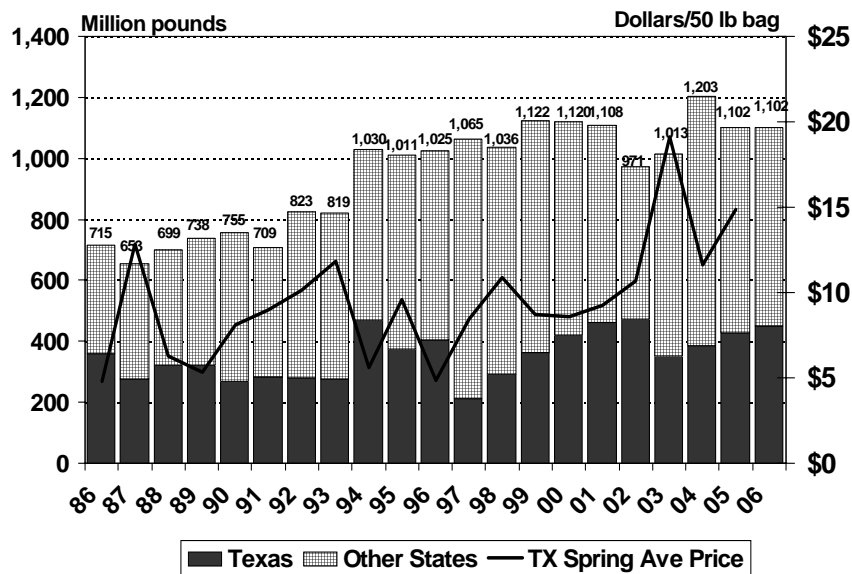


U.S. Spring Onion Planted Acreage Up; Estimate of Production About The Same As Last Year Market Outlook Bright

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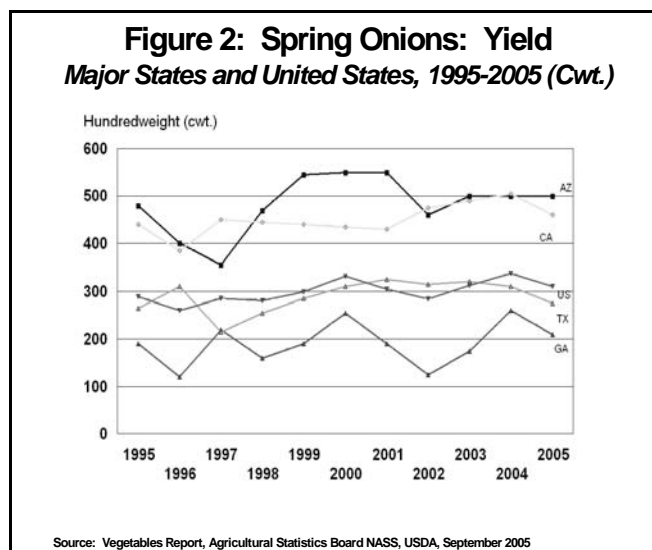
The U.S. and Texas spring onion crop is off to a good start. USDA's initial U.S. spring onion planted acreage estimate of 40,600 acres is up 600 acres (1.5 percent) from 40,000 acres planted last year and up 700 acres (1.8 percent) from 39,900 planted in 2004. Early estimates of spring onion production, based on estimates of acres for harvest by region, and/or the historical ratio of planted-to-harvested acreage (AZ and CA) and average yields of the past 10 years, at 1.1019 billion pound is up just slightly from 1.1015 billion pounds produced last year, but down 8.4 percent from the record high 1.203 billion pounds produced in 2004 when the market weakened. (See Figure 1).

**Figure 1: U.S. Spring Onion Production/Price
1986-2006¹**



¹2006 – Preliminary forecast

While the U.S. estimate of spring onion plantings is up 600 from last year, the estimate of the acres for harvest in 2006 at about 38,200 acres is up 8.4 percent from 35,300 acres harvested last year. The relatively modest increased production estimate is partially influenced by significantly reduced plantings and estimated acres for harvest in Arizona and California, the highest yield/acre states. (See Figure 2).



Acreage Up

While plantings are forecast to decrease in Arizona and California, plantings are up in Georgia and Texas. The estimate of acreage for harvest in the lower Rio Grande Region of Texas at 12,300 acres is up 7.9 percent from 11,400 acres harvested last year. The estimate of acres for harvest in the Laredo/Wintergarden region at 3,700 acres is down close to 10% from 4,100 acres harvested last year. (See table 1). So far, except for very dry weather and the Nov. '05-Jan. '06 hot spell, Texas has experienced a relatively good growing environment this season, but the situation could change as the season progresses.

Spring Onion Production in Texas

Texas will continue to lead the nation with a spring onion production estimate of 471.7 million pounds, up 6.0 percent from 426.3 million pounds produced last year and up 16.6 percent from 387.5 million pounds produced in 2004. The production in Texas currently accounts for about 41 percent of the 1.102 billion pound U.S. spring onion production estimate.

TABLE 1. U.S. SPRING ONION ACRES PLANTED AND HARVESTED

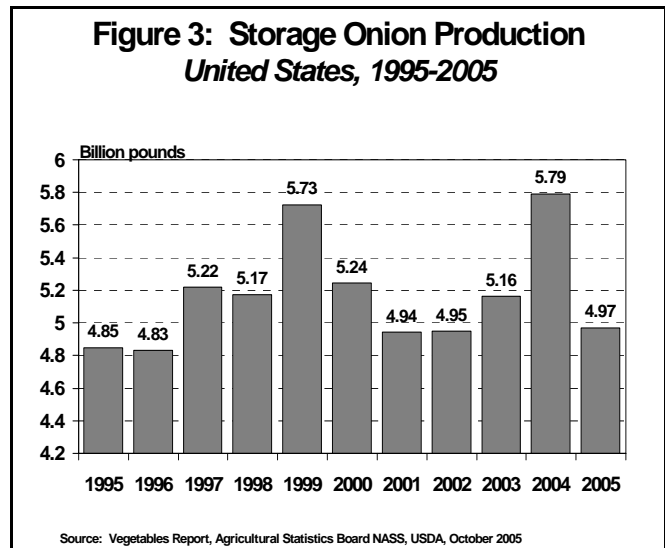
	2000	2001	2002	2003	2004	2005	2006	Percent Change	2000	2001	2002	2003	2004	2005	2006 ¹	Percent Change
	Acres Planted								Acres Harvested							
STATE																
ARIZONA	3,300	3,100	1,600	1,500	1,600	2,000	1,600	-20.0%	3,200	3,000	1,500	1,500	1,600	2,000	1,571	-21.5%
CALIFORNIA	7,200	6,400	6,400	7,700	7,300	7,500	7,400	-1.3%	7,100	6,200	5,700	7,500	7,100	7,300	7,124	-2.4%
GEORGIA	15,000	14,500	14,700	14,000	16,500	13,500	14,000	3.7%	10,000	13,500	11,500	12,500	14,500	10,500	13,500	28.6%
TEXAS	15,900	15,200	16,200	12,800	14,500	17,000	17,600	3.5%	13,500	14,200	15,000	11,000	12,500	15,500	16,000	3.2%
Lower Rio Grande Valley	11,100	12,300	11,300	8,300	9,100	12,500	13,500	8.0%	9,000	11,700	10,500	6,900	7,800	11,400	12,300	7.9%
Winter Garden/Laredo ²	4,800	2,900	4,900	4,500	5,400	4,500	4,100	-8.9%	4,500	2,500	4,500	4,100	4,700	4,100	3,700	-9.8%
TOTAL	41,400	39,200	38,900	36,000	39,900	40,000	40,600	1.5%	33,800	36,900	33,700	32,500	35,700	35,300	38,195	8.2%

Source: Vegetables report, USDA-NASS, January 9, 2006
¹Preliminary estimate of 2006 acres for harvest.
²Includes San Antonio and Eagle Pass, and the Coastal Bend areas.

Supplies Down

While the 2005 spring onion market was influenced by increased storage onion carry-in supplies into 2005, summer storage onion production in 2005 at 4.97 billion pounds was down 14 percent from 5.79 billion pounds produced in 2004. (See figure 3). Carry-in storage onion stock into 2006 should be substantially lower.

The National Onion Association estimates that stocks, as of Jan. 1, 2006, at 27.354 million 50-pound equivalents are down 8.1 million 50-pound equivalents (22.7%), compared to carry-in stocks of 34.4 million 50-pound equivalents a year ago at this same time. This means carry-in stocks of 1.368 billion pounds and the production estimate of 1.102 billion pounds will bring the estimate of total supplies to about 2.5 billion pounds, down about 14.0 percent from last year.



Onion Market Up

Meanwhile, while mediums and jumbos out of storage are trading for \$6-\$10/50 pound carton, 40 cartons of jumbo Yellow Granex onions from Chile (Oso-Sweet) were trading this week for \$26-\$28 per carton. Currently, sweet onions are being imported from Chile, Peru and Ecuador. While shipments are slightly ahead of schedule, their season will end soon. Mexico's season is ahead of schedule. Sweet onion imports from Mexico are expected to start this weekend (01/21-22/06). The crop is also ahead of schedule in the Lower Rio Grande Valley of Texas. The harvest may start by early March.

Overall, the spring onion industry remains relatively optimistic about the market outlook.