

ONION & POTATO

Monthly **REPORT**

Volume 05

Market Intelligence System

September 2012

Onion

Executive Summary

- Sufficient onion stocks are available till October. After October a small shortfall may occur until November. In major producing regions like Maharashtra, Rajasthan, Gujarat and A.P. (Kurnool), onion is already delayed by one month and production of this early kharif/Kharif crop is anticipated to be lower, therefore prices are expected to rise gradually after October.
- As per most trade sources, during October–December period prices could rise in the domestic market. But continued good rains now will improve the situation and may help in sowing of late Kharif onion which is expected to be harvested in the month of December.
- According to trade sources, in Rajasthan, Haryana and Gujarat a new variety of onion named 'Balwan Pyaz' is being used which is reported to reach maturity in half of the usual time of other common varieties and does not require transplantation. It was developed to overcome a possible scarcity of onion due to delayed monsoon.
- As on 3-9-2012 around 793,292 MT has been exported in FY 2012–13 and another 600,000 MT could be exported in the rest of the financial year, of which 350,000-400,000 MT could be exported by December 2012.
- So far, approximately 60–65% of the kharif area has been covered in the country. Further, sowing will depend on rain. As per the sources, in Gujarat and Maharashtra possibilities are that area lost during kharif sowing because of lower rainfall is likely to be partly recovered during late-Kharif season.

Monthly Average Wholesale Price (₹/Qtl) and Arrivals (in Quintals) Trend Comparison

Market	State	Avg. Arrival August	Avg. Arrival July	% Change Over Previous Month	Avg. Prices August	Avg. Prices July	% Change Over Previous Month
Delhi	Delhi	13480	9308	44.82	754	780	-3.33
Bengaluru	Karnataka	12608	11885	6.08	965	852	13.26
Lasalgaon	Maharashtra	11640	12545	-7.21	580	522	11.11
Pimplagaon	Maharashtra	12670	17065	-25.75	640	556	15.11
Mumbai	Maharashtra	9466	9528	-0.65	771	742	3.91
Pune	Maharashtra	6660	5319	25.21	757	700	8.14
Rajkot	Gujarat	1532	1010	51.68	590	422	39.81
Gondal	Gujarat	613	491	24.85	489	534	-8.43
Jaipur	Rajasthan	3340	2510	33.07	778	757	2.77
Chennai	Tamil Nadu	4394	4792	-8.31	1138	1034	10.06
Hyderabad	A.P.	5833	5584	4.46	828	790	4.81

Source: Agriwatch Research

As seen in the table above, daily average onion arrivals in Lasalgaon and Pimplagaon have decreased because farmers are not releasing much of their stocked onion

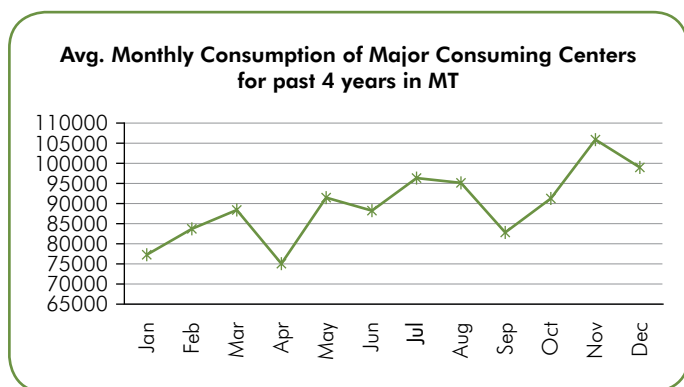
in the hope of better prices in coming days. If prices increase 10% from the current low levels in Lasalgaon/Pimplagaon regions, arrivals are expected to improve.

In general prices tend to be higher during the monsoon months due to logistics issues due to heavy rains. August rains have been

quite heavy and widespread which shows that the 10% rise in prices during the month is a normal increase. ■

Consumption Pattern of Onion in India

The graph below shows the average monthly arrivals in seven centers of Delhi, Mumbai, Chennai, Kolkata, Srinagar, Amritsar and Thiruvananthapuram. These cities are mainly consuming centers and it is assumed that onions coming to these markets are meant for consumption in the city itself.

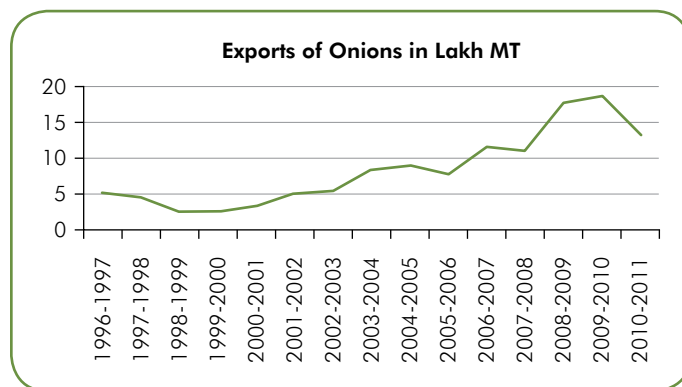


Source: NHB, Agriwatch Research

Thus the above chart reflects the seasonality in consumption across the country. It is seen that the peak consumption is in November and the lowest consumption is during April and September. After September, consumption rises steeply in

the October–December period. Thus we can expect prices to start firming up during the last quarter of the year. ■

Exports



Source: NAFED, Agriwatch Research

As seen in the chart, exports of onions have risen more than 3-fold in the last 15 years. The export demand for September to December 2012 as per the average demand in the past 4 years is around 380,000 MT. Export demand is currently seen from Colombo and Malaysia. According to trade sources, on a weekly basis, around 5,000 quintal of onion is being supplied to these countries from Maharashtra region. ■

Technical Analysis of Onion Prices at Lasalgaon, Nasik



Source: Agriwatch Research

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 Mandi of Nasik.

Prices decreased to a level of ₹450/quintal due to supply of low quality and damaged stocks in the market but the thereafter prices rose to a level of ₹650/quintal on good demand. Though supply has decreased during last week, small farmers are bringing their produce regularly to the market. Farmers/traders are trying to

hold back their crop as much they can to fetch high prices in the future as the prices are likely to rise from October due to diminishing stocks and delay of kharif crop by one month.

Prices are likely to test the resistance of ₹690/quintal once again in the coming week. If the resistance of ₹690 is breached, prices might move quickly to the ₹700 to 750/quintal level. ■

Potato

Executive Summary

- In West Bengal, as the State government had prohibited supply of potatoes out of the state, traders/farmers have started supplying it through unofficial routes. This is because of good margins with potato in retail markets across the country being sold at ₹15–25/Kg compared to wholesale price of ₹10–12/Kg only in West Bengal. However this measure has succeeded in keeping prices contained at ₹10–12/Kg in wholesale markets of West Bengal.
- According to trade sources, prices are expected to remain stable in September because in U.P. region only 48–50% of stored potato has been released so far. In U.P. wholesale markets, prices are ruling at approximately ₹1200/quintal and are expected to remain stable as farmers/stockists will start releasing more potato from the cold stores.
- Potato from Hassan (Karnataka) is available in the market. As per trade sources, acreage under potato declined in major potato growing districts of Hassan, Kolar, Chickballapur and Belgaum. Area under the crop was 14,192 hectares, constituting only 50 per cent of the normal sown area of 28,225 hectares. So it is expected that this crop may last only for a short duration.
- As per trade sources, there is sustained demand in Tarkeshwar (West Bengal), and prices are low as State government has prohibited supply of potato outside the state. On daily basis, average 0.8 to 0.9% of total stocked potato is being released from the cold storages. ■

Monthly Wholesale Price Trend in Various Producing & Consuming Centers

Market	State	August 2012 Avg. Wholesale Price (₹/Qtl)	July 2012 Avg. Wholesale Price (₹/Qtl)	Absolute Change Over Prev. Month (₹/Qtl)	% Change Over Prev. Month
Delhi	Delhi	1167	1212	-45	-3.71
Agra	U.P.	1287	1221	66	5.41
Hathras	U.P.	1209	1180	29	2.46
Aligarh	U.P.	1093	1110	-17	-1.53
Farrukhabad	U.P.	1167	1165	2	0.17
Kanpur	U.P.	1194	1194	0	0.00
Ludhiana	Punjab	897	940	-43	-4.51
Kolkata	West Bengal	1172	1192	-20	-1.68
Hyderabad	A.P.	1624	1490	134	8.99
Guwahati	Assam	1450	1431	19	1.33
Jaipur	Rajasthan	1225	1169	56	4.79
Mumbai	Maharashtra	1514	1442	72	4.99
Bengaluru	Karnataka	1293	1553	-260	-16.74
Ahmedabad	Gujarat	1211	1209	2	0.17

Source: Agriwatch Research

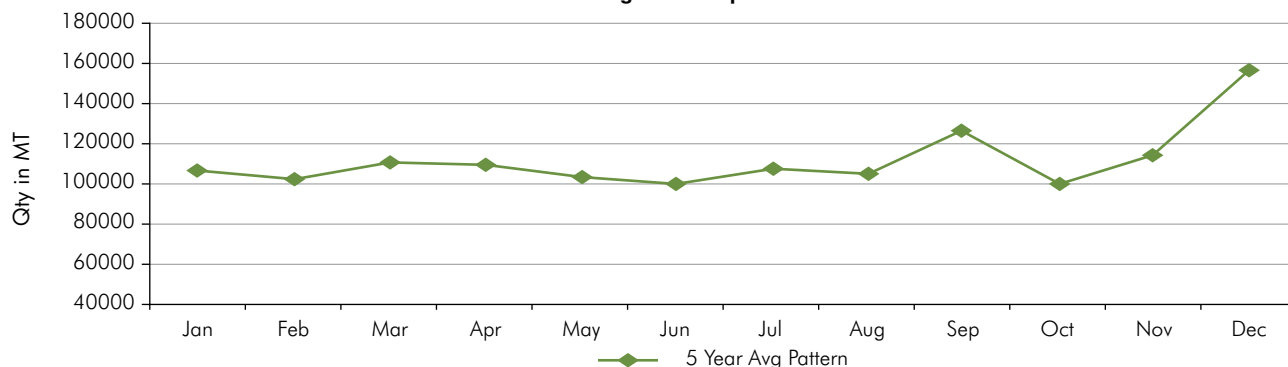
As evident from the table, potato prices in most centers have increased. However a few centres saw declines in prices. In Bengaluru prices fell as local origin potato is available in the market. In West Bengal prices fell as the release from cold storages has increased in fear of further decline in prices in coming days due to state government action. Delhi was the only other market where prices declined due to higher arrivals. The stockists and farmers from U.P. and Bihar, which are large producers, are expecting prices to remain

stable because of large quantity of potatoes stored in cold storages.

Consumption Pattern of Potato in India

The graph below shows the average monthly arrivals in seven consuming centers of India - namely Delhi, Kolkata, Mumbai, Chennai, Hyderabad, Guwahati and Bengaluru. These cities are mainly consuming centers and it is assumed that potatoes coming to these markets are meant for consumption in the city itself.

Last Five Year's Avg. Consumption Pattern of Metro Cities



Source: NHB, Agriwatch Research

The graph shows the overall seasonality in demand for potato. Consumption tends to rise from a low in October to a high in Dec. Through the rest of the year, consumption is mostly steady with a small peak in September.

Technical Analysis of Potato Spot Prices in Khandauli (Agra)



Source: Agriwatch Research

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 monthly spot price movement of potato in the benchmark Khandauli (Agra) market of U.P. In early August, modal prices touched a high of ₹1400/Qtl, but could not sustain the gains and fell back to a low of ₹1140/Qtl before recovering to ₹1250 at the end of the month. Prices have broken below the uptrend line in the monthly chart and are likely to trend lower in the coming days because of lower demand and steady supply.

For the coming month, prices are likely to breach the supports of ₹1200/Qtl levels and trend towards ₹1150/Qtl levels in the near term. However the 1100 level offers very strong support and prices are unlikely to fall below that. We expect prices to be in the range of ₹1150–1250/Qtl levels in the next 15 days. On the upper side, ₹1350–1400 is likely to be very strong resistance.

DISCLAIMER

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