

Executive Summary:

- In Lasalgaon, average modal prices have increased to Rs 735 as compared to last week Rs 663/ quintal. However, on the weekend prices had reached to Rs. 925/Qtl due to lesser arrivals in the market. This week will be important to watch onion supply & prices once all markets open normally.
- As per news sources, this year onion production in Onion in Pakistan could reach up to 1.7 million ton due to increase in acreage and timely sowing. As per one trade estimate, Pakistan consumes roughly around 1.4-1.5 million ton. Remaining surplus could be available for export and export cycle & importing countries of Pakistani onion is similar to India.
- Arrivals are expected to be low because stored onion crop from Rajasthan and M.P is expected to be over by end of this month. Prices have increased almost in all the major market across the country and are further expected to increase because of demand supply mismatch as kharif crop is expected to come by mid of Nov.
- In Andhra Pradesh, approximately 70-75% of early kharif crop is already harvested. The crop is expected to get over by the end of this month.
- According to news sources, NHRDF is planning to focus on new areas across in the country to enhance onion production and aims to meet 25% of production demand through these new onion growing pockets which are Bihar, Orissa and Punjab.

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

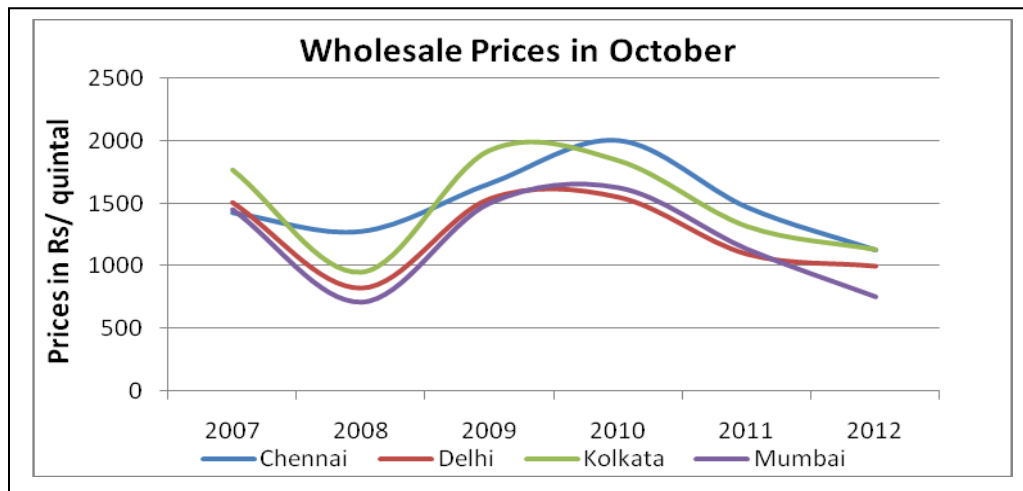
Market	State	Avg. Arrivals 19th Oct - 25th Oct 2012	Avg. Arrivals 13th Oct - 18th Oct 2012	% Change in arrivals Over Prev. Week	Avg. Prices 19th Oct - 25th Oct	Avg. Prices 13th Oct - 18th Oct 2012	% Change in Price Over Prev. Week
Delhi	Delhi	11450	10750	7%	1165	968.75	20%
Bangalore	Karnataka	38040	29875	27%	1240	912.5	36%
Lasalgaon	Maharashtra	10600	9025	17%	735	663	11%
Pimpalgaon	Maharashtra	9375	10666	-12%	1025	775	32%
Mumbai	Maharashtra	8280	7775	6%	1105	863	28%
Hyderabad	AP	8750	8375	4%	969	763	27%
Jaipur	Rajasthan	2750	2500	10%	980	938	4%
Indore	MP	15000	20750	-28%	750	600	25%
Ludhiana	Punjab	1450	1350	7%	900	838	7%

(Source: AGRIWATCH)

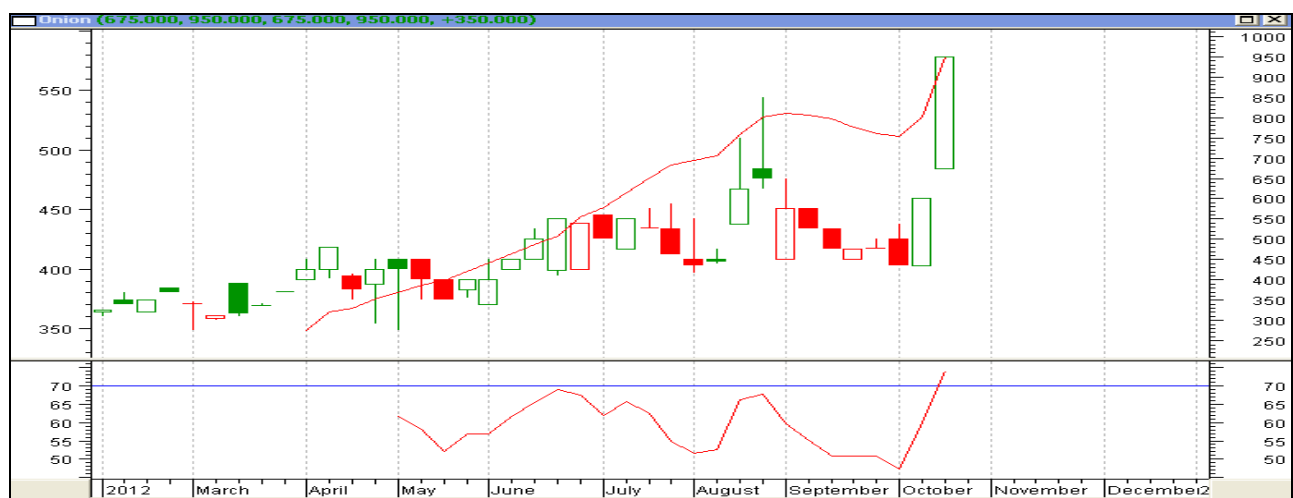
Prices have increased in back to back weeks and expected to increase further after period of “Navratra” in northern states. Despite higher arrivals in above centers, prices have rallied sharply which indicates there is fear of shortage in the weeks ahead.

Wholesale Prices in October over years:

The below chart shows the wholesale price levels in four metro cities during October over different years



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.)

Disclaimer

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The above chart shows the weekly spot price movement of Onion in the benchmark Lasalgaon Mandi of Nasik. During the week modal prices breached its long time resistance level of Rs. 700 and closed near Rs 950. During the week, prices touched Rs 950 due to lower arrivals in the market and good demand as we were expecting. The Relative Strength Index oscillator (RSI) is also increasing and is in overbought region which points towards firmness in the market. Prices are likely to increase further in the coming weeks and expected to cross range of Rs 1000/quintal in couple of days.



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