

MARKET SNAPSHOT

Onions

March 31, 2023

Executive summary

AgWest Farm Credit's 12-month profitability outlook for onions suggests slightly profitable returns. Competition from the large Mexican crop has lowered onion prices in Idaho and in the Columbia Basin of Washington. Growing conditions in 2023 will influence growers' profitability as profits are being eroded by persistently high production costs.

12-Month Profitability Outlook



Industry drivers

Steady demand, but lower prices for Northwest onions

Market demand has been steady throughout March. Northwest shippers are sending their remaining onions with shipments likely to be completed by the end of April. However, even as shipments are winding down in the Northwest, buyers are interested in onions of all sizes. Producers hoped that prices would also remain steady, but since mid-January onion prices have declined. Many shippers believe that increased competition from a large Mexican crop is putting downward price pressure on Northwest onions. While Northwest onion prices have softened, they are being traded above Mexican onion prices, which is atypical.

Washington, Oregon and Idaho Onion Prices

| | Idaho & Malheur County, Oregon | | | Columbia Basin, Washington & Umatilla Basin, Oregon | | |
|-------------------------------------|--------------------------------|-----------------|-----------------|---|-----------------|-----------------|
| | March 2022 | Feb. 2023 | March 2023 | March 2022 | Feb. 2023 | March 2023 |
| Yellow Hybrid (50-lb. Sack) | | | | | | |
| Super Colossal | \$24.00 - 26.00 | \$16.00 - 18.00 | \$13.00 - 15.00 | | | |
| Colossal | \$20.00 - 23.00 | \$13.00 - 15.00 | \$11.00 - 12.00 | \$20.00 - 22.00 | \$14.00 - 16.00 | \$12.00 - 14.00 |
| Jumbo | \$17.00 - 19.00 | \$10.50 - 12.00 | \$8.00 - 10.00 | \$17.00 - 20.00 | \$11.00 - 13.00 | \$8.00 - 11.00 |
| Medium | \$8.00 - 10.00 | \$6.00 - 8.00 | \$6.00 - 7.00 | \$9.00 - 13.00 | \$6.00 - 8.00 | \$6.00 - 8.00 |
| Red Globe Type (25-lb. Sack) | | | | | | |
| Jumbo | \$22.00 - 25.00 | \$6.00 - 8.00 | \$6.00 - 8.00 | \$20.00 - 24.00 | \$5.00 - 7.50 | \$5.00 - 7.50 |
| Medium | \$18.00 - 20.00 | \$5.00 - 7.00 | \$5.00 - 7.00 | \$18.00 - 20.00 | \$4.50 - 6.50 | \$4.00 - 6.50 |

Source: National Potato and Onion Report, USDA Agricultural Marketing Service.

California crop delays could overlap Northwest 2023 onion crop

An atmospheric river created cold and wet weather conditions delaying California's onion harvest, which could cause an overlap with Northwest's 2023 onion crop. Usually, California onions hit the market by mid-April, but this year's harvest

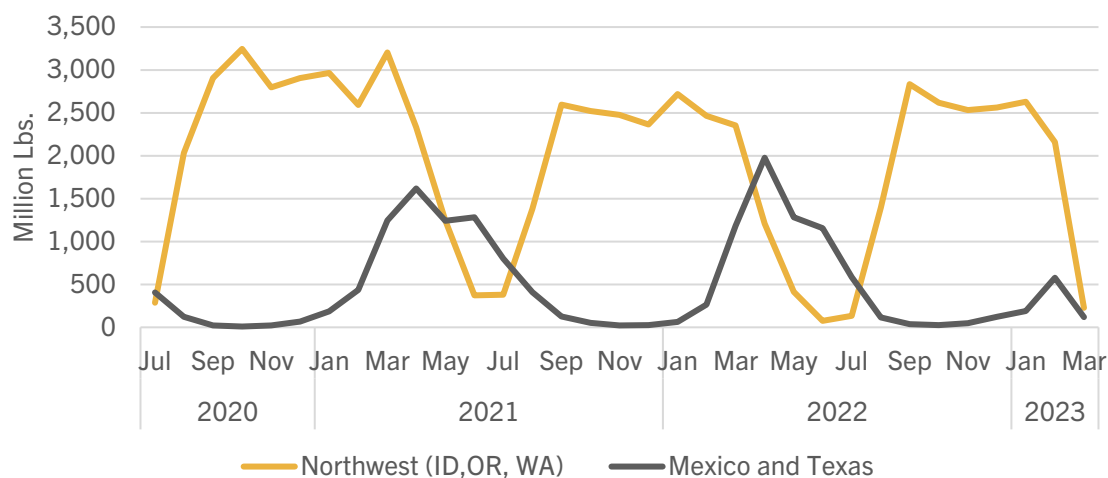
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will likely start the first week of May. Delays could benefit California producers by limiting overlap with the Mexican crop. If the California crop stretches into July, demand for the new onion crop would be weaker and Northwest producers may not receive a premium for harvesting crops early.

Mexican onions inject volatility

Mexican onions hit markets early this year coming online in late January, converging with sales of Northwest onions for three months. The combination of an earlier Mexican crop injected volatility into the market, impacting Northwest demand and often softening prices. Shipments from Mexico started the year strong with more than double the amount shipped in January and February (more than in the same period last year). Texas expects higher volumes this year due to more planted acres and most shipping will begin in the last week of March. As Mexico ships more onions throughout the spring, Northwest onions will face greater downward price pressure.

Monthly Onion Shipments from the Northwest and Mexico



Source: National Potato and Onion Report, Compiled by AgWest.

*March 2023 data is through March 25.

Profitability

Persistently high production costs are eroding onion growers' profits. Although fuel and fertilizer costs have decreased slightly from their peak in the summer of 2022, growers' expenses remain elevated (see [Crop Inputs Snapshot](#)). As the southern crops enter the market, Northwest onions face increased pressure, leading to somewhat depressed prices.

In 2023, growing conditions will also largely influence onion growers' profitability. Market demand is shifting, with buyers seeking more medium-sized onions, while jumbo and larger onions are always in demand if the quality is good. Onion growers are likely to have willing customers. Although the Northwest may experience delayed planting due to cold, wet weather, the silver lining is fewer water issues should help support irrigation availability throughout the growing season.

Share your feedback! [Click Here](#) to complete a two-minute survey about this Snapshot.

Additional information

AgWest Business Management Center

www.agwestfc.com/Industry-Insights

USDA National Potato and Onion Report

www.ams.usda.gov/mnreports/fvdidnop.pdf

The Produce News

www.theproducenews.com

The National Onion Association

www.onions-usa.org

Learn more

For more information or to share your thoughts and opinions, contact the Business Management Center at 866.552.9193 or bmc@agwestfc.com.

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