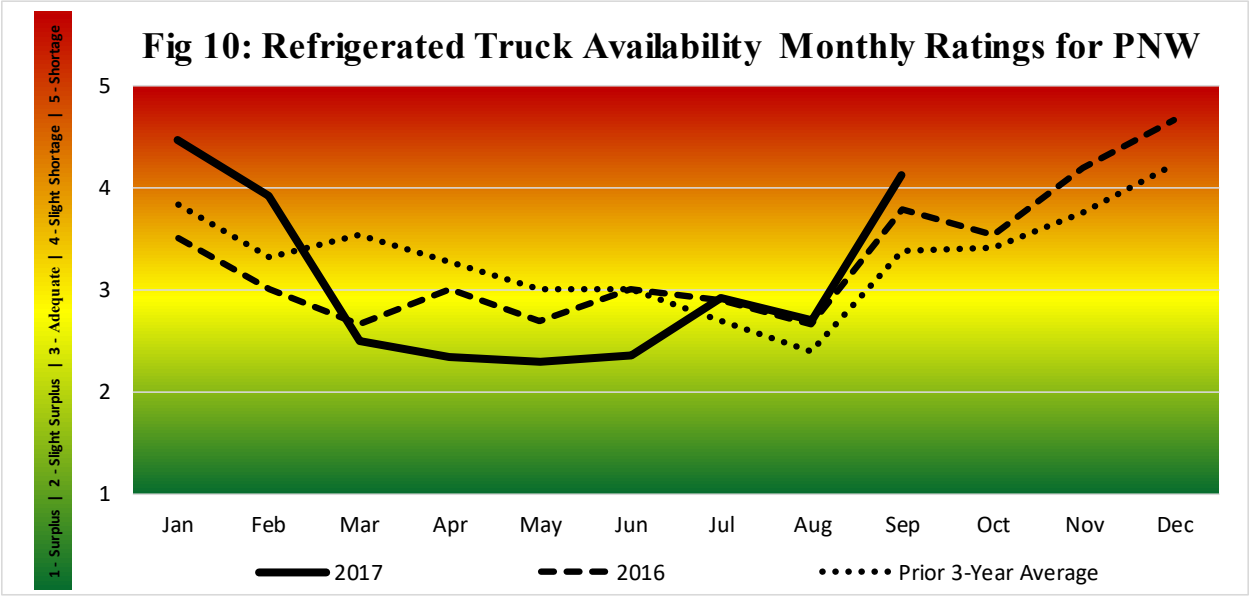
Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy

For the purpose of this report the West Coast less California District was used to represent the diesel fuel price for PNW.

Volume: Total reported shipments of fruits and vegetables from the Pacific Northwest (PNW) during the third quarter of 2017 were 1.6 million tons, an increase of 5 percent from the same quarter last year. The sum of the top five commodities increased 7 percent. This was largely driven by shipments of cherries that more than doubled, increasing 128 percent. Small increases in potatoes and apples were less notable, offsetting small decreases in dry onions and pears.

Rates: The quarterly average truck rate for shipments between 501 and 1,500 miles was $1.76 per mile, 1 percent lower than the previous quarter but 2 percent higher than the same quarter last year.

Truck Overview: Diesel fuel prices averaged $2.81 per gallon, 3 percent higher than last quarter, and 11 percent higher than the same period last year. Regional truck availability was adequate on average throughout the quarter except for a slight shortage in September.



Mexico Border Crossings

Table 12: Reported Top Five Commodities Shipped from Mexico (1,000 tons)

Commodity	3rd Quarter 2017	Share of Mexico-Tot Total	Previous Quarter	Same Quarter Last Year	Current Quarter as %	
					Previous Qtr	Same Qtr Last Year
Limes	173	11%	162	149	7%	16%
Avocados	158	10%	185	175	-14%	-9%
Mangoes	150	10%	153	128	-2%	17%
Tomatoes	122	8%	199	124	-39%	-2%
Peppers, Other	118	8%	107	133	10%	-11%
Top 5 Total	**721**	**48%**	**806**	**709**	-10%	**2%**
Mexico Total	**1,514**	**100%**	**2,756**	**1,501**	**-45%**	**1%**

Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

"-" indicates no reported shipments during the quarter.

Figure 11: Mexico Truck Overview

Region/Reporting District	Availability Rating, 1=Surplus to 5=Shortage			
	July	August	September	3rd Quarter
Mexico Crossings Through Nogales, Arizona	3.00	3.00	3.00	**3.00**
Mexico Crossings Through Texas	2.67	2.00	3.00	**2.56**
Regional Average Availability	2.83	2.50	3.00	**2.78**
Diesel Fuel Price, through Arizona($/gallon)	2.66	2.78	2.99	**2.81**
Diesel Fuel Price, through Texas ($/gallon)	2.33	2.41	2.63	**2.46**

Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy

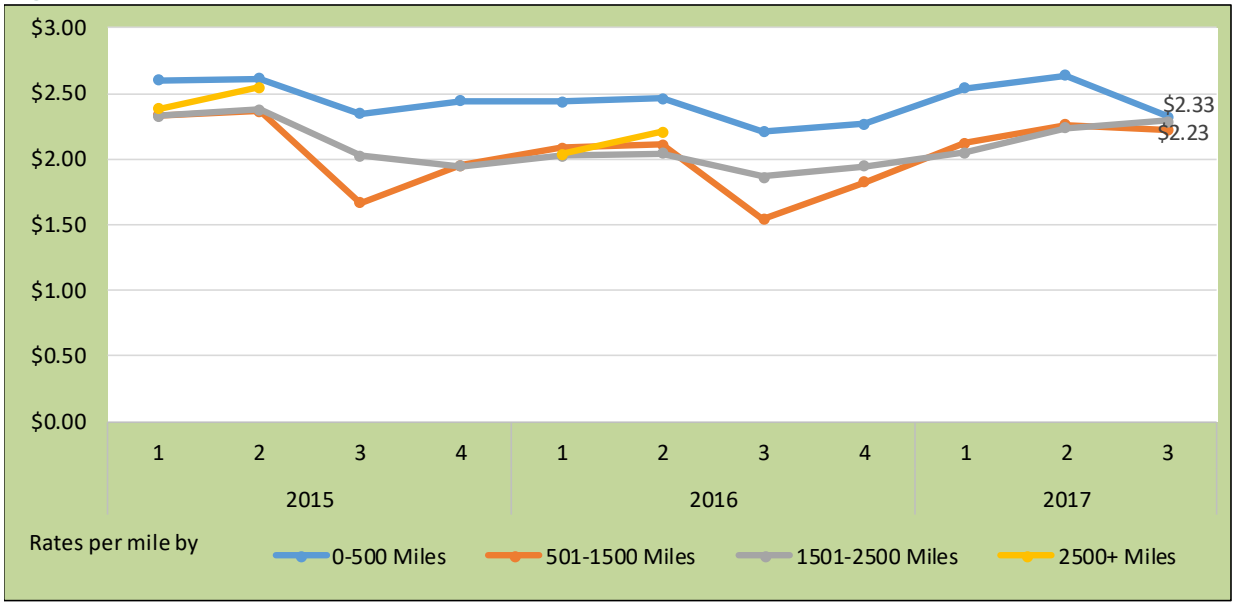
For the purpose of this report the Gulf Coast PAD District 3 was used to represent the diesel fuel price through Texas.

For the purpose of this report the West Coast less California District was used to represent the diesel fuel price through Arizona.

Table 13: Top 5 Commodities Shipped to U.S from Mexico by State of Entry (1,000 tons)

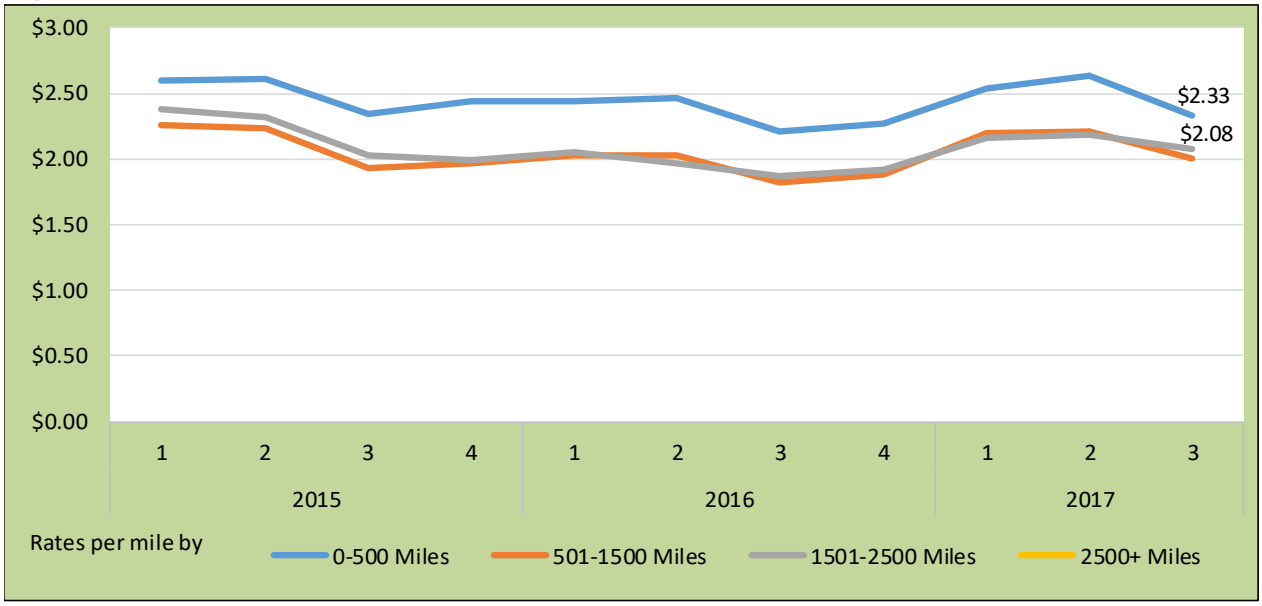
Texas		California		Arizona		New Mexico	
Avocados	156	**Cucumbers**	41	**Mangoes**	69	**Peppers, Other**	53
Limes	152	**Tomatoes, Plum Type**	38	**Tomatoes**	22	**Onions Dry**	11
Tomatoes	84	**Misc Tropical**	36	**Watermelons, Seedless**	12	**Misc Tropical**	3
Mangoes	80	**Onions Green**	32	**Cucumbers**	9	**Misc Herbs**	0.02
Tomatoes, Plum Type	58	**Peppers, Other**	29	**Tomatoes, Plum Type**	7	-	-
Top 5 Total	530	**Top 5 Total**	176	**Top 5 Total**	119	**Top 5 Total**	67
Mexico-TX Total	**983**	**Mexico-CA Total**	**305**	**Mexico-AZ Total**	**159**	**Mexico-NM Total**	**67.3**

Figure 12: Mexico Truck Rates ($/Mile)



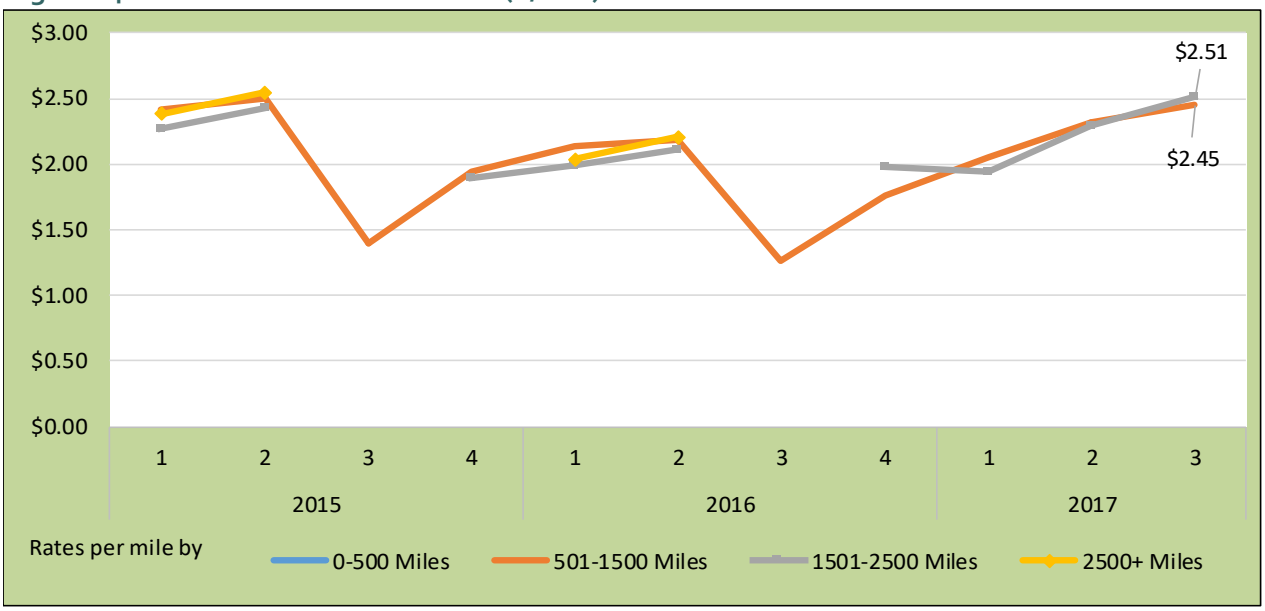
Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

Figure 13: Mexico-Texas Truck Rates ($/Mile)



Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

Figure 14: Mexico-Arizona Truck Rates ($/Mile)

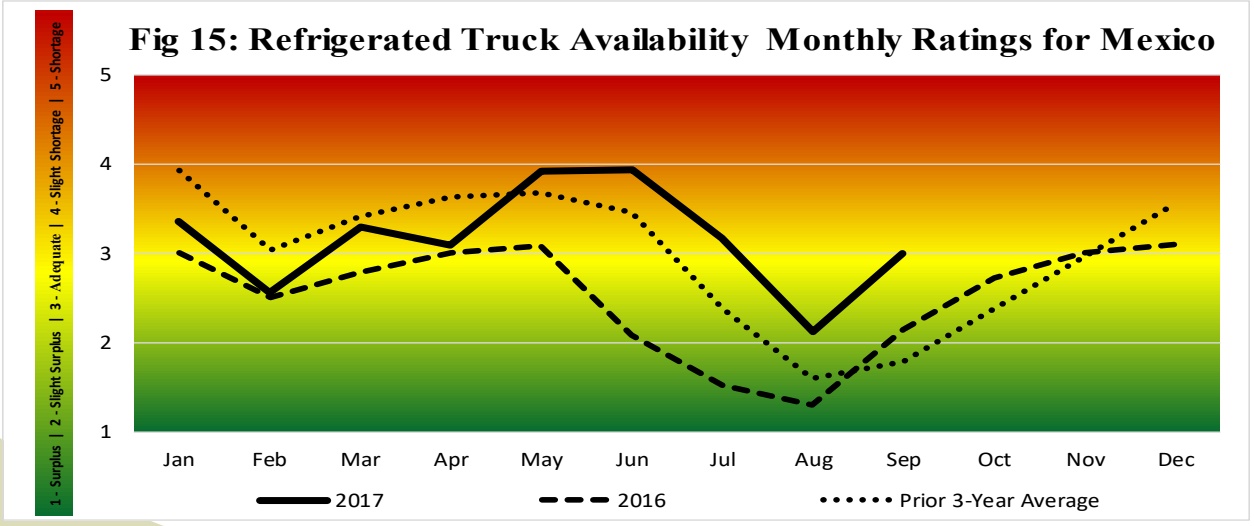


Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

Volume: Total reported shipments of fruits and vegetables from Mexico during the third quarter of 2017 were 1.5 million tons, 1 percent more than the same quarter in 2016. The sum of the top five commodities increased 2 percent from last year. Decreases in avocados and peppers were offset by significant increases in limes and mangoes.

Rates: Truck rates for shipments between 501 and 1,500 miles from the Texas border crossings averaged $2.00 per mile, down 9 percent from the previous quarter, but 10 percent higher than the same quarter last year. Rates for shipments between 501 and 1,500 miles from the Arizona border crossings averaged $2.45 per mile, up 6 percent from last quarter, and 94 percent higher than the same quarter last year.

Truck Overview: Diesel fuel prices for border crossings from Texas averaged $2.46 per gallon, 2 percent higher than the previous quarter, and 10 percent higher than the same quarter in 2016. Diesel fuel prices for border crossings from Arizona averaged $2.81 per gallon, 3 percent higher than the previous quarter, and 11 percent higher than the same period in 2016. On average, truck availability was adequate through both border crossings throughout the quarter but showed a slight surplus through Texas in August.



Southeast

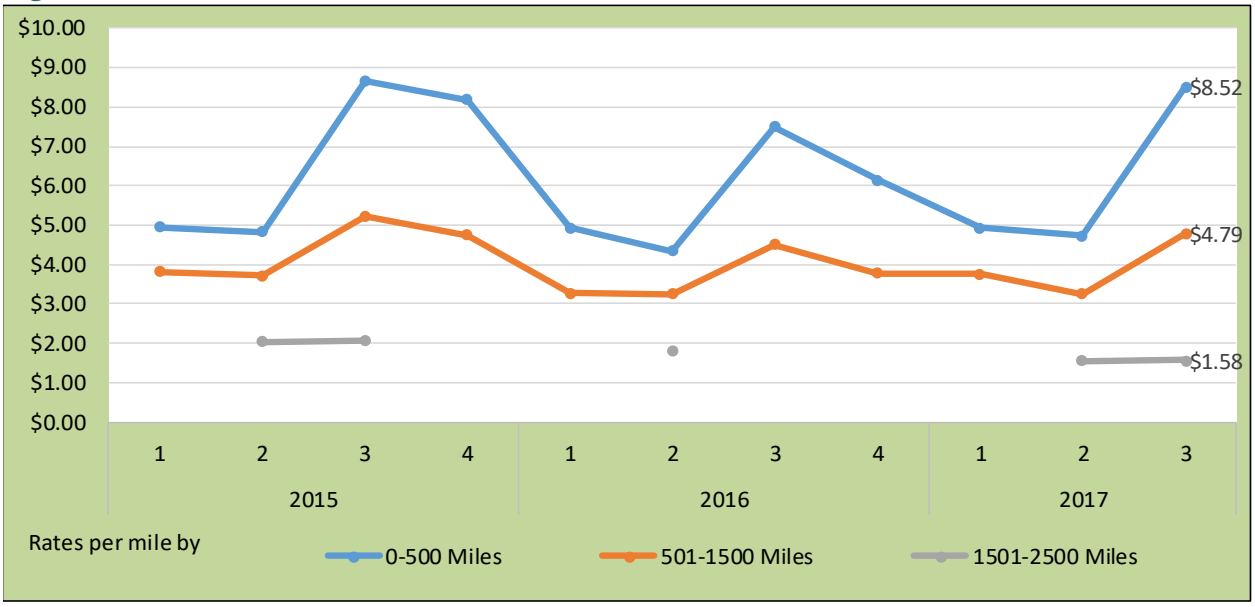
Table 14: Reported Top Five Commodities Shipped from Southeast (1,000 tons)

Commodity	3rd Quarter 2017	Share of Southeast Total	Previous Quarter	Same Quarter Last Year	Current Quarter as %	
					Previous Qtr	Same Qtr Last Year
Watermelons, Seedless	213	51%	289	244	-26%	-13%
Sweet Potatoes	77	18%	87	68	-12%	14%
Onions Dry	38	9%	104	39	-63%	-2%
Corn-Sweet	15	4%	119	12	-87%	29%
Peppers, Bell Type	10	2%	32	11	-68%	-11%
Top 5 Total	**354**	**84%**	**631**	**374**	-44%	**-5%**
Southeast Total	**420**	**100%**	**875**	**475**	**-52%**	**-12%**

Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

"-" indicates no reported shipments during the quarter.

Figure 16: Southeast Truck Rates ($/Mile)



Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

Volume: Total reported shipments of fruits and vegetables from the Southeast during the third quarter of 2017 were 420 thousand tons, a 12 percent decrease from the same quarter last year. The sum of the top five commodities decreased 5 percent from the same quarter last year, led by a 13 decrease for watermelons but partially offset by a 14 percent increase in sweet potatoes.

Rates: The quarterly average truck rate for shipments between 501 and 1,500 miles was $4.79 per mile, 47 percent higher than the previous quarter, and 6 percent higher than the same quarter last year.

Truck Overview: Diesel fuel prices averaged $2.57 per gallon, 3 percent higher than the previous quarter and 11 percent higher than the same period last year. There was a slight shortage of truck availability on average reported during the quarter, with shortages concentrated in South Carolina and North Carolina during July.

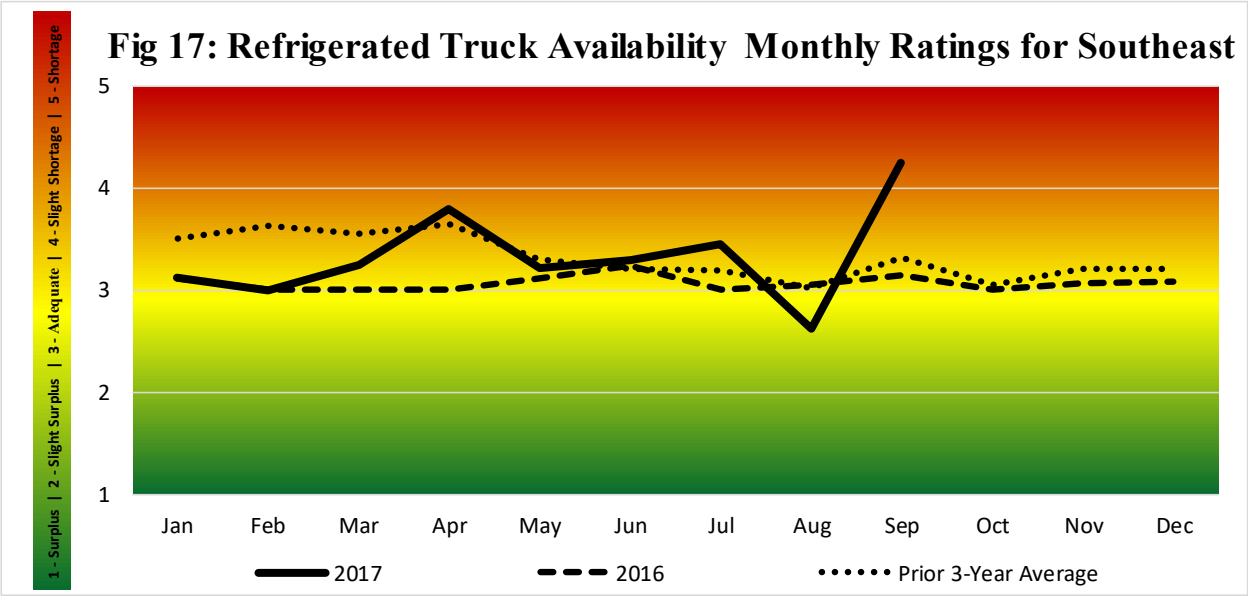


Figure 18: Southeast Truck Overview

Region/Reporting District	Availability Rating, 1=Surplus to 5=Shortage			
	July	August	September	3rd Quarter
Charleston-Beaufort District South Carolina	4.50	n/a	n/a	**4.50**
Eastern North Carolina	4.00	3.20	4.25	**3.82**
South Georgia	3.00	n/a	n/a	**3.00**
Vidalia District Georgia	3.00	2.20	n/a	**2.60**
Regional Average Availability	4.25	3.20	4.25	**3.90**
Diesel Fuel Price ($/gallon)	2.43	2.52	2.75	**2.57**

Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy

For the purpose of this report the Lower Atlantic District was used to represent the diesel fuel price for the Southeast

Great Lakes

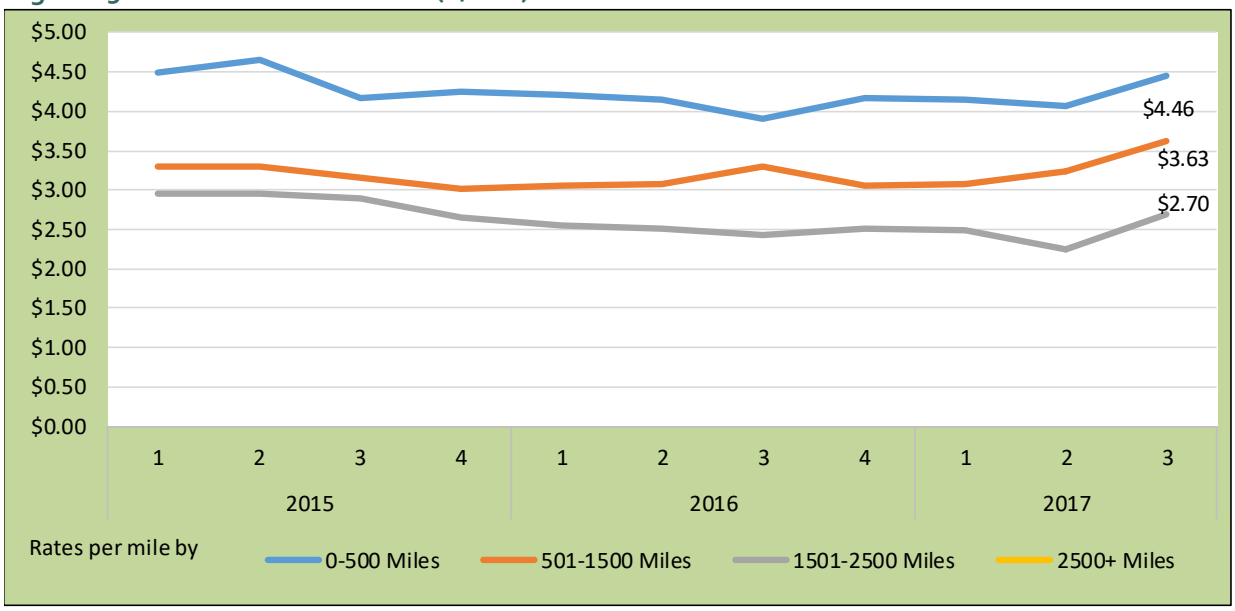
Table 15: Reported Top Five Commodities Shipped from Great Lakes (1,000 tons)

Commodity	3rd Quarter 2017	Share of Great Lake Total	Previous Quarter	Same Quarter Last Year	Current Quarter as %	
					Previous Qtr	Same Qtr Last Year
Potatoes	171	41%	105	179	64%	-4%
Watermelons, Seedless	44	11%	0	46	-	-4%
Cucumbers	42	10%	2	44	2150%	-5%
Apples	26	6%	29	16	-9%	68%
Peppers, Bell Type	24	6%	0	20	-	18%
Top 5 Total	**308**	**74%**	**135**	**306**	128%	**1%**
Great Lakes Total	**418**	**100%**	**146**	**402**	**186%**	**4%**

Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

"-" indicates no reported shipments during the quarter.

Figure 19: Great Lake Truck Rates ($/Mile)



Source: Agricultural Marketing Service, Specialty Crops Program, Market News Division

Volume: Total reported shipments of fruits and vegetables from the Great Lakes during the third quarter of 2017 were 418 thousand tons, up 4 percent from the same quarter in 2016. The sum of the top five commodities increased slightly by 1 percent with increases in apples and peppers offsetting slight decreases in potatoes, watermelons, and cucumbers.

Rates: The quarterly average truck rate for shipments between 501 and 1,500 miles was $3.63 per mile, 12 percent higher than the previous quarter, and 10 percent higher than the same quarter last year.

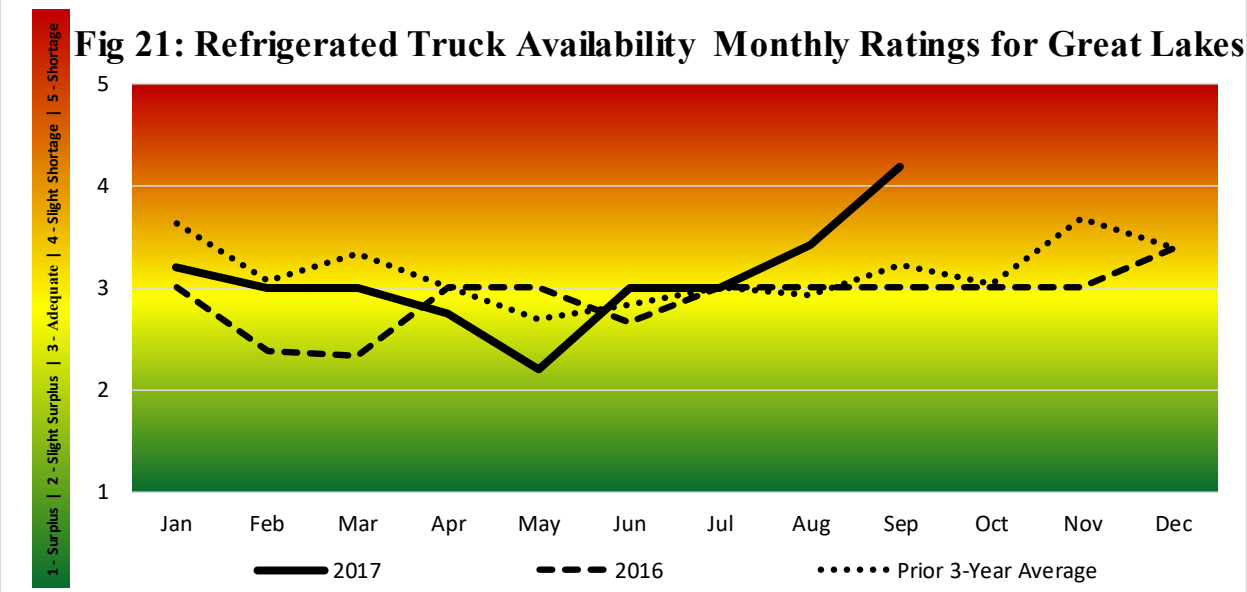
Truck Overview: Diesel fuel prices averaged $2.58 per gallon, 4 percent higher than last quarter, and 10 percent higher than the same period last year. Shippers in the Great Lakes reported adequate truck availability on average but with slight to full shortages across the region during September.

Figure 20: Great Lakes Truck Overview

Region/Reporting District	Availability Rating, 1=Surplus to 5=Shortage			
	July	August	September	3rd Quarter
Big Lake And Central Minnesota	3.00	4.43	5.00	**4.14**
Central Wisconsin	3.00	3.40	4.73	**3.71**
Michigan	3.00	3.30	4.00	**3.43**
Minnesota-North Dakota (Red River Valley)	n/a	n/a	5.00	**5.00**
Regional Average Availability	3.00	3.71	4.68	**3.80**
Diesel Fuel ($/gallon)	2.44	2.56	2.74	**2.58**

Diesel Fuel Source: Energy Information Administration/U.S. Department of Energy

For the purpose of this report the Midwest District was used to represent the diesel fuel price for the Great Lakes.



Terms and References

Data Sources: This information is compiled from the weekly Fruit and Vegetable Truck Rate Report by USDA, Agricultural Marketing Service (AMS), Specialty Crops Program, Market News Division. The website is: https://www.marketnews.usda.gov/mnp/fv-home.

Regional Markets: For the regional markets, some States are grouped into producing regions. The Pacific Northwest region includes Idaho, Oregon, and Washington. The Great Lakes region includes Michigan, Minnesota, and Wisconsin. The Southeast region includes North Carolina, South Carolina and Georgia.

Shipment Volumes: Truck shipments for all commodities and origins are not available. Those obtainable are reported, but should not be interpreted as representing complete movements of a commodity. Truck shipments from all States are collected at shipping points and include both interstate and intrastate movements. They are obtained from various sources, including Federal marketing orders, administrative committees, Federal State Inspection Service, and shippers. Volume amounts are represented in 10,000 pound units, or 1,000 10-lb packages but are converted to 1,000 tons for this report. Mexican border crossings through Arizona and Texas data is obtained from the Department of Homeland Security (DHS), U.S. Customs and Border and Protection (CBP) through USDA, AMS, Market News.

Rates: This information is compiled from the weekly *Fruit and Vegetable Truck Rate Report*. Rates quoted represent open (spot) market rates that shippers or receivers pay depending on basis of sale, per load, including truck brokers fees for shipments in truck load volume to a single destination. Extra charges for delivery to terminal markets, multipickup and multidrop shipments are not included unless otherwise stated. Rates are based on the most usual loads in 48-53 foot trailers from the origin shipping area to the destination receiving city. In areas where rates are based on package rates, per load rates were derived by multiplying the package rate by the number of packages in the most usual load in a 48-53 foot trailer. Slightly cheaper rates will be reported during Quarters 2 and 3 as about 50 percent of onion shipments from California are hauled on open flatbed trailers. During Quarter 3, less than 20 percent of onions hauled from Washington, Idaho, and Oregon are on open flatbeds.

Regional Rates: Rate data for 10 destination markets are used to calculate average origin regional rates.

National Rates: The national rates reflect the average of the regional rates, separated by mileage category and weighted by volume between origin and destination.

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http://www.ams.usda.gov/market-news/fruits-vegetables

Economic Research Service Vegetable and Pulses
http://www.ers.usda.gov/topics/crops/vegetables-pulses.aspx

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National Agricultural Statistics Service, Crops
http://www.nass.usda.gov/Statistics_by_Subject/index.php?sector=CROPS

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