



MARKET SNAPSHOT

Onions

June 28, 2023

12-Month Profitability Outlook

Executive summary

AgWest Farm Credit's 12-month profitability outlook for onions suggests slightly profitable returns. Wet conditions slowed early onion development in the Northwest, but summer heat should help onions bulk up. Strong demand and prices for onions were offset by increases in production costs.



Industry drivers

Wet spring conditions delayed Northwest planting, but July heat should assist with onion growth

In **Idaho and Malheur County, Oregon**, a wet, cold spring delayed planting and crop development. In a rare occurrence, the Treasure Valley received snow in Mid-April leading to wet conditions that delayed planting. By early May most acres were planted with only isolated incidents of hail and wind damage. Anecdotal reports indicate onions are about two weeks behind normal growth; however, growers are optimistic that warmer weather in late June and July will allow onion development to catch up. Irrigation districts have increased water allotments this year which will benefit onion growers.

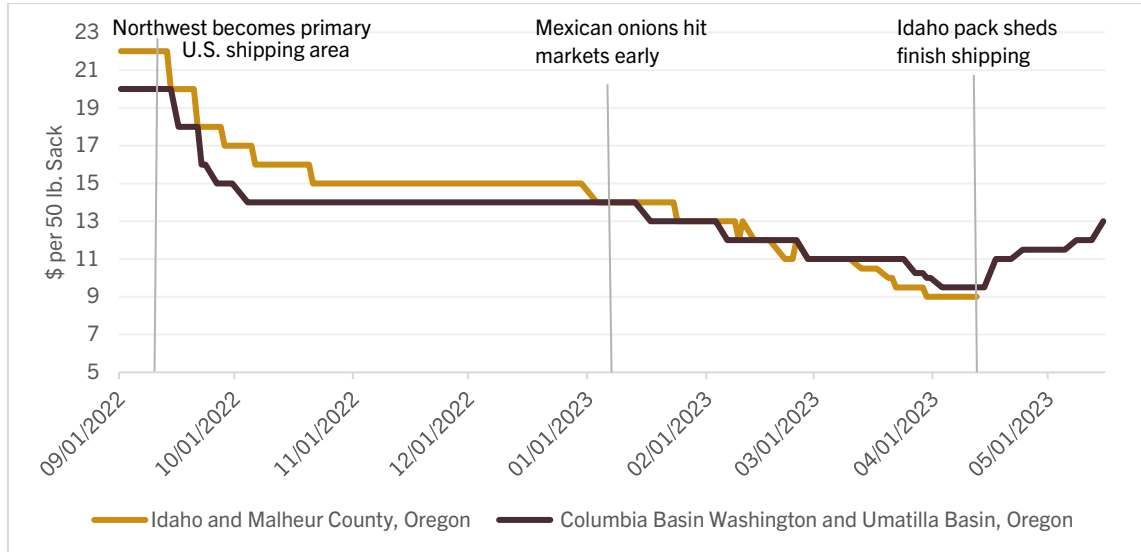
In **Washington's Columbia Basin and Oregon's Umatilla Basin**, onion crop growth was also delayed by cold weather. Summertime heat is an important factor in bulking up onions. The National Weather Service forecasting models predict an 80% chance that weather will shift to El Nino conditions, bringing drier and warmer weather to the Northwest this summer. The warmer summer days anticipated in July will create ideal conditions for onion growth, and onions should be ready to ship in early August.

Sustained strong prices not enough to fully offset production cost increases

All sheds in the Northwest completed packing out 2022-23 onions and no onion prices have been reported for the region since May 15. Prices for 2022-23 season onions softened throughout the marketing year. Competition amongst packing sheds caused prices to soften between September and January. Producers hoped prices would remain steady after settling at \$14-\$15 per 50-lb. sack for jumbo yellows. However, increased competition from an early and large Mexican crop injected volatility into the market, placing downward price pressure on Northwest onion prices. Since Mid-January, onion prices have declined. Idaho packing sheds finished shipments in Mid-April which benefited prices during the tail end of Washington's Columbia Basin and Oregon's Umatilla Basin shipping prices.

Rising operational costs and inflation have largely offset much of the profit potential from 2022-23 favorable prices. Prices for the 2022-23 crop were not as strong as the year before. However, Northwest jumbo onions sold for over \$10 per 50-lb. sack from September 2021 until late March 2023, more than \$3 higher than prices in 2020. During the 2022-23 growing season, nearly every expense category (seed, fertilizer, irrigation, machinery, labor and fuel) increased, squeezing profit margins. For the 2023-24 crop, production cost remains a mixed bag (see [Crop Input Snapshot](#)). Fuel and fertilizer expenses are forecasted to be lower than record 2022 prices and transportation issues are mostly resolved. However, onion prices will largely depend on market conditions and onion quality.

Washington, Oregon and Idaho Jumbo Onion Prices



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

*Jumbo prices typically range within a few dollars, the average of the 'mostly' price is reported.

Profitability

Decreases in production costs and more trucking availability will support onion growers' profits. In 2022, producers faced high production costs but were still able to make a profit. This year, lower production will benefit producers, with growing and market conditions playing a large role in prices for 2023 onions. A factor that could influence Northwest onion prices would be overlap between the start of the Northwest's shipping season and the end of California's season. Cold weather delayed Imperial Valley and Central Valley California onions by about 10 days and impacted sizing. However, concerns about this potential overlap have dissipated as the summer heat has kept shipping areas within their normal production timelines.

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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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