

Executive Summary:

- As per NAFED, approximately 9,59,932 MT of onion has been exported till 11.10.2012 as compared to last year's 8,77,767 MT till 31.10.2011.
- In Lasalgaon and Pimpalgaon markets of Maharashtra, the auction process has resumed from last Monday and a committee has been formed to study the functioning of onion markets. Earlier there was a strike from 5th Oct due to differences between maparis (official grain measurers) and traders over weighing charges and putting receipt numbers on onion bags which affected the auction.
- In most of the markets of Maharashtra region, prices are hovering between Rs 500-Rs 700/ quintal as compared to last year's Rs 800- Rs900 / quintal at this time.
- In Tamil Nadu, prices of small onion are expected to go up from current levels. Due to this, the farmers are holding back the crop with a view to sell them in November because the area under small onion had come down this year due to low rainfall, which has also put pressure on the market arrivals.
- At present in Bangalore and Belgaum of Karnataka, approximately 70-80% of total arrival is fresh onion. Around 70% harvesting of early crop is completed in Karnataka and Andhra Pradesh.
- Traders are expecting export demand to pick up after October.

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

Market	State	Avg. Arrivals 6th Oct -12 Oct 2012	Avg. Arrivals 28th Sept - 5 Oct 2012	% Change in arrivals Over Prev. Week	Avg. Prices 6th Oct - 12 Oct 2012	Avg. Prices 28th Sept -5 Oct 2012	% Change in Price Over Prev. Week
Delhi	Delhi	8834	11500	-23.18	1113	867	28.37
Bangalore	Karnataka	27250	20750	31.33	963	925	4.11
Lasalgaon	Maharashtra	8500	7000	21.43	539	521	3.45
Pimpalgaon	Maharashtra	8930	8500	5.06	663	612	8.33
Mumbai	Maharashtra	7370	10012	-26.39	740	700	5.71
Hyderabad	AP	11416	10437	9.38	660	637	3.61
Jaipur	Rajasthan	2708	2815	-3.80	984	800	23.00
Indore	MP	11600	10000	16.00	680	565	20.35
Ludhiana	Punjab	1580	1720	-8.14	705	538	31.04

(Source: AGRIWATCH)

The above table shows a mixed pattern of arrivals in different markets across the country. Prices have increased in almost all the markets. Arrivals have increased in Lasalgaon, Pimpalgaon and Indore as farmers are releasing their stocks due to better prices compared to last week. In Bangalore and Hyderabad, fresh onion crop is arriving in market. Prices of fresh onion are more than the stored onion by Rs 200-Rs300/ quintal.



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In Hyderabad and A.P harvesting of fresh crop is almost 70% complete and the remaining 30% is expected to get over by this month end. The onion crop of early kharif cannot be stored for long time because it has low shelf life.

Onion Demand & Supply Situation:

Below table shows the availability and consumption of onion in India. Till Oct end, we expect adequate availability of onion but since the arrivals of Kharif onion is delayed, sentiment might turn towards bullishness. In the last one week prices have increased between 10-20% in producing as well as consuming centers which shows that the market might be anticipating the diminishing availability.

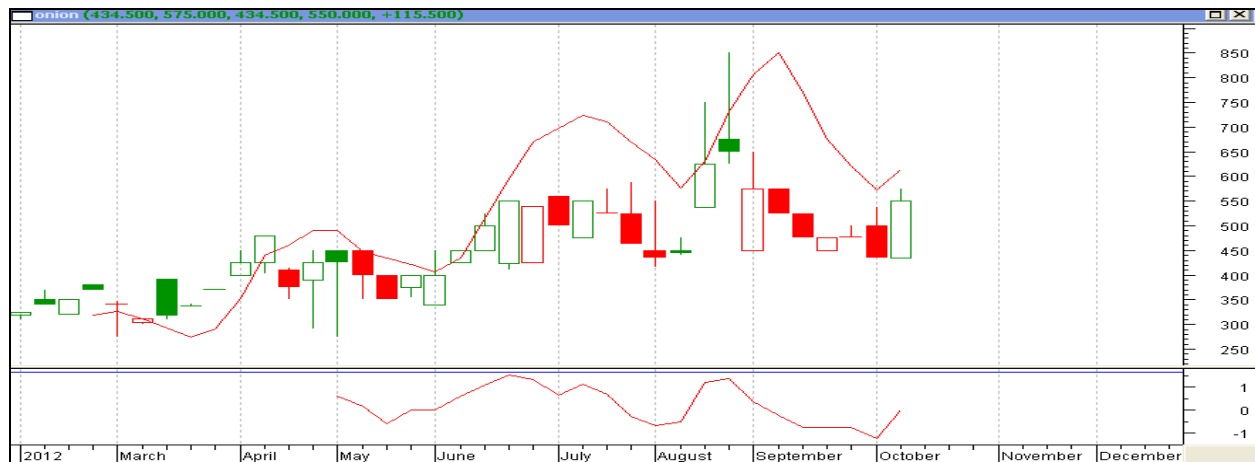
		Kharif Production assumed to be 20% less than last Year	
(Qty in Lakh Tons)	From April 2012 to 31st Aug	For 1st Sep to 30th Sep	For 1st Oct to 31st Oct
Stored	29.5	23.55	11.61
Supply from Farmers/Local stockists	59.55	0	0
Fresh Production/Arrivals of Kharif	0	0.64	0.27
Availability	89.05	24.19	11.88
Consumption	58	11.5	11
Exports	7.5	1.08	0.7
Total Usage	65.5	12.58	11.7
Surplus/Shortfall	23.55	11.61	0.18

(Source: Agriwatch Research)

Assumptions for above Balance sheet:

- Kharif arrivals will start from November and may extend up to January due to delay in sowing this year.
- Consumption tends to go down at higher price which is possible during Oct and might balance the shortfall.
- As per Agmarknet, total arrival in A.P and Karnataka were 12,248 tons and 93,727 tonnes respectively in the month of September. As per trade sources, 60% arrival of total crop was fresh onion.
- We are expecting 0.25-0.30 lakh tonnes of fresh onion to arrive in the market in the month of October from Karnataka and A.P,

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 in Nasik district. During the week, prices touched Rs 600 due to lower arrivals in the market and good demand. At the weekend, modal prices were reported at Rs. 550/quintal which is almost Rs 50 higher than last week. Prices closed above the previous week's high which indicates further upward movement in coming weeks. The Relative Strength Index oscillator (RSI) is also increasing which points towards firmness in the market. Prices are likely to increase further in the coming weeks.

Disclaimer

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