

ONION & POTATO

Monthly REPORT

Volume 26

Market Intelligence System

July 2014

Onion

Executive Summary

- All India, onion arrival in month of June is approximately 13% lower compared to previous month and 20% higher than last year during same time.
- As per IBIS (International Business Information System), approximately 68326 tons of processed and fresh onion has been exported in month of June 2014 compared to previous month export of 96262 tons. It includes the exports through sea routes only and do not include exports through roads.
- In Karnataka, *Kharif* sowing is in progress. So far approximately 16145 ha of area is sown against 9304 ha at this time last year. Total targeted area for *Kharif* onion is 1,32,165 ha. Major *Kharif* growing districts are Gadag, Dharwad, Bijapur, Bagalkot and Chitradurga which contributes approximately 70% of total production.
- During the month Government imposed MEP of \$300/ton which was further increased to \$500/ton to curb down the rising prices in domestic markets.
- Government has asked State governments to imposed stock limits on onion so that rising prices may bring down.
- In Benchmark market of Lasalgaon, modal prices are hovering around ₹1367/qtl compared to previous year ₹1260/qtl during June month. ■

Monthly Average Wholesale Price (₹/qtl) and Arrivals (in Quintals) Trend Comparison

Market	Avg. Prices June 2014	Avg. Prices May 2014	% Change in Prices Over Previous Month	Previous Year Avg. June (2013) Price	% Change Over Previous Year	Daily Avg. Arrivals June	Daily Avg. Arrivals May	% Change in Arrivals Over Previous Month
Delhi	1156	921	25.52	1244	-7.07	15096	29596	-48.99
Bengaluru	1866	1313	42.12	1560	19.62	24960	23810	4.83
Lasalgaon	1367	988	38.36	1260	8.49	12889	16086	-19.87
Pimplagaon	1375	1067	28.87	1254	9.65	13176	17563	-24.98
Mumbai	1825	1196	52.59	1492	22.32	16256	17304	-6.06
Pune	1759	1074	63.78	1461	20.40	9355	10013	-6.57
Jaipur	1136	981	15.80	1176	-3.40	2640	3558	-25.80
Chennai	2290	1631	40.40	1852	23.65	5012	4662	7.51
Hyderabad	913	939	-2.77	1145	-20.26	3290	5289	-37.80

Source: Agriwatch

On a month-on-month basis, prices have increased in almost all the markets except Hyderabad. Maximum prices have increased in Pune by 63.78% followed by Bengaluru and Chennai by 42% and 40% respectively.

In benchmark market of Lasalgaon market, prices have increased by 38% and 8% higher than previous month which suggest firmness in market. Arrivals were quite lower this month because farmers/traders are holding the crop to fetch higher prices in future. ■

Monthly Average Retail Price (₹/qtl) Trend Comparison

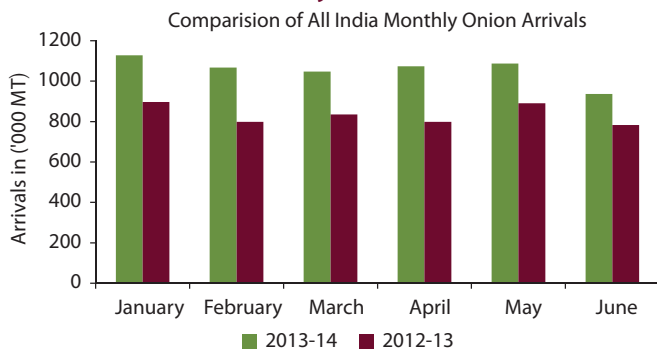
Market	State	Average Retail Price June 2014	Average Retail Price May 2014	Previous Year Avg. Retail Price- June 2013	% Change in Price Over Prev. Month	% Change in Price Over Prev. Year
Bengaluru	Karnataka	3760	1648	2228	128.16	68.76
Bhubaneswar	Odisha	2043	1619	1960	26.19	4.23
Chennai	Tamil Nadu	2968	2232	2416	32.97	22.85
Delhi	Delhi	2136	1977	1916	8.04	11.48
Guwahati	Assam	2483	2225	2142	11.60	15.92
Hyderabad	A.P.	1500	1004	1745	49.40	-14.04
Kolkata	W. Bengal	2616	2125	2356	23.11	11.04
Mumbai	Maharashtra	2394	2000	2000	19.70	19.70
Patna	Bihar	2284	1973	1852	15.76	23.33

Source: NHB

In Retail market, mixed trend of prices was seen in most of the markets. Maximum prices have increase in Bengaluru by almost 128% followed by Hyderabad and Chennai by 49% and 32% respectively.

If we compare prices on a year on year basis it is observed from above table that prices are higher than last year in most of the markets except Hyderabad. But crop has affected this year because of unseasonal rains and hailstorms thus prices are expected to remain firm. ■

All India Onion Monthly Arrivals



Source: Agmarknet

This graph shows the monthly all India arrivals. Arrivals are comparatively higher than last year in June month. Last year crop was less due to drought condition in major producing region like Maharashtra, Karnataka and Gujarat.

Arrivals may increase ahead as farmers may start releasing their onion crop in fear of crop damage as higher water content in stored onion. The other reason is low shelf life of onion this year as compared to previous years because of high water content in onion crop. ■

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 monthly price movement of onion in the benchmark of Lasalgaon mandi of Nasik. During the month of June prices touched high of ₹2200/qtl and modal prices trading at ₹1367/qtl. In last one month prices have increased by almost 38%.

On the upper side prices may find resistance at a level of ₹2600/qtl whereas long term support is ₹1500/qtl. Overall, onion prices are expected to be range bounded for next month and prices may trade between ₹1500- ₹2200/qtl. ■

Potato

Executive Summary

- In West Bengal, total storage for this year was approximately 53 lakh ton compared to previous year's 59 lakh ton. So far approximately 13 lakh potatoes have been released. Major demand is coming from North East, A.P., Bihar, Jharkhand and Tamil Nadu.
- In U.P., approximately 20 lakh potatoes have been released by June end from a total storage of 90 lakh ton. Further prices are expected to remain firm and also depend on *Kharif* crop from Hasan.
- Government has imposed Minimum Export Price (MEP) of \$450/ton to curb down rising prices in domestic market.
- In Karnataka, potato sowing has started and completed in 18148 ha of the total targeted area of 29783 ha.
- In Hasan (Karnataka), major *Kharif* potato growing region where approximately 18004 ha of area is sown of the total targeted area of 20267 ha.
- Forward Market commission (FMC) has directed MCX that no fresh positions should be allowed in July, August and September 2014 contracts of potato with immediate effect from June 18, 2014. Also, 25% special (Cash) margin is imposed on long (Buy) side for all contracts of potato with effect from June 23, 2014 as to curb down rising prices. ■

Monthly Wholesale Price Trend in different Producing & Consuming Centers

Market	June 2014 Avg. Wholesale Price (₹/qtl)- (Fresh Potato)	May 2014 Avg. Wholesale Price (₹/qtl)- (Fresh Potato)	June 2013 Avg. Wholesale Price (₹/qtl)	Absolute Change Over Prev. Month (₹/qtl)	% Change Over Prev. Month	% Change Over Prev. Year
Delhi	1419	1316	899	103	7.83	57.84
Khandauli (Agra)	1504	1397	839	107	7.66	79.26
Farrukhabad	1349	1277	815	72	5.64	65.52
Ludhiana	1294	980	800	314	32.04	61.75
Kolkata	1431	1344	843	87	6.47	69.75
Jaipur	1326	1127	804	199	17.66	64.93
Mumbai	1776	1655	1188	121	7.31	49.49
Bengaluru	1900	1785	1442	115	6.44	31.76
Tarkeshwar	1386	1347	785	39	2.90	76.56

Source: Agriwatch, NHB

The above table shows the monthly average prices and corresponding change in major markets. Prices have increased in almost all the markets. Maximum prices have increased in Ludhiana by 32% followed by Jaipur and Delhi by 17.66% and 7.83% respectively.

If we compare the prices with previous year during same time it is observed that prices are comparatively higher than last year because of less storage in cold storages of major producing regions. Prices are getting support because of this lower storage of potato crop and may expect to remain firm ahead. ■

Monthly Retail Price (₹/qtl) and Arrivals (Tons) Trend in Different Consuming Centers

Market	Average Retail Price- June 2014 (Fresh Crop)	Average Retail Price- May 2014 (Fresh Crop)	Previous Year Avg. Retail Price- June 2013	% Change in Price Over Prev. Month	% Change in Price Over Prev. Year	Total Arrivals in June 2014 (in qtl)#	Total Arrivals in May 2014 (in qtl)#	Total Arrivals in June 2013 (in qtl)#
Bengaluru	2884	2336	2096	23.46	37.60	227550	191650	278380
Chennai	3008	2848	2400	5.62	25.33	47850	58600	56400
Delhi	2058	1909	1344	7.81	53.13	361400	470000	481600
Guwahati	2083	1950	1358	6.82	53.39	47900	36901	39600
Hyderabad	1920	1900	2560	1.05	-25.00	19920	14440	19020
Mumbai	2489	2404	2008	3.54	23.95	258750	249050	294150
Ranchi	1767	1712	1179	3.21	49.87	52650	52800	58570

Source: NHB, #Agriwatch

Retail prices have increased in almost all the markets due to less storage of potato crop in cold storages and crop loss in major producing regions.

If we compare on a year on year basis prices are comparatively higher than last year because of less production estimate this year compared to previous year. But in Hyderabad, prices are less by approximately 25%. ■

Potato storage Comparison in Major States

States	2014 Total Storage (Lakh Ton)	2014 June End Release from Cold Storages (Lakh Ton)	2013 Total Storage (Lakh Ton)	2013 June End Release from Cold Storages (Lakh Ton)
U.P.	90	20	100	22
West Bengal	53	13	59	15
Bihar	19	5	34	10

Source: Trade Sources

The above table shows the cold storage situation compared to previous year in major producing regions. This year storage is less because of crop damage at later in U.P. and West Bengal due to heavy rains and late blight disease respectively. Due to this less storage, potato prices are expected to remain firm throughout season. ■

Technical Analysis Potato Spot Market (Khandauli, Agra)



Note: Each bar or "candle" in the chart shows the price movement in a particular month. The blue candle signifies prices increased and red candle signifies prices decreased in that month. The length of the "candle" shows the upper and lower end of the price range for the week.

The above chart shows the monthly price movement of potato for Agra (Khandauli) market. Modal prices are trading above ₹1504/qtl. On the higher side prices may find resistance at a level of 1900/qtl and on the lower side prices may find support at a level of ₹1200/qtl. Relative Strength Indicator (RSI) oscillator is hovering upward in neutral zone which suggest that prices may be firm for this month. Fibonacci retracement shows that prices may remain firm and range bounded between ₹1400- ₹1900/qtl in coming months. ■

Monthly Potato Futures (Agra Delivery) Analysis

Exchange	Expiry Date	Closing Price on 30th June 2014	Closing Price on 31st May 2013	% Change in Price Over Previous Month	Open Interest as on 30th June 2014	Open Interest as on 31st May 2013	Change in Open Interest
MCX	30-Jun-14	1264.7	1316.7	-52	45	23085	-23040
MCX	31-Jul-14	1293.1	1345.4	-52.3	10800	20475	-9675
MCX	28-Aug-14	1299.9	1387.7	-87.8	3270	2925	2925
MCX	30-Sep-14	1308	1402.4	-94.4	900	1395	-495

Source: MCX

The above table shows the monthly price change of different month contract in MCX exchange. Prices have increased in almost all the contracts. In June month price and open interest are decreasing which suggest long liquidation by market participants. In MCX, July, August and September month contract, prices are decreasing and open interest is increasing which suggest market participants are building short positions. ■

DISCLAIMER

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