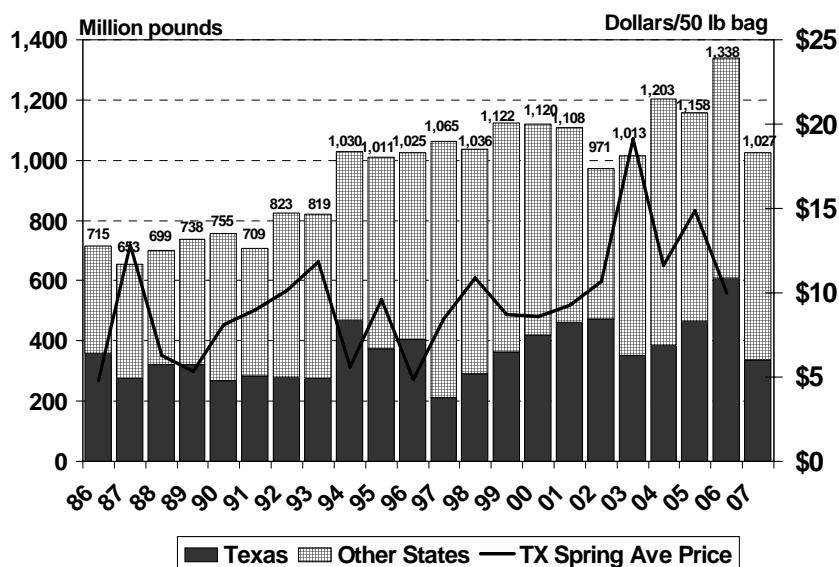


U.S. Spring Onion Planted Acreage Down 15%; Estimate of Production Down 23% Market Outlook Bright

Jose G. Peña, Professor and Extension Economist-Management

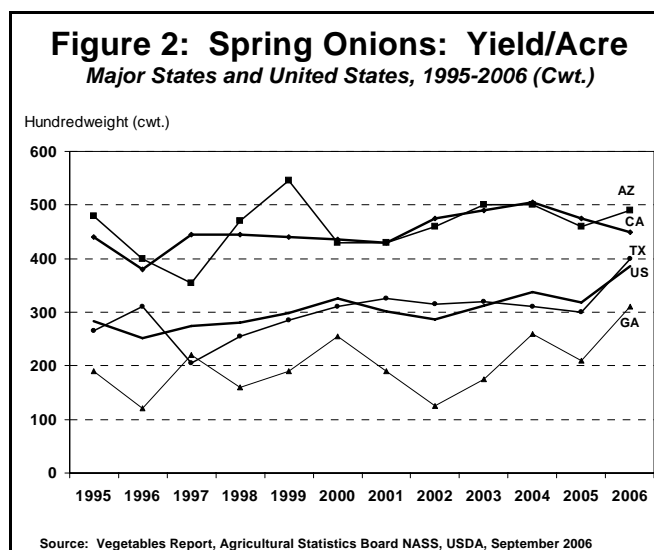
Effects of a week of cloudy weather without sunshine and the recent cold spell in south Texas on young, tender spring onion plants remains to be determined, but it appears that the U.S. and Texas spring onion crop is off to a good start. Plantings and carry-in stocks are down, so, the market outlook appears bright at this time. USDA's initial U.S. spring onion planted acreage estimate of 34,600 acres is down 6,200 acres (15.2 percent) from 40,800 acres planted last year. 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 1.03 billion pounds is down 23.2 percent from last year's record crop of 1.338 billion pounds and up just slightly from 1.01 billion pounds produced in 2003 when prices reached recent record highs. (See Figure 1).

Figure 1: U.S. Spring Onion Production/Price 1986-2007'



'2007 – Preliminary forecast

While the U.S. estimate of spring onion plantings is down 6,200 acres (down 15.2%) from last year, the estimate of the acres for harvest in 2007 at about 32,085 acres is down 7.3 percent from 34,600 acres harvested last year. Last year's record production was influenced by a combination of increased acres for harvest and near record yields in some states, especially in Texas. (See Figure 2).



Acreege Down

While 2007 spring onion plantings in Arizona and California remain the same as last year, farmers in Georgia and especially Texas, plan to reduce plantings. Plantings in Texas dropped to 12,000 acres, down 32.2 percent from 17,700 planted last year. The estimate of acreage for harvest in the lower Rio Grande Region of Texas at 8,300 acres is down 29.1 percent from 11,700 acres harvested last year. Planting was problematic and delayed in lower Rio Grande Valley of Texas by 22 inches of rainfall in September.

The estimate of acres for harvest in the Laredo/Wintergarden region at 2,000 acres is down 42.9 percent from 4,500 acres harvested last year. (See table 1). So far, except for increased irrigation requirements due to the very dry weather and the effects of the cloudy weather and recent cold spell, the crop in Texas has experienced a relatively good growing environment this season. The situation could change, especially as the potential effects of the recent adverse weather are manifested and as the season progresses. Spring onion plantings in the Imperial Valley of California, whose harvest competes directly with production in the Winter Garden of Texas, experienced a similar cold spell. Early reports indicated that they are expecting a 4%-6% higher incidence of bolting (flower stem growth).

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

	2002	2003	2004	2005	2006	2007	Percent Change	2002	2003	2004	2005	2006	2007 ¹	Percent Change
	Acres Planted							Acres Harvested						
STATE														
ARIZONA	1,600	1,500	1,600	2,000	1,000	1,000	0.0%	1,500	1,500	1,600	2,000	1,000	982	-1.8%
CALIFORNIA	6,400	7,700	7,300	8,200	8,100	8,100	0.0%	5,700	7,500	7,100	8,000	7,900	7,803	-1.2%
GEORGIA	14,700	14,000	16,500	13,500	14,000	13,500	-3.6%	11,500	12,500	14,500	10,500	10,500	13,000	23.8%
TEXAS	16,200	12,800	14,500	17,000	17,700	12,000	-32.2%	15,000	11,000	12,500	15,500	15,200	10,300	-32.2%
Lower Rio Grande Valley	11,300	8,300	9,100	12,500	13,600	9,700	-28.7%	10,500	6,900	7,800	11,400	11,700	8,300	-29.1%
Winter Garden/Laredo ²	4,900	4,500	5,400	4,500	4,100	2,300	-43.9%	4,500	4,100	4,700	4,100	3,500	2,000	-42.9%
TOTAL	38,900	36,000	39,900	40,700	40,800	34,600	-15.2%	33,700	32,500	35,700	36,000	34,600	32,085	-7.3%

Source: Vegetables report, USDA-NASS, January 8, 2007

1/Preliminary estimate of 2007 acres for harvest.

2/Includes San Antonio and Eagle Pass, and the Coastal Bend areas.

Spring Onion Production in Texas

Significantly reduced plantings, lower acres for harvest and a production forecast of 338.2 million pounds, down 44.4 percent from 608 million pounds produced last year, indicates that Texas will drop to second place, behind California's production estimate of 367.4 million pounds. The production estimate for Texas currently accounts for about 32.9 percent of the 1.027 billion pound, U.S. spring onion production estimate, compared to 45.4 percent of last year's production of 1.338 billion pounds.

Supplies Down

While the 2005 spring onion market was influenced by increased storage onion carry-in supplies into 2005, summer storage onion production in 2006 at 5.03 billion pounds was down. (See figure 3). Carry-in storage onion stock into 2007 should be substantially lower.

The National Onion Association estimates that storage onion stocks around the world are down. In North America, storage onion supplies will probably not overlap into the spring onion season, as stocks typically overlap the early spring onion market. Storage onion stocks as of Jan. 1,

2007, at 23.881 million 50-pound equivalents are down 6.4 million 50-pound equivalents (21.0%), compared to carry-in stocks of 30.3 million 50-pound equivalents a year ago at this same time. This means carry-in stocks of 1.2 billion pounds and the spring production estimate of 1.027 billion pounds will bring the estimate of total supplies to about 2.2 billion pounds, down about 22.1 percent from last year, at this time.

Onion Market Up

Meanwhile, jumbos and mediums out of storage are trading for about \$19 and \$16/50 pound carton, respectively. Forty pound cartons of jumbo Yellow Granex onions from Chile (Oso-Sweet) were trading last week for about \$28-30 per carton. Currently, sweet onions are being imported from Chile, Peru and Mexico. Mexico's season is ahead of schedule. Imports are gradually gaining momentum, trading for about \$25-\$28/50 pound sack.

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

