



OVERVIEW GLOBAL ONION MARKET

In the northern hemisphere, the old onion harvest is competing with the new one from the southern hemisphere. In the Netherlands, for example, only the large sizes are yielding good prices and growers increasingly decide to clear out the old stock. The first early onions are already starting to be harvested in the south of the continent. Italian growers are feeling the impact of the changing weather conditions in the first months of the year, but prospects are good. US traders are in a desperate situation because of a perfect storm. As many as eight different areas are on the market with good volumes. Mexico planted more onions and also flooded the US market, causing frustration amongst traders.

Perfect storm hits US onion market

The onion market in the US can be described as "the perfect storm". "This is one of the worst scenarios I've seen in the market in the last decade," says a trader. Onions are currently supplied by eight districts. The north west has a large supply. The Imperial Valley is also on the market. Mexico is still shipping onions and Texas is also commercially active. Georgia and Bakersfield have just started, and New York and Canada are also supplying onions to the market.

There are a number of factors at the root of the problems, but Mexico plays an important role. "It is a matter of really bad planning," said a trader. In the Leon region of Mexico, the acreage stood at 809 hectares, without there being a market there. "When this became clear, it was already too late." The season was good during the winter months. Mexico saw an opportunity and planted considerably more. However, exports from the north west of the US were disappointing. Moreover, the infrastructure in Ontario and Oregon, which was destroyed two years ago by a blizzard, was restored. "So we were left with a surplus of onions from last season, no export markets and a large supply from Mexico," explains a trader. Furthermore, the acreage has also been expanded in New York. The situation is not expected to change in the coming weeks. According to a trader, things will continue like this for another eight weeks.

The consumption of onions has not decreased, according to a trader. However, there have been some trend changes. Because of the improving economy, more people are eating out. While the demand on the fresh market is falling, that from restaurants and the food service industry is rising.



Italy expects first onions soon

The import of onions is as good as over, and the first domestic harvest is expected this week. A grower said on 23 May that they were going to start harvesting the first early onions in a few days. The yield is not very high, but that is usual for the early production.

The winter months were erratic. After an above-average warm January, a cold front followed in April. That had repercussions on the plants' development, and therefore, on the production.

The small volume that is currently available comes from imports. An importer mentions Australia, Mexico and India as countries of origin, but volumes are declining.

Spain is getting ready for a new season

The Spanish season is starting with a smaller supply of Spring Babosa onions, as the acreage was reduced due to the bad results achieved last year. Production is limited, but prices are profitable this year, amounting to around 0.35 Euro per kilo at origin, with peaks of up to 0.40 Euro per kilo. These spring onions have a share of 15% of the total Spanish onion production.

The Medio Grano onions (medium shelf life) will start to be harvested in about 15 days; about a week later than last year. The delay is due to the reduced hours of sunshine and the abundant rainfall. In spite of this, the yields are expected to be good, with a large harvest from a stable acreage. Last year, it was difficult to find large calibres, but growers expect good sizes this season. The growers are changing their production methods and are using plants instead of seeds. This results in a more uniform production, better plant health, sizes and quality.

The acreage devoted to Grano Oro onions (intended for long storage) remains stable. Growers have finished the planting in late May, which is later than usual. The planting season normally ends 15 to 20 days earlier. Growers, however, were unable to enter the fields earlier because of the mud, following the rains of March and April.

The Netherlands: Large onion exports, but no great mood

The total volume of Dutch onion exports in the 2017/2018 marketing season, with figures available up to and including week 17, stands at 993,145 tonnes, which is 102,058 tonnes more than in the same period of the 2016/2017 season, and 70,546 tonnes more than in the 2015/2016 campaign. Shipments have gone to 152 countries. The biggest customers this season up to week 17 have been Senegal



(166,753 tonnes), Ivory Coast (96,601 tonnes), Great Britain (87,394 tonnes), Malaysia (60,172 tonnes), Mauritania (59,622 tonnes) and Guinea (56,607 tonnes). Despite these impressive export figures, the mood is not good among Dutch onion traders. In the past week, onions prices have fallen sharply. The sale of large onions continues reasonably well, but the smaller sizes are more difficult to get rid of. Growers are pessimistic about the final results of the season. The quality of many batches is also deteriorating. As a result, more buyers are choosing to import onions from countries like Egypt and New Zealand.

<http://www.agf.nl/nieuws/2018/0523/uien.xlsx>

German onion market stable

In the German market, domestic onions from the latest harvest are still the most sold for the time being. Domestic yellow onions currently attract the most interest, but those from neighbouring countries, such as Austria and the Netherlands, are also popular at the moment. The middle sizes, namely the 40-60 and 50-70, dominate the market. Prices remain generally stable and are comparable with those recorded in this same period last year. Most of the new crops, the so-called winter onions, were sown in mid-March and will start to be harvested in August/September. Until then, the domestic stocks will be supplemented with imports from the aforementioned neighbouring countries, as well as from Spain, Oceania and other growing areas.

Traders confirm that red onions are gaining ground in the German market. The demand is very good and domestic producers see those red onions as a tempting alternative to the regular yellow onion. The production of organic onions, however, seems to be stagnating somewhat. Only a single specialist is currently betting strongly on them, converting the entire production.

The French are waiting for the new season

Onions are one of the most important products for France. They, together with shallots and garlic, attracted a lot attention during Medfel last month. Meanwhile, the French have practically run out of their own supplies and are waiting for the new season, as reported by several French growers.



Polish growers take the streets

On 23 May, in the Polish capital of Warsaw, farmers and growers demonstrated to demand higher prices for agricultural products. Months of negotiations have not yielded any results. The farmers and growers are angry about the amount of imported cheap foods which end up in supermarkets under Polish labels. The trade union that organised the demonstration has submitted a list of 23 requirements. One of the points is to close the border with Ukraine and to focus on exports to Russia and Europe. Others, however, believe that the sector's anger is not entirely justified, as the import of a number of products allegedly only happens at the end of the season, when the quality of the Polish products is not optimal.

Onion prices falling in China

The new onion season started recently, but the great yield per hectare did not bring the growers the reward they had hoped for. In Yunnan, one of the largest onion producing areas, prices have dropped to a low point. The supply exceeds the demand. Furthermore, there is competition from other vegetables and the quality of the onions is disappointing compared to last year's. The harvest in Xichang and Sichuan has been affected by the weather and the poor management of the growers. In general, the quality is lower than last year. As a result, the onions do not meet the export requirements. Exporters are buying small volumes; the remainder is flooding the domestic market. As the temperature rises, the need for cool storage increases. That means rising costs and thus increasingly lower margins for the growers.

Australia harvested less, but generated more money

The planting season is going well, although some areas are drier than normal. The peak in the harvest is usually reached between November and April. According to the trade association, many onions are still in storage to ensure the market in the southern hemisphere can be supplied during the winter months.

Recent figures show that 237,635 tonnes of onions were harvested in the 2016/2017 season, which is 9% less than a year earlier. These onions reached a market value of \$ 174.2 million; an increase of 10%. In the year ending in June 2017, exports amounted to 24,798 tonnes. That is 43% less than a year earlier. The import figure for that period stands at 8,337 tonnes.