SFAC
लघु कृषक
कृषि व्यापार संघ

YEAR of HORTICULTURE 2012

ONION & POTATO

Monthly REPORT

Volume 02

Market Intelligence System

June 2012

Onion

Executive Summary

- Average wholesale prices have declined between 10 and 30 percent on a month-on-month basis in the major producing regions of Maharashtra, Karnataka and Rajasthan.
- Fair Average Quality onion in Lasalgaon APMC mandi is trading in the range of ₹ 350 to 450 per quintal.
- Farmers have started holding back their good quality onion from May-end in the hope of higher prices during the monsoon season. We can expect lower arrivals during June and prices to rise from current levels once the monsoon arrives as other green vegetables will turn costly.
- At the same time, farmers are demanding Minimum Support Price (MSP) for onion and compensation for losses as market prices have been ruling too low and the prices have barely covered their cost of production.
- As per our Farmers Survey of Nasik district, the cost of production for onion growers ranged between ₹ 350–450/Qtl for the 2011–12 Rabi season. Given that prices have traded in the range of ₹ 350–450 during this marketing season, it is apparent that profit margins have been very thin and sometimes growers have had to sell some of their produce below cost of production.
- Traders expect export demand to pick up from June-end and hence they are storing good quality onion as Rabi onion has a long shelf life of 6 to 8 months.

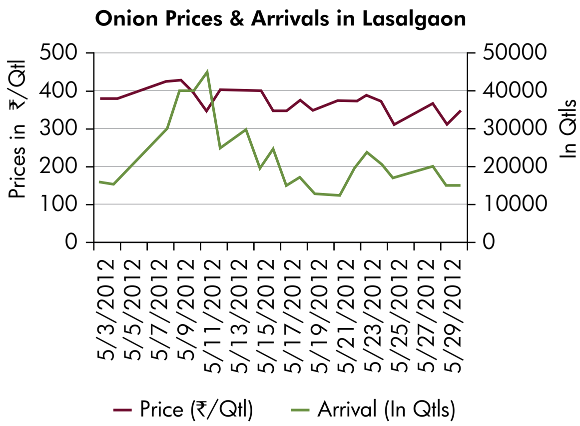
Monthly Average Wholesale Price (in Rs./Qtl) and Arrivals (in Quintals) Trend Comparison

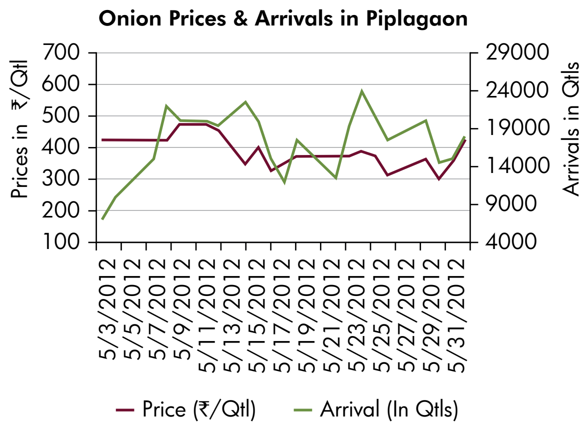
Market	State	May 2012 Daily Avg. Arrivals in Mandi	April 2012 Daily Avg. Arrivals in Mandi	% change in Arrivals Over Prev. Month	May 2012 Avg. Wholesale Price	April 2012 Avg. Wholesale Price	% Change in Price Over Prev. Month
Delhi	Delhi	12691	15728	-19.31	608	598	1.67
Bengaluru	Karnataka	14505	15914	-8.85	393	577	-31.89
Kolkata	West Bengal	3192	2215	44.11	719	673	6.84
Lasalgaon	Maharashtra	21882	14039	55.87	379	410	-7.56
Pimplagaon	Maharashtra	15909	6186	157.18	393	457	-14.00
Mumbai	Maharashtra	10256	11900	-13.82	482	545	-11.56
Pune	Maharashtra	7394	6624	11.62	477	467	2.14
Rajkot	Gujarat	1341	1399	-4.15	331	324	2.16
Jaipur	Rajasthan	1947	3309	-41.16	547	615	-11.06
Chennai	Tamil Nadu	5303	5077	4.45	776	828	-6.28
Lucknow	Uttar Pradesh	1368	686	99.42	560	602	-6.98
Hyderabad	Andhra Pradesh	4195	4211	-0.38	731	750	-2.53

Source: Agriwatch Research

As seen in the table above, daily average onion arrivals in Lasalgaon and Pimplagaon increased substantially. Higher arrivals were reported in the middle of the month as depicted in the graphs below but during the month-end, arrivals gradually declined. Growers are holding back some of their crop in the hope of fetching better prices in the coming month. April and May are generally the peak arrival months in the Rabi onion growing regions.

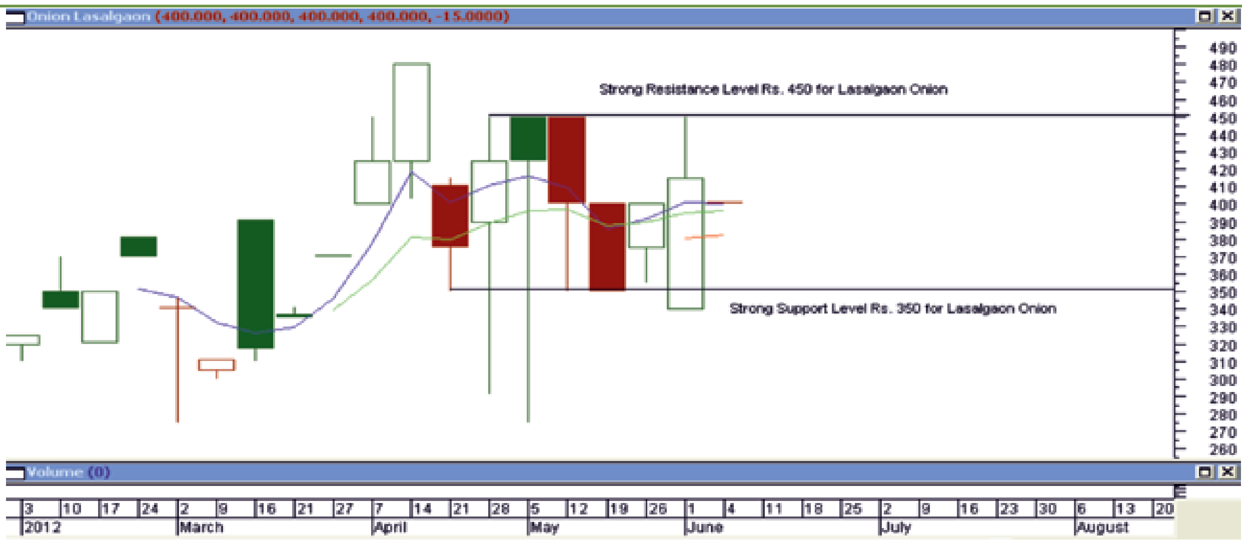
Wholesale Onion Prices and Arrivals during May 2012





Source: Agriwatch Research

Technical Analysis of Onion Prices at Lasalgaon, Nasik



Source: Agriwatch Research

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 chart above shows the weekly price movement of Onion in the benchmark Lasalgaon Mandi of Nasik.

During the past one month prices are trading in the range of ₹ 350–450/Qtl. During the month, prices touched ₹ 450/Qtl four times but came down immediately due to higher supply from farmers at these levels. Similarly, prices are not able to sustain below ₹ 350 for even a short time as supply dries up at these unremunerative levels.

Thus there is a well-defined trading zone between ₹ 350 and 450 and prices are consolidating in this zone. The longer this range prevails, the more significant it becomes. When prices eventually break-out of this range, according to technical analysis theory, the magnitude of the subsequent price move will be equal to the magnitude of the trading range, i.e., ₹ 100. We expect the consolidation phase to be over in the next 1–2 months and price to break-out above the range and move to ₹ 550/Qtl (=₹ 450+100).

Potato

Executive Summary

- Wholesale potato prices in various producing regions of U.P. and West Bengal are trading in the range of ₹ 1000 to 1100 for the last one month.
- As per trade sources, 8–9% of potato from West Bengal, 12-15% from U.P. and 5% from Gujarat cold stores have been released in the market so far. In some parts of Bihar, cold storages opened one month in advance and so far around 15–20% potato has been released from Samastipur region.
- As per Federation of Cold Storage Association of India, the cold storage capacity for potato is under-utilized. The capacity utilization in various states is: Uttaranchal–55%, Odisha–50%, Gujarat–90%, Bihar–5%, West Bengal–85%, Uttar Pradesh–75% and Haryana–85%.
- As per the Federation, a cumulative 20 lakh tonnes of storage space is lying vacant in various cold stores across India which can be used for some other commodity.
- In Indore mandi, potato of mixed quality is trading between ₹ 500–1000/Qtl. Farmers are bringing potatoes which they had kept under the shade of trees. In Indore, arrival of chips variety potato (Jyoti Laukar, Chipsona 1 & 3) is good and potato chips making companies like ITC are active buyers here.
- As per traders' information, potato prices could rise in northern India due to additional demand during marriage season in June and monsoon season demand from July onwards.

Monthly Wholesale Price Trend in Various Producing & Consuming Centers

Market	State	May 2012 Avg. Wholesale Price (Rs./Qtl)	April 2012 Avg. Wholesale Price (Rs./Qtl)	Absolute Change Over Prev. Month (Rs./Qtl)	% Change Over Prev. Month
Delhi	Delhi	1102	960	142	14.79
Khandauli, Agra	Uttar Pradesh	1035	947	88	9.29
Aligarh	Uttar Pradesh	944	847	97	11.45
Farrukhabad	Uttar Pradesh	980	874	106	12.13
Sirsaganj	Uttar Pradesh	1086	947	139	14.68
Hathras	Uttar Pradesh	1042	842	200	23.75
Chandausi	Uttar Pradesh	995	905	90	9.94
Luckhnow	Uttar Pradesh	1128	941	187	19.87
Kanpur	Uttar Pradesh	1026	929	97	10.44
Kolkata	West Bengal	1086	981.5	104.5	10.65
Jaipur	Rajasthan	904	831	73	8.78
Mumbai	Maharashtra	1257	1114	143	12.84
Bengaluru	Karnataka	1369	1100	269	24.45
Ahmedabad	Gujarat	933	864	69	7.99

Source: Agriwatch

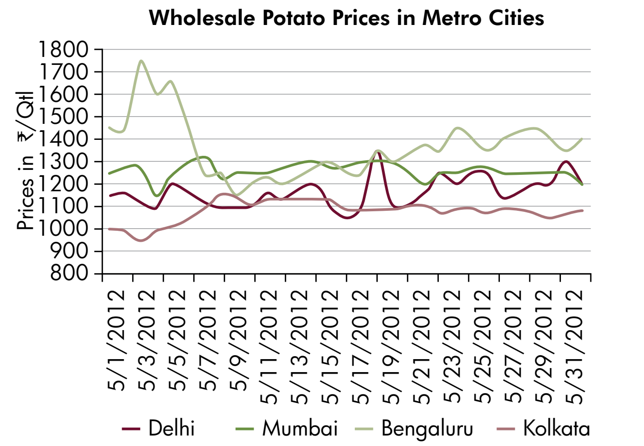
As evident from the table, potato prices in all centers have increased on a month-on-month basis with the price increase ranging from 8 to 25%. Bengaluru has witnessed the highest increase in prices due to its dependence on UP-origin potato during these months. The price increase across producing regions is also due to opening of cold stores in the month of May. Cold store potato generally fetches higher price as farmers want to recover the carrying cost which they had incurred like cold store rent, loading & unloading charges, losses during storage, etc.

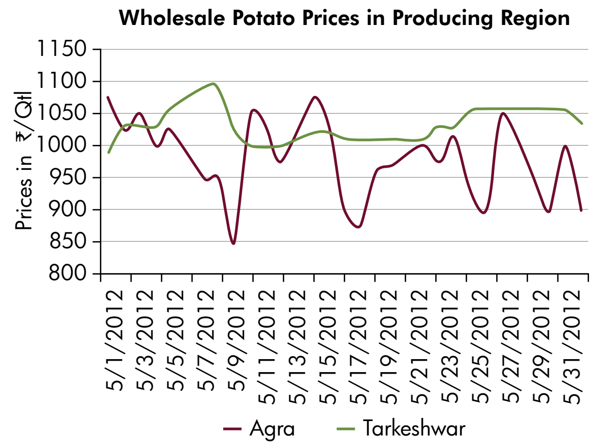
Technical Analysis of MCX- Agra Futures Contract (Near Month Continuous Chart)

Source: Telequote

The above chart shows the weekly price movement of MCX-Agra Contract. Prices are trading in the range of ₹ 1060 to 1100 per quintal. Currently prices are trading near an intermediate support level of ₹ 1050–1060 which is a crucial level. If this support level is broken, prices are likely to fall towards the next support level of ₹ 980 in the next few weeks. The impact of the same will also be seen in the Agra spot market which is trading in the range of 1000–1050 level and finding resistance at ₹ 1100.

Wholesale Potato Prices trend in Metro Cities and Producing Regions





Source: Agriwatch

The above chart shows the wholesale price movement during the month of May in different metro cities and cold stores of producing regions. Prices in Bengaluru are consistently higher due to its distance from Agra. In the producing regions, prices in Agra fluctuate more than Tarkeshwar prices due to variation in demand from other cities in India. U.P. is a more broad-based supplier of cold store potato across India than West Bengal.

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