

## Executive Summary:

- The National Horticultural Research and Development Foundation (NHRDF), has developed a new dark red onion variety called NHRDF-red (L-28). According to them, it is suitable for cultivation in Northern, Central and Western India. It matures in 115-120 days after transplanting and the average yield is around 25 to 30 tons per hectare.
- According to trade sources, newly-harvested crop is now available in Karnataka and Andhra Pradesh. Southern states are supplying to West Bengal and Orissa, replacing the Maharashtra onion, which has resulted in a decline in onion prices in Maharashtra.
- As per trade sources, in Lasalgaon market, auction of onion has started in bags of 45-50 kg each. The motive behind this auction is easy handling and faster movement of the commodity. Initially, this onion bag auction system will be for three days a week- on Monday, Wednesday and Saturday. This system will then be started on every market day after seeing the response from the farmers.
- Trade sources say that in Belgaum (Karnataka), stored onion will be available in the market till 1st week of October and thereafter it is expected that arrivals of fresh onion will pick up pace.
- In Belgaum, local origin fresh onion has started arriving in market which is contributing around 40% whereas local stored onion is contributing approximately 55% and the remaining 5% is arriving from Maharashtra region.
- According to trade sources, August and September are periods when exports slow down due to monsoon. Also, it is when farmers generally tend to run out of stocks or would prefer to push only those grades that are vulnerable to damage which result into a decline in exports.

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

Market	State	Avg. Arrivals 24th Sept-29th Sep 2012	Avg. Arrivals 17th Sept-22nd Sep 2012	% Change in arrivals Over Prev. Week	Avg. Prices 24th Sept-29th Sep 2012	Avg. Prices 17th Sept-22nd Sep 2012	% Change in Price Over Prev. Week
Delhi	Delhi	9160	11340	-19.22	780	735	6.12
Bangalore	Karnataka	26600	29333	-9.32	880	867	1.50
Lasalgaon	Maharashtra	7900	8812	-10.35	480	465.6	3.09
Pimpalgaon	Maharashtra	12000	11312	6.08	610	606	0.66
Mumbai	Maharashtra	8975	9250	-2.97	725	687.5	5.45
Hyderabad	AP	9400	7400	27.03	655	687	-4.66
Jaipur	Rajasthan	2500	2987	-16.30	840	800	5.00
Indore	MP	19600	16932	15.76	500	483	3.52
Ludhiana	Punjab	1525	1933	-21.11	625	520	20.19

(Source: AGRIWATCH)

As seen in the table above, onion arrivals have decreased in most of the cities except in Hyderabad, Indore and Pimpalgaon. In Indore and Pimpalgaon, traders/farmers are releasing maximum onion they can due to



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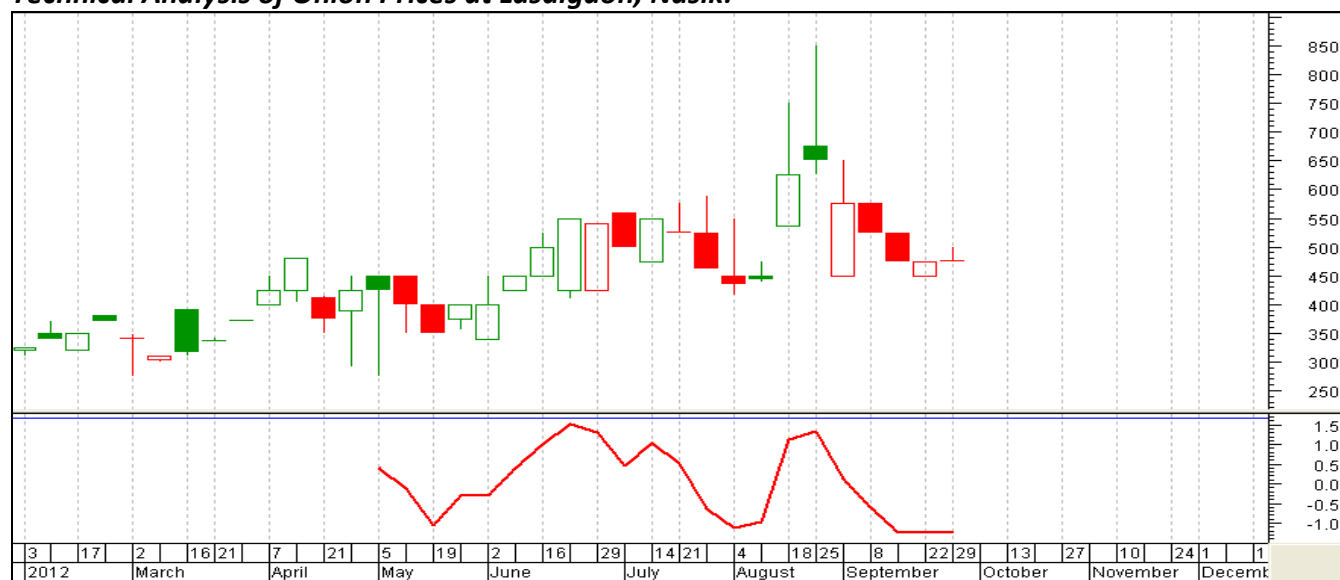
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fear of decay and low prices in future. Whereas in Hyderabad market arrivals have increased as farmers and traders are releasing maximum stocks in anticipation of fall in prices due to harvest of new crop.

The reason for decline in arrivals in most of the cities is due to low demand currently and quality issues as traders/farmers are holding good quality onion crop in expectation of higher prices for good quality onion in the future. There is a perception that at the end of October a shortage may occur because farmers stocks would have reduced while the arrival of Kharif crop would also be delayed by a month.

If we see the price comparison of last week, prices of onion have gone up irrespective of the arrivals in all major markets except Hyderabad, where local region produced onion is arriving at market. Prices are expected to increase ahead, across the country.

## 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 price movement of Onion in the benchmark Lasalgaon Mandi at Nasik district. During the week, prices touched Rs 500 and came down due to poor quality and lower demand of onion. At the weekend, modal prices were reported Rs. 465/quintal. Prices closed above the previous week's high.

Currently, prices are trading in a 50 rupee range between Rs 450 and 500 per quintal. We expect this range to hold good for the next week. However, whenever the resistance level of Rs 520 is broken, prices are expected to rise quickly to the Rs 550 level. The 450 level represents a good long term support and prices are unlikely to fall below these levels. Once the market bounces back, prices are expected to cross the level of Rs 600/ quintal.

### Disclaimer

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