



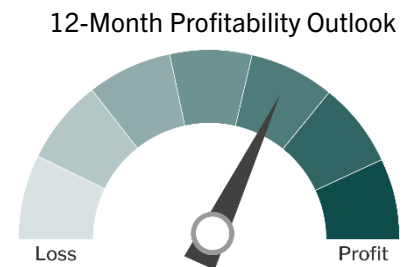
MARKET SNAPSHOT

Onions

March 31, 2024

Executive summary

AgWest Farm Credit's 12-month outlook for onions suggests profitable returns. In 2023, Northwest onion growers faced a paradox of improved yields and reduced shrinkage but lower profitability due to decreased prices. While weather conditions favored crop growth, leading to a significant yield increase and less loss from shrinkage, the market prices for onions dropped sharply, negatively impacting grower income.



Industry drivers

Onion prices for growers reduced due to crop improvements

Northwest onion growers experienced significant yield improvements and a substantial reduction in onion shrinkage in 2023. However, these gains were offset by lower prices for growers. While shrinkage losses persisted in 2023, they were markedly lower than the 2022s, driven by better weather conditions and fewer onions impacted by heat stress. In Idaho, shrinkage losses were reduced from 2.2% in 2022 to less than 1% in 2023. Washington also made strides by halving the number of onions lost to shrinkage.

Despite the positive crop developments, onion prices faced a downturn across the Northwest. Idaho's average price fell from \$18.60 per cwt in 2022 to \$13.40 per cwt in 2023. Oregon's prices dropped by \$4.10 from the previous year. Washington experienced the steepest price reduction, with average prices falling from \$26.2 per cwt to \$19.00. Yield improvements help to offset onion price reductions.

Anecdotally, producers are optimistic about the 2024 onion crop with profitable prices being their top concern. Many producers believe they won't encounter the water allocation issues of past years and anticipate favorable prices. This points toward an overall profitable crop for 2024.

Onion prices spiking amidst increased export demand

Onion prices have spiked in 2024, driven by increased demand from Mexico. Water shortages have delayed Mexico's onion harvest and Mexico has turned to the Northwest to provide onions, supporting higher prices. Northwest shipping prices have increased, with jumbo yellow onions priced above \$17 per 50-lb sack in 2024 (over double the previous year's price). The scarcity of white onions has driven prices above \$50 per 50-lb sack, a stark contrast to March 2023's \$8-\$10 range when Mexico's shipments were on time. Higher onion prices in 2023 do not guarantee these strong prices will be seen in 2024.

Profitability

Due to inflation, supply chain issues and rising fuel costs, onion production expenses have soared to twice their pre-pandemic figures. Although production costs are forecast to decline by 2% in 2024, this won't fully counterbalance the substantial cost increase experienced over the last three years. For profitability in 2024, onion growers will need to rely on robust pricing. Yet typically, commodity prices decline more rapidly than production costs.

During the first quarter of 2024, onion prices have been bolstered by heightened demand from Mexico. As the Northwest continues to lead in onion shipments and shrink concerns are expected to rise, shipping rates are projected to remain

elevated into the summer of 2024. This is particularly true for jumbo-sized onions or larger. Producers must focus on controlling production costs and securing strong onion prices to ensure continued profitability.

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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