

Executive Summary:

- As per news sources, DGFT is considering to allow export of onion without routing through designated agencies. At present, consignments are regulated by canalising agents or state trading agencies. After this move, exporters could directly ship the consignment and produce the papers to DGFT.
- In Bangalore, onion is coming from Chitradurga and Bijapur districts. Major demand is seen from West Bengal and Tamil Nadu. According to trade sources, demand for Chitradurga-origin onion is higher than the demand for Bijapur-origin onion.
- The National Horticultural Research and Development Foundation (NHRDF), has developed a new dark red onion variety called NHRDF-red (L-28). According to them, it is suitable for cultivation in Northern, Central and Western India. It matures in 115-120 days after transplanting and the average yield is around 25 to 30 tonnes per hectare.
- According to trade sources, August and September are periods when exports slow down due to monsoon. Also, it is when farmers generally tend to run out of stocks or would prefer to push only those grades that are vulnerable to damage which result into a decline in exports.
- Early Kharif crop of onion is now available in Karnataka and Andhra Pradesh. Southern states are supplying to West Bengal and Orissa, replacing the Maharashtra onion, which has resulted in a decline in onion prices in Maharashtra.

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

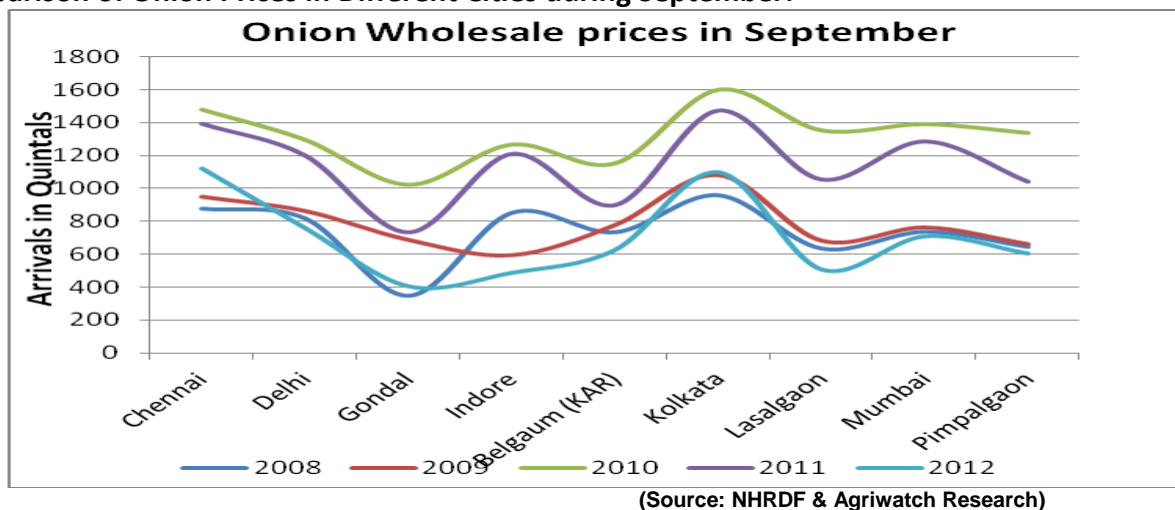
Market	State	Daily Avg. Arrivals September	Daily Avg. Arrivals August	% change over previous month	Avg. Prices September	Avg. Prices August	% change over previous month
Delhi	Delhi	9560	13480	-29.08	760	754	0.80
Bangalore	Karnataka	26664	12608	111.48	900	965	-6.74
Lasalgaon	Maharashtra	10557	11640	-9.30	508	580	-12.41
Pimplagaon	Maharashtra	13162	12670	3.88	605	640	-5.47
Mumbai	Maharashtra	9224	9466	-2.56	711	771	-7.78
Pune	Maharashtra	4018	6660	-39.67	718	757	-5.15
Jaipur	Rajasthan	2596	3340	-22.28	807	778	3.73
Chennai	Tamil Nadu	8600	4560	88.60	1224	1138	7.56
Hyderabad	A.P	7896	5833	35.37	677	828	-18.24

(Source: AGRIWATCH)

As seen in the table above, daily average onion arrivals in Lasalgaon and Mumbai have decreased because farmers are not releasing much of their better quality stocked onion in the hope of better prices in coming days. If prices increase 10% from the current low levels in Lasalgaon/Pimplagaon regions, arrivals are expected to improve. In general, prices tend to be higher during September due to logistics issues due to rains but this year farmers have already released their damaged or spoiled crop.

In Hyderabad arrivals have increased as fresh onion of early kharif is arriving in the market from Kurnool region. In Bangalore market, arrivals have almost doubled because of fresh arrivals coming from Chitradurga and Bijapur districts. However, prices have not decreased much as demand for fresh onion in good and fetching higher price.

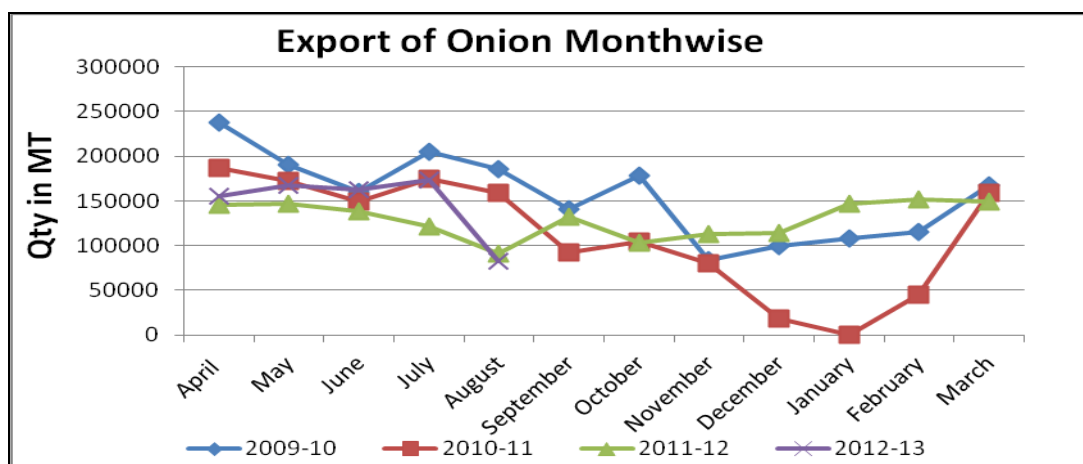
Comparison of Onion Prices in Different Cities during September:



Above chart shows a comparison of average September prices of onion in different cities. Prices are low this year as compared to previous years because of higher production in last season. Prices are likely to increase from Oct onwards due to delay in arrival of kharif onion and lower production estimate this kharif season. According to trade sources, kharif crop is expected to be less by 20-25% less compared to previous years.

In Lasalgaon and Pimpalgaon market, export demand has declined because of arrival of low quality and damaged crop in market. According to trade sources, very small amount of good quality onion is arriving in wholesale mandis. Farmers are holding their good quality crop and pushing low grade onion.

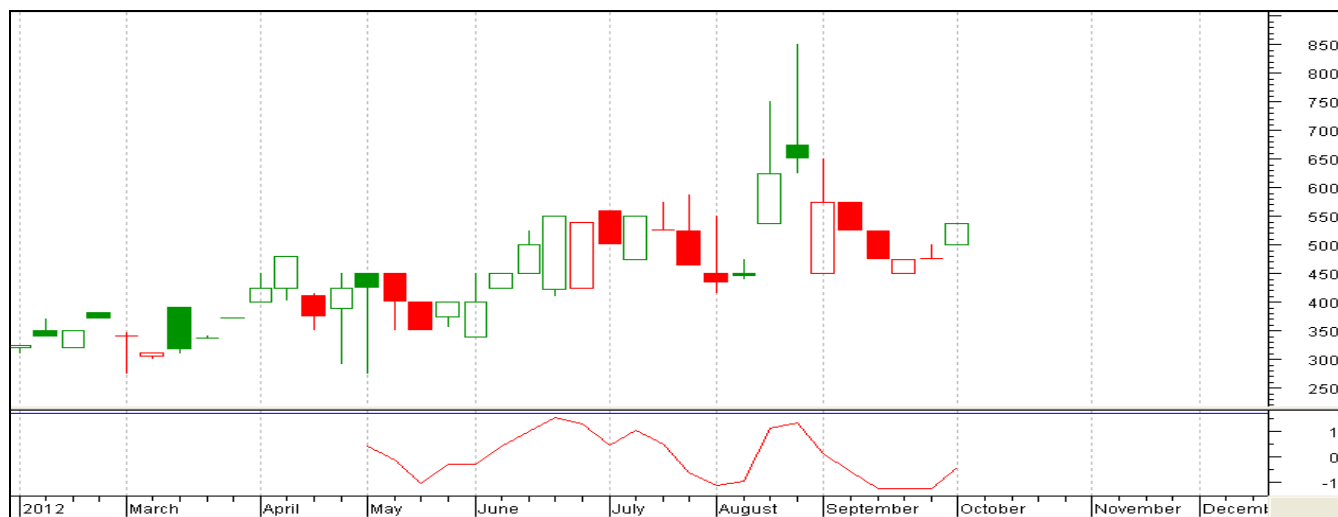
India's onion Export:



(Source: Agriwatch)

Above chart shows the month-wise export of onion in last four years. The chart shows exports tend to decline from July onwards and starts to pick up from December. Export demand generally declines after July-August as crop starts getting spoiled and low quality onion arrives in market. April is the peak export time as Rabi onion is in good demand at that time. In January 2011, export was banned due to higher domestic prices and fear of shortfall.

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 increased to a level of Rs 550/ quintal due to low supply as farmers/ traders are trying to hold back their good quality onion as much they can to fetch high prices in the future. Going forward, prices are likely to test the resistance level of Rs 600 per quintal once again in the coming week. If the resistance of Rs 600 is breached, prices might move quickly to the Rs 650 to 700 per quintal level.

Disclaimer

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