

**Executive Summary:**

- According to trade sources, onion prices have fallen in most of the markets due to higher supply of poor quality onion. Export demand has also come down due to low quality onion available in the market. Farmers are releasing maximum of their poor quality onion at current prices as late rains have increased the fear of decay of stored crop.
- Highest arrivals of onions are reported in Bangalore as early-kharif crop is arriving in the wholesale markets. Average prices have fallen to Rs860/ quintal from Rs900/ quintal in the last one week. Early-Kharif crop from Kunoor region of Andhra Pradesh is also arriving in the local markets.
- According to export figures of APEDA, export of onion from the country has reached to 755,696 tonnes during April –August compared to last year's 641,538 tonnes. The shipments increased this year due to prices being lower by almost 30-40% as compared to previous year.
- 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.

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

Market	State	Avg. Arrivals 17th Sept-22nd Sep 2012	Avg. Arrivals 10th Sept-15th Sep 2012	% Change in arrivals Over Prev. Week	Avg. Prices 17th Sept-22nd Sep 2012	Avg. Prices 10th Sept-15th Sep 2012	% Change in Price Over Prev. Week
Delhi	Delhi	11340	9000	26.00	735	720	2.08
Bangalore	Karnataka	29333	28450	3.10	867	890	-2.58
Lasalgaon	Maharashtra	8812	10800	-18.41	465.6	495	-5.94
Pimpalgaon	Maharashtra	11312	12000	-5.73	606	582	4.12
Mumbai	Maharashtra	9250	8990	2.89	687.5	690	-0.36
Hyderabad	AP	7400	7000	5.71	687	640	7.34
Jaipur	Rajasthan	2987	2500	19.48	800	780	2.56
Indore	MP	16932	10300	64.39	483	500	-3.40
Ludhiana	Punjab	1933	1040	85.87	520	680	-23.53

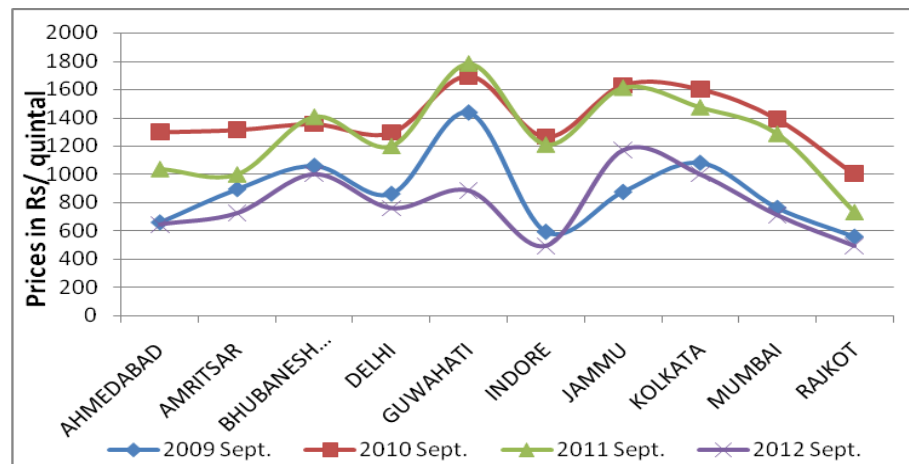
(Source: AGRIWATCH)

As seen in the table above, onion supplies have decreased in most of the cities except in Lasalgaon and Pimpalgaon. In Indore, Ludhiana and Jaipur, farmers are releasing their stored onion actively as there is fear of crop decay. In Bangalore, fresh onion is also arriving in the market along with stocked onion. 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.

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 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.

## Comparison Of Onion Prices In Different Cities:

The chart below shows the comparison average monthly prices of onion in different cities in September.



From the above table we can see that September 2012 prices are low as compared to previous years because of high production this year. Prices are likely to increase from Oct onwards due to delay in arrival of kharif onion and lower production estimate this kharif season. According to our estimate, kharif crop is expected to be less by 20-25% compared to previous year.

## 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. From last four weeks prices are in down trend but found good support at Rs. 450. The RSI (Relative Strength Index) also is in oversold region. The 450 level represents a good long term support and prices are unlikely to fall below these levels. On the higher side, weekly resistance is in the range of Rs. 575-600/Qtl.

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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

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