



MARKET SNAPSHOT ONIONS

March 31, 2022

Executive Summary

Drivers in the industry include tight stocks on hand, strong demand for 2022 crops and increasing input prices.

- Expectations for reduced supply have led to a general rise in onion prices and producers will be incentivized to harvest early.
- Costs for fertilizer, diesel and other input costs have continued to steadily rise and are expected to increase through harvest.

12-Month Profitability Outlook



Northwest FCS' 12-month profitability outlook suggests slightly profitable onion returns. The short supply of remaining onions has positioned Northwest producers to receive favorable prices for early season onions. Rising input costs are driving up cost of production narrowing profit margins.

Northwest Situation

Remaining onion supplies in the Northwest are tight. Heat stress in the summer of 2021 impacted onion size and yields. Current onion storage conditions are good, although low supplies have onion processors running as slow as possible while still meeting contract sales. Anecdotal reports from onion storage facilities include concerns that onion supplies may run out a few weeks earlier than normal. Typical Northwest onion stocks last until May; however, reports indicate that Idaho and Oregon onions will only ship into April. Utah's onions in storage were finished by mid-March, and Northwest onions are being shipped to fulfill Utah's remaining orders.

Demand is strong for quality onions. The medium-sized yellow market is trading at \$9-\$11 per 50-lb. sack. Demand for jumbo yellows has remained steady, trading at around \$18-\$20 per 50-lb sack. Availability of reds remain tight and the medium-sized red market are priced at \$18-\$20 per 25-lb. sack.

To balance onion shortages and dwindling stocks, producers will be encouraged to harvest earlier than normal. Early season pricing is forecasted to be favorable, incentivizing early harvest. Harvesting early risks lower yields and perpetuating a cycle of supply challenges. Heat stress could also worsen risks of small onions and lower yields if the Northwest experiences above average temperatures.

Producer profitability will face headwinds from increases in input prices and rising inflation. Fertilizer prices started increasing in early 2021 and have continuously risen. Some fertilizer components have increased two- or three-fold with urea prices rising from \$483 on March 8, 2021, to \$901 on March 9, 2022, and potash prices rose 194% over the same time. Onion producers can also expect issues accessing glyphosate. Bayer reported in February that a key supplier for an ingredient used in glyphosate products experienced a mechanical failure and will be offline for several months. Shortages are likely to be most acute in post-emergent products and price pressures will occur as producers seek out substitutes.

Washington, Oregon and Idaho Onion Prices

Idaho & Malheur County, Oregon			Columbia Basin, Washington & Umatilla Basin, Oregon			
	March 2020	Feb. 2021	March 2021	March 2020	Feb. 2021	March 2021
Yellow Hybrid (50-lb. Sack)						
Super Colossal	\$6.00-9.00	\$23.00-26.00	\$24.00-26.00			
Colossal	\$6.00-8.00	\$21.00-23.00	\$21.00-23.00	\$7.00-10.00	\$20.00-21.00	\$20.00-22.00
Jumbo	\$5.00-7.00	\$19.00-20.00	\$18.00-21.00	\$6.00-8.00	\$18.00-20.00	\$18.00-20.00
Medium	\$7.00-9.00	\$9.00-11.00	\$9.00-11.00	\$7.00-9.00	\$9.00-12.00	\$10.00-13.00
Red Globe Type (25-lb. Sack)						
Jumbo	\$6.00-7.00	\$22.00-25.00	\$22.00-25.00	\$6.00-6.50	\$19.00-24.00	\$20.00-24.00
Medium	\$5.00-6.00	\$19.00-20.00	\$18.00-23.00	\$5.00-6.00	\$18.00-20.00	\$18.00-20.00

Source: [National Potato and Onion Report](#), USDA Agricultural Marketing Service.

National Onion Situation

Onion shipments remain low in the Northwest. Shipments in Idaho and Malheur County, Oregon would normally have reached 85% of final season shipments by mid-March but are lower at 70% of shipments as of March 2022. Seasonal shipments from the Columbia Basin are slow. Packers are slowing shipments in an effort to supply their key retailers with product as long as possible. Even with the slowed movement, the Basin packers will run out of onions at least several weeks earlier than normal.

A recall of onions in October 2021 originating from Mexico has left buyers searching for alternative onion sources. Buyers avoiding Mexico's onion market will provide tailwinds for U.S. growers' profits by tightening the supply of sought-after onions. Local demand in Mexico has increased, allowing Mexican producers a viable domestic market for their product.

The Texas onion crop is the first domestic crop available coming to market in mid-March. The Texas onion market is dominated by medium onions with sizes small at the start of the season. The high prices and retailer demand is enticing producers to harvest early. This effect is likely to continue and therefore likely to result in reduced yields and continued tight supply until the 2022 Northwest crop harvest is in full swing. Once ready, Northwest onion industry yields will determine onion pricing. The nationwide short supply of onions and increased demand for U.S.-grown onions will support higher onion prices in 2022.

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

Additional Information

Northwest FCS Business Management Center
www.Northwestfcs.com/Resources/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@northwestfcs.com.

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