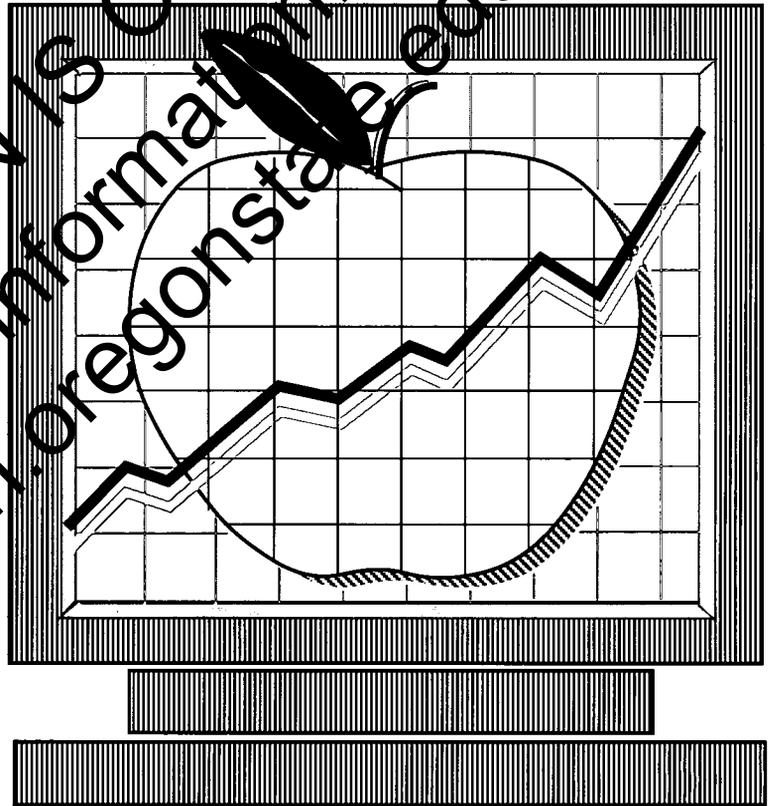

MARKET NEWS FOR HORTICULTURAL COMMODITIES

A USER'S GUIDE



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Market News for Horticultural Commodities: A Users Guide

L. Burt

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Market news is a public service that's unique to agriculture. The need for market news stems from the perishability of agricultural commodities. That characteristic underlies the price and movement volatility of those commodities.

Prices may fluctuate not only from day to day, but also from hour to hour. Fast, timely, and unbiased reporting of prices and price-making influences is important for the efficient operation of our food and fiber industries.

An example

You might be wondering what sort of information is really provided in market news reports. As you'll learn from reading further, the amount and diversity of the information is enormous.

Imagine for a moment that you're a Willamette Valley grower with the following characteristics:

- Your major crops are cherries, red raspberries, and sweet corn. From time to time, you grow other row crops, and you've been considering radishes as a possible addition to your production schedule.
- As a part of your marketing program, you check market news reports on a regular basis for selected crops and market locations.

On this particular day, you're interested in the Los Angeles and Yakima markets. From selected reports, you quickly find the following information that you want:

Los Angeles

- Cherries: About steady. Cartons/lugs minimum row sizes WASH/OREG 20#; #1 Bing 10½ row 26.00-\$29.00, 11 row 23.00-\$24.00, 12 row & larger 18.00-\$22.00 best mostly 20.00-\$22.00; Lambert 11½ row 18.00-\$21.00; Sweets 12 row & larger \$15.00. Rainier 18# 45.00-\$46.00; 15# 10½ row 35.00-\$38.00. Truck arrivals: 3908 packages WASH.
- Red Raspberries: Film wrapped, baskets/cups 12½ pint CALIF 10.00-\$12.00 mostly 10.00-\$11.00, fair condition 6.00-\$7.00, (12-6 oz 11.00-\$14.00); OREG/WASH 12.00-\$13.00. Air arrivals: 200 packages OREG. Truck arrivals: 1901 packages CALIF
- Sweet Corn: About Steady. Precooled unless otherwise stated KERN COUNTY AND SOUTH DISTRICTS cartons/ crates 5 dozen yellow 12.00-\$14.00, mostly 12.00-\$13.00, few \$11.00, few non-precooled \$14.50; white 14.00-\$15.00. FLORIDA cartons 4½ dozen yellow 10.00-\$12.00. Truck arrivals: 5948 packages CALIF & 6000 packages FLORIDA.
- Radishes: About steady. Red iced CALIF 4 dozen 7.00-\$8.00 few higher, 2 dozen 4.00-\$4.75 mostly \$4.40; MICH/MINN cartons film bags 30/6 oz packages 6.50-

Larry Burt, Extension economist, Oregon State University.

Introduction

In today's fast-paced business environment, producers and marketers of horticultural commodities need accurate and timely news about market activity in berry, tree fruit, vegetable, and ornamental crops. If you want the most current information on supply, demand, movement, and prices for a wide variety of horticultural commodities, there are well over 700 Federal-State market news reports to help you.

This information is now available through the OSU Extension Service and a variety of other public and private sources.

The purpose of this publication is to help orient you to the types of market news reports available, how to obtain them, how to interpret them, and who to contact for additional information.

Although some reports are available through the mail or over the phone, market news is now primarily an electronic system. That means fast, cost-effective information available to help you make critical marketing decisions at the opportune moment.

\$7.50 mostly 6.50-\$7.00, 25# film bags 8.00-\$10.00 mostly 8.50-\$9.00. Truck arrivals: 1175 packages CALIF & 3088 packages MISSOURI

Yakima

- **Cherries:** YAKIMA VALLEY-WENATCHEE DISTRICT. Sales f.o.b. shipping point basis. Demand good. Market steady. 20 lb. cartons. Palletizing extra. Bings 12 row size & larger \$18.00, few \$20.00, few including previous commitments \$16.00; 11½ row size & larger \$20.00, occasionally higher & lower; 11 row size & larger 20.00-\$22.00; 10½ row size & larger 21.00-\$24.00, mostly \$22.00-\$23.00, few \$25.00. Rainiers 15-lb. carton 10½ row minimum 32.00-\$35.00, mostly 32.00-\$33.00, occasionally lower.
- **Red Raspberries:** OREGON number of pounds & price per pound delivered to the packing house or receiving station. Current week 1,062,096; total to date 1,846,987 (revised); to date last season 6,686,172. 25 cents, occasionally higher.
- **Sweet corn:** LOWER YAKIMA VALLEY. First report. Supplies in few hands, demand very good. Hydrocooling extra. Cartons 5 dozen yellow 7.00-\$8.00, some \$8.50.
- **Radishes:** no report.

If this type of information, on many different horticultural crops, is of interest to you, read on!

Overview of market news

The goal of the Federal-State Market News Service is to provide a wide range of market information to the entire U.S. agricultural industry. That includes everyone from food and fiber producers to retailers.

Market news concentrates on current market conditions. However, reference may be made to information contained in a wide variety of market-related publications including crop and livestock estimates, situation and outlook reports, and market research reports.

The gathering of market news has historically been viewed as being in the public interest. As far back as 1839, Congress appropriated funds to gather information about agriculture. But it wasn't until 1914 that Federal funds were specifically earmarked for the collection and dissemination of market news.

In 1916, there were 13 fruit and vegetable market news offices. By 1931, all the other commodities now covered were included. In 1951, Congress approved and funded the Federal-State Market News Service, a unified approach that serves as the foundation of the present system.

Market news today is collected and distributed in over 100 offices by the Federal-State Market News Service, a unit of the Agricultural Marketing Service (AMS), U.S. Department of Agriculture. These offices are located in important producing areas, major assembly and terminal markets, and food processing and distribution centers.

Besides covering horticultural crops, these offices report on such commodities as livestock and related products, cotton, tobacco, grain, and honey.

In some cases, desired market information may not be available. However, the AMS may be able to collect that data on a fee basis. If that's possible, the interested parties must negotiate a contractual agreement with AMS to cover the cost of collecting and disseminating the information.

A team of reporters in each field office gathers and evaluates information from agricultural producers, buyers, shippers, and dealers. Although coordinated from Washington, D.C., each field office is responsible for verifying the accuracy of reports, maintaining working relationships with the trade, and for adjusting collection and reporting methods to suit local conditions.

A satellite communications network provides quick information exchange throughout the Nation.

Any person or firm can be connected to the system to receive reports directly on a fee basis. If that's of interest to you, subscribe through the common carrier that provides satellite services to the U.S. Department of Agriculture, Telcom Central, 2730 Junction Ave., San Jose, CA 95134; phone (408) 434-0282.

It's also possible to obtain a connection on the USDA "teletype" network by contacting the AMS Communications and Operations Branch; call (202) 475-4429.

Teletype reports are exchanged between market news offices. If you're connected to the system, it will allow you to capture the very latest information available.

Some commercial firms and press wire services are hooked up to the system to disseminate the information electronically to subscribers. These private distributors of market news are gaining importance. Among other things, they offer convenience and cost effectiveness.

One of the strengths of the present system has been Federal-State cooperation. Market news is a national system; the Agricultural Marketing Service coordinates cooperative agreements with 44 states. Through these agreements, the degree of participation by the Federal and State governments is determined.

OSU market news program

By cooperative agreement with the USDA, the OSU Extension Service is responsible for disseminating Federal-State market news reports to end users in Oregon. Each day, the market news office at OSU receives hundreds of reports, including those on horticultural crops, by satellite transmission.

After sorting out those relevant to Pacific Northwest users, the reports are provided in the most accessible and useful way possible. The methods include:

1. radio reports prepared daily and distributed to stations in Oregon;
2. daily phone recordings on livestock, grains, and potatoes that cost you only the normal phone toll charge;

3. a weekly newsletter on commodity trends that can be mailed to you on a subscription basis; and
4. electronic mail, which makes all market news reports available to you at any OSU county Extension office.

For more information on these reporting methods, you can call the OSU Market News Office directly at (503) 737-1438.

Underlying principles

For both parties in a market transaction to bargain fairly, they need information that's current and reliable—and unbiased with respect to prices being paid for known quantities and qualities. The Federal-State Market News Service fills a big gap in this process by providing such information in a widely distributed, cost-effective manner.

The reports are useful and impartial because they're researched and prepared by skilled, well-trained, and disinterested Federal or State government reporters. Neither buyer nor seller has control over the collection and evaluation of information used for the reports.

The information is current because it's gathered and disseminated on a regular basis (several times a day in some markets, as conditions warrant). Reliability of the information is enhanced by collecting a wide range of information from a specified market on the basis of USDA standards or other nationally understood terms.

The breadth of information is also enhanced by the confidentiality of information provided by individual firms. Virtually all firms contacted by reporters respond freely because they know that proprietary information is combined so that individual operations can't be identified.

Measurement goals

For each market, the Market News Service gathers original information on commodity prices, local stocks, movement, receipts, weather conditions, and the general supply/demand situation during specified market sessions.

Reporters gather this information directly by the most efficient means: onsite visits or by phone to buyers and sellers in production areas and public markets.

In addition to disseminating information immediately on current market conditions, some offices publish quarterly or annual data summaries. They may also include additional data related to crop reports, situation

and outlook information, or other secondary information that may have a bearing on market conditions or trends.

The purpose of the Market News Service is simply to report on market conditions as interpreted at the time of observation and not to diagnose, cure, or regulate.

As a spectator, the service may influence market activity, but interference is avoided. The market conditions being reported are centered in four major and interdependent categories:

1. *Movement* is a term used to refer to the tempo of the market. Commodities going through the usual market channels may be described as moving briskly, normally, or slowly for a particular season.
2. *Price* is not only indicated by dollar amount for each commodity type, but it may also be compared with an earlier date—for example, higher, lower, or steady.
3. *Supply* is the amount of product that's moving through the market pipeline or is in an inventory that's affecting the market. The market might be described as overfilled, adequate, or nearly empty for a particular time period.
4. *Demand* identifies whether buyers want what's available in the market. If buyers are judged to want more than is in the market, demand would be described as high or strong. However, if buyers were deemed to be cautious in their interest in available supplies, demand would be described as low or weak.

Market news limitations

Time and available staff limit the amount of information that reporters can gather on many commodities. Fruit and vegetable reporters, for example, must maintain the simplest records possible because of the diversity of commodities and the many individuals that handle them. Average prices are typically not reported on a volume-weighted basis.

However, reporters do make judgments about price-volume relationships. Within a price range, a narrower range or value may be indicated as the price *mostly* observed or for the *bulk* of sales.

Most market news prices have limited value for assessment of farm-gate commodity values. In many cases, they reflect additional costs for hauling, gathering, and container charges.

Sales made at terminal markets may include marketing costs for packing, handling, and brokerage in the reported price. While acknowledged in the report, there frequently is no way to break down the price to reflect those cost elements.

Although an attempt is made to report prices and market activity consistently, data collection may sometimes be adversely affected by slow trading, distress sales, and special trading for quick delivery.

Fewer grades and classes of fruits and vegetables are being reported, but standardization within many of the

individual commodities may make that less of a problem to you.

The reports usually contain USDA standards and pack terminology. However, those terms are now so generally used in the trade that you should have no trouble becoming acquainted with their meaning.

How to use market news

Market news reporters can help serve as your eyes and ears in horticultural markets. They can help you keep tabs on market supplies, demand levels for your products, and prevailing price levels for specific commodity types. That can, in turn, help you to make advantageous marketing decisions.

To make good decisions, you need to study relevant market news reports on a continuing basis. Plotting supply, demand, and price data over time can help you pinpoint—and even anticipate—developing seasonal or annual trends. A computer with easy-to-use spreadsheet and statistical software can greatly enhance your effectiveness in this type of analysis.

Horticultural market news

Reports on more than 230 fruits and vegetables and over 170 ornamental crops are prepared by 33 market news offices around the nation. Reports are also prepared on nuts, honey, and truck rates/costs.

Foreign-grown commodities sold in this country are reported at seaport terminal markets and at border crossing stations.

All the terminal market offices and almost half of the shipping point offices operate year-round. Twelve of the terminal market offices also report shipping point information for their areas.

An area where raw agricultural products from individual producers are assembled for further movement into the marketing system is generally referred to as a *shipping point market*.

Terminal markets are usually centrally located at the end of a transportation line in an area of high population density.

A number of offices report commodities that are sold to processors. Only those transactions not set by pre-season contract are reported. Thus, the quoted prices are those prevailing at the time of the transaction.

The Market News Branch of the Fruit and Vegetable Division of the Agricultural Marketing Service in Washington, DC, has two sections:

- The Market Reports Section supervises the market news reporting in all the field offices and the preparation of weekly, monthly, and annual summaries issued from Washington, DC.
- The Transportation Reports Section collects and releases all available information on rail, piggyback van, boat, air, and truck movement of fruit, vegetable, and ornamental crops; it also provides technical support for supply reporting at the field offices.

Sources of data

Supply, demand, and price data at shipping point and terminal markets are collected personally by market news reporters. This information is shared with other offices to help prepare comprehensive local and national reports on a timely basis.

Information on shipments to market by rail, boat, and air are obtained from government sources such as the Animal and Plant Health Inspection Service, Foreign Agricultural Service, and the Customs Service.

Information on shipments by truck are compiled from shipping point inspection reports, State clearance certificates, operators of public scales, and through direct contact with shippers in the production areas.

Reporters in terminal markets typically spend several early morning hours at wholesale and farmers markets while trading is active. Both buyers and sellers are contacted to obtain detailed information on supplies, rates of movement, demand levels, quality, and condition of offerings, market trends, and specific prices for commodities being traded.

Lots being offered for sale are observed specifically for information on point of origin, type of container, varieties, grades, sizes, quality, and condition—and any other factors that might influence market price.

Special attention is given to cross-checking price information provided by sellers and paying prices reported by buyers. Telephone contact is usually restricted to dealers not located near the markets or for followup checks.

Production and shipping point reporting practices are similar except that most of the work is conducted late in the day when trading is normally heaviest. A certain volume of sales must be made before market trends can be established. Since most of the shipping point areas cover large geographical regions, more of the contact work is done by phone.

Types of reports

Each terminal market office issues a *Terminal Market Report* on a daily basis. Included are price data on each commodity that has been traded that day. Also included are data on rail arrivals, unloads and track holdings, receipts by truck or airline, and boat arrivals for those terminal markets in port cities.

Annual Price Summaries are also released at the end of each calendar year. They report the price range on a given representative day each week for sales of good merchantable products coming from areas normally supplying that city.

Shipping Point Market Reports are issued daily by each shipping point office. Commodities being reported are limited to those which are marketed in a significant volume and whose prices represent the most uniform level of trading.

Grower prices are reported where important. Information from competing areas, relevant terminal markets, new supplies in 23 cities, and rail track holdings in 20 leading cities are also reported as appropriate.

In addition, reports from other government sources, unusual weather conditions, applicable futures trading, and other miscellaneous market-making information are frequently included.

At the end of each season, *Seasonal Shipping Point Summaries* are issued by each shipping point office for major commodities traded in each respective area. Some summaries include information about closely related commodities in competing areas. Information on production levels, shipments, distribution, shipping point as well as terminal market prices, and other factors affecting shipping point marketing is emphasized.

A weekly report on *National Shipping Point Trends* is compiled from reporting offices around the Nation. It gives background information on recent shipments from various production areas, prospective volume of offerings, trading levels, crop conditions, harvesting status, weather conditions, outlook for the next 2 weeks, and any other factors affecting shipping point markets.

This report receives wide distribution through such publications as *The Packer*, *Produce News*, and *The Institute Report*.

Ornamental Crops National Trends is a similar report to *Shipping Point Trends*. It's released each Friday from the San Francisco terminal market news office. Included are reports on observations of market news reporters covering terminal wholesale flower markets.

Market information on ornamental crops is provided in the weekly *National Market Trends*, compiled from every field office reporting on ornamental crops. A wide variety of cut flowers, greens, and potted plants are covered. Supply, demand, and price information are emphasized. Volume of imported cut flowers and decorative greens is also included. Movement data isn't available because of inherent risks of duplicating supply data.

Shipment and arrival. The Market News Service prepares numerous shipment and arrival reports:

1. *Rail and Boat Shipments* reports the number of cars and vans of fresh fruit and vegetables, by commodity and point of origin, transported by those modes for each 24-hour period.

2. *Truck Shipments* reports estimates of truck shipments of fruits and vegetables based on border road-guard station data, shipping point inspection information, State clearance certificates, shipper information, public scale reports, vacuum cover information, and Federal-State Inspection Service reports.

3. *Air Shipments* provides data collected by originating airlines on the movement of horticultural commodities by air from four shipping point locations to terminal markets served by selected field offices.

4. *Market Arrival* reports by commodity and point of origin are prepared to estimate the change in horticultural supplies in 23 metropolitan market areas. Through contacts with distributors, wholesalers, chain store receivers, institutional buyers, airlines, railroads, and boat lines, each respective terminal market office tracks season beginning/ending dates and incremental increases/decreases in supplies.

5. *Daily Movement* reports are released from Washington, DC, to provide three types of information:

a. rail and boat shipments of 80 major commodities by point of origin over the previous 24-hour period;

b. total new supplies of 55 major commodities delivered by truck and rail to 23 major markets in the previous day; and

c. available truck shipments of 80 major commodities by point of origin over the previous day.

6. *Summary, Shipments-Arrivals-Ornamentals* is a weekly report showing all rail shipments for the previous week and all truck shipments from point of origin. Comparative figures are provided for the previous week of the current year and the corresponding week of the previous year. It also contains comprehensive truck and rail arrival information for the week, totals to date, and comparisons with the previous season.

7. *Shipments by Commodities, States, and Months* is an annual summary showing rail and boat movement by point of origin and air and truck shipments by state. Import tonnage included in the report is estimated from Bureau of the Census data.

8. *Arrival Totals for 23 Cities* is an annual report for each commodity by point of origin, month, and mode of transportation. Five Canadian cities are also reported.

9. *Regional Arrival Summaries* report detailed annual information by month, point of origin, and mode of transportation for each commodity entering 23 U.S. and five Canadian cities. Featured in the reports are 3-year comparative tables.

Special market reports. Market News Service also prepares a number of special market news reports on horticultural commodities. Some examples:

- The biweekly *Pecan Report* also contains information on the sales of other nuts made at terminal markets.
- The *National Honey Report* includes information on the availability of rental hives for pollination.

- During the harvest season, the weekly *Wine Report* contains information on the volume and prices for wine grapes sold to California wineries.
- Weekly *Processing Crop Reports* are released during the season for numerous production areas. Crops include berries, tree fruits, potatoes, asparagus, and sweet potatoes. Volume and price information are emphasized.

Other special reports include:

Fresh Fruit and Vegetable Prices in Chicago, New York and Leading Shipping Areas. This annual summary shows monthly arithmetic average prices for major commodities by area of origin, variety, grade, and size. It can provide you with a means to compare shipping point and terminal markets.

Truck Rate and Cost Reports are available each week and tally shipments and average freight rates from each shipping point to six major terminal markets. Trucker shipping cost data and information on the relative supply of trucks available to each shipping area are also provided. An annual summary is prepared to review rates and costs for the full year.

The *Agricultural Marketing Service Food Purchase Report* is issued each Tuesday from the New York City and Los Angeles field offices. It includes information about USDA purchases of various commodities for the school lunch program and other programs for the needy, and it provides information on invitations to submit bids for government purchase of specific commodities.

Information about herbs sold is released by the Chicago field office each Wednesday as the *National Wholesale Herb Market News Report*. This report covers all of the major terminal markets. Among other things, it contains detailed wholesale price information.

Breadth of reporting

The marketing of horticultural commodities is frequently complex. They may pass through any of various combinations of trade levels in moving from producers to ultimate consumers.

Included would be sales to local buyers; through country auctions, brokers, shipping point growers organizations; to carlot distributors, wholesalers, distributors, service wholesalers, chain store buyers, cooperative buying organizations, or small retailers; and through terminal market brokers and through a variety of consignment arrangements.

Market news reports are prepared for the levels of trading that represent the greatest volume of sales and that can be covered efficiently. Transactions are reported according to local customs and industry needs. In most cases, shipping point and wholesale levels are most meaningful. However, grower prices are reported for areas where trading is uniform.

Reports from both production and metropolitan areas remain important. They may be much different from

unreported volumes that trade outside normal market channels such as direct sales to corporate chains or voluntary buyers. With percentage-volume-of-product increasing to processors, greater attention is being paid to reporting prices and volumes of commodities moving to processors.

Seattle market news reports are a good example of the type of information available from terminal market field offices. Here's what they issue:

- on Monday, Wednesday, and Friday of each week reports on *Fruits, Vegetables, Onion & Potato Annual, and Package Counts*;
- a *Miscellaneous Herbs* report each Tuesday and a *Subtropical Fruits & Vegetables* report each Wednesday;
- during the months of October to January, a *Nut Report* each Tuesday and Thursday;
- a monthly *Miscellaneous Commercial Arrivals* report; on an irregular basis, a *Weather and General* report; and
- terminal and shipping point information for ornamental crops: a *Terminal Report* each Tuesday and Thursday, a *Terminal Trends* report every Thursday, an *Export Arrivals* report monthly, and a *Canadian Auction* report bi-monthly.

Yakima reports. Yakima is a typical fruit and vegetable shipping point field office; its staff issues these reports:

- daily during the season, four *FOB Reports*: fruit (apples and pears), vegetable, onion and potato (Washington), and onion and potato (Oregon);
- a daily *Truck Shipments* report;
- a weekly *Shipping Point Trends* report (every Monday);
- a weekly *Apple and Berry Processing* report (every Thursday);
- a monthly *National Honey Report*; and
- irregularly, as needed: *Fruit FOB* report (miscellaneous fruit) and *Weather and General* report.

How to obtain the reports you need. If you're interested in obtaining a complete list of horticultural crop market news reports, write the Market News Branch, Fruit and Vegetable Division, Agricultural Marketing Service, U.S. Department of Agriculture, Room 2503, South Bldg., P.O. Box 96456, Washington, DC 20090-6456—or phone (202) 447-2175.

The list contains a brief description of each report, the location of the field office where it's prepared, the frequency of each report, and the city/report-number code for accessing each report electronically.

When you contact the fruit and vegetable market news branch, you may also obtain a copy of their directory, *The Market News Service on Fruits, Vegetables, Ornamentals, and Specialty Crops*.

The directory includes:

- a complete list of addresses and phone/FAX numbers for both terminal and shipping point field offices;
- reports available by mail from each field office (including frequency, season, and subscription costs); and
- market news available by phone in each State (including reporting location, type of report, dates available, and access phone numbers).

Horticultural market news terms

To use market news reports to their fullest potential, you need to understand the terms that are used in describing the market situation. The Market News Service uses a standard set of terms to describe such things as price range, variety, grade, quality, size, and condition.

Price ranges are usually shown for commodities of generally good quality and condition. Where quality is exceptionally fine or poor, that condition is noted in quoting price ranges. The term *mostly* is used in the sense of a majority.

Shipping point

The basis of sales reported at shipping points has terminology that conforms to Trade Terms and Definitions contained in regulations issued under the Perishable Agricultural Commodities Act. Many libraries have a complete and updated Code of Federal Regulations available for you to examine.

If you're interested in more detailed information on the shipping terms and definitions as described here, read *Code of Federal Regulations, Title 7, Subtitle B, Chapter 1, Subchapter B*.

In most cases, prices are quoted *f.o.b.* (free on board; no shipping charges included beyond the location identified in the quote) for carlot/trucklot quantities packed and loaded by the shipper at a specified assembly point.

F.o.b. sales fall into various categories depending on arrangements for product possession transfer and on buyer/seller rights after the sale.

As an example, *f.o.b. shipping point* means that the commodity sold is to be placed free on board the vehicle being used to transport it. The produce is understood to be in suitable condition for shipping. All risk of damage or delay in transit is assumed by the buyer.

The buyer may inspect the product at the destination point prior to payment, but only to confirm whether the commodity shipped complied with the terms of the contract at the time it was shipped. The buyer may not reject a load because of loss, damage, deterioration, or other change occurring in transit.

Variations include *f.o.b. acceptance*, which means the buyer assumes full responsibility for the commodity at the shipping point including risk of damage or delay caused by the shipper. The buyer has no right to reject a load when it arrives and has no recourse against the seller for any reason other than the product was not in a suitable shipping condition.

F.o.b. acceptance final means the buyer accepts the product at the shipping point without recourse of any type.

F.o.b. inspection and acceptance arrival (grade guaranteed arrival) means that the seller puts the product on the vehicle for transportation. The sale is *f.o.b.* price only at that point. It's on an *f.o.b.-delivered* basis with respect to grade, quality, and condition.

The buyer bears the cost of transportation. However, the seller assumes all risk of loss or damage in transit not caused by the buyer. After an inspection on arrival, the buyer has the right to reject a load if it doesn't meet the contract specifications.

When the commodity is delivered under the control of the buyer to some specified destination, the term *delivered sales, shipping point basis* is used. The sales price includes all transportation/protective charges, and the seller assumes all risk of loss or damage in transit not caused by the buyer.

In such cases, market news reports contain a derived uniform price—the delivered price less transportation/protective charges. The term *sales to local buyers* usually refers to truckloads of produce sold at farmers markets to such local buyers as wholesale dealers, chain stores, buying brokers, truckers, or auctions.

Price to growers is a term for the amount paid per unit to growers by packers, processors, or shippers. The basis for delivery and point of sale are usually stated. For example, lettuce might be quoted as dollars per carton, number of heads per carton, in field, seller furnished cartons and harvest labor.

Terminal

The basis of most sales reported at terminal markets is *sales on the wholesale market*. In most cases, the sales are in less than carlot amounts for products sold by the original receiver to distributors and large retailers.

Sales made to smaller retailers are usually at higher prices and aren't considered wholesale transactions. Smaller quantities sold by distributors to retailers, restaurants, and institutional buyers aren't normally reported as a part of the market news function.

Where full trucklot sales are significant, they are reported as *trucklot sales delivered* to a specific market or *trucklot sales to outside points*.

Demand

Economists frequently refer to demand as a schedule of the quantities that people are willing and able to buy at different prices. However, with respect to market news, the term demand generally refers to actual or potential purchases at prices within a quoted range. Buyer interest at going prices is characterized by one of seven categories:

1. *Demand exceeds supply or offerings* means that buyer desire for product greatly exceeds available supplies.
2. *Demand very good* indicates that demand is well above average compared to the offerings normal for that time period.
3. *Demand good* means that demand is above average and trading is more active than normal.
4. *Demand moderate (fairly good)* indicates that buyer interest and trading activity are average for the specified time period.
5. *Demand fairly light* means that buyer interest and trading activity are slightly below average for the time period.
6. *Demand light* is a term used to indicate that there are few buyers interested in trading.
7. *Practically no demand* means that the market is in a stagnant condition with very few buyers interested in trading and few if any sales.

Market tone

A set of terms has been established to indicate a comparison of market condition and prices between what is currently observed and an earlier time period. Occasionally, the comparison will be with expected future conditions as identified by buyer/seller opinions.

Price fluctuations due to changing quantity, condition of the commodity are excluded from any assessment of market tone. Furthermore, the market tone reported for a particular commodity may vary depending on the type of pack, variety, size, or some other factor or combination of factors.

Market news reports for horticultural crops use market tone terminology that has been refined into 15 categories:

1. *Market strong* means that prices are measurably higher than the previous trading session and the reporter believes that the upward trend in prices will continue.
2. *Market much higher* indicates that prices are substantially higher than the previous trading session.
3. *Market higher* means that most sales are at prices measurably higher than the previous trading session.
4. *Market slightly higher* indicates that price advances are less definite and less general than the higher category. This term is frequently used when the price range is unchanged, but there's a greater volume of sales at the higher end of the range. In that case, the price associated with the greater volume would likely be indicated as the *mostly* price. This term would also be used if the price range is higher and the *mostly* price is either not appropriate to report or unchanged. Furthermore, it's used when some higher prices are noted but are insignificant with respect to market trend. Those higher prices are identified as *occasional, few, or some*.
5. *Market firm* means that prices are trending slightly higher, but not measurably so.
6. *Market unsettled* indicates a condition of uncertainty where the trade is not in agreement on whether prices are trending upward or downward. This term is used infrequently and may be accompanied by a reason for the uncertainty, such as impending storm damage, labor strikes, or changes in the law that would affect the market.
7. *Market steady* means that prices are unchanged from the previous trading session.
8. *Market about steady* indicates that prices are mostly the same compared to the previous trading period.
9. *Market dull* means that prices are about unchanged from the previous session, trading is inactive, and the prices quoted represent few sales.
10. *Market barely steady* indicates that prices are holding at the level of the day before, but weakness is expected. The reasons may include such factors as decreased demand, supplies not clearing at prevailing prices, or heavier supplies momentarily expected to come into the market.
11. *Market slightly lower* means that price declines are less definite and less general than the declines associated with the lower category. It describes a situation that is exactly the opposite of the *market slightly higher* category. It's used to describe a situation where the price range is steady, but the volume of sales is greater at the lower *mostly* end of the range. It's also used to indicate a situation where the price range is lower, and the *mostly* price is either unchanged or inappropriate. If a price in the lower range is considered by the reporter to be insufficient to affect the market trend, it's quoted as *occasional, few, or some*.
12. *Market lower* indicates that prices for most sales are measurably lower than the previous session. The actual decrease may be stated in dollars per unit, where appropriate.
13. *Market much lower* means that prices are substantially lower than the previous trading period.
14. *Market weak* indicates a downward trend. Prices in the market are measurably lower than the previous session and may be even lower for the next session.

15. *Market demoralized* means that the market is oversupplied and sales are being made only at extremely low prices—in some cases, that may be at any price offered. This term is reserved for only the most unusual cases.

Trading activity

Shipping point reports indicate the pace at which sales are being made. The typical terms you'll see include:

1. *Trading very active* means that demand is much better than average and available supplies/offerings are being sold rapidly.
2. *Trading active* refers to available supplies/offerings readily clearing the market.
3. *Trading fairly active* indicates that available supplies/offerings are clearing the market at a slightly faster than normal rate.
4. *Trading moderate* means that available supplies/offerings are clearing the market at a normal rate.
5. *Trading fairly slow* indicates that available supplies/offerings are just clearing the market.
6. *Trading slow* means that available supplies/offerings are not readily clearing the market.
7. *Trading very slow* refers to a situation where a large percentage of supplies are unsold. Available supplies/offerings aren't clearing the market.
8. *Trading inactive* means that sales are intermittent with few transactions being completed.

Quality and condition

Sales throughout the country are frequently made using USDA or industry recognized grades and standards for horticultural commodities. Where that's the case, market news reports contain references to grade and standard terminology when describing commodities that are being quoted.

When quality and condition aren't mentioned, the commodity is assumed to be of "generally good merchantable quality and condition." Any quality or condition factors above or below that level are noted with the quotation.

Because USDA grades and standards are frequently mentioned in market news reports, you may want to become familiar with some of them. All of the *voluntary* grades and standards for raw horticultural products have been developed under authority of the Agricultural Marketing Act of 1946.

They cover a wide range of commodities including fruits and vegetables for both fresh market and processing, nuts and special products including Christmas trees, peonies (cut, in the bud), and tomato plants.

Many libraries have all the latest grades and standards. They're contained in the *Code of Federal Regulations*, Title 7 (Agriculture), Subtitle B (regulations of the Department of Agriculture), Chapter 1 (Agricultural Marketing Service Standards, Inspections and Marketing Practices), Subchapter C (Regulations and Standards under the Agricultural Marketing Act of 1946), Part 51 (Fresh Fruits, Vegetables and Other Products—inspection, certification and standards).

Or you may buy a "pocket book" known as the *Code of Federal Regulations, Title 7—Agriculture, Parts 46 to 51*, which contains all the raw product grades and standards. It's available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20407, phone (202) 783-3238.

You may also obtain single copies of the grade and standards that have been established for a particular commodity, at no cost, by contacting Standardization Section, Agricultural Marketing Service, Fruit and Vegetable Division, Fresh Products Branch, U.S. Department of Agriculture, P.O. Box 96456, Room 2056-South, Washington, DC 20090-6456; phone (202) 447-2185.

The Standardization Section also has a useful publication, *U.S. Standards and Inspection Instructions for Fresh Fruits and Vegetables and Other Special Products* lists all of the commodities which have established grades and standards, the date of the latest issue, and the cost for additional copies. Also included is a list of inspection instructions that have been developed for a wide variety of commodities.

The term *quality* refers to such physical properties as size, color, shape, texture, cleanliness, freedom from defects, and other similar factors that affect the market value of a commodity. The terms used by the market news service related to quality have very specific meanings:

1. *Fine* is a better quality than that judged to be good. As such, it's superior in appearance, color, and other quality factors. It's important not to misinterpret fine as fancy. The term *fancy* is used only as a part of the USDA grading system for some commodities.
2. *Good* refers to a quality that is highly merchantable with only a small percentage of defects. Frequently, this term is used synonymously with a grade of U.S. No. 1. For some commodities such as lettuce, it refers to at least 85% of the commodity being graded U.S. No. 1.
3. *Fair* means that the product has a higher percentage of defects than that judged to be good. It's used synonymously with quality judged to be in the vicinity of 75% graded U.S. No. 1.
4. *Poor* indicates that a high percentage of the product has defects and likely can be sold only at very low prices.

Product *quality* is frequently refined in market news reports using additional quantitative descriptions:

<i>Occasional</i>	1 to 5%
<i>Few</i>	6 to 10%
<i>Some</i>	11 to 25%
<i>Many</i>	26 to 50%
<i>Most/mostly</i>	51 to 90%
<i>Generally</i>	More than 90%

The term *condition* refers to a number of factors such as stage of maturity, decay, freezing, injury, shriveling, flabbiness, or any other deterioration that has occurred or will continue to occur after harvest. Emphasis is placed on factors that may change over time.

The terms for condition are used regardless of the product grades or standards that apply:

1. *Good* means that the condition is such that a price discount wouldn't be justified.
2. *Fair* indicates that a slight degree of off-condition may justify a slight price reduction compared to product judged to be in good condition.
3. *Ordinary* means that there are a greater number of off-condition factors that may justify a substantial price reduction compared to product judged to be in good condition.
4. *Poor* is reserved to identify product with off-condition that's prevalent to the point of justifying heavy price discounts.

Frequently, a combination of condition terms is used to describe a range of condition factors—for example, *poor to ordinary* or *fair to good*.

Size and pack

For some commodities, size and pack have no bearing on market value. In those cases, market news reports are silent with respect to size and pack terms. However, for many commodities, size and pack are important factors in determining market value.

Market news reports in such cases include a size and/or pack standard for each quotation. In some cases it may only be a "minimum" designation that indicates that all product in the pack is at least the stated minimum size. That minimum designation, however, doesn't guarantee that there are larger sizes.

In many cases, products are sized by the number of units that are put in each standard-size container.

As an example, western head lettuce size is designated as 18s, 24s, or 30s, depending on whether there are 18, 24, or 30 heads per standard box.

For celery, size designations of 2 1/2s, 4s, and 8s indicate the number of dozen stalks in a standard carton.

Many tree fruits are sized based on the number of pieces per standard box.

Commodities that are packed in containers according to a standard arrangement are frequently identified based on that arrangement—for example, 6X6, 3/4X5, or 8-row pack.

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