

ONION & POTATO

Monthly **REPORT**

Volume 01

Market Intelligence System

May 2012

Onion

Executive Summary

- The Government has scrapped the Minimum Export Price (MEP) on Onion for the next two months and will review the market situation every two months going forward. This move is aimed at better price realization to farmers keeping in view the higher production in Rabi and Late Kharif seasons. Prior to this decision, MEP for onion was \$125/Ton FOB.
- Earlier, when the MEP was lowered from \$150 to \$125 in February 2012, prices had got support and increased gradually by 15–20% in Maharashtra APMC mandis. Traders expect this decision will give India a competitive edge over China and Pakistan in International markets.
- At present, storage activity is in full swing in Maharashtra as prices are lucrative. Traders expect Rabi onions, which are available currently in the range of ₹ 350–400/Qtl in various Maharashtra APMC mandis, to fetch around ₹ 600–700/Qtl during the lean season.
- Estimates by trade and industry sources point towards onion production of around 15.1 million tonnes during 2011–12 as compared to 14.6 million tonnes in the previous year. The productivity of onion this year was higher due to favorable weather, prolonged winter and no rain damage, unlike last year.
- As per NAFED, India has exported around 1.93 lakh metric tonnes of Onion during March 2012. During last financial year 2011–12 total export of onion was around 15.34 lakh tonnes valued at ₹ 1,715 crores.

Monthly Price– ₹/Qtl (Wholesale, Retail) and Arrivals (in MT) Trend comparison

Center Name	April 2012 Avg. Wholesale Price	April 2011 Avg. Wholesale Price	Wholesale Price Change (in %)	April 2012 Avg. Retail Price	April 2011 Avg. Retail Price	Retail Price Change (in %)	April 2012 Total Arrival	April 2011 Total Arrival
Ahmedabad	435	416	4.57	791	777	1.80	5838	7820
Amritsar	742	677	9.60	1010	991	1.92	3665	3755
Bengaluru	628	646	-2.79	1246	995	25.23	23940	24250
Bhopal	443	496	-10.69	589	625	-5.76	1905	3459
Chennai	821	1010	-18.71	1650	1500	10.00	12090	10580
Delhi	573	570	0.53	1200	1109	8.21	20963	21268
Hyderabad	756	461	63.99	1096	879	24.69	9488	5738
Jaipur	622	550	13.09	1009	905	11.49	7007	7261
Jammu	814	749	8.68	1239	1405	-11.81	3964	2875
Kolkata	662	568	16.55	1227	1134	8.20	10068	10217
Lucknow	627	677	-7.39	930	964	-3.53	678	3101
Mumbai	546	596	-8.39	1000	1010	-0.99	30439	23095

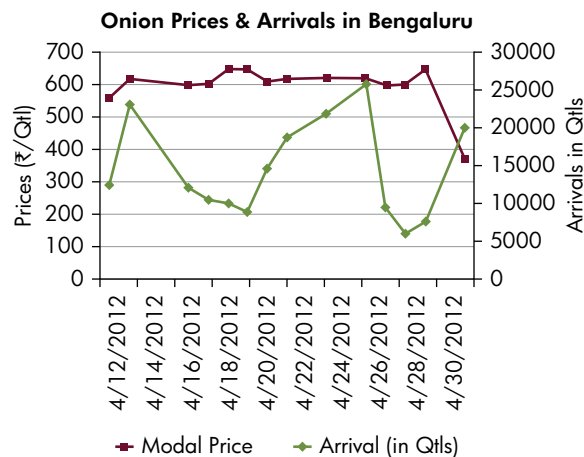
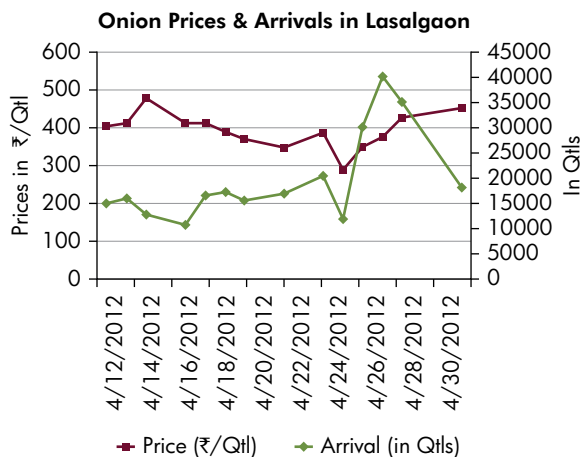
Center Name	April 2012 Avg. Wholesale Price	April 2011 Avg. Wholesale Price	Wholesale Price Change (in %)	April 2012 Avg. Retail Price	April 2011 Avg. Retail Price	Retail Price Change (in %)	April 2012 Total Arrival	April 2011 Total Arrival
Nasik	482	562	-14.23	709	794	-10.71	5190	4470
Patna	687	632	8.70	1210	1087	11.32	2460	2655

Source: NHB, Agriwatch Research

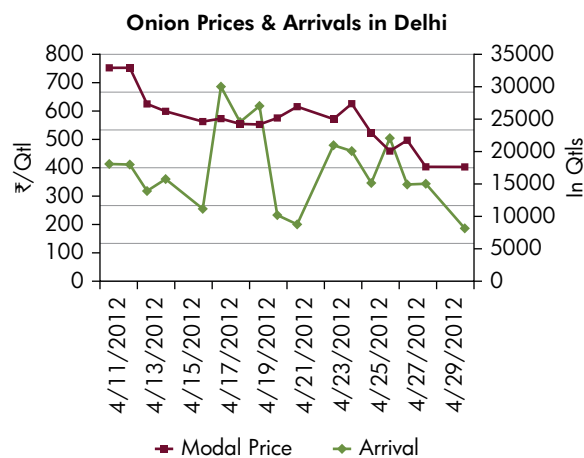
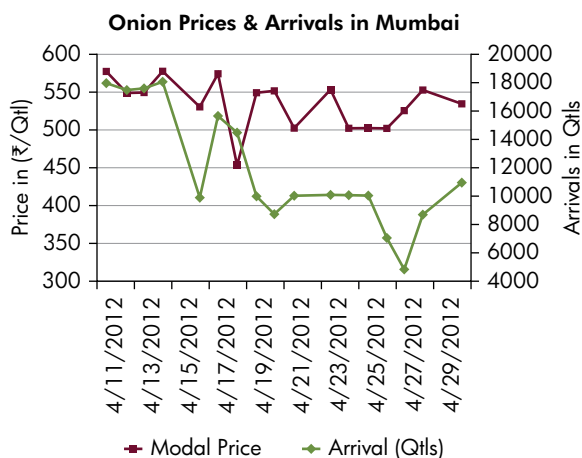
As seen in the table, retail and wholesale onion prices have both increased in consuming centers like Delhi, Kolkata, Hyderabad, Jaipur, Patna etc. Cities like Mumbai, Nasik and Bhopal which are close to the producing regions have witnessed price decrease

due to higher arrivals in mandis. Some cities of South like Bengaluru and Chennai, wholesale prices have decreased but retail prices have increased. This could probably be due to higher prices of other vegetables and increased retailer's margins.

Wholesale Onion Prices and Arrivals during April 2012 in Major Mandis



Source: Agriwatch Research



Market Outlook

Onion prices are likely to increase in the coming month due to higher export demand and storage activity as MEP is abolished for

the next two months. Exporters will try to get as many export orders as possible during these two months.

Potato

Executive Summary

- Cold stores in Agra (UP) and Hooghly (West Bengal) districts have opened with price quote of ₹ 1000–1050/Qtl. Cold stores in Bihar will open from 20th May, 2012.
- Wholesale Potato prices in Agra are trading near the psychological level of ₹ 1000/Qtl, which is a 3-year high. Farmers have started off-loading at regular intervals from Cold stores but traders expect further price rise and are holding back their stocks.
- Average rate at which potatoes were stored range from ₹ 300–400/Qtl in UP. In general, potato storage cost for one season (March to November) comes out to ₹ 175–200/Qtl including cold store rent, storage loss and loading & unloading. Thus the profit margins at current prices are over ₹ 400/Qtl.
- Around 90–100 trucks are loaded daily from Khandauli region of Agra for different locations like Karnataka, Mumbai and Bihar. Supplies from cold stores are expected to increase further in the near future in tandem with rising prices.
- Potato prices in major supplying mandis like Agra, Farrukhabad, Punjab, Burdwan and Tarkeshwar have increased 20–25% in the last one month due to lower arrivals amid estimates of lower production this year.

Consuming Centers – Comparison of Avg. Monthly Price (₹/Qtl) and Arrivals (in MT)

S.No.	Center Name	April 2012 Avg. Wholesale Price	Previous Month Avg. Wholesale Price	Current Month Avg. Retail Price	Previous Month Avg. Retail Price	April Month Total Arrival	Previous Month Total Arrival
1	Agra	736	537	1255	900	2915	3230
2	Ahmedabad	893	513	1271	812	7271	14143
3	Bengaluru	1149	780	1788	1361	9728	11061
4	Bhopal	632	531	829	716	3229	3022
5	Bhubaneshwar	947	638	1238	826	9050	13250
6	Chennai	1275	994	2583	1600	5520	620
7	Delhi	921	596	1235	923	22561	33534
8	Hyderabad	1052	955	1535	1475	3670	8231
9	Jaipur	798	615	1283	990	6788	8231
10	Ranchi	829	542	1190	852	4444	4405

Source: NHB

Potato prices (Wholesale and Retail) in major consuming centers have increased on a month-on-month basis mainly due to lower supply from producing regions and cold stores in UP. Farmers and Stockists are waiting for further price increase and selling their potatoes slowly. Cold stores in Bihar and New Jalpaiguri region of West Bengal are expected to open in a month's time. As per reports from Federation of Cold Storage Association, cold storage capacities in various states have been utilized as per the table:

State	Capacity Utilization
Uttar Pradesh	75–80%
Bihar	65–70%
West Bengal	80–85%
Gujarat	95–100%

Barring Gujarat, the other states are well below their full storage capacity and this is a cause for some concern as the utilization should be much higher with harvest ending not long ago. Since these stocks have to meet demand until the next harvesting season, prices are likely to remain firm for the rest of the year.

Arrivals in Major Mandis of UP and West Bengal

As seen in the table below, arrivals have reduced on a month-on-month and year-on-year basis in major mandis of UP. In Burdwan district of West Bengal, arrivals have increased due to opening

of Cold stores in Hooghly district. Farmers are expecting further price increase to ₹ 1200/Qtl in mandis before they increase the off-loading their stocks from Cold stores.

Market	Avg. Arrivals April, 2012 (Days Reported)	Avg. Arrivals March, 2012 (Days Reported)	Avg. Arrivals April, 2011 (Days Reported)	% Change (Over Prev. Month)	% Change (Over Prev. Year)
Uttar Pradesh					
Agra	789.5 (22)	846.19 (21)	1112.6 (20)	-6.7	-29.04
Aligarh	269.58 (24)	270.48 (21)	218.8 (25)	-0.33	23.21
Farrukhabad	291.15 (24)	802.61 (23)	800.5 (20)	-63.72	-63.63
Kanpur	843.33 (21)	1158.7 (23)	2447.83 (23)	-27.22	-65.55
Mathura	613.96 (24)	805.2 (25)	1113.28 (25)	-23.75	-44.85
West Bengal					
Burdwan	1348.93 (30)	714.94 (31)	1865 (30)	88.68	-27.67
Dhupguri	664.58 (24)	950.67 (30)	240.5 (30)	-30.09	176.33

Source: AGMARKNET

Technical Analysis of Potato Agra Spot Price Weekly Chart

As seen in the technical chart, prices have broken above the 3 year high resistance of ₹ 650 in the Agra physical market. Prices were trading in a 350 rupee range between ₹ 300/Qtl and ₹ 650/Qtl during these 3 years. When a breakout of such a range takes place, technical theory suggests that it usually results in prices going

up by the same range above the resistance level (i.e. ₹ 350 above 650 = ₹ 1,000). Prices have now touched the technical target of ₹ 1,000 level. While prices may still rise higher, it is likely to face some resistance at these levels. This may result in prices easing slightly or at least slowing down the pace of increase.



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. "Technical Analysis" is a chart analysis technique used extensively in studying price behavior of equity, commodity and forex markets and projecting possible future prices.

DISCLAIMER

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