

Executive Summary:

- As per trade sources, farmers are bringing their stocked onion to the markets in the fear that stocks may rot. Besides since the prices are stable this month, the farmers reportedly don't want to take risks and hence are selling their crop at available prices.
- As far as onion crop stocks are concerned, sufficient quantity is available till October. After October a small shortfall may exist until December. In A.P, onion from Kurnool is already delayed by one month and production of this early kharif crop is also less so traders feel that there might be some scarcity of onion there. This will have to be met with supply from Maharashtra.
- According to trade sources, in Rajasthan the decline in area and late sowing will surely affect the supply of onion during the October -November period. Prices are expected to be near a peak at that time due to high demand and lowered supply as well as delay in harvesting of kharif crop.
- In all the major onion growing regions like Maharashtra, Karnataka, Gujarat and Rajasthan, kharif sowing is hardly 50% complete. However in Andhra Pradesh, sowing is more than 60% complete and it is expected that the area under onion will be greater than last year.
- In Belgaum (Karnataka), onion is mainly coming from local regions (Bijapur District). Currently prices are hovering in the range of Rs 1000 to Rs 1100/ quintal and are expected to rise.
- In Kurnool (Andhra Pradesh), approximately 75% - 80% of Kharif sowing is completed. Total normal area for Kharif season is around 17,000 hectares. It is expected that sowing will be complete in the entire kharif area by August end.

Kharif Sowing Update:

STATE	Normal Area in Kharif(Ha)	Last year Sown Kharif Area(Ha)	Area sown Till 25 th August
Andhra Pradesh	18000-20000	18000-18500	17000
Gujarat	9000-10000	8500-9000	4000
Haryana	3000-4000	3500-4000	2700
Maharashtra	70000-75000	70000-72000	45000
Rajasthan	20000-22000	20000-21000	5000
Tamil Nadu	15000-18000	15000-16000	6500

- In Andhra Pradesh, due to late arrival of monsoon, onion producers have only managed to complete sowing in approximately 80% of the normal area so far.
- In Karnataka, approximately 30%-35% of sowing is complete. The normal area of sowing is 90,000 hectares. Last year sowing was completed in approximately in 12 % of area at this time.
- Late kharif onion is mainly grown in Maharashtra and Gujarat and it is expected that Maharashtra may achieve last year's coverage (75000 hectares).
- So far, approximately 55%-60% of the kharif area has been covered in the country. Further sowing is dependent on rain. According to sources, possibilities are that the area under the crop will be recovered in late Kharif.



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AGRIWATCH

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

Market	State	Avg. Arrivals 20 August-25 August 2012	Avg. Arrivals 13 August-18 August 2012	% Change in arrivals Over Prev. Week	Avg. Prices 20 August- 25 August 2012	Avg. Prices 13 August- 18 August 2012	% Change in Price Over Prev. Week
Delhi	Delhi	19700	14750	33.56	766	750	2.13
Bangalore	Karnataka	15000	9375	60.00	1038	1063	-2.35
Belgaum	Karnataka	5750	3875	48.39	950	957	-0.73
Lasalgaon	Maharashtra	11400	8750	30.29	715	665	7.52
Pimplagaon	Maharashtra	10000	14000	-28.57	685	682	0.44
Mumbai	Maharashtra	11210	10663	5.13	760	800	-5.00
Pune	Maharashtra	7164	8785	-18.45	840	745	12.75
Rajkot	Gujarat	1860	952	95.38	713	420	69.76
jaipur	Rajasthan	4032	2580	56.28	800	788	1.52
Indore	MP	25750	21750	18.39	603	625	-3.52
Ludhiana	Punjab	1000	1026	-2.53	571	645	-11.47

(Source: AGRIWATCH)

As visible in the table above, onion prices have increased in most of the markets during the week despite higher arrivals from producing regions. This is because the quality of onion was good so and fetched better prices. In the main Lasalgaon market, arrivals were almost 30% higher as prices in Lasalgaon Market were more favourable than nearby Pimpalgaon. As per traders, arrivals were also high as farmers are releasing more of their crop because they are able to fetch higher prices compared to previous weeks. Also, farmers don't want to risk rotting and are bringing good quality onions.

In Delhi, prices of onion in retail market are hovering in the range of Rs 18-Rs 20 /kg compared to Rs 22- Rs 25/ kg at the same time last year. As per trade sources, prices are expected to rise in a couple of days.

In most parts of the country prices have picked up and are expected to increase further after mid-September as traders believe a small shortage could occur at the end of season since the kharif crop will be harvested one month late.

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 market of Nasik. During the week, modal prices shot up to Rs. 850 but then declined and closed the week at Rs 690. We had predicted in our previous weekly report that prices will trade around Rs 695-700/quintal in a few weeks after “breaking-out” above resistance at Rs 560. However it has reached the Rs 695-700 target within 1 week which shows that there is strong underlying demand in the market.

For the coming week we expect prices to trade in the 700-900 with selling pressure emerging at higher levels as farmers try and cash-in on the remunerative prices. The RSI (relative strength index) in has rapidly risen above the “overbought” level of 70 and indicates that there is a possibility of some short term weakness in prices.

However on a medium term basis (1-3 months), prices are now likely to remain on a bullish (firm) trend.

Disclaimer

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