

Executive Summary:

- As per initial estimate, Onion crop in Maharashtra and Karnataka could be down by 35% and 25% respectively as compared to previous year due to water shortage and delay in monsoon during 2012.
- 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.
- In Lasalgaon, wholesale prices have increased despite stable arrivals; this shows good demand for Nasik side onion and less supply from other major producing region. Prices are relatively 100-200% higher when compared to last year at the same time.
- Bangladesh is facing onion shortage in local market as their locally produced onion of last year is over now and new harvest of onion is just started. Indian variety onion is available in the range of Rs. 32-36 Taka (1 Rupee=0.68 taka) which is approximately Rs. 24-25/Kg.
- As per news reports, total estimated demand of onion in Bangladesh is 1.8-2.00 million tons where as production was 1.5 million tons in 2011-12. However, Govt. is taking initiative to increase onion production and has kept target of 1.96 million tons in FY 2012-13 to make country self-sufficient.
- 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 deteriorated due to re-germination. This could lead to export demand shifting to India.

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

Market	State	Avg. Prices 5th Jan - 10th Jan 2013	Avg. Prices 29th Dec - 4th Jan Dec 2013	Avg. Prices 5th Jan - 10th Jan 2012	% Change in Price Over Prev. Week	% Change in Price Over Prev. year
Delhi	Delhi	1110	1062	550	4.52	101.82
Bangalore	Karnataka	1300	1462	750	-11.08	73.33
Lasalgaon	Maharashtra	1245	1270	360	-1.97	245.83
Pimpalgaon	Maharashtra	1265	1183	385	6.93	228.57
Mumbai	Maharashtra	1296	1300	500	-0.31	159.20
Hyderabad	AP	1475	1255	600	17.53	145.83
Jaipur	Rajasthan	1050	912	555	15.13	89.19
Indore	MP	900	900	400	0.00	125.00
Chennai	Tamilnadu	1717	1950	800	-11.95	114.63

(Source: Agriwatch, NHB)

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 lower kharif production this year because of delay in monsoon and lower planting subsequently. As per initial estimate, rabi onion crop area in Maharashtra this year is expected to be lower by 30-40% due to water shortage.

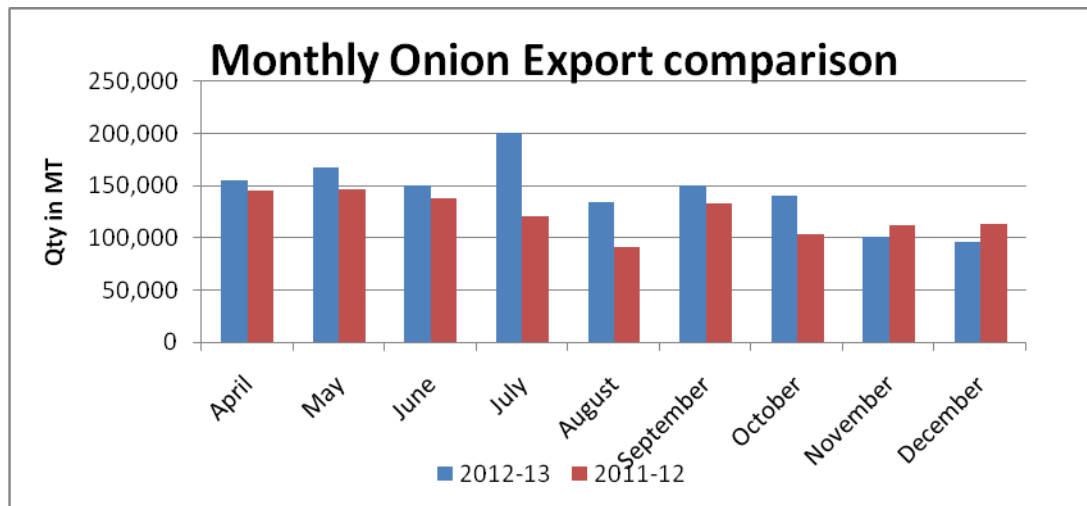


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India's onion Export:

(Source: NHRDF, Agriwatch Research)

The above graph shows month wise export of onion during 2011-12 and 2012-13 till December. This year till December total onion export is 12.95 Lakh tons where as last year at the same time total onion export was 11.04 Lakh tons. The largest importers of India onion are Bangladesh, Malaysia, Gulf Countries and Pakistan. Export for forthcoming months is likely to be low as prices in domestic market are ruling higher as compared to last year at the same time but additional demand from Bangladesh could affect the domestic prices.

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.)

14 January, 2013

The above chart shows the weekly price movement of onion in the benchmark of Lasalgaon mandi of Nasik. Prices have reached near resistance level of Rs. 1400. If this level is breached, price could inch up further by another Rs. 100-200/Qtl and could touch previous high of Rs. 1500.

Prices may increase ahead due to stable demand and expectation of lower late Kharif and Rabi crop. Export demand could be low as onions in domestic market are fetching relatively good prices as compared to export market.

Disclaimer

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