

Executive Summary:

- In Karnataka and Andhra Pradesh, harvesting of kharif crop is still continuing and is expected to continue till the end of December. In Belgaum (Karnataka), 95% of onion is from local region whereas remaining 5% of onion is arriving in the market from Maharashtra region.
- In Rajasthan, harvesting of kharif crop has already started and arrivals are in full swing from Jodhpur, Udaipur and Ajmer districts. In the last one week, daily average arrivals in Jodhpur and Udaipur districts are reported to be 500-600 quintals and in Ajmer, daily average arrivals are around 1000 quintals.
- Harvesting of kharif onion in states like Punjab, U.P, Bihar and West Bengal are expected to start from December.
- In Delhi, approximately 75 % of onion is arriving in the market is fresh onion while the remaining 25% is stored onion. Fresh crop is arriving from Rajasthan, MP and Haryana.
- Export demand from Maharashtra region has increased especially from Bangladesh. According to trade sources, approximately 4 wagons (160 tonnes each) twice a week are being supplied to Bangladesh.
- According to news sources, Sri Lankan Agriculture Ministry has requested permission from its Finance Ministry to continue import taxation on onions for a further 6 months. The import tariff was increased from 25 to 50 Sri Lankan rupees back in August (1 Sri Lankan rupee = 0.42 Indian rupees approx) which has significantly reduced imports due to which its domestic growers are attracting good prices for their produce.

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

Market	State	Avg. Arrivals 16th Nov-23rd Nov 2012	Avg. Arrivals 9th Nov-15th Nov 2012	% Change in arrivals Over Prev. Week	Avg. Prices 16th Nov-23rd Nov 2012	Avg. Prices 9th Nov-16th Nov	% Change in Price Over Prev. Week
Delhi	Delhi	18958	18875	0.44	1460	1369	6.65
Bangalore	Karnataka	41983	50000	-16.03	1680	1350	24.44
Lasalgaon	Maharashtra	12000	26000	-53.85	1150	1275	-9.80
Pimpalgaon	Maharashtra	10500	7500	40.00	1000	1000	0.00
Mumbai	Maharashtra	6860	10650	-35.59	1230	1083	13.57
Hyderabad	AP	7750	10000	-22.50	1308	800	63.50
Jaipur	Rajasthan	4164	3666	13.58	1085	916	18.45
Indore	MP	28333	32666	-13.26	1016	734	38.42
Ludhiana	Punjab	2700	2440	10.66	1060	1070	-0.93

(Source: AGRIWATCH)

As seen in the table, onion prices have increased in almost all major markets due to decrease in arrivals. Prices were also higher due to arrivals of fresh onion which fetches higher prices than stored onion. Arrivals are expected to be low during the next 2-3 weeks and prices are expected to be stable this week and may gradually increase after that due to lower kharif crop production this year.



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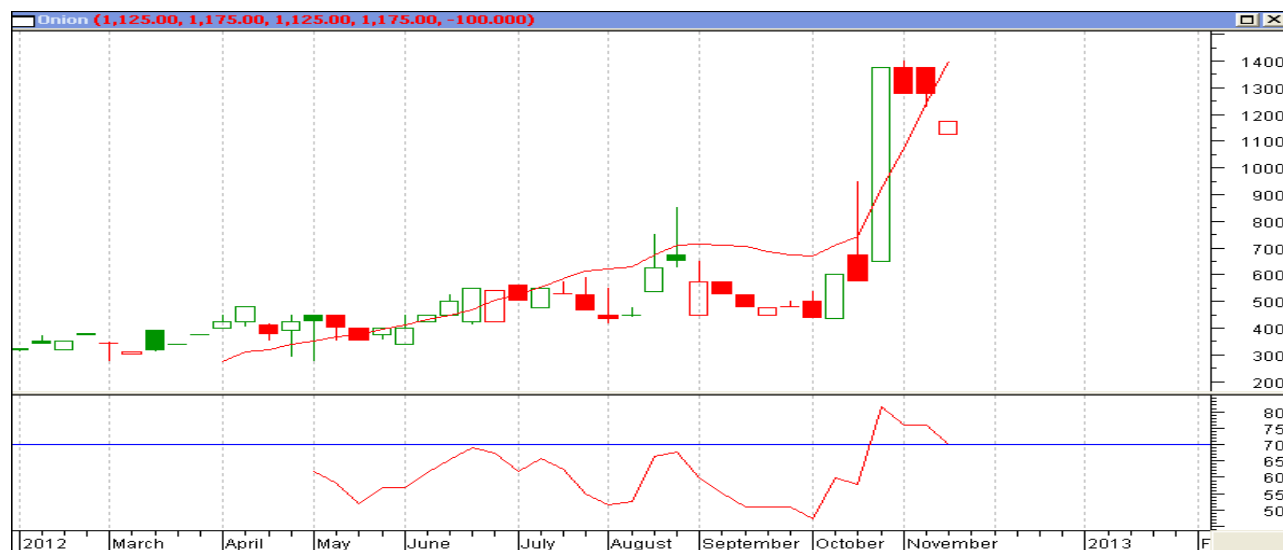
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In Lasalgaon and Pimpalgaon market, arrivals are expected to be low till mid-December and increase thereafter. Demand for Nasik-side stored onion has reduced as fresh onions have started coming in the market. This is the reason that prices have not increased in Lasalgaon despite fall in arrivals and remained steady in Pimpalgaon despite higher arrivals.

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. During the week, prices fell to Rs 1150 as we were expecting last week when we had written that if the level Rs. 1200 is broken, prices may reach a level of Rs 1000. We expect that prices may fall further this week to a level below 1100. This conclusion is supported by the falling Relative Strength Index (RSI) oscillator which is falling from the "overbought" region. This usually signals a downward price trend for the short term.

Weekly Outlook:

Onion prices are expected to remain stable throughout the week as arrival of kharif crop has started from Rajasthan, MP and Gujarat. Arrivals are expected to remain low for next 2-3 weeks. Prices are expected to remain stable in most markets. In Lasalgaon however, prices might decline slightly in the coming week.

Disclaimer

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