

## Executive Summary:

- As per news sources, abolition of Minimum Export Prices (MEP) had little impact on onion export because global markets had saturated by the time the decision had been made. The major importers from India were Gulf countries, Bangladesh, Sri Lanka, Malaysia and Far East countries. These countries had shifted to China and Egypt for the imports.
- According to Delhi Agriculture Marketing Board, prices of onion are expected to increase further because major producing states like Karnataka and Maharashtra are not expecting a good crop this season because of low rainfall.
- As per market sources, deficit rainfall over the major growing regions like Karnataka and Maharashtra has affected the sowing to a very large extent. Rains in August are very crucial as still a large part of area is unsown and shortfall could be largely made up if it rains well in these areas in August.
- In Bhavnagar (Gujarat) onion is coming from local region 'Mahuva' only. As per a trader 'Red' variety onion is fetching higher price compared to 'White' variety onions which are being traded between Rs6/kg and Rs 7.5/kg respectively. Demand of 'White' variety onion is high by industries for processing and dehydration.
- In Kolkata the prices have come down to Rs 800/ quintal from Rs 975 quintal in last one week. The decline in prices is because of the state government which intervened, as prices were continuously increasing due to hoarding or due to high transportation cost from Karnataka and Maharashtra.

## Kharif Sowing Update:

- In Nasik region of Maharashtra, kharif sowing is only 10%-15% complete because of late arrival of monsoon. The sowing is already delayed by 1 month but it is not possible to estimate the final area under crop at this time. As per market sources, area will be definitely lower as compared to last year.
- In Tamil Nadu, till now 20-25% sowing of onion is completed.
- In Andhra Pradesh, 22.01 % sowing is completed in key growing districts whereas last year at the same time 22.31 % sowing was completed which is almost similar. Delay in monsoon and prevailing onion prices in wholesale markets may force farmers to shift other crops. But area under Kharif Onion is definitely likely to less this year as monsoon has arrived late and is highly erratic.
- In Kurnool district of Andhra Pradesh which is the major producing region, 28.8% sowing is completed till now. Last year it was 32% complete at this time.
- In Kota (Rajasthan), Kharif sowing of onion is hardly 3-5% complete. During this time last year, 20-25% of the sowing was completed. Farmers are expecting increase in prices as area under crop for the kharif crop will be less due to delay in monsoon.



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## Weekly Onion Prices (Rs/Qtl) and Arrivals (in Quintals) trend in important markets across India:

Market	State	Avg. Arrivals 23-28 July 2012	Avg. Arrivals 14-20 July 2012	% Change Over Prev. Week	Avg. Prices 14-20 July 2012	Avg. Prices 23-28 July 2012	% Change in Price Over Prev. Week
Delhi	Delhi	7500	7000	7.14	838	904	7.88
Bangalore	Karnatka	10333	9250	11.71	845	850	0.59
Belgaum	Karnataka	4625	3380	36.83	625	550	-12.00
Lasalgaon	Maharastra	10940	10900	0.37	553	545	-1.44
Pimplagaon	Maharastra	14400	18000	-20.00	520	595	14.42
Mumbai	Maharastra	9234	7970	15.86	730	689	-5.62
Pune	Maharastra	6764	6228	8.61	720	737	2.36
Rajkot	Gujarat	912	1099	-17.02	494	417	-15.59
Gondal	Gujarat	586	500	17.20	650	422	-35.08
Jaipur	Rajasthan	2633	2500	5.32	790	750	-5.06
Indore	MP	13333	12250	8.84	470	508	8.09
Ludhiana	Punjab	1000	1120	-10.71	735	750	2.04

(Source: AGRIWATCH)

As visible in the table above, onion prices have increased in most of the markets during the week under review due to lower supply from producing regions.

In Delhi, prices have increased as compared to last week. Modal prices increased from Rs. 838 to Rs. 904/Qtl (approx 7% higher) due to higher demand in market.

In Indore, locally produced onion is coming in the market. Prices and arrivals are increasing and further expected to increase.

In Bangalore market 80% onion comes from Maharashtra region and rest 20% from local regions. As per a trader, low arrival from local region is because of farmers who have stocked the onion in hope of high prices in future. As per the trader, prices are expected to decrease in near future because all of a sudden arrivals are expected to increase which will result in lower prices.

## 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. During the week modal prices touched a high of Rs. 587.50/Qtl, but could not sustain the early gains and touched a low of Rs.462.50/Qtl during the week. Prices have broken below the uptrend line in the weekly chart and are likely to trend lower in the coming week.

There was significant resistance at Rs. 575/Qtl and the resistance level was being tested repeatedly (5 times during the last 5 weeks). However seeing the current price levels, prices are unlikely to test this resistance level in the near –term.

RSI is declining in the neutral region supporting weakness in the near –term. Prices look to have entered the bear phase and are likely to continue the weak tone for sometime.

For the coming week, prices are likely to breach the supports of Rs. 425/Qtl levels and trend towards Rs. 400/Qtl levels in the near –term. Prices are likely to be in the range of Rs. 400 -500/Qtl levels in the coming week. Though it unlikely for prices to test the resistance of Rs. 500/Qtl levels in the coming days. Prices are likely to record further lows in the month of August.

## Disclaimer

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