

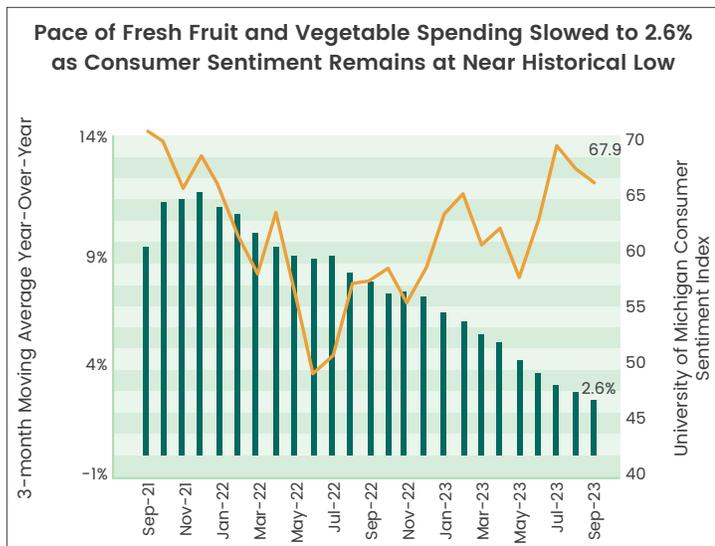


3rd Quarter 2023 Economic Update

The U.S. economy was stronger than expected in the third quarter increasing at an annual rate of 4.9%.

Much of the economic gain is attributed to strong consumer spending and inventory investment. This was the fifth consecutive quarter of growth and the strongest growth since the final three months of 2021. While the economy continues to show signs of resilience, the fourth quarter is expected to be much slower. Headwinds of still-high inflation, stringent credit conditions and elevated interest rates are slowing the economy and should continue to do so over the next several quarters.

Consumers at the beginning of 2023 had more purchasing power than most analysts had estimated. The median family net worth surged 37% between 2019 and 2022. In addition, revised data released by the Bureau of Economic Analysis suggests there are more excess savings among households than prior data implied. Assuming these estimates are correct the excess savings can help mitigate elevated interest rates. Consumers will also have the finances to support spending through the fourth quarter. However, spending should be at a slower pace. Elevated consumer borrowing rates and higher inflation continue to weigh on consumer purchases.

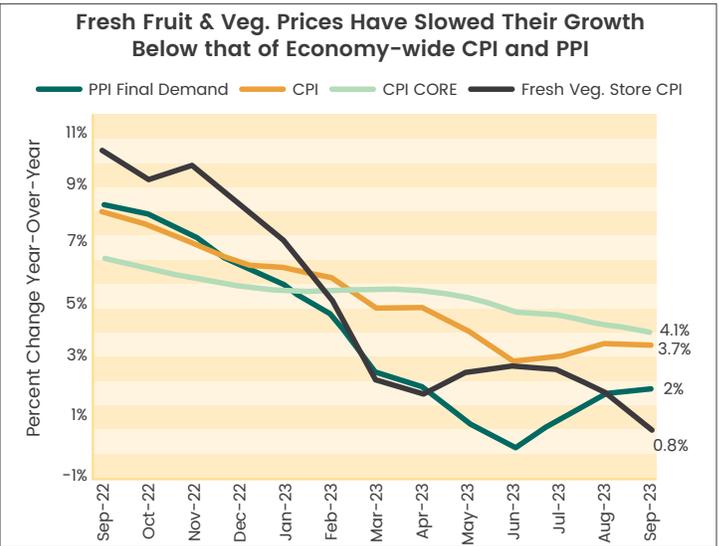


The growth of fresh fruit and vegetable sales remained steady throughout 2023. Sales averaged \$126,509 million for the quarter on an annualized seasonally adjusted basis. Sales for the same quarter for 2022 averaged \$123,291.

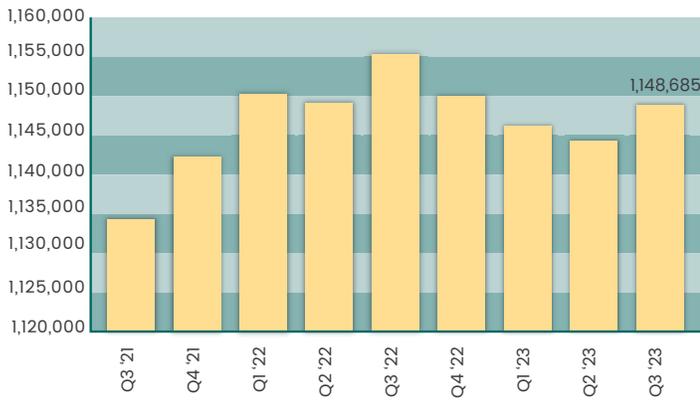
The pace of growth in sales continues to decline in 2023. Compared to the same quarter a year earlier first quarter sales grew 6.1%, 4.5% in the second quarter and 2.9% in the third quarter.

Same store vegetable prices increased by 0.8% when compared to September of 2022. This is relief from the 6% to 10% year-over-year inflation rates seen in 2022.

In September, vegetable prices decreased by 2.1% from the year before while fruit prices rose a negligible 0.1%. Fruit and vegetable price inflation is below the economy-wide 3.7% CPI inflation rate.



Fresh Produce and Floral Employment slightly down Year-over-Year by 0.6%, a step down of 6,733 jobs. Jobs are up by 4,582 from 2nd Quarter

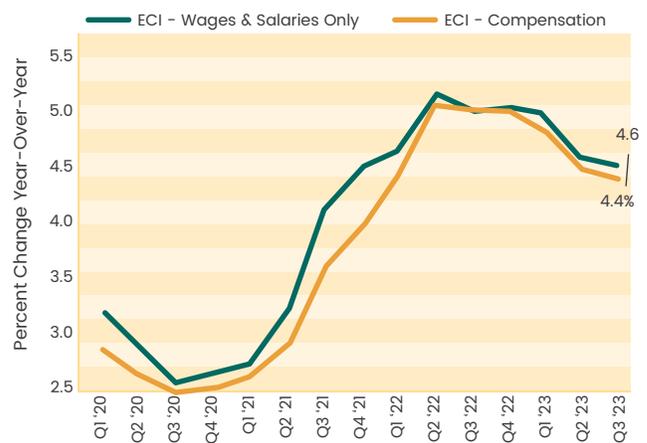


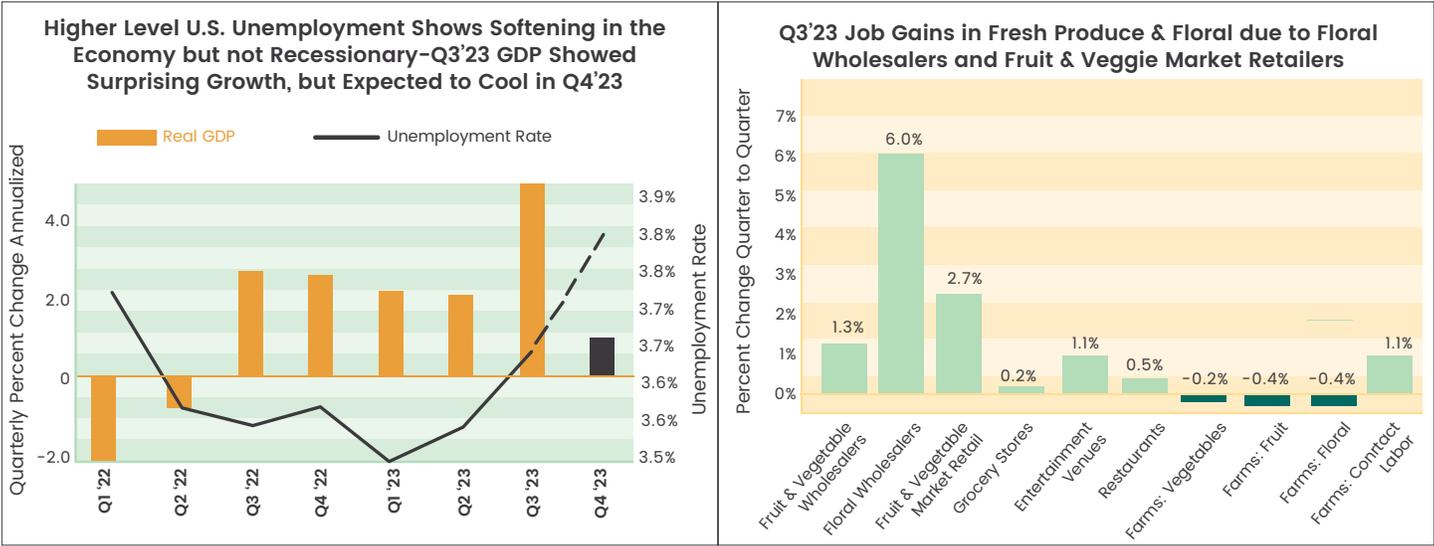
Fresh produce and floral employment increased during the third quarter to 1,148,685 but is slightly below (0.6%) employment levels from this time last year.

With the Federal Reserve eager to see job growth weaken without causing the unemployment rate to increase, indicators suggest that the tight labor market is cooling in the right way.

Payroll gains in October are now averaging 204,000 over the last three months after posting an average of 334,000 in January. The unemployment rate of 3.9%, while still historically low, rose to the highest level since the start of 2022. Average hourly earnings year-over-year growth is down to 4.1%, which is the lowest reading since the middle of 2021.

Employment Cost Index: Labor Costs Growth Slowing Gradually. Further Slowdown Expected Over Next Few Quarters





Inflation eased as Fed officials and many analysts desired. We are seeing progress on inflation although the pressure of higher prices remains. The personal consumption price index – the Fed’s preferred inflation measure –declined to a 3.4% annual rate in the third quarter, nearly half the 6.6% for the same quarter a year earlier. Combining these indicators, a weaker pace of spending is ahead.

The brisk pace of the third quarter is not expected in the closing months of 2023. The current stance of monetary policy and associated level of interest rates is tight even though the economy sustained itself better than most expected.

Although September’s PCE deflator came in a touch lower than August, it still represents a significant deviation from the Federal Reserve’s ongoing campaign to bring inflation down its 2% target. The BlueChip Economic Indicators panel of forecasters, predict slower growth right now and should continue to do so over the next several quarters as interest rates remain high. Most panelists do not expect a recession over the next 12 months.