

The price of Chinese onions drops as the market supply suddenly expands.

Detail Introduction :

Multiple onion production areas in China currently supply large volumes of onions to the Chinese market, and the price of onions has dropped. In addition, shipping fees are showing a downward trend, so several exporters have begun to prepare orders for the onion export market. Mr. Wang recently talked about the current conditions in the onion export market.

According to Mr. Wang, the peak period of onion supply to the Shandong market is in full swing. And several onion production areas have begun to harvest their onions, including Feng county in Xuzhou, Jiangsu, and Tongxu county in Kaifeng, Henan. Last year the profit was mediocre, and some traders suffered significant financial losses. The risk is rather high, so traders with warehouse space are not that eager to stock their warehouses with onions this year.

"The current FOB price of peeled onions from Qingdao is around 650 USD per ton, much lower than in previous years. The price of 8cm yellow onions from Shandong is around 1-1.2 yuan [0.15-0.18 USD] per 0.5kg. The price of 8cm red onions is around 0.8-1.1 yuan [0.12-0.16 USD] per 0.5 kg. The main reason for the price decline is the start of the onion harvest in Yunnan, Sichuan, Jiangsu, Shandong, and Henan. The market supply is huge, and the price drops," said Mr. Wang. "But cheap onions have a competitive advantage in the international market. Chinese onion export virtually halted for more than a year, but overseas buyers recently started to inquire about current prices."

Gansu is one of the main onion production areas in China. The weather and soil conditions are well suited for onion plantations. The onion production volume in Gansu is huge, and the product quality is high. The Gansu onions are popular with overseas buyers. "The onion harvest in Gansu is expected to begin in July, and the first supply is expected to enter the market in August. However, it is still too early to discuss the price of Gansu onions. The price is determined by weather conditions, harvest conditions, a broad surface area devoted to onion plantation, production volume, etc."

"The product value of onions is not that high, so when the shipping fees began to rise last year, many exporters halted their operations. They exported small volumes of peeled onions to the UK, but that soon stopped. The shipping cost was too high," said Mr. Wang. "However, in March, the shipping fees began to come down. The current shipping fee from Qingdao to Europe is around 8,500-9,000 USD per container. Shipping fees are expected to fall even further, but the product value of onions remains rather low, so it will take some time before onion export is profitable again."