

U.S. Spring Onion Acreage for Harvest Down 5.2%; Estimate of Production Up Slightly Market Weak, But Should Improve

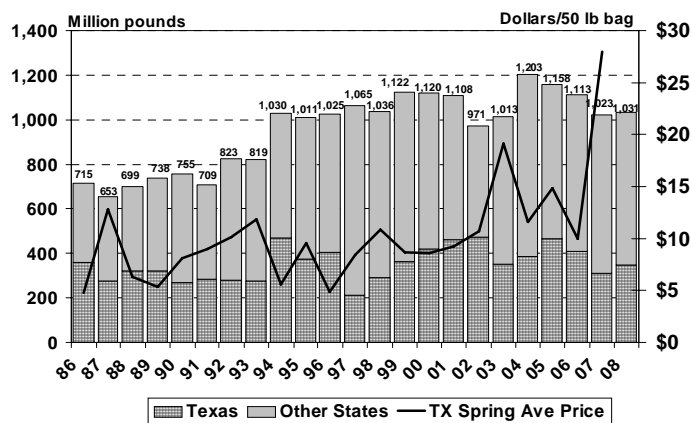
Jose G. Peña, Professor and Extension Economist-Management

The spring onion harvest in Texas opened in mid-to-late March to a relatively weak market, compared to last year's strong opening prices. While the estimate of U.S. spring onion acres for harvest is down from last year, onion markets have been weak since last fall as supplies increased from increased storage onion plantings last summer, probably influenced by sky high prices last spring/summer. Prices for whites and reds are stronger than yellows, but overall it appears that the market is starting to show some strength as storage onion supplies draw down and spring onion's shipments from Mexico and Chile taper down.

USDA's April 3, 2008 U.S. spring onion planted acreage estimate of 31,600 acres is down 2,200 acres (6.5 percent) from 33,800 acres planted last year and down 9,200 acres from 40,800 acres planted in 2006. The estimate of acres for harvest at 29,400 acres is down 1,600 acres (5.2%) from 31,000 acres harvested last year. Early estimates of spring onion production, based on estimates of acres for harvest by region, and USDA's estimate of

yields or average yields of the past 10 years (AZ and CA), at 1.031 billion pounds is up 0.8 percent from last year's crop of 1.023 billion pounds when early and late season spring onion prices in Texas reached record highs. (See Figure 1). Last year, the spring onion market opened in Texas at near record high prices, but prices dipped shortly after the spring onion

Figure 1: U.S. Spring Onion Production/Price 1986-2008'



'2008 - Preliminary forecast

harvest moved to the Winter Garden region of Texas. Prices recovered by early-June before the harvest ended in the Winter Garden region.

Texas Acreage Down

Spring onion plantings in Arizona increased slightly while farmers in Georgia and especially Texas, reduced plantings. California stayed the same as last year. (See Table 1).

The estimate of acreage for harvest in the lower Rio Grande Region of Texas at 7,200 acres is down 8.9 percent from 7,900 acres harvested last year. The estimate of acres for harvest in the Laredo/Wintergarden region at 2,300 acres is down 8.0 percent from 2,500 acres harvested last year.

The harvest in the lower Rio Grande Valley region of Texas began in mid-to-late March with above average yields and excellent quality reported. Production is up, but it appears that there is a higher proportion of jumbos, compared to mediums and re-packers as some farmers delay harvest and continue to irrigate fields, hoping for the market to improve. As of Monday (4.21.'08), 2,908, 40,000 pound truck-load shipments had been shipped from the lower Rio Grande Valley this season, up 25 percent from 2,033 shipments at this same a year ago.

The estimate of spring onion acres for harvest in Georgia, whose harvest competes with the Winter Garden of Texas, at 11,000 acres is down 1,000 (8.3%) from 12,000 acres harvested last year. Also, the estimate of average yields in Georgia is down slightly from last year as hard freezes in December and January affected part of the crop. The production estimate for Georgia at 275 million pounds is down 17.8 percent from 324 million pounds produced last year.

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

	2005	2006	2007	2008	Percent Change	2005	2006	2007	2008 ¹	Percent Change
STATE	Acres Planted					Acres Harvested				
ARIZONA	2,000	1,000	1,200	1,500	25.0%	2,000	1,000	1,200	1,500	25.0%
CALIFORNIA	8,200	8,100	7,600	7,600	0.0%	8,000	7,900	7,400	7,400	0.0%
GEORGIA	13,500	14,000	12,500	11,500	-8.0%	10,500	10,500	12,000	11,000	-8.3%
TEXAS	17,000	17,700	12,500	11,000	-12.0%	15,500	15,200	10,400	9,500	-8.7%
Lower Rio Grande Valley	12,500	13,600	9,500	8,400	-11.6%	11,400	11,700	7,900	7,200	-8.9%
Winter Garden/Laredo ²	4,500	4,100	3,000	2,600	-13.3%	4,100	3,500	2,500	2,300	-8.0%
TOTAL	40,700	40,800	33,800	31,600	-6.5%	36,000	34,600	31,000	29,400	-5.2%

Source: Vegetables report, USDA-NASS, April 3, 2008

1/Preliminary estimate of 2008 acres for harvest.

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

Shipments from the San Ygnacio area, just south of Laredo and considered part of the Laredo - Winter Garden region, were gaining momentum this past week. So far, about 121 truck loads have been shipped this season, compared to 52 at this same time a year ago.

Spring Onion Production in Texas

While Texas planted 11,000 acres of spring onions, down 1,200 acres (12.0%) from 12,500 acres planted last year, the estimate of acres for harvest at 9,500 acres is down 8.7 percent from 10,400 acres harvest last year. The estimate of average yields, however, at 730 50 lb. bags/acre is up 21.7 percent from average yields of 600 50 lb. bags/acre last year. The production forecast of 346.8 million pounds, is up 10 percent from 312 million pounds produced last year, but down 15.5 percent from 410.4 million pounds produced in 2006. Texas will lead the nation in spring onion production, ahead of California's 339.9 million production estimate, after dropping to second place last year behind California. The production estimate for Texas currently accounts for about 33.6 percent of the 1.031 billion pound, U.S. spring onion production estimate, compared to 30.5 percent of last year's production of 1.023 billion pounds.

Supplies Up

According to the National Onion Association, storage onion production during the 2007/08 season at 92.9 million 50-pound equivalents was up 14 percent from 81.5 million 50-pound equivalents produced during the 2006/07 season. As of March 1, 2008 carry-in storage onion stocks at 13.4 million 50-pound equivalents were almost three times higher than storage onion carry-in stocks on March 1, 2007. To date, storage onion shipments from the Utah-Oregon region are up 32 percent from a year ago at this same time.

By April 1, 2008, the estimates storage onion stocks at 6.2 million 50-pound equivalents is still close to twice the size of carry-in stocks of 3.59 million 50-pound equivalents on April 1, 2007 when prices were at record high levels, but it appears that carry-in stocks are at a more manageable level. Increased carry-in stocks and a slightly higher spring onion production estimate may mean that the market may remain at very competitive supply levels, but the market should improve as supplies taper off.

Spring Onion Market?

Meanwhile, jumbos and mediums out of storage are trading for about \$3.50/50-pound bag. Spring onion shipments from Mexico and Chile are also almost exhausted. Spring onions were trading for \$4.50-\$5.00/50 lb. bag of jumbos and \$6.00-\$7.00/50 lb. bag of mediums/pre-packers. Last week, daily shipments were averaging 412 40,000 lb. truck loads. It appears that prices move sharply up when daily shipments drop to about 350 truck loads.

Overall, the spring onion industry remains optimistic that the market will improve as reduced supplies come in balance with demand.