



# US Onion & Garlic Crop Report

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# Presentation Outline

## Dehydrated Onion

- Global Onion S&D
- Supply and Demand trends
- Outlook for 2011

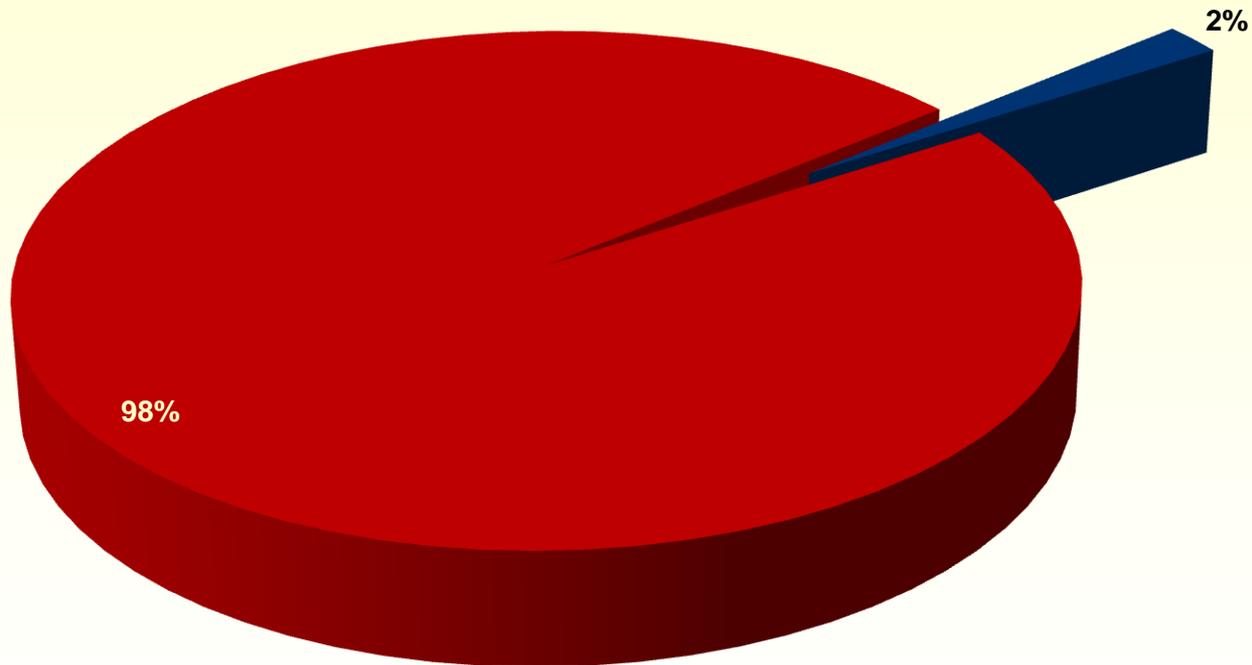
## Dehydrated Garlic

- US Garlic S&D
- Supply and Demand trends
- Outlook for 2011

# Dehydrated Onion

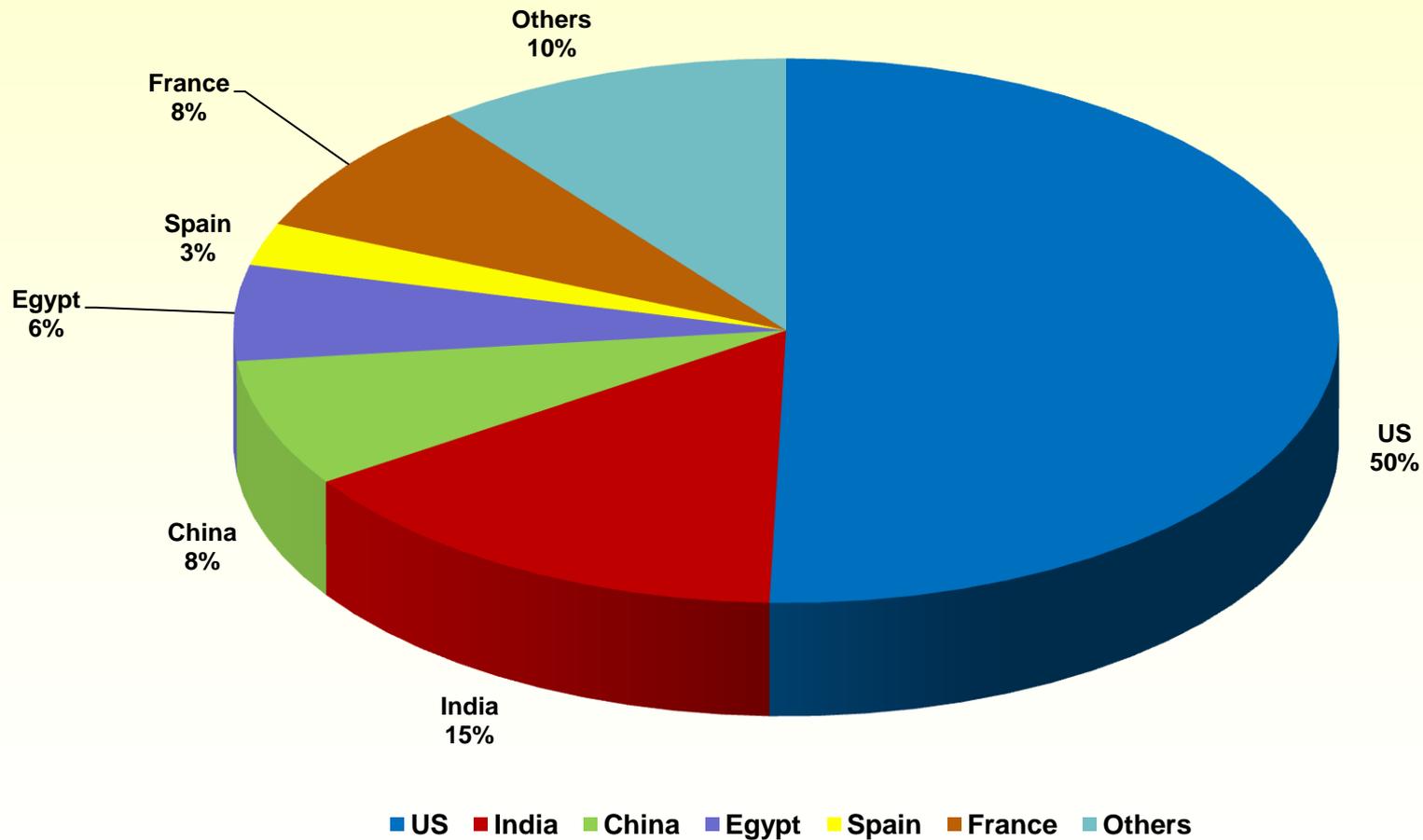
# Dehy. onion in the Global marketplace

**Global Fresh Onion Production  
Approx. 160 B. lbs**



■ Onion for Dehydration (Bill. lbs) ■ Onion for Fresh mkt. (Bill. lbs)

# Global Dehy. Onion Supply

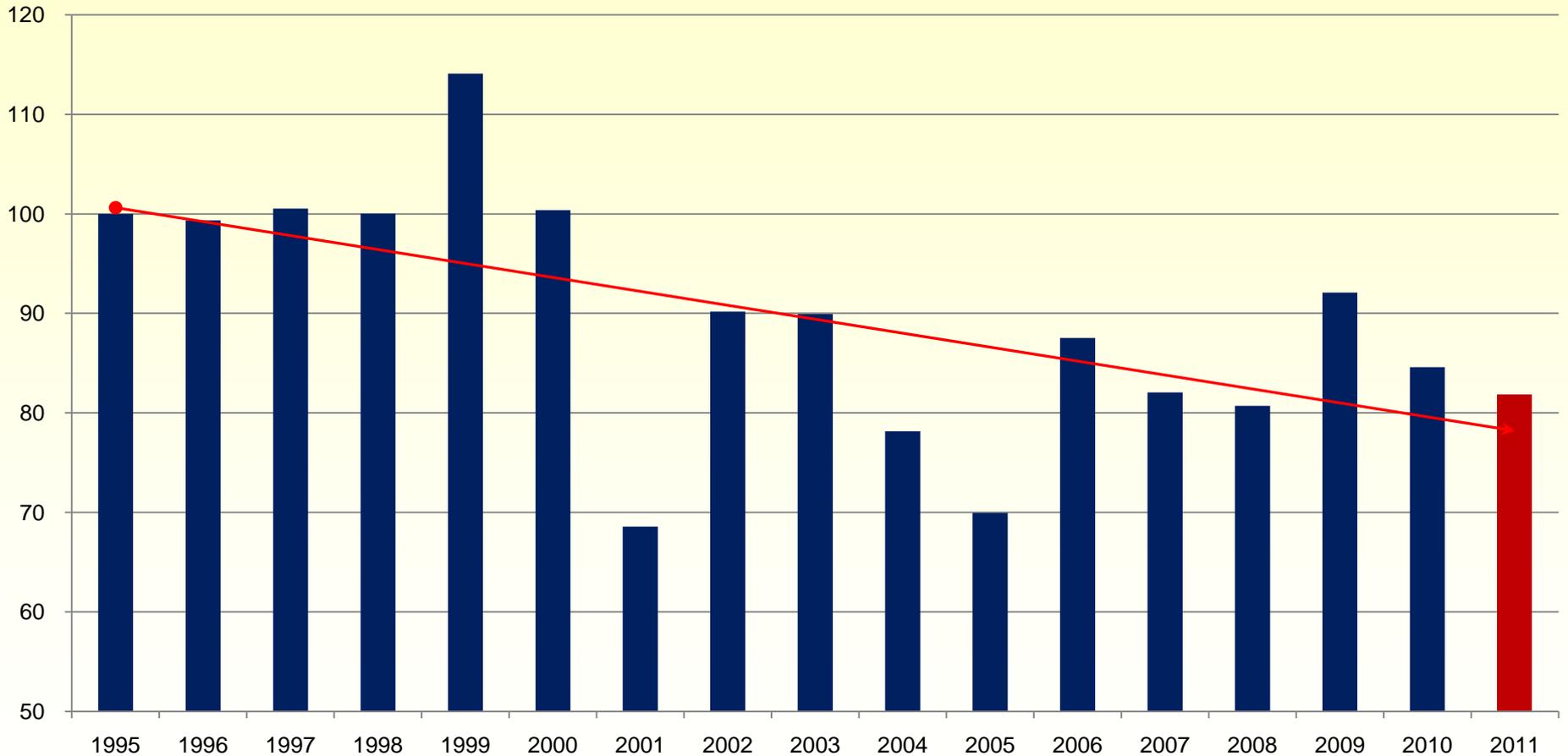


# Global Onion Supply Trends

- Higher prices of competing crops
- Global water availability – a growing problem
- Increased Govt. food security intervention
- Reduced global stock/usage ratio
- Bad weather undermines supply
  - Indian kharif onion crop 2010
- Political turmoil in Middle East
- Rising oil prices and fuel costs

# GODAB US Onion Loads Inspected

Base year 1995 =100



# Wheat and Corn Prices

Wheat :

Corn

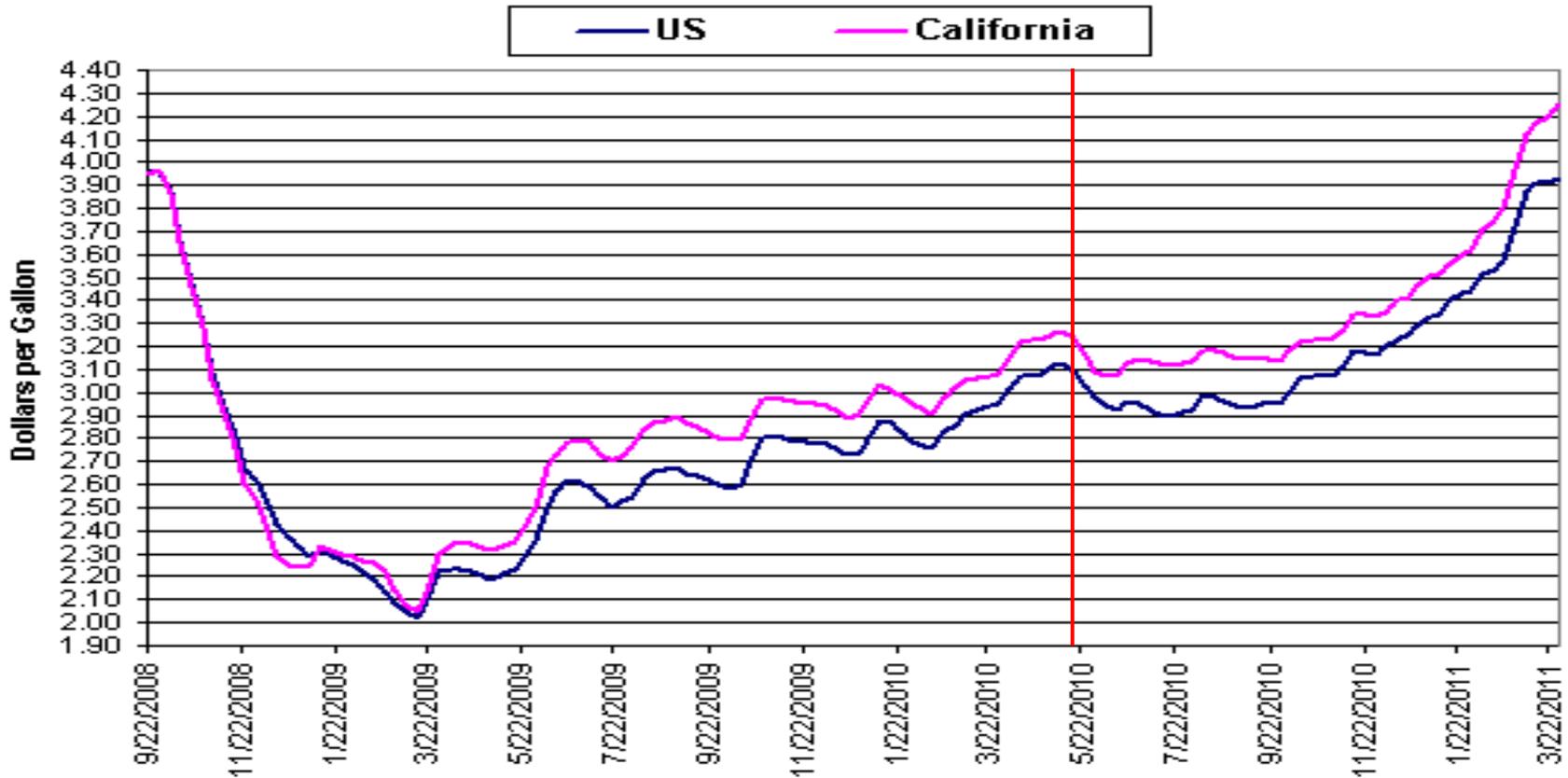


Source :CBOT



# US Diesel Prices

Weekly California Retail On-Highway Diesel Prices

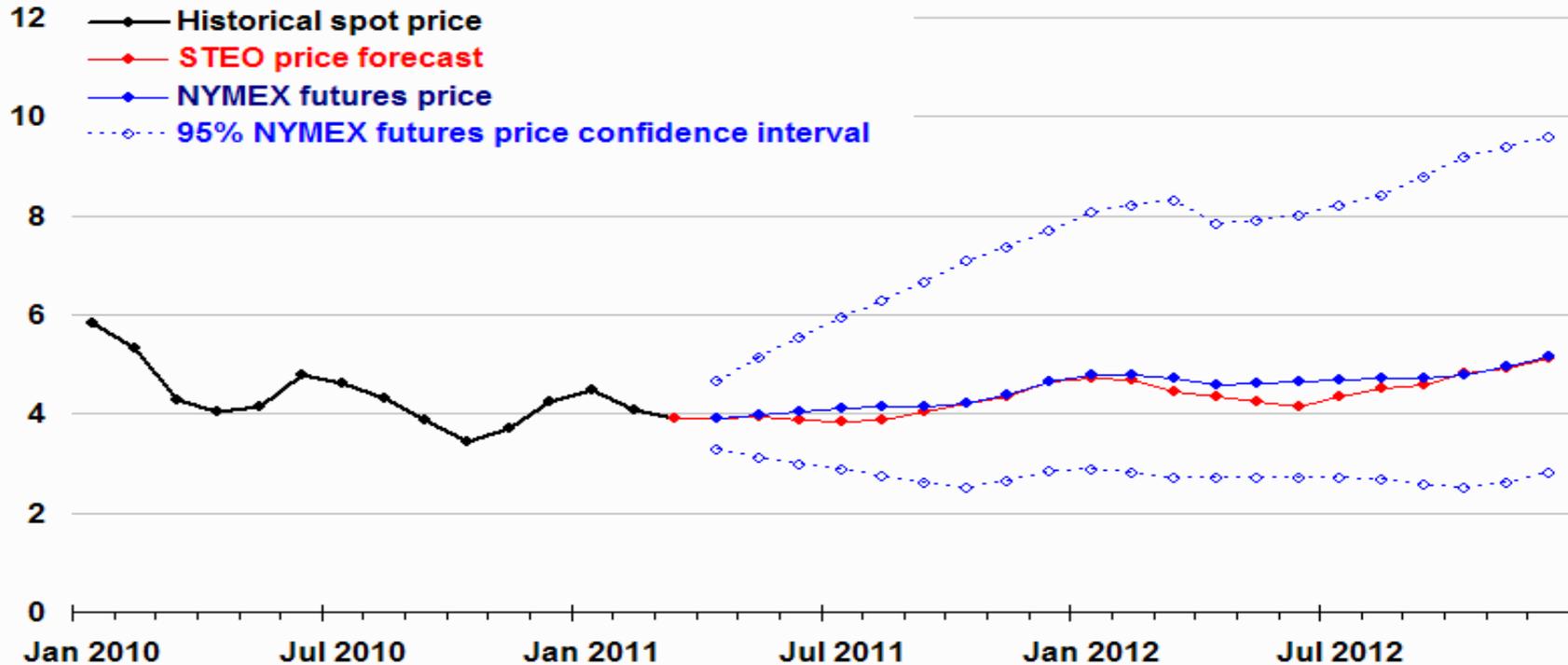


Source: Energy Information Administration

# US Natural Gas prices

## Henry Hub Natural Gas Price

dollars per million btu



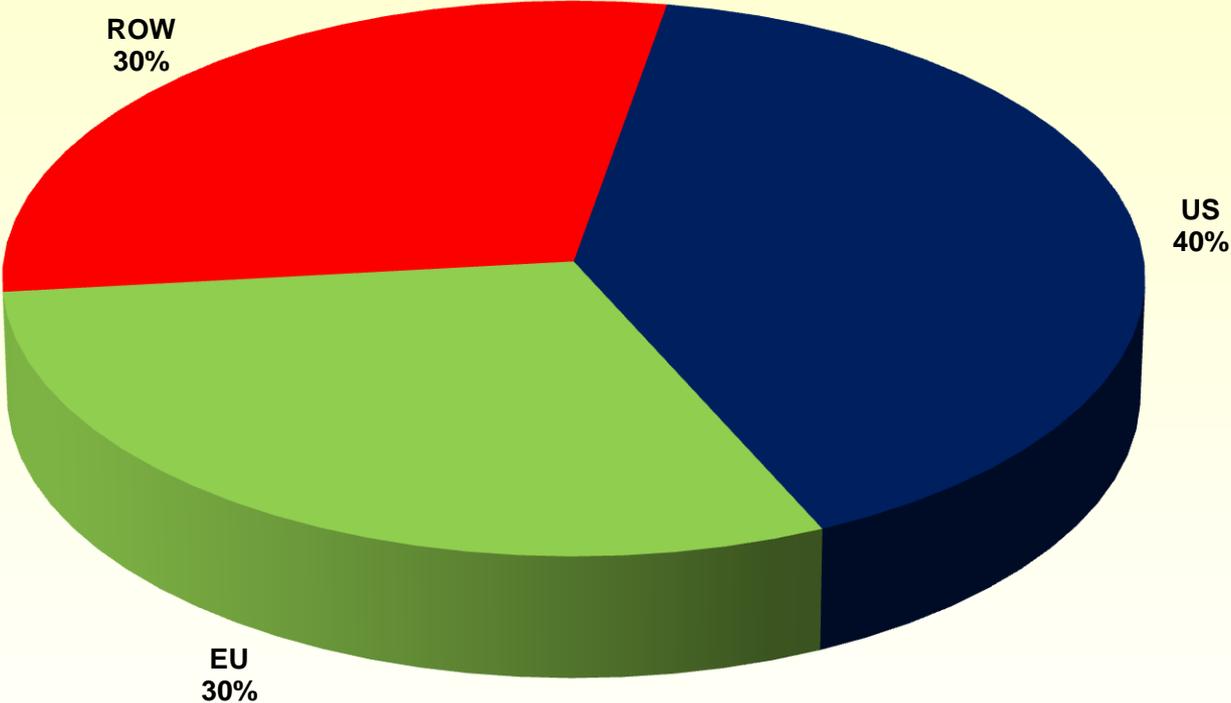
*Note: Confidence interval derived from options market information for 5 trading days ending March 3, 2011*

*Intervals not calculated for months with sparse trading in "near-the-money" options contracts*

Source: Short-Term Energy Outlook, March 2011



# Global Dehy. Onion Demand



■ US ■ EU ■ ROW

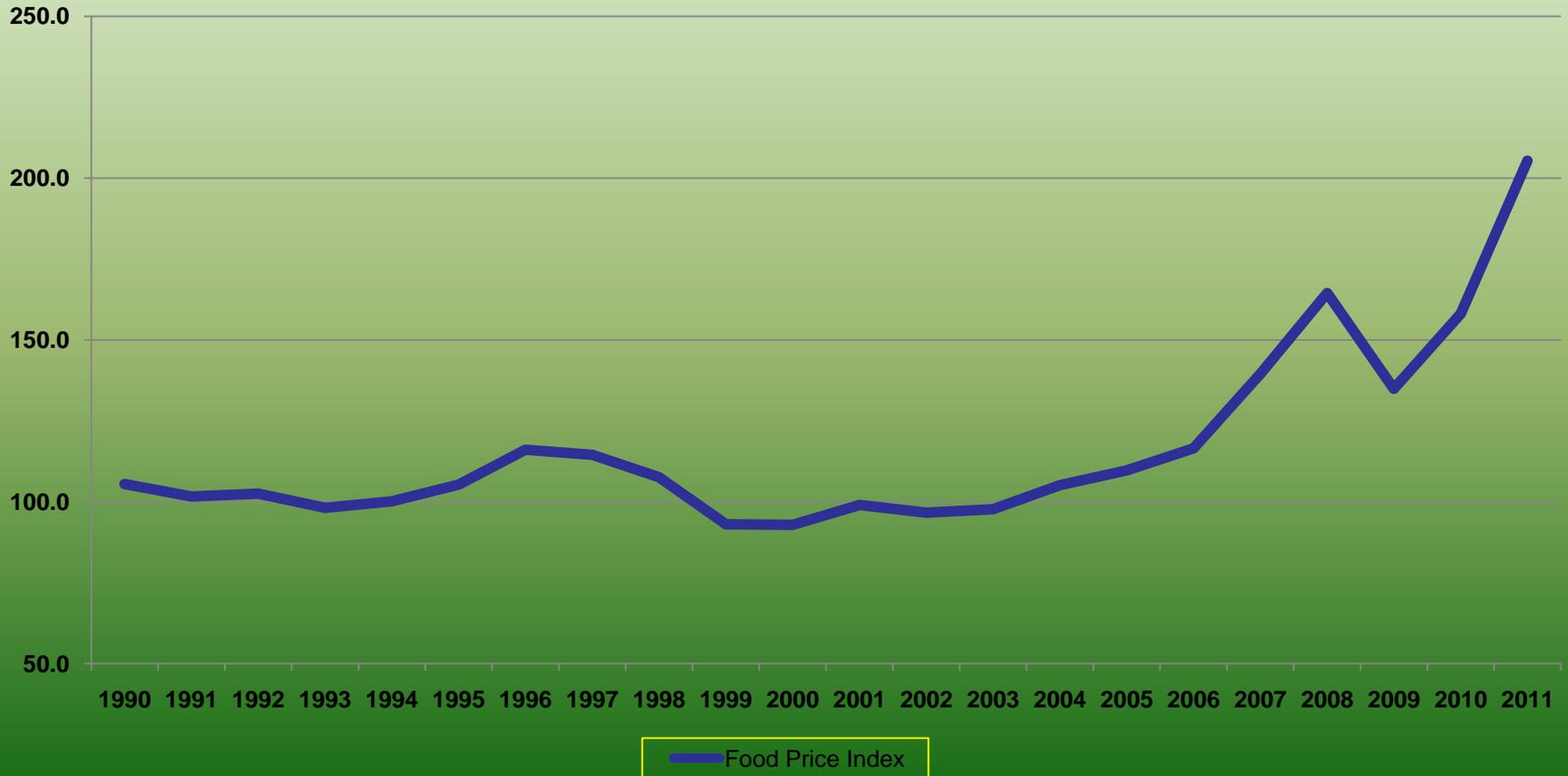


# Global Onion Demand Trends

- Increased growth in snack and fast food segment primarily in emerging markets
- Heightened demand for food safety & traceability
- Surging global food inflation
  - *Global food prices up 4% from Jan and 25% above YA*
  - *PPI-Food gains 3.7% (vs. YA) during Jan 2011*
- Progressively weakening USD driving US exports
- Japanese demand affected by earthquake
- Australian floods drive dehy. demand

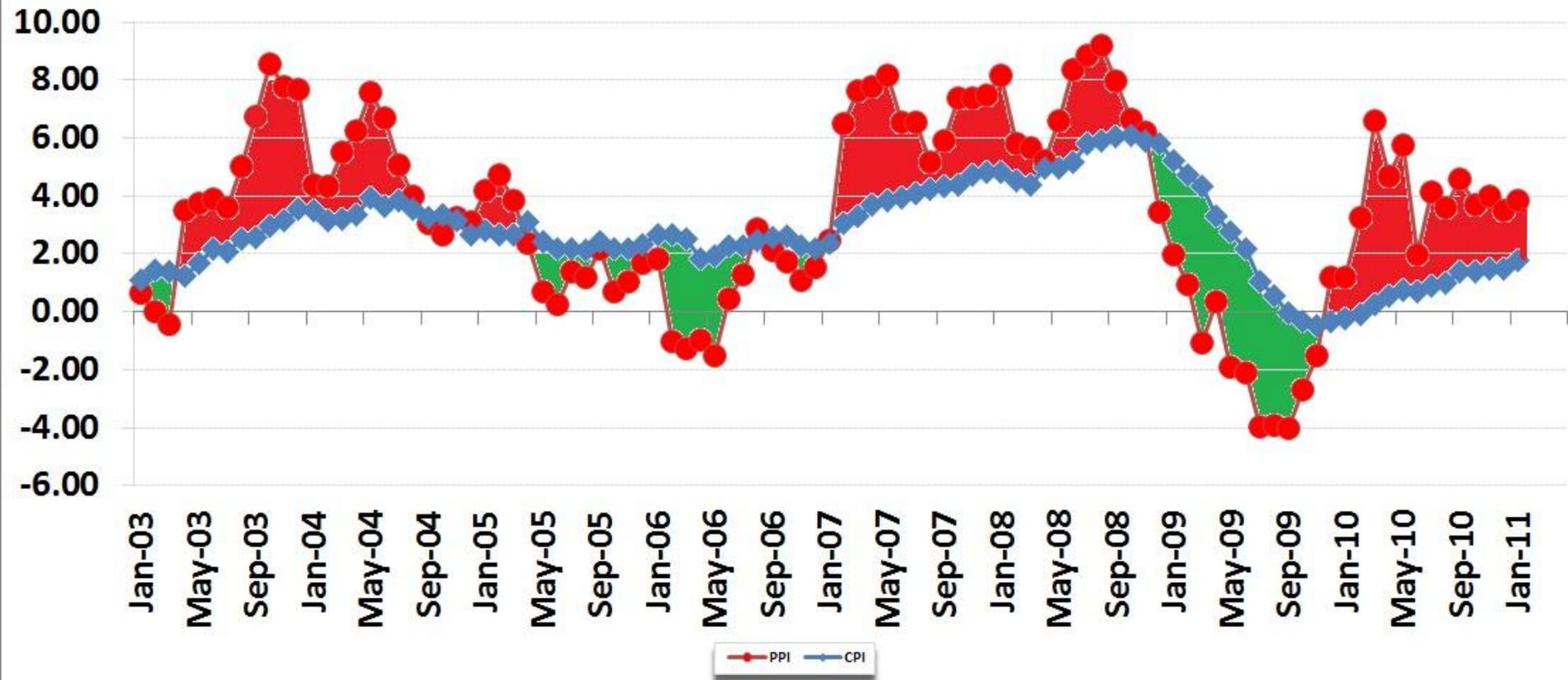
# FAO Global Food Price Index

Annual Food price Indices ( 2002-04 = 100)



# US Food Inflation

PPI-Food vs. CPI-Food  
Year to Year % Change

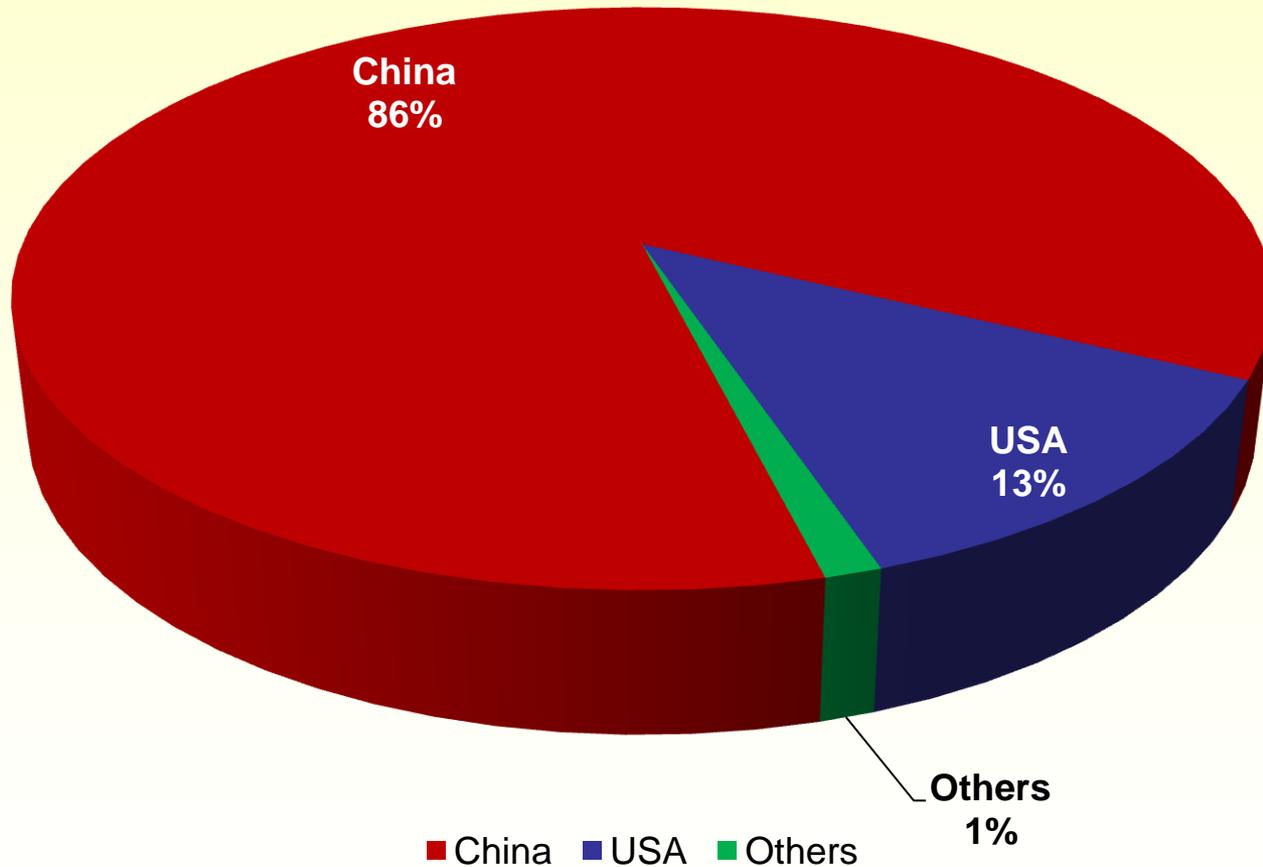


# US Onion – Outlook for 2011

- Cold snap and heavy rains in CA could cause
  - Potential yield losses of 5-10%
  - chances of lower availability of LB/ XLB
- Reduced carry-in inventories could cause tightness in some fractions
- Current US inventories are not large enough to cover for supply shortages from other growing regions
- Inflationary pressure could be felt on prices

# Dehydrated Garlic

# Normalized Global Garlic supply (Approx. 400 M lbs)

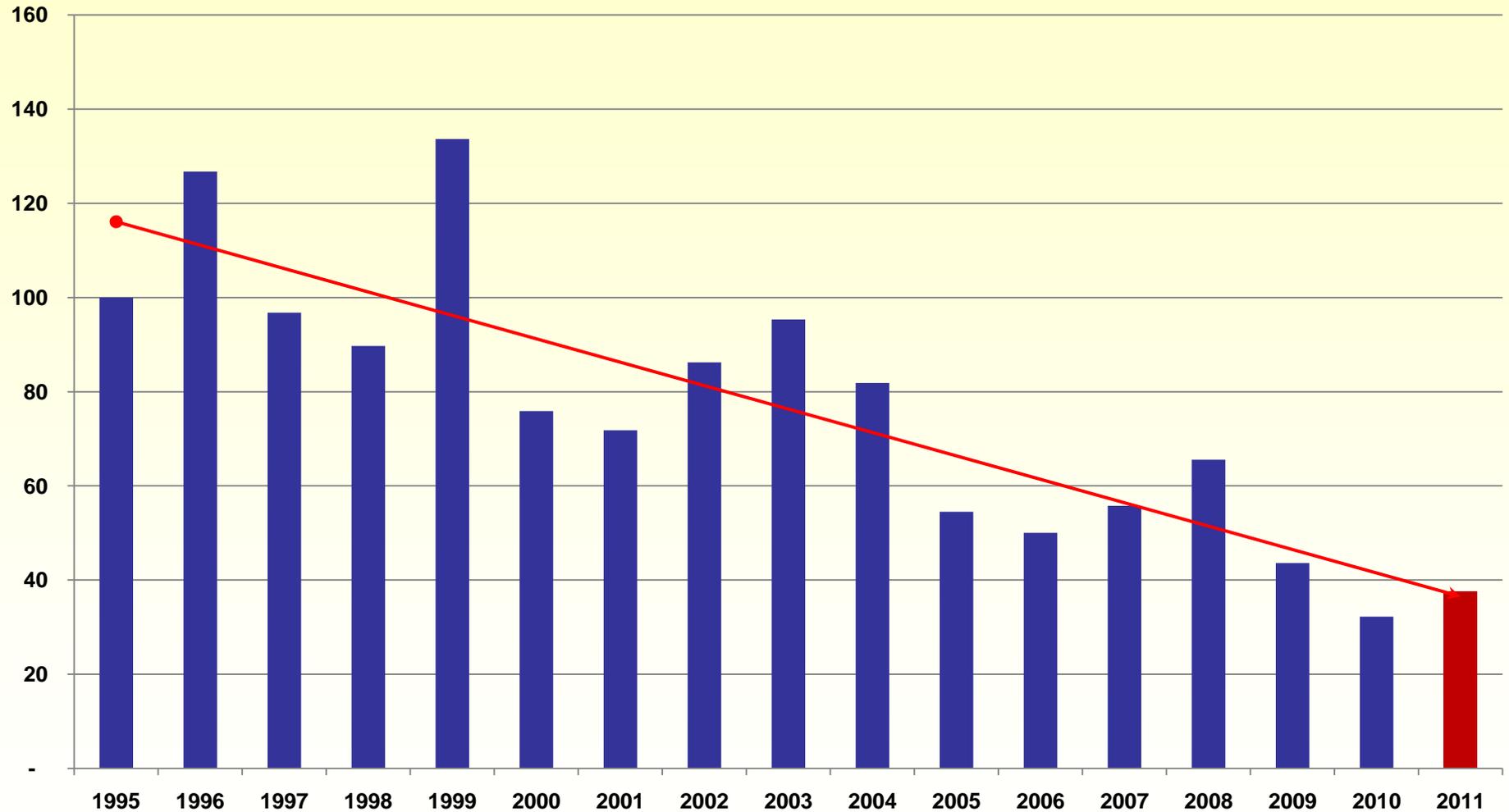


# US Garlic – Supply Trends

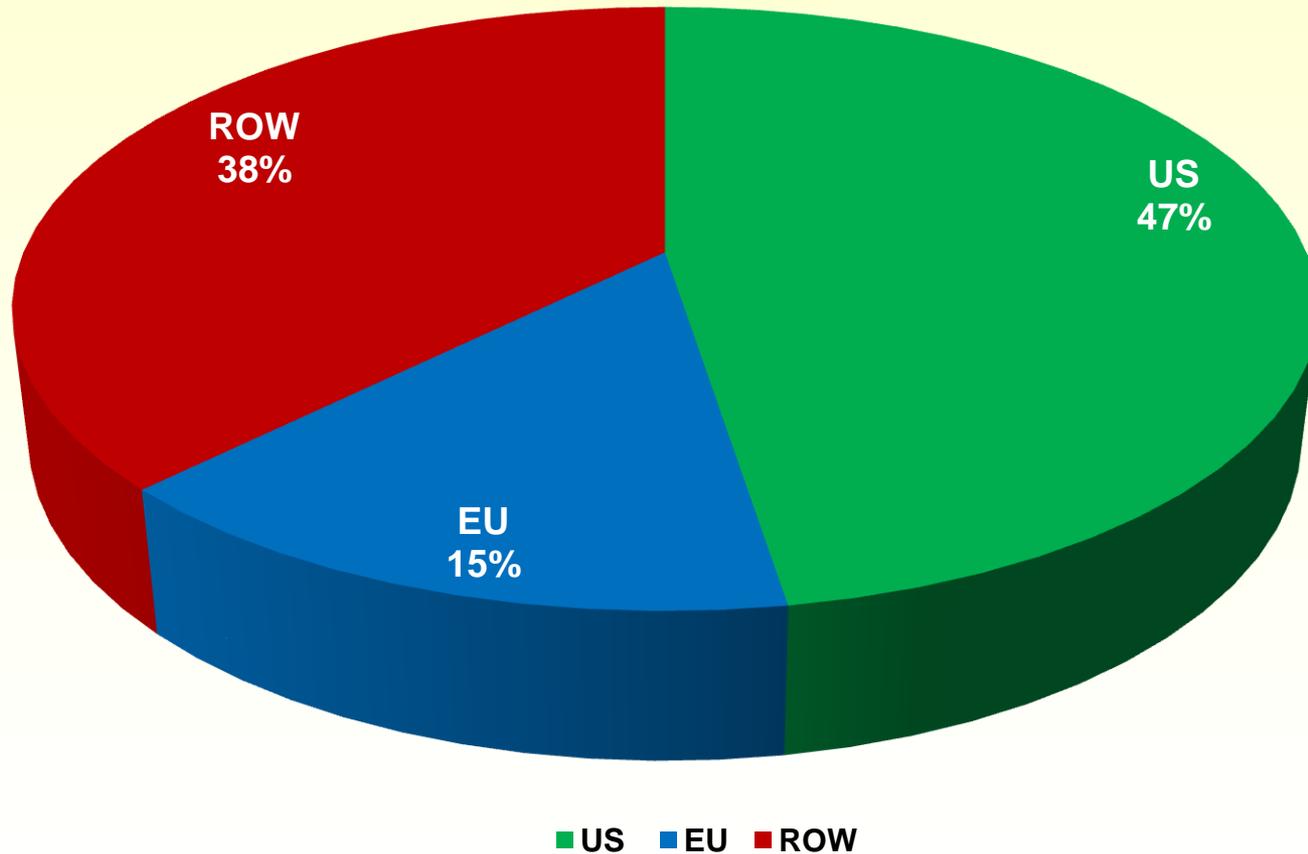
- Stable supply and pricing in most years
- Reduced carry-in inventory into 2011 crop
- Wet CA weather unlikely to cause major underyields
- Price pressure from competing crops remains strong
- Higher oil ,fuel and input costs
- Chinese RMB appreciation and USD depreciation

# GODAB US Garlic Loads Inspected

Base 1995=100



# Normalized Global Demand (Approx. 400 Mill. lbs.)



# US Garlic – Demand Trends

- US garlic primarily preferred by customers desiring stable supply and pricing, consistent quality, traceability and proximity of material
- Heightened demand for food safety & traceability has increased demand
  - Imports tested regularly for sulfites, lead, heavy metals, adulterants
- Higher prices of Chinese product have increased favorability of “California grown” garlic

# US Garlic – Outlook for 2011

- Market expected to be stable in 2011
- Increases in input and fuel costs and pricing pressure from wheat, corn and cotton will limit influence of any decline in Chinese prices
- Piece fractions could remain tight
- US garlic exports could potentially increase in select markets

# Thank You

## Q&A

