10 December, 2012

Executive Summary:

- India has exported less onion in November 2012 due to higher domestic prices. As per data from Nafed, India exported approximately 0.87 Lakh tonnes of onion in the month of November, down from 1.85 lakh tons exported in October 2012 and 1.12 lakh tonnes exported in November 2011.
- The December to February period is crucial for onion prices in India. During these months, stored onion is over and demand is met through fresh onion arrivals of Kharif and Late kharif season.
- 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 is expected to start from second week of December.
- According to NHRDF, harvesting of kharif onion in Ferozpur Jhirka area of Haryana and some parts of Odisha also started and the produce is arriving in the markets.
- Late Kharif arrivals will only start from the middle of January.
- 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. Earlier, Sri Lankan Agriculture ministry had asked its Finance Ministry to continue import tax on onion.
- 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.

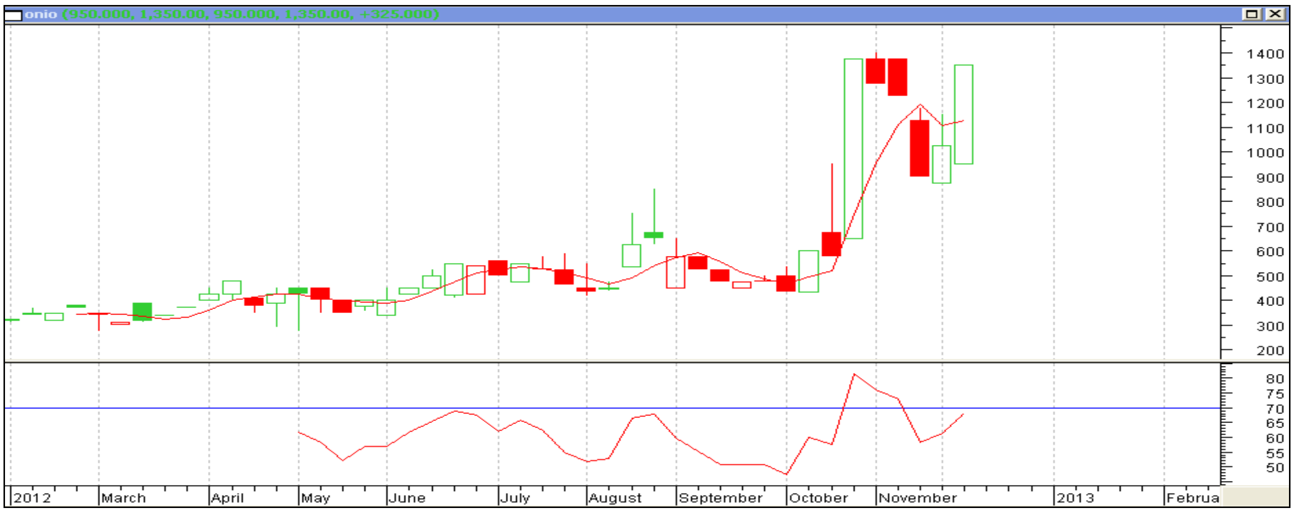
Weekly Onion Prices (Rs/Qtl) and Arrivals (in Quintals) trend in important markets across India:

Market	State	Avg. Arrivals 1st Dec-7th Dec 2012	Avg. Arrivals 23rd Nov-30th Nov 2012	% Change in arrivals Over Prev. Week	Avg. Prices 1st Dec- 7th Dec 2012	Avg. Prices 23rd Nov-30th Nov 2012	% Change in Price Over Prev. Week
Delhi	Delhi	17100	18350	-7%	1310	1366	-4%
Bangalore	Karnataka	25900	36600	-29%	1740	1620	7%
Lasalgaon	Maharashtra	10300	9000	14%	1145	1003	14%
Pimpalgaon	Maharashtra	15000	10250	46%	1339	1025	31%
Mumbai	Maharashtra	11218	10175	10%	1310	1200	9%
Hyderabad	AP	7200	10200	-29%	1710	1020	68%
Jaipur	Rajasthan	5100	3500	46%	950	1000	-5%
Indore	MP	31300	32300	-3%	920	980	-6%

(Source: AGRIWATCH)

In above table we can see that arrivals have increased last week in Maharashtra region due to fresh kharif onion arrivals. At the same time prices have also increased due to good demand as fresh onion is fetching higher prices. In Hyderabad, fresh onion arrivals from local regions are declining, which is resulting in prices moving upward.

Analysis of Onion Prices at Lasalgaon, Nasik:



(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. As discussed in our previous report, prices of onion in Lasalgoan crossed Rs. 1200/Qtl and are now trading near Rs. 1300/Qtl, despite higher arrivals in wholesale mandis. Prices are expected to find resistance near 1400 which is a 52-week high in the spot markets. If this level is breached and prices trade above it for 2-3 days, then it may further go upward to the levels of 1500-1600/Qtl.

We expect prices to consolidate around current levels for some time as arrivals are increasing from Maharashtra, Rajasthan and MP regions but this increase is offset by lower arrivals from other states like Karnataka and Andhra Pradesh, where arrivals have come down.