

Executive Summary:

- All India, onion arrival in month of May 2nd week is approximately 2.36% higher compared to previous week. If we compare onion arrivals in 2nd week of May on a yearly basis we observed that arrivals are 19.80% higher than last year during same time.
- In benchmark market of Lasalgaon, model prices reported Rs.1100/- per qtl which was increasing as compared to the previous days.
- Onion prices likely to go up due to shortage of supply. Onion traders expect lower production amid poor quality arrivals might support the bullish sentiment in coming days.
- In Kanpur domestic market higher Onion demand coming from Assam and West Bengal region and Bangladesh.
- All India, rabi onion storage is expected to be less this year compared to previous year because shelf life of onion have declined this year to higher content of water in onion crop which was due to unseasonal rains and hailstorms.

Weekly Wholesale and Retail Onion Prices (Rs/Qtl) in important markets across India

Center Name	Avg. Wholesale Price (12 May- 17 May) 2014	Avg. Wholesale Price (05 May- 10 May) 2014	% Change in Wholesale Price over prev. week	Avg. Retail Price (12 May- 17 May) 2014	Avg. Retail Price (05 May- 10 May) 2014	% Change in Retail Price over prev. week
BANGALORE	1258	1117	12.62	1480	1450	2.07
BHUBANESHWAR	1390	1258	10.49	1625	1520	6.91
CHENNAI	1820	1500	21.33	2360	2120	11.32
DELHI	960	875	9.71	2000	2000	Unch
JAIPUR	950	1017	-6.59	1530	1467	4.29
KOLKATA	1322	1236	6.96	2133	1940	9.97
MUMBAI	1230	1075	14.42	2000	2000	Unch
PATNA	1370	1150	19.13	2080	1800	15.56

(Source: Agriwatch, NHB)

Above table shows wholesale and retail prices of onion across different markets. Firm sentiment witnessed during the week period. Prices have increased in Chennai and Patna by 21.33% and 19.13% respectively. Prices support in the domestic market due to lower arrivals.

Prices are expected to be firm in next couple of weeks because of less storage of onion crop and less shelf life of onion in major growing regions like Maharashtra.

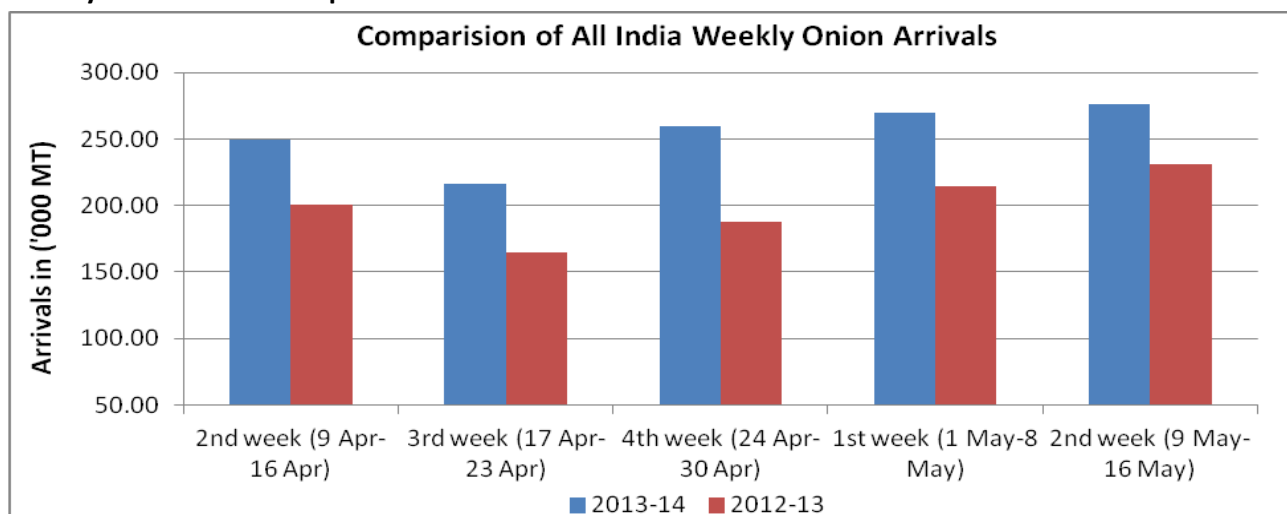
Weekly Wholesale Prices and Arrivals in producing regions:

Center Name	Avg. Wholesale Price (12 May- 17 May) 2014	Avg. Wholesale Price (05 May- 10 May) 2014	% Change in Wholesale Price over prev. week	Average Arrivals (12 May- 19 May) 2014	Average Arrivals (05 May- 10 May) 2014	% Change in Arrivals over prev. week
AHMEDNAGAR	675	833	-18.97	22000	26833	-18.01
SOLAPUR	682	750	-9.07	14900	18333	-18.73
BANGALORE	1258	1117	12.62	25200	25773	-2.22
INDORE	870	800	8.75	18260	14833	23.10
LASALGAON	911	985	-7.51	14395	16560	-13.07
PIMPALGAON	970	1050	-7.62	11000	21150	-47.99

(Source: Agriwatch)

The above table depicts the weekly difference between prices and arrivals in producing regions. Mixed variation of prices was seen because of higher arrivals in almost all the markets. Higher arrivals are because of low shelf life of onion and farmers are not able to hold the crop for longer period because of higher water content in onion crop. Prices are expected to be range bound for next few weeks and may rise after that because of less storage this year.

Weekly Onion Arrival Comparison:



(Source: Agmarknet)

The above graph depicts the week on week basis All India onion arrivals compared to last year. Rabi crop arrival in 2nd week of May is comparatively higher than previous week which has led to decline in prices. Arrivals may be higher continuously for next week as farmers have started releasing their stored crop as shelf life of onion has declined due to higher water content in onion crop. Arrivals may decline further as yield is less this year which is due to unseasonal rains.

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 price movement of onion in the benchmark of Lasalgaon mandi of Nasik. Range bound movement reported in the domestic market. On the higher side prices may find resistance at a level of Rs 1500/ quintal and on the lower side prices may find support at level of Rs 830/ quintal. Relative Strength indicator (RSI) oscillator is moving up in neutral zone which indicates prices may go up in the market.

Disclaimer

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