

Executive Summary:

- Supply from producing regions has reduced during the previous week as stockists have stored the good quality onion in anticipation of higher prices in the near future.
- Farmers are also bringing less onion into the APMC mandis, the impact of which is reflected in the increase in mandi prices on a week-on-week basis.
- During last week, around 8,000 MT of onion was auctioned in Lasalgaon with average auction prices of Rs. 399/Qtl. A week ago, average auction price was Rs. 374/Qtl.
- In consuming centers, the difference between wholesale price and retail price range from Rs. 400 to 500 per quintal.
- In Delhi, onion is coming from Nasik (Maharashtra) and Sikar (Rajasthan). Rajasthan-origin onion is currently preferred over Nasik due to its location advantage.
- Export demand is expected to pick up further from June onwards.

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

Market	State	Avg. Arrivals 28-02 June 2012	Avg. Arrivals 21-26 May 2012	% Change Over Prev. Week	Avg. Prices 28-02 June 2012	Avg. Prices 21-26 May 2012	% Change in Price Over Prev. Week
Delhi	Delhi	12167	13083	-7.00	596	610	-2.30
Bangalore	Karnataka	11800	16000	-26.25	410	310	32.26
Belgaum	Karnataka	4616	4817	-4.17	517	541	-4.44
Lasalgaon	Maharashtra	13425	14500	-7.41	399	374	6.68
Pimplagaon	Maharashtra	17600	18800	-6.38	370	365	1.37
Mumbai	Maharashtra	8742	10233	-14.57	492	492	0.00
Pune	Maharashtra	6900	6500	6.15	500	480	4.17
Rajkot	Gujarat	940	1535	-38.76	370	299	23.75
Gondal	Gujarat	719	843	-14.71	278	250	11.20
Jaipur	Rajasthan	1947	3256	-40.20	535	487	9.86
Chennai	Tamil Nadu	4733	5320	-11.03	775	720	7.64
Indore	MP	13083	14833	-11.80	383	333	15.02
Ludhiana	Punjab	1283	1783	-28.04	550	525	4.76

(Source: Agriwatch)

As seen in the table, arrivals have fallen sharply in almost all markets as farmers have been holding back their stocks in anticipation of better prices in coming days. Prices also increased in all markets except in Delhi, Mumbai and Belgaum. Generally, farmers release their stocked onions during July when monsoon arrives. During rainy season, prices of other green vegetables become high due to unavailability and quality of onion also starts deteriorating.

During the week, major price increases were seen in Bangalore (32%), Rajkot (23%) and Indore (15%) as prices had fallen significantly two weeks ago. Prices bounced back in these mandis due to lower supply from farmers. Average daily arrivals in Bangalore have fallen from 16,000 Qtl to 11,800 Qtl during last week. At the same time, average daily arrivals in Indore have fallen from 14,833 Qtl to 13,083 Qtl.



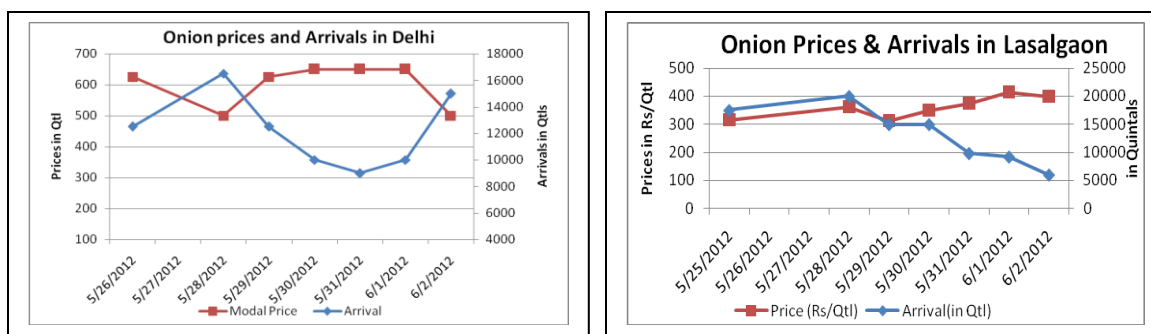
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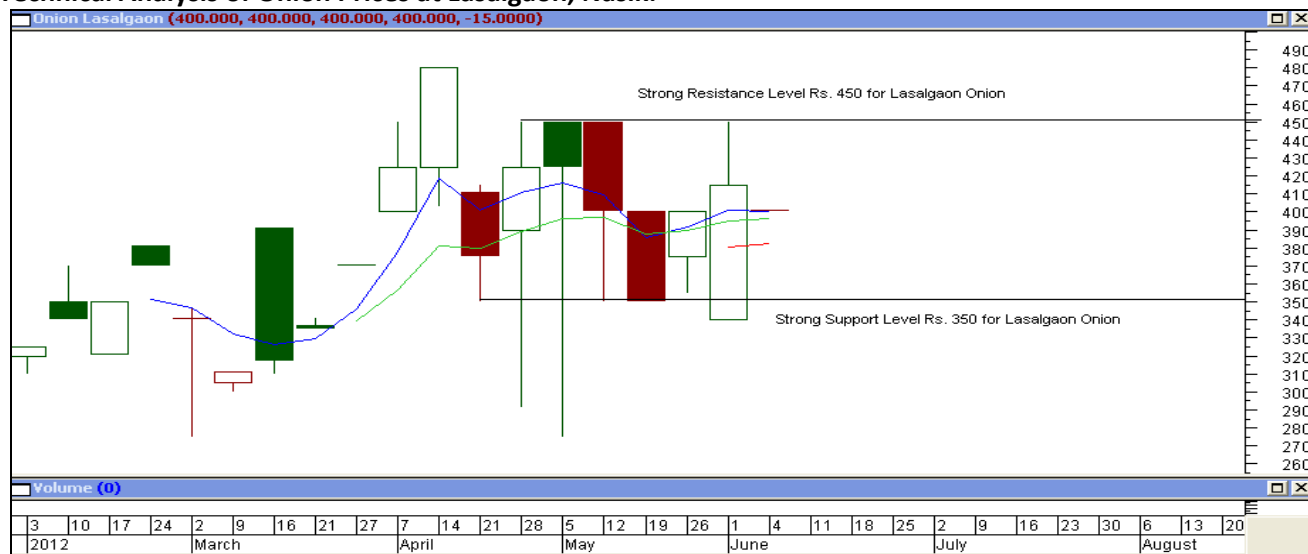
Daily Onion Prices & Arrivals trend in producing and consuming center:



(Source: Agriwatch)

As depicted in above graphs of Lasalgaon APMC market, arrivals kept falling on a daily basis last week, which resulted in an increase in price. Similarly, arrivals in Delhi which were affected due to strike have become normal again. Mainly, Rajasthan and Maharashtra supplies onion to Delhi market.

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 discussed in the previous weekly report (28th May), supply pressure is likely to increase near Rs 450. Market behaved exactly as we indicated. During the week, prices touched Rs 450 but came down the very next day due to higher supply from farmers at these levels. On the weekend modal prices were reported as Rs. 400/Qtl. Prices closed above the previous week's high price and above the 4-week exponential moving average which suggests further increase in prices in the short term. We expect prices to again test the Rs 450 level in the coming week where we will once again see significant selling by farmers.

Currently, prices are trading in a 100 rupee range between Rs 350 and 450 per quintal. We expect this range to hold good for the next week or two at least. However, whenever the resistance level of Rs 450 is broken and

prices rise above it, as per technical analysis theory, they are likely to rise by a further Rs 100 (the range that was broken) above the resistance level of Rs 450. Thus whenever the resistance level is breached, prices are expected to rise quickly to the Rs 550 level.

Disclaimer

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