

## Executive Summary:

- National Council of Applied Economic Research (NCEAR) has estimated a 20 percent drop in onion output for 2012-13, while domestic as well as export demand for Indian onions will remain strong.
- Earlier it was expected that Pakistan might export 2-2.25 lakh ton of onion because of bumper crop in this season. But according to news reports so far approximately 1 lakh ton of onion has been exported because of poor quality of onion and rest 1 lakh tons are pending. Quality is deteriorating due to re-germination. Export demand might shift to India if Pakistan is not able to meet export enquiries.
- According to trade sources in Nasik, export demand is stable and mainly supplying medium size onion which is locally known as 'Goti' but farmers prefer to sell onion in domestic markets.
- In Delhi, onion is mainly coming from Nasik and Khairthal of Alwar in Rajasthan. Average prices have increased to Rs 1100/ quintal from Rs 900/ quintal in last 3-4 days.
- In Delhi, wholesale prices are around Rs 1100/ quintal which is almost 60-70% higher compared to previous year whole sale prices at same time whereas in retail market prices are hovering between Rs 20-25 per kg. According to trade sources, difference between retail and wholesale price is approximately 100%-150%. This increase in price is due to less production in kharif season because of less rain this year.
- According to trade sources in Maharashtra, arrivals have decreased compared to previous year. This is due to drop in kharif onion production. This is getting reflected in the prices which are high.
- According to trade sources, delay in sowing of the crop and the subsequent low arrivals in the market has lead to rise in the prices which used to be low at this particular period of time.

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

Market	State	Avg. Prices 24 Dec- 29th Dec 2012#	Avg. Prices 17th Dec- 22nd Dec 2012#	Avg. Prices 24th Dec- 29th Dec 2011*	% Change in Price Over Prev. Week	% Change in Price Over Prev. year
Delhi	Delhi	950	1116	543	-14.87	74.95
Bangalore	Karnataka	1420	1516	1025	-6.33	39
Lasalgaon	Maharashtra	1225	1191	520	2.85	135.58
Pimpalgaon	Maharashtra	1153	1085	525	6.27	119.62
Mumbai	Maharashtra	1310	1358	618	-3.53	111.97
Hyderabad	AP	1075	1375	1000	-21.82	7.50
Jaipur	Rajasthan	990	1033	460	-4.16	115.00
Indore	MP	880	870	490	1.15	79.59

(Source: #AGRIWATCH, \* NHRDF & DCA)



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In the above table a mixed variation of prices is seen. Kharif crop is arriving in market in full swing majorly from Rajasthan, Maharashtra and Madhya Pradesh. In Lasalgaon and Pimpalgaon, average prices have increased because of higher demand and less crop this year. In Lasalgaon this year, prices are almost double compared to previous year at same time. In Delhi, prices have fallen down compared to last week because of higher arrivals which are mainly coming from Nasik, Alwar and Madhya Pradesh.

As visible from above table, this week average modal price is much higher compared to previous year at same time. The reason for increase in wholesale prices is due to lower kharif production this year because of less rainfall and water scarcity for irrigation.

## 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 price movement of onion in the benchmark of Lasalgaon mandi of Nasik. Prices have dropped down to a level of Rs 1050 level as flow of arrivals has increased in the Lasalgaon market. Prices are expected to increase ahead as Relative Strength Index (RSI) is in upward direction which indicates bullishness in market ahead. On the upper side, 1330 level is the resistance and on the lower side support is at 950 levels.

Arrivals are expected to be stable in a couple of weeks. Prices may increase ahead as of normal arrivals which may increase onion prices in markets. Export demand seems to be sluggish as prices in domestic market are more compared to export prices.

### Disclaimer

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