

Executive Summary:

- In Lasalgaon and Pimplagaon, onion sowing has not been affected much by weak monsoon in those areas where farmers have proper arrangements for irrigation and there will be no decrease in area or yield. However, farmers who do not have irrigation facility are shifting to other crops. Therefore, area under onion crop is likely to be lower as compared to last year.
- As per a trader, the price trend is still bearish in Lasalgaon and Pimplagaon. Farmers are bringing to the market the produce they had harvested in April and May. Thinking that prices will pick up by July, they had stored a large part of their produce which has now started spoiling. Prices are likely to remain steady for next two weeks which are hovering in the range of Rs 500/quintal to Rs 650/quintal.
- As per sources in Kolhapur district of Maharashtra, farmers holding increased by around 50% compared to last year because of the bumper onion crop this year. Also, around 9-10 lakh packets of onion (each 50 kg) hold by farmers this year which is double stock holding by farmers compared to last year. Normally, farmers hold around 50% of their crop every year.
- The early Kharif crop area in Karnataka is expected to less in comparison to last year because of low groundwater level. Once the planting is complete area can be estimated. But it will definitely be lower this year as monsoon arrived very late.
- As per sources in Lasalgaon, farmers are shifting from Onion crop towards soyabean and maize because of late arrival of monsoon. The other reason is high realizations in soybean and maize crop as compared to onion. This shifting of crop will lead to lower production of onion during kharif season.

Kharif Sowing Update:

- In Gujarat, only 10 % of last year's Kharif area has been sown so far. As per trade sources, if it rains in August and September, than 50%-60% of last year's area would be covered. Now sowing completely depends upon the rainfall.
- As per trade sources in Tamil Nadu still, 20-25% sowing is completed of the total Kharif area.
- In Kurnool in A.P, till now 28.8% of sowing is completed. Last year it was 32% completed at this time. As per traders, area under onion crop is expected to be less due to deficit rainfall and late arrival of monsoon.
- In Kota (Rajasthan) only 11 % sowing is completed in Kharif season this Year .Area will be estimated after August or mid September end only because sowing is totally dependent on rain.
- In Chitradurga (Karnataka) till now 7000 hectare has been covered which is more than last year. As per market sources, deficit rainfall over the major growing regions like Karnataka has affected the sowing to a very large extent. Rains in August are very crucial as still a large part of area is unsown and shortfall could be largely made up if it rains well in these areas in August.
- In Maharashtra, still 40% of sowing is completed. Area is expected to increase in late kharif as rain's falling continuously



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AGRIWATCH

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

Market	State	Avg. Arrivals 30 July- 4 August 2012	Avg. Arrivals 23-28 July 2012	% Change Over Prev. Week	Avg. Prices 23-28 July 2012	Avg. Prices 30 July- 4 August 2012	% Change in Price Over Prev. Week
Delhi	Delhi	7800	7500	4.00	831	785	-5.54
Bangalore	Karnataka	10000	10333	-3.22	850	865	1.76
Belgaum	Karnataka	5800	4625	25.41	550	575	4.55
Lasalgaon	Maharashtra	15068	10940	37.73	537	521	-2.98
Pimplagaon	Maharashtra	13875	14400	-3.65	595	556	-6.55
Mumbai	Maharashtra	9456	9234	2.40	689	750	8.85
Pune	Maharashtra	6339	6764	-6.28	737	652	-11.53
Rajkot	Gujarat	1021	912	11.95	417	438	5.04
Gondal	Gujarat	562	586	-4.10	415	418	0.72
jaipur	Rajasthan	2500	2633	-5.05	750	750	0.00
Indore	MP	11400	13333	-14.50	508	465	-8.46
Ludhiana	Punjab	1100	1000	10.00	750	697	-7.07

(Source: AGRIWATCH)

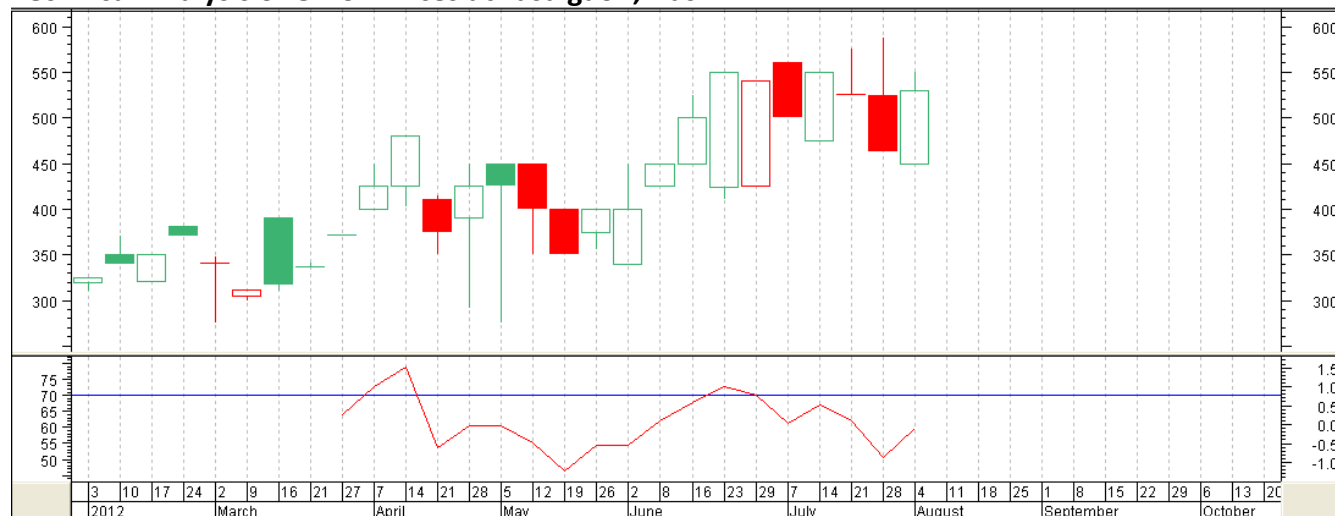
As visible in the table above, onion prices have decreased in most of the markets during the week under review due to lower demand and supply of low quality onion from producing regions.

In Delhi, prices have decreased as compared to last week. Last week modal prices increased from Rs. 831 to Rs. 785/Qtl (approx 4% higher) due to lower demand in market.

In Indore local region produced onion is coming in market. Prices and arrivals have decreased because of slow market and less demand from other regions

In Delhi, onion is mainly coming from Rajasthan, Madhya Pradesh and Maharashtra which contribute 47%, 35% and 18% respectively to the total arrival. Onion from Rajasthan will be available in the markets till mid August. Prices are expected to increase in near future, as per traders

In Belgaum (Karnataka), currently the onion is coming from Maharashtra and local region (Bagwadi) which is supplying 30% and 70% of the total arrival in Belgaum market. Last year, prices were almost same hovering between Rs650- Rs700/qtl but this year they are expecting the prices to increase. Prices and arrivals both have increased compared to last week by 25% and 5% respectively.

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 spot price movement of Onion in the benchmark Lasalgaon Mandi of Nasik. During the week modal prices went up to Rs. 550 and closed at Rs 520. The modal prices could not close above the Rs. 550 resistance level due to regular supply of average quality onion from farmers and stockists at this level. But the supply on a week-on-week basis is drying up in Lasalgaon as peak arrival season is coming to an end.

However, prices have recovered from last week and RSI is also increasing in a positive direction which is giving an indication of further increase in prices in coming weeks.

Once prices surpass 550 and remain above it during a weekend, it would indicate confirmation of a “breakout” which would cause prices to move quickly to the Rs 600 to 650 per quintal level.

For the coming week however, the Rs 475-500 level is likely to provide good support and the trading range is likely to be Rs 520 to 650 per quintal. We expect that the 550 resistance might break in 1-2 weeks and prices could be around Rs 600-650 in August.

Disclaimer

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