

OVERVIEW GLOBAL ONION MARKET

Miscellaneous reports from the onion sector make it impossible to summarise the situation in one sentence. Some countries expect shortages, although for a variety of reasons. The poor market last year is mentioned by growers in South Africa as a motivation to plant less. The heat and drought have led to smaller calibres being produced in Spain and Belgium. In Argentina, the weather has also had a great impact on the harvest. India has its own reasons to speak of a crisis. In addition to bad weather, outdated techniques have resulted in a smaller production. Furthermore, the tax authorities have launched an investigation which has suspended trading on a wholesale market. In Australia, there are fears of an onion oversupply due to an overlap in the seasons, while US growers have good prospects for the new season.

Indian onion crisis

The onion market is currently in a crisis. Due to bad weather and other factors, such as outdated techniques, there has been a shortage of onions. "There is a smaller harvest, but the demand remains high in the local and international markets. Exports are significantly lower than last year, which drives prices up," explains a trader. Exports may be falling by 30%.

India mainly exports red onions, for which there is a year-round market. However, the high season lasts from November to July. White onions usually have a lower quality, according to a trader, which means that the product is not good enough for export. The Gulf region is a major buyer of Indian onions.

Earlier this month, a wholesale market was closed due to inspections from the tax authorities.

South Africa expects deficits

The onion sector is facing a "very interesting" period due to expected shortages from January. Growers in the Western Cape have planted fewer onions than normal. Some have not even sown any onions this winter. They prefer to use the water for permanent crops. A grower reports to have planted 30% of the usual acreage. If there is a lot of rain in October, he will plant a bit more.

The onions from Northern Cape will be on the market from the end of October. Here too, a smaller volume is expected, due to reduced planting. Because of the bad prices last year, some growers planted no onions and decided to switch to other crops.

The northern regions account for half of the production, especially for the white onions. This region is on the market until mid-October with smaller volumes than normal. In the Northwest Province, heavy rain delayed the planting in February, which resulted in a smaller volume available. A trader who visited the farm predicted a gap in the supply. Prices are already rising and he confirmed that shortages are expected. A large grower expects prices to remain high until September 2018. He fears that production will increase sharply, which will lead to a decline in prices after this peak period. This prediction is not widely accepted within the sector.

US: Positive mood ahead of the season

The onion season in Wisconsin runs from September to April. Thereafter, the supply shifts to southern Texas, New Mexico and Washington. This ensures a year-round supply. At present, besides the supply of regular onions, white and red onions are shipped from Washington, but soon the seasonal supply will come from Wisconsin.

It's a "farmer's year", says a trader. This means that prices are considerably better than last year. At the start of the season, the price stood at \$ 7 for 50 lbs (22.5 kg) and increased to \$ 9. The price for the white onions is 18 dollars. The northwest is the area with the greatest production and it has had a hot summer. As a result, the yield has been reduced and the sizes are smaller. Moreover, the acreage is also slightly smaller than last year.

Australia: Export potential due to oversupply

There is currently some oversupply. South Australia is still on the market and Queensland is about to start, so the seasons will overlap. An oversupply of onions is expected, even though there may be a shortage of red onions. The price has remained stable over the past three months. Normally there is a small disturbance when Queensland takes over the market because the harvesting costs are higher than in the south. The seasons in New South Wales and Queensland look promising with high yields and a good quality.

Exports to South Africa have been on the rise in recent years, which is positive for the market. There seem to be opportunities for export to Thailand and potential also in the rest of South East Asia. Export markets include Malaysia, Hong Kong, Japan and the United Arab Emirates.

Egypt: High prices, reduced exports

With a harvest period lasting from April to mid-July, the end of the export season is approaching for red onions, according to a retailer, who explains that the quality is insufficient. Prices are good, which makes it more difficult to find good quality for export. The export is mainly for Arab countries and India. As for spring onions, the country focuses on the Netherlands, the United Kingdom and Germany. The UK is actually the one with the best opportunities at the moment due to the favourable exchange rate.

Spain expects huge shortage of large onions

A significant drop in volume has been reported, with a much lower availability of large calibres. This is how the situation in Spain has been summarised. The trade of onions for storage started in August in Castile-La Mancha, Spain's biggest producer. The extreme temperatures in June and July are the cause of this. Due to the high temperatures in those months, the sizes are smaller. Also, in other regions of Spain, smaller volumes were reported because of the impact of rain or hail.

While a yield of 80,000 kilos per hectare is normally achieved, the yield this season will oscillate between 50,000 and 60,000 kilos per hectare, as estimated by a trader. A huge shortage of large onions is expected. This has already resulted in a great price gap between the small and large calibres. Onion exports continue to increase, despite the strong demand in the domestic market. About 47% of onions are exported, especially to EU countries. Other export markets are Taiwan and the US.

Greece: Focus shifts to the domestic market

The Greek sector is in a difficult situation. The season lasts from April to December. During the first months, from April to August, the focus of traders is on exports, and then it switches to the domestic market. The sector is currently in the transition period to the domestic market. "Although our onions are known for their good quality, that was not enough to save us from the difficult time the industry is experiencing," stated a trader. According to him, there are too many onions on the market, which

means prices are low. "The situation has not changed since last year, but I am confident that the sector will recover in the coming months."

Italy: White onion prices going up

There is movement in the white onion market and prices are on the rise, as reported by a major trader. Due to the summer heat, quality this season was not exceptional. The white onions had a high yield per hectare. "I received an order from the Arab Emirates for high quality, medium sized onions, but I could not guarantee a constant supply, so I had to let it go," says a trader.

For the yellow onions, the situation is still bad. According to a trader, prices are even worse than last year. "I advised some growers to leave the onions unharvested because they would otherwise lose money," sums up a trader. Due to the large supply, the price stands at around 10 cents. For the white onions, the price amounts to around 25 cents.

The Netherlands: Small Producer, but worldwide leading exporter

The onion sector has around 3,000 growers and some 30 to 40 sorting companies, which do not always export themselves, and about 10 leading exporters. Although the Netherlands accounts for less than 2% of the global onion production, it is a major player in the export area. The previous export record for Dutch onions, the one of the 2015-16 campaign, was broken last season. At the end of the 2016-17 season, the total volume had reached almost 1.1 million tonnes; up 4 percent. The Dutch onion exports went to 130 countries last season. On average, about 60 percent of the volume is shipped in the first half of the season and only 40 percent in the second half to destinations that are also relatively limited in terms of volume. In the past, that was the exact opposite.

After the heavy rainfall last week, this week the harvest is again in full swing. It is still too early to assess the extent of the damage that the onions have suffered due to excess water. The start of the onion export season has been a lot tougher this year. Exports focused on West Africa in the first few weeks, and Senegal, the largest buyer of Dutch onions, has retroactively set a 65,000 tonne quota for imports. Also, most of the demand is for large onions and those are almost out of stock. While these weeks are traditionally a busy period, right now it is not the case. However, exporters are still optimistic about the season. A year of good quality and lower prices are indeed ingredients to be able to supply many export markets.

Belgium: Difficult market and fewer large onions

In Belgium, growers are still working on the harvest. Within approximately 10 days, the entire production is expected to be in the warehouses. Exports are currently quite difficult, according to a trader, but the domestic market is not easy either. Worthy of note is there are many smaller onions this season and there is a shortage of large sizes. This is due to the drought in the summer months. It is still impossible to predict how everything will go in the next few weeks because the harvest has yet to be completed.

Peruvian onions back in Colombia

After four months of negotiations, Colombia has reopened its borders to Peruvian onions. In April, the border was closed after a shipment was refused access due to some quality issues. Now the border is open again, although the rules are tightened. Colombia is an attractive market for Peruvian exporters. The season started in July. In the first half of the year, exports were 34% lower than last year. The main export market is the US, followed by Colombia. Together, these markets account for 70% of exports. Other major customers include Spain, the Netherlands, Chile, Germany and Panama.

Argentina: Challenging season for Santiago del Estero

In the Santiago del Estero region, the acreage for this year's autumn and winter season amounts to 3,500 hectares. The sowing lasted from March to May. The months of June and July were marked by a shortage of water, which led to irrigation problems. In addition, large temperature fluctuations were reported in the area, with 25 degrees Celsius during the day and 8 degrees frost at night. As a result, fungi grew on the leaves. On top of that, a grasshopper pest was reported in the region. The harvest kicks off in August and peaks in September. Last year, 114,943 tonnes of onions were offered on the central market in Buenos Aires, which is 3.3% more than in the previous year. The majority of onions are grown in the Buenos Aires region. Santiago del Estero follows in second place, with a share of 13.3%.

Brazil: Smaller acreage in Piedade

The country exports onions to various destinations, including countries in the region. In June, the price stood at \$ 11 per kilo, which is high compared to the price of, for example, Argentinian onions. The harvest has already started after the seeding season came to a close in July. The harvest lasts until

December and the first estimates are satisfactory. The acreage in the Piedade region is reported to stand at 550 hectares. This is 15.4% less than in the previous season; a consequence of the rising production costs. In addition, growers are switching to other products after the low prices paid last season.

Mexican production increasing

Production in the Tamaulipas region has increased significantly. The region accounts for 116,396 tonnes of production, intended for both the international and domestic markets. The annual total volume is 1.3 million tonnes. With this, Mexico stands fourteenth on the ranking of the world's largest producers.

Bolivian production on the rise

Bolivia's onion production has grown from 55,000 tonnes in 2006 to 87,000 tonnes in 2017. Imports increased from 228 tonnes to 15,000 tonnes in 2015. In the first six months of this year, 6,000 tonnes had already been imported. The region of Cochabamba is the largest onion producer in the country, with 40% of the total. Other major regions include Chuquisaca, Santa Cruz and La Paz. Although there were also exports in the past, such trade has been dried up since 2010.

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