

Executive Summary:

- In Lasalgaon market both fresh and stocked onion are arriving in the market and are contributing approximately 40% and 60% respectively to total arrivals. According to trade sources, major export demand is seen from Colombo, Dubai, Singapore and Malaysia. Approximately 400-500 tonnes of onion are being exported to these destinations on a weekly basis.
- According to news sources, Sri Lankan Agriculture Ministry has requested permission from its Finance Ministry to continue import taxation on onions for a further 6 months. The import tariff was increased from 25 to 50 Sri Lankan rupees back in August (1 Sri Lankan rupee = 0.42 Indian rupees approx.) which had significantly reduced imports due to which its domestic growers are attracting good prices for their produce.
- Sri Lankan government is making every effort to bring new areas under cultivation for onion and resorting to off-season cultivation to meet the domestic demand. In this regard, the Agriculture Ministry of Sri Lanka has chalked out a three year project to increase onion production locally.
- Sri Lanka is fourth largest onion importer from India. Every year India exports around 1.3-1.5 Lakh Tonnes of onion to Sri Lanka which is approximately 10-12% of total onion exports from India.
- The traditional late-Kharif onion growing states are Maharashtra and Gujarat. But now, according to market sources some parts of Madhya Pradesh and Orissa are also taking up late-Kharif onion crop. Planting of seedling is completed in all the above mentioned states and the crop condition is average to good. Harvesting is expected to start from first week of January 2013.
- Harvesting of Kharif onion in Maharashtra, Gujarat and M.P has started and arrivals are increasing and expected to be in full swing during mid-December 2012. The harvesting of kharif onion in northern states like Punjab, Uttar Pradesh and Bihar are expected to start from second week of December.

Monthly Average Wholesale Price (Rs/Qtl) and Arrivals (in Quintals) Trend Comparison:

| Market | State | Daily Avg. Arrivals November | Daily Avg. Arrivals October | % change over previous month | Avg. Prices November | Avg. Prices October | % change over previous month |
|------------|-------------|------------------------------|-----------------------------|------------------------------|----------------------|---------------------|------------------------------|
| Delhi | Delhi | 20207 | 11940 | 69.24 | 1390 | 1128 | 23.23 |
| Bangalore | Karnataka | 41177 | 31530 | 30.60 | 1575 | 1113 | 41.51 |
| Lasalgaon | Maharashtra | 19468 | 9390 | 107.33 | 1181 | 800 | 47.63 |
| Pimpalgaon | Maharashtra | 13232 | 8987 | 47.23 | 1031 | 832 | 23.92 |
| Mumbai | Maharashtra | 8734 | 8183 | 6.73 | 1220 | 945 | 29.10 |
| Pune | Maharashtra | 7247 | 5250 | 38.04 | 1273 | 855 | 48.89 |
| Jaipur | Rajasthan | 4068 | 3140 | 29.55 | 1020 | 984 | 3.66 |
| Chennai | Tamil Nadu | 4425 | 4652 | -4.88 | 1920 | 1264 | 51.90 |
| Hyderabad | A.P | 8760 | 9305 | -5.86 | 1181 | 886 | 33.30 |

(Source: AGRIWATCH)



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As seen in the table above, daily average onion arrivals and prices have increased in all the markets. Prices have increased as fresh onion crop from few parts of Maharashtra, Rajasthan and Madhya Pradesh has started arriving in market and is expected to pick up the pace in a couple of weeks. Fresh onions are commanding higher prices than stored onion.

As expected and discussed in earlier reports, prices have moved up in anticipation of delay in Kharif arrivals and lower production estimate.

In Lasalgaon and Pimpalgaon markets arrivals have picked up pace and are expected to increase further. Prices are hovering in the range of Rs 1000 to Rs 1200/ quintal and are expected to remain stable for the next couple of weeks.

Technical Analysis of Onion Prices at Lasalgaon, Nasik:



(Source: AGRIWATCH)

(Note: Each bar or “candle” in the chart shows the price movement in a particular week. The green candle signifies prices increased and red candle signifies prices decreased in that week. The length of the “candle” shows the upper and lower end of the price range for the week.)

The above chart shows the weekly spot price movement of Onion in the benchmark Lasalgaon Mandi of Nasik. Prices decreased to a level of 950/quintal but thereafter recovered to a level of 1150/ quintal. Prices have increased as compared to previous week despite kharif onion arrivals in the market. The latest candlestick in the chart with no lower shadow and small upper shadow indicates prices are likely to be firm in the coming week. On the higher side, resistance is at 1150 and 1260 levels and on the lower side, support lies at 900. Prices are likely to trade in the range with upper band of Rs. 1260 and lower band of Rs. 900.

Disclaimer

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