Executive Summary:

- Arrival of good quality of onion has declined in major mandis of Maharashtra due to lower prices.
- In the last one week, around 10,000 MT of onion has arrived in Lasalgaon with average auction prices of Rs. 370/Qtl. A week ago, average auction price was Rs. 410/Qtl.
- Traders expect prices could rise by Rs 50-100/qtl in the coming weeks due to rains in some parts of Maharashtra and lower arrivals in past one week.
- On the export front, importing countries like Sri Lanka and Malaysia are bargaining for lower prices looking at the bumper production in India. Demand from Gulf and Far-Eastern countries remains normal.
- Traders expect prices of onion will be high during July as supply of green vegetables will be lower and stored onion will command higher prices.

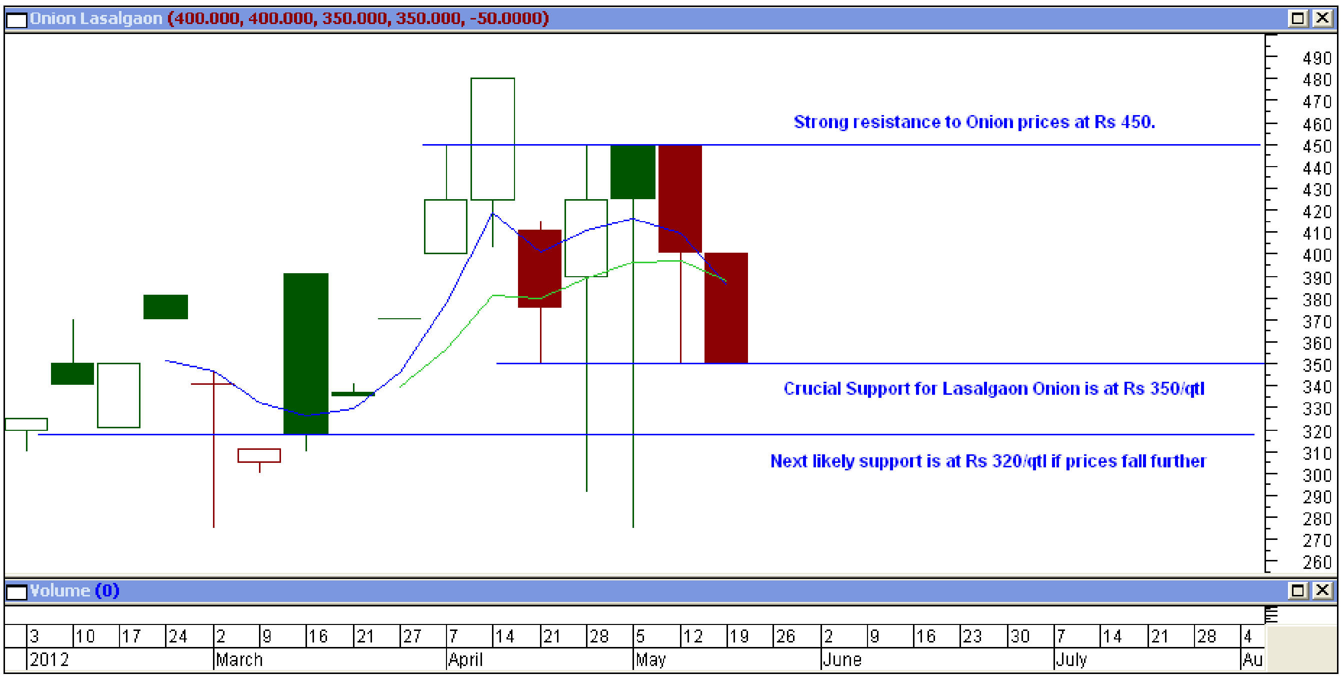
Onion Prices and Arrivals (in Quintals) trend in important markets across India:

Market	State	Avg. Arrivals 12-19 May 2012	Avg. Arrivals 07-11 May 2012	% Change Over Prev. Week	Avg. Prices 12-19 May 2012	Avg. Prices 07-11 May 2012	% Change in Price Over Prev. Week
Delhi	Delhi	15250	10700	42.52	590	662.5	-10.94
Bangalore	Karnataka	16833	12600	33.60	319	324.5	-1.69
Belgaum	Karnataka	5867	10400	-43.59	475	515	-7.77
Lasalgaon	Maharastra	20083	38000	-47.15	370	410	-9.76
Pimplagaon	Maharastra	18400	19400	-5.15	350	455	-23.08
Mumbai	Maharastra	10666	9850	8.28	483	495	-2.42
Pune	Maharastra	7250	6460	12.23	435	500.5	-13.09
Rajkot	Gujarat	1566	1476	6.10	299	372	-19.62
Gondal	Gujarat	1470	1117	31.60	222	294	-24.49
Jaipur	Rajasthan	3684	3466	6.29	566	538	5.20
Chennai	Tamilnadu	6000	5080	18.11	750	810	-7.41
Indore	MP	15750	10252	53.63	315	367	-14.17

(Source: Agriwatch)

Arrivals which had increased two weeks ago in major mandis of Maharashtra have fallen in the previous week in the benchmark Lasalgaon market due to lower price. Farmers have reduced supply of good quality of onion in APMC mandis of Maharashtra. In Delhi, supply has increased from other states like Gujarat and Rajasthan. As a result of these higher arrivals, prices have come down by over 10% in Delhi last week. In fact, almost all markets have witnessed decrease in prices due to higher local arrivals and supply from other states. Gondal in Gujarat and Pimplagaon in Maharashtra saw large declines in prices of over 23-24% on a week-on-week basis. Prices in Rajkot also fell nearly 20%, indicating oversupply in onion and possible distress to farmers due to low prices.

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 above chart shows the weekly price movement of Onion in the benchmark Lasalgaon Mandi of Nasik. As can be seen from the chart, onion prices have been trading in a broad range of Rs 350/qtl to Rs 450/qtl during the last 5 weeks. The Rs 350 / qtl level is a level of strong support and prices have not been able to sustain below this level, though they have momentarily gone below this level. This is because farmers start holding back their produce at these levels. On the other hand, prices have failed to sustain above Rs 450 as there is strong selling pressure at this price.

This Rs 350-450 range is likely to continue for the next few weeks as farmers gradually liquidate their excess supply. However prices are very near the crucial support of Rs 350, and if this level fails to hold up, then prices might fall to the next support level of around Rs 320. However, we expect prices to rebound back towards Rs 400/qtl during this week.

State wise Wholesale Prices (Rs/Qtl) Weekly Analysis of Onion in India:

State	Prices 16-23 May 2012	Prices 09-15 May 2012	Prices 01-08 May 2012	Prices 16-23 May 2011	% Change (Over prev. Week)	% Change (Over Prev. to Prev. Week)	% Change (Over prev. Year)
Andhra Pradesh	491.97	485.82	479.73	444.34	1.27	2.55	10.72
Assam	896.89	897.22	923.83	903.11	-0.04	-2.92	-0.69
Gujarat	407.26	406	437.67	434.92	0.31	-6.95	-6.36
Haryana	525.15	492.5	473.92	463.64	6.63	10.81	13.27
Himachal Pradesh	748.14	779.97	783.75	665.68	-4.08	-4.54	12.39
J & K	760.83	749.24	727.73	708.85	1.55	4.55	7.33
Jharkhand	952.01	886.91	850.64	728.63	7.34	11.92	30.66
Karnataka	485.83	481.99	505.29	579.06	0.8	-3.85	-16.1
Kerala	1229.5	1180.73	1137.53	1382.24	4.13	8.09	-11.05
Madhya Pradesh	268.87	298.47	319.54	360.83	-9.92	-15.86	-25.49
Maharashtra	373.34	363.12	393.92	516.56	2.81	-5.22	-27.73
NCT of Delhi	557.66	587.71	581.76	558.47	-5.11	-4.14	-0.15
Orissa	923.46	873.02	914.78	872.88	5.78	0.95	5.79
Punjab	550.21	556.1	575.3	505.03	-1.06	-4.36	8.95
Rajasthan	392.56	435.2	427.69	371.25	-9.8	-8.21	5.74
Tamil Nadu	1000	1000	1000	992.92	0	0	0.71
Uttar Pradesh	580.97	600.46	619.08	589.85	-3.25	-6.16	-1.51
Uttarakhand	491.09	502.94	565.45	436.27	-2.36	-13.15	12.57
West Bengal	693.86	775.05	774.54	783.26	-10.48	-10.42	-11.41

(Source: Agmarknet)

In states like Punjab, Madhya Pradesh, Rajasthan and Uttar Pradesh local arrivals have increased which has put downward pressure on prices. In Delhi-NCR, supply from Rajasthan and Gujarat is keeping prices on a declining trend. Prices have fallen in back-to-back weeks in these states due to higher arrivals and lower quality onions. But in Maharashtra, Karnataka and Gujarat prices remained almost unchanged compared to previous week due to lower arrivals caused by farmers' reluctance to sell at lower price. In Maharashtra, growers prefer to store onions in warehouses in expectation of higher price during the lean season. It may be noted that prices in Maharashtra and Madhya Pradesh are still 25-27% below the last year's price levels and this might be creating distress among the growers. This is the reason farmers are demanding Minimum Support Price (MSP) of Onion and compensation for lower price realization this year.