

**Executive Summary:**

- In producing regions, farmers are releasing low quality onion which is close to getting spoiled. As a result of this, demand from exporters has decreased and accordingly the impact is also seen on the prices front.
- As per news sources, DGFT is considering to allow export of onion without routing through designated agencies. At present, consignments are regulated by canalising agents or state trading agencies. After this move, exporters could directly ship the consignment and produce the papers to DGFT.
- Till August-end, India has exported around 7.9 lakh tonnes of onion to different countries. There are possibilities that another 5-6 Lakh tonnes could be exported in the next 6-7 months till end of FY 2012-13.
- According to trade sources in Karnataka, fresh onion will start arriving in the market in full swing in the next two weeks. Prices are hovering in the range of Rs 650/quintal to Rs 725/ quintal but traders are expecting it to increase from these levels.
- In Pimpalgaon and Lasalgaon market, average prices of onion have fallen to Rs 525/Qtl from Rs 575/Qtl n last week. According to trade sources, prices of onion have fallen because the resurgence of monsoon has increased the fear of decaying of stored onions. So farmers are releasing their stock as early as possible.
- In Bangalore, onion is coming from Chitradurga and Bijapur districts. Major demand is seen from West Bengal and Tamil Nadu. According to trade sources, demand for Chitradurga-origin onion is higher than the demand for Bijapur-origin onion.

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

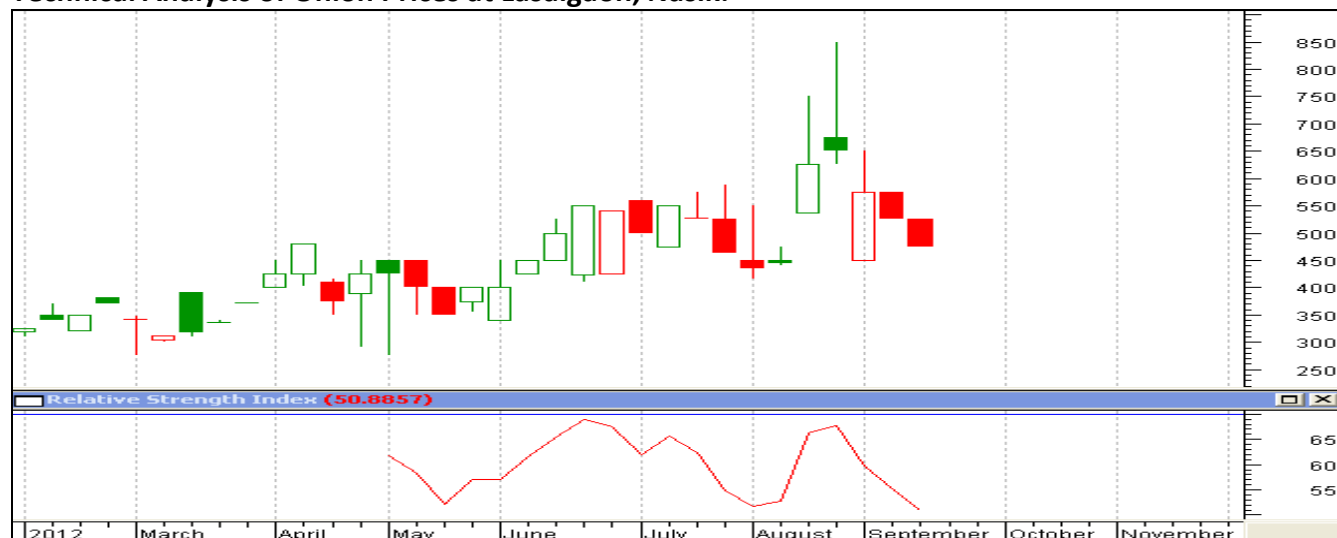
Market	State	Avg. Arrivals 10th Sept- 15th Sep 2012	Avg. Arrivals 3rd Sept- 8th Sep 2012	% Change in arrivals Over Prev. Week	Avg. Prices 10th Sept-15th Sep 2012	Avg. Prices 3rd Sept- 8th Sep 2012	% Change in Price Over Prev. Week
Delhi	Delhi	9000	9625	-6.49	720	777	-7.34
Bangalore	Karnataka	28450	26333	8.04	890	991	-10.19
Lasalgaon	Maharashtra	10800	13083	-17.45	495	567	-12.70
Pimpalgaon	Maharashtra	12000	16500	-27.27	582	620	-6.13
Mumbai	Maharashtra	8990	9308	-3.42	690	748	-7.75
Hyderabad	AP	7000	8500	-17.65	640	725	-11.72
Jaipur	Rajasthan	2500	2500	0.00	780	750	4.00
Indore	MP	10300	12833	-19.73	500	467	7.07
Ludhiana	Punjab	1040	1283	-18.94	680	655	3.82

(Source: AGRIWATCH)

As seen in the above table, onion supplies have decreased in most of the cities except in Bangalore where fresh onion is arriving in the market and farmers are actively releasing their stocked onions. In Maharashtra markets supply has decreased but despite that, prices have not increased much because the onion being released in the market is mainly of low quality. Farmers are trying to actively dispose of the stored onion which is currently vulnerable to rotting in the monsoon weather.

The trade sources from Nasik area also mention that farmers are holding good quality of onion with them to fetch higher prices in the coming weeks. In most parts of the country prices have decreased but are likely to increase further after mid-October as traders believe a small gap between supply and demand could arise 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. In last two weeks, prices have declined to the Rs 480 level. Prices are near long term support level of Rs. 450 which is difficult to break. On higher side, weekly resistance is placed in the range of Rs. 575-600/Qtl.

There is possibility that prices could trade in this range of Rs. 450-600 for next 2-3 weeks before it resumes its upward direction. After the current consolidation phase, prices are likely to rise up to the Rs. 700-750 level seen 3 weeks ago.

As has been mentioned, the current lower prices are mainly due to release of low quality onions and not due to technical factors which can be analyzed through technical analysis. Thus we expect that once farmers are done offloading their low quality onions and once again resume their selling of better quality onions, the market will once again bounce back to the previous trading range of Rs 650-750.

### Disclaimer

The information contained in this document has been compiled by Agriwatch from sources believed to be reliable, such as NHB, Agmarknet, etc. and directly from traders in mandis. However, users of this data are requested to use the information with due caution and crosscheck with other sources. This document is not, and should not be construed as an offer to sell or buy any commodities. This document may not be reproduced, distributed or published without the express consent of SFAC