

Executive Summary:

- Total onion export from India till October has reached 10,84,335 MT. Last year till October end, India had exported around 8,77,767 MT of onion. Exports in October 2012 increased 70% month-on-month compared to September 2012. Export of onion in October was approximately 1,77,239 MT as compared to previous month when it was 1,08,387 MT.
- During October prices have increased by almost 25-40% in producing regions like Lasalgaon, Bangalore, Pimplagaon, etc. However with new crop arrivals barely 1-2 weeks away, prices are unlikely to rise further as farmers will tend to offload their remaining stocks.
- According to news sources, NHRDF is planning to focus on new areas across the country to enhance onion production and aims to achieve 25% of production through these new onion growing states which include Bihar, Orissa and Punjab.
- As per news sources, this year onion production in Pakistan could reach up to 1.7 million tonnes due to increase in acreage and timely sowing. As per one trade estimate, Pakistan consumes roughly around 1.4-1.5 million tonnes. The remaining surplus would be available for export. The export cycle of Pakistan and the countries that buy Pakistani onion are similar to India.
- In Maharashtra, farmers have started harvesting their crop before maturity to take advantage of the good prices currently prevailing in the market. Since the onion crop is delayed by one month, the market is expected to remain firm until November end.

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

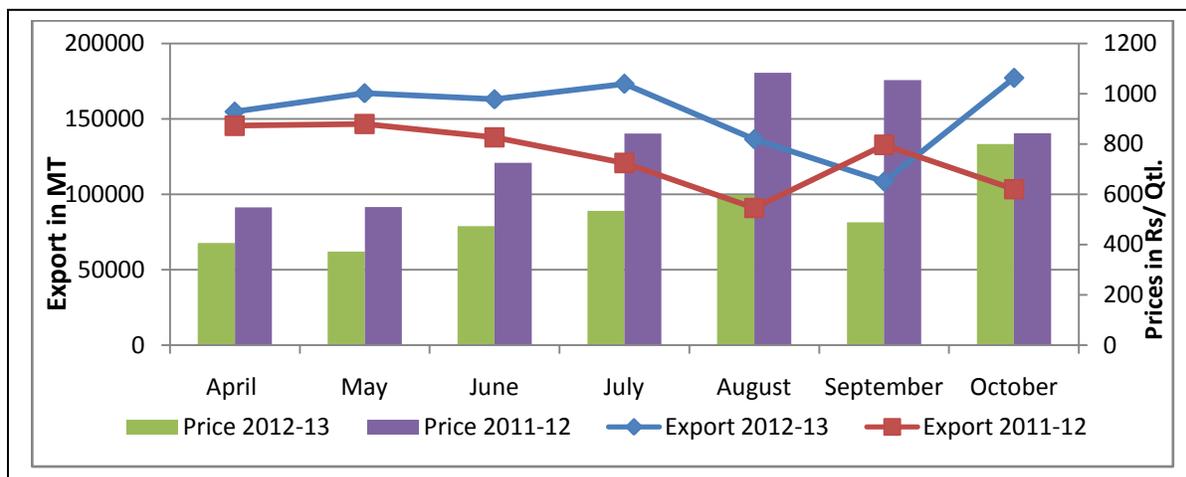
Market	State	Daily Avg. Arrivals October	Daily Avg. Arrivals September	% change over previous month	Avg. Prices October	Avg. Prices September	% change over previous month
Delhi	Delhi	11940	9560	24.90	1128	760	48.42
Bangalore	Karnataka	31530	26664	18.25	1113	900	23.67
Lasalgaon	Maharashtra	9390	10557	-11.05	800	508	57.48
Pimplagaon	Maharashtra	8987	13162	-31.72	832	605	37.52
Mumbai	Maharashtra	8183	9224	-11.29	945	711	32.91
Pune	Maharashtra	5250	4018	30.66	855	718	19.08
Jaipur	Rajasthan	3140	2596	20.96	984	807	21.93
Chennai	Tamil Nadu	4652	8600	-45.91	1264	1224	3.27
Hyderabad	A.P	9305	7896	17.84	886	677	30.87

(Source: AGRIWATCH)

As seen in the table above, daily average onion arrivals in Lasalgaon, Pimplagaon and Mumbai have decreased because of lower availability of onion with the farmers. Usually by this time the arrival of fresh crop starts but this year due to delay in kharif sowing, crop is expected to be available only after mid November. Prices have increased in Bangalore despite higher arrivals; this was due to good demand from all over India for fresh onion coming in Bangalore wholesale mandis.

In Hyderabad, arrivals of locally produced early kharif crop have increased. The local kharif crop is 85-90% harvested and the rest is expected to last for a few more weeks.

India's onion Export: (Month-wise & Year-wise comparison along with monthly Avg Prices)



(Source: NAFED, Agriwatch Research)

Export of onion has increased by approximately 70% to 177,239 MT in the month of October as compared to September. Last year total export in October was 103,447 MT which has increased to 177,239 MT this year. On a month-on-month basis, onion prices in 2012-13 are lower than previous year which has resulted into more exports. Another reason for higher exports is the revocation of MEP announced in the month of May 2012 to boost exports which was necessary to support falling prices after bumper Rabi crop in Maharashtra. But, export demand in the month of November may be limited due to sharp increase in prices of onion in the domestic market and due to Pakistani & Iranian crop entering international markets.

Technical Analysis of Onion Prices at Lasalgaon, Nasik:



(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 traded weaker and closed near the lows of the week. The Relative Strength Index oscillator (RSI)

is falling in the overbought region which indicates prices are likely to weaken in the short term. Prices had moved sharply higher from Rs 400 to 1400 in a span of 4 weeks and are now giving up the gains. As per Fibaonacci retracement technique, prices are likely to first fall to Rs 1180 (23% retracement level) and then to the Rs 1030 level which marks the 38% retracement level. Any fall below the Rs 1030 level could take prices down all the way to Rs 900 (50% retracement).

Farmers would be well advised to sell at best available prices now since the Rs 1400 level might not be seen again in the few months. This technical analysis view is also supported by the fundamentals which indicate the arrival of fresh Kharif crop in full swing in the coming weeks. This is likely to result in lower prices.

Disclaimer

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