

Executive Summary:

- As per a trader in Hyderabad, onion is mainly arriving from Maharashtra. However 1-2 trucks of onion is also arriving from Kurnool region every day since the last few days.
- In Hyderabad, Kurnool onion prices are lower as compared to Maharashtra onion because it is smaller in size. As per trade sources, the supply from Maharashtra will gradually decrease as onion arrivals from Kurnool has started.
- In Indore market, onion is mainly arriving from local regions. Major demand for Indore-side onions is from North India, especially Delhi and U.P. Average wholesale prices are moving in the range Rs 450 to Rs 550/ quintal. As per traders, prices are expected to touch Rs 600/quintal in the next two weeks.
- In Bangalore, onion is mainly coming from Maharashtra and local regions (Bijapur and Chikballapur) which are contributing approximately 60% and 40% to the total arrival. Onion from 'Chikballapur' is mainly used for export because it is highly sought after by Sri Lanka, Malaysia and South East Asia.
- As per a trader from Pimpalgaon, at present high quality of onions are getting low prices because of low demand in market. However from the month of October low quality onion will also fetch high prices because of higher demand in the market even as Kharif crop is delayed.
- Due to low prices and high quality onion, demand is coming from countries like Sri Lanka, Malaysia and Dubai. As per trade sources, on an average 200-250 containers per week are exported to these countries.
- As per trade sources in Delhi, onion is mainly coming from Rajasthan, Madhya Pradesh and Maharashtra which are contributing 15%, 20% and 60% to the total arrival. Fresh onion is also coming from some parts of Haryana.

Kharif Sowing Status in Different States:

Major States	Normal Area of Onion in Kharif Season (in Ha)- Approx	Last Year Total Kharif Area Sown (in Ha)- Approx	Area Sown this year till date (in Ha)- Estimated
Andhra Pradesh	27000-28000	27000	13000
Maharashtra	100000	75000-80000	30000-35000
Rajasthan	17500	20000-22000	2500-3000
Gujarat	12000-15000	12000	1500-2000

(Source: Agriwatch Research)

- As is visible from the table above, Andhra Pradesh is the only state where Kharif sowing is complete in almost 50% of normal area. In other states sowing lagging behind normal area due to deficit rainfall and late arrival of monsoon. In Rajasthan and Gujarat, sowing is completed in only around 15-20 % of the total normal area while in Maharashtra; around 35% of normal area has been sown so far. Final area can only be estimated after August or mid-September because sowing is totally dependent on further rains.
- Late monsoon has had an impact over onion cultivation with major producing regions in Maharashtra, Rajasthan and Gujarat witnessing drop in sowing area by half or more. Decline in area would affect supply of onion during October-December period and could trigger its price rise in the domestic



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market. Continuous rains now would improve the situation as this could help in sowing of late Kharif onion which would be harvested in December.

- In Andhra Pradesh, due to deficit rainfall and late arrival of monsoon, the onion producers have managed to complete sowing in only 50% of area so far.

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

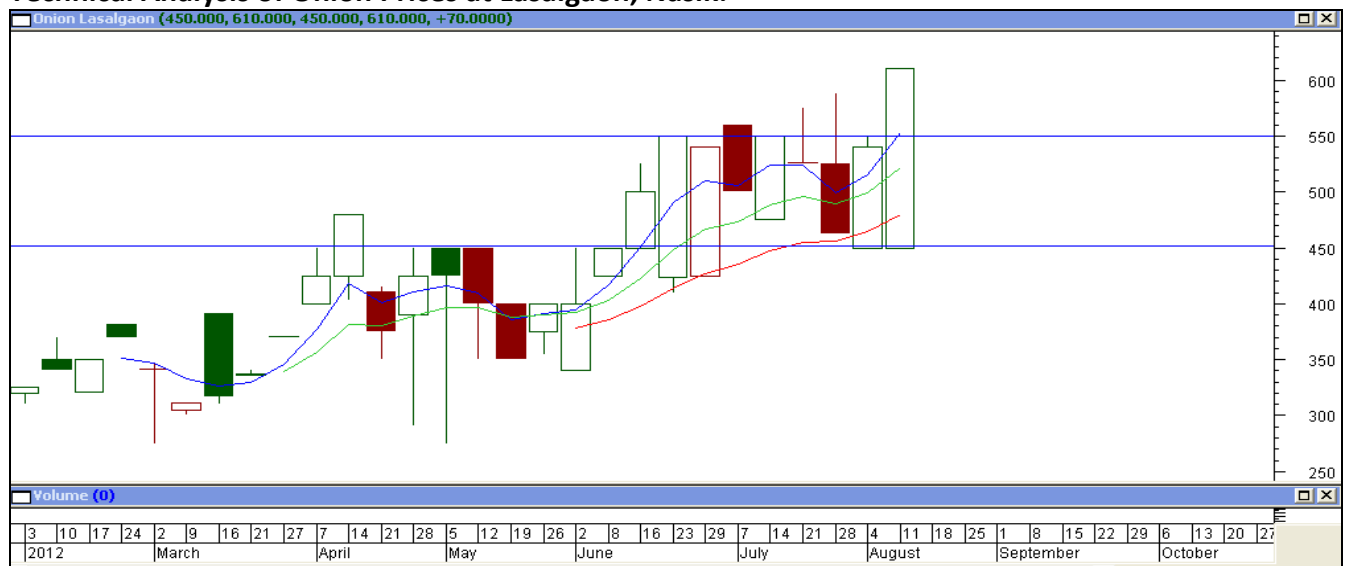
Market	State	Avg. Arrivals 6 August-11 August 2012	Avg. Arrivals 30 July- 4 August 2012	% Change in arrivals Over Prev. Week	Avg. Prices 6 August- 11 August 2012	Avg. Prices 30 July- 4 August 2012	% Change in Price Over Prev. Week
Delhi	Delhi	9000	7800	15.38	785	785	0.00
Bangalore	Karnataka	8600	10000	-14.00	910	865	5.20
Belgaum	Karnataka	3100	5800	-46.55	635	575	10.43
Lasalgaon	Maharashtra	13400	15068	-11.07	549	521	5.37
Pimplagaon	Maharashtra	13875	13875	0.00	615	556	10.61
Mumbai	Maharashtra	8404	9456	-11.13	740	750	-1.33
Pune	Maharashtra	3938	6339	-37.88	682	652	4.60
Rajkot	Gujarat	952	1021	-6.76	420	438	-4.11
Gondal	Gujarat	710	562	26.33	500	418	19.62
jaipur	Rajasthan	2500	2500	0.00	750	750	0.00
Indore	MP	17000	11400	49.12	510	465	9.68
Ludhiana	Punjab	1000	1100	-9.09	687.5	697	-1.36

(Source: AGRIWATCH)

As visible in the table above, onion prices have increased in most of the markets during the week because of lower arrivals from producing regions. Though the demand was normal, the quality of onion was good so it fetched higher price. Slight decrease in prices and arrivals were seen in few markets like Mumbai, Rajkot and Ludhiana because of slow market and low demand in market.

In Maharashtra region, arrivals have decreased because of the low prices. As it is the major onion producing region and farmers were not even getting the minimal prices, they stopped bringing their crop to the market and are stocking it for future in hope of better 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 breached its long time resistance level of Rs. 550 and closed near Rs 600. The Rs 550 resistance level was holding strong for the last 8-9 weeks. It happened after good quality onion started to arrive in the market and market is expecting demand to increase from coming week after Ramazan.

Since wholesale prices in Lasalgaon have broken through the resistance level of Rs. 550, it is likely that prices will now reach the level of Rs. 650 in the coming week. 650 is likely to become the new resistance level and Rs 550 will be the new support.

Disclaimer

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