

14 January, 2013

Executive Summary:

- Potato futures at MCX have increased by 12-18% in different expiry during the week under review due to news of crop damage in UP and Punjab regions because of “Pala” (ice fall) and foggy weather.
- As per market sources, recent ice fall could affect the late sown crop in Agra (UP) which is approximately 25-30% of total crop. As per current conditions and preliminary estimate, 4-5% damage could be possible in UP region. However, picture will be clearer with the time.
- As per traders estimate, this year area under potato in West Bengal is higher by 6-7% from previous year and last year production shortfall could be make up again this year. Last year production was 85 Lakh ton as compared to 95-100 Lakh tons normal production.
- Farm gate prices of fresh potato in UP and Punjab regions are Rs. 500-550/Qtl. Traders expect, this year prices should not fall much from this level as production cost has gone up by 30-40% as compared to previous year due to higher fertilizer, labour and other input cost. Prices during the same time last year were prevailing in the range of Rs. 250-300/Qtl.
- Cold store potato is still coming from Sirsaganj region of UP and are supplied to Karnataka and Tamil Nadu region at ex-cold store price of Rs. 900-1000/Qtl

Weekly Wholesale Potato Prices Analysis for 6th Jan 2013 – 11th Jan 2013

Market	State	Avg. Prices 5th Jan -11th Jan 2013#	Avg. Prices 31st Dec - 4 th Jan 2013#	Prices on 13/01/2012 (Last Year)*	% Change over Prev. Week	% Change over Last Year
Delhi	Delhi	560	554	380	1.08	47.37
Agra	UP	544	562.5	200	-3.29	172.00
Kanpur	UP	660	600	325	10.00	103.08
Farrukhabad	UP	480	435	250	10.34	92.00
Kolkata	W. Bengal	880	900	440	-2.22	100.00
Ludhiana	Punjab	462	472	225	-2.12	105.33
Indore	MP	783	780	400	0.38	95.75
Mumbai	Maharashtra	1300	1290	650	0.78	100.00
Bangalore	Karnataka	1408	1640	950	-14.15	48.21
Ahmedabad	Gujarat	956	1035	500	-7.63	91.20
Hyderabad	AP	1065	1065	500	0.00	113.00
Chennai	Tamil Nadu	2000	1900	900	5.26	122.22

(Source: #AGRIWATCH,* DCA)

The above table shows the weekly wholesale price variation across different markets in the country. Prices have marginally increased in northern cities due to severe cold which impacted the harvesting and transportation. Again, there is news in the market that this severe cold could affect the growth of potato

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size. Wholesale prices in Bangalore, Hyderabad, Mumbai and Chennai are still ruling above Rs. 1000/Qtl due to their dependence on supply from Punjab and UP during this time.

Weekly Retail Potato Prices Analysis for 6th Jan – 11th January 2013:

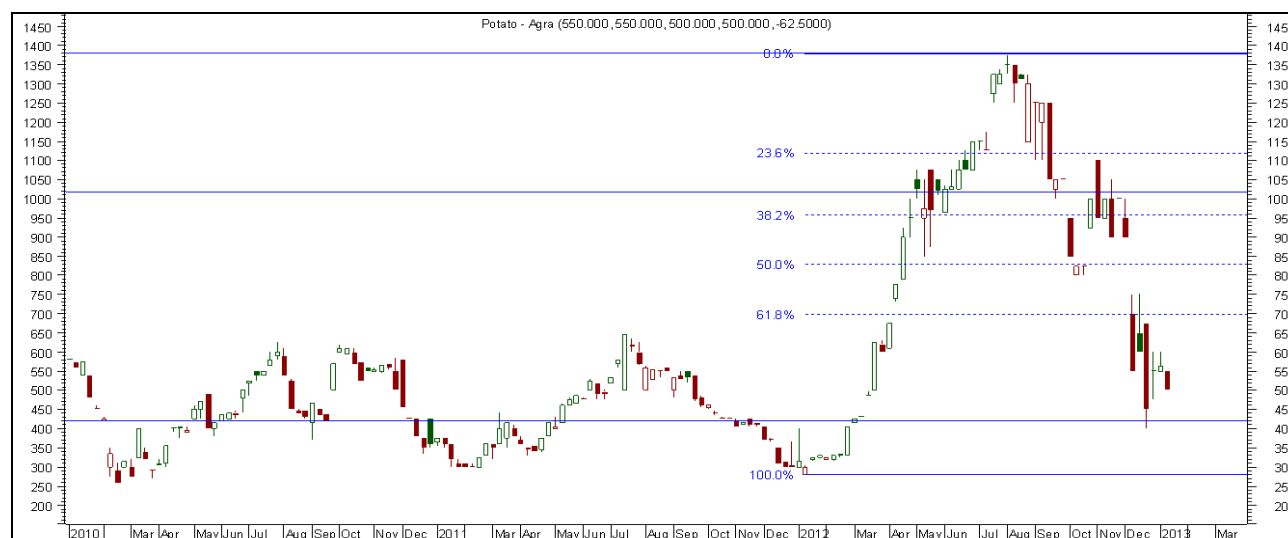
(Price in Rs/Qtl)

Market	State	Retail price as on 11/01/2013	Prices one week ago- 05/01/2013	Price one year ago- 13/01/2012	% Change in Price Over Prev. Week	% Change in Price Over Prev. year
Bangalore	Karnataka	1900	2000	1500	-5.00	26.67
Bhubaneswar	Odisha	1150	1350	800	-14.81	43.75
Chennai	Tamilnadu	2400	2400	1600	0.00	50.00
Delhi	Delhi	1200	1200	800	0.00	50.00
Guwahati	Assam	1200	1200	800	0.00	50.00
Hyderabad	Andhra Pradesh	1800	2000	900	-10.00	100.00
Kolkata	W. Bengal	1000	1200	650	-16.67	53.85
Mumbai	Maharashtra	2000	2000	1000	0.00	100.00
Patna	Bihar	1200	1200	1000	0.00	20.00

(Source: NHB, DCA)

Wholesale and Retail prices in across different cities are higher by 50-60% when compared to previous year price during the same time. Week on week, there is no major changes in prices except in Bhubaneswar and Kolkata where prices have come down by 15-17% as local arrivals from the state has started. Prices are expected to come down further in Kolkata and eastern states with harvesting gain momentum in West Bengal.

Technical Analysis – Weekly Spot Price Chart of Potato- Agra



(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.)

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The above chart shows the weekly price movement of Potato prices in spot market of Agra. In Agra, prices are trading near Rs 550 level as arrivals of fresh crop has started in different parts of the country. Prices have retraced more than 61.8% from its previous year high of Rs. 1400. On lower side, prices would find support near 425 level and on upper side Rs. 700-750 will be strong resistance zone for coming weeks

However, in futures markets potato prices are trading above Rs. 800/Qtl. The March contract last week closed at Rs. 826, up by Rs. 85/Qtl as compared to previous week. The below table shows the potato futures data:

MCX- Potato Futures Weekly Analysis: (6th-11th Jan 2013)

Symbol	Delivery Center	Expiry Date	Weekly Close Price	Previous Week Close Price	Net Change	This Week Open Interest	Previous Week Open Interest	Change in Open Interest
POTATO	AGRA	15-Mar-13	826	740.6	85.4	20700	20010	690
POTATO	AGRA	15-Apr-13	828.4	695.5	132.9	13170	11490	1680
POTATO	AGRA	15-May-12	842.7	692.6	150.1	25110	23380	1730
				Total		58980	54880	4100

(Source: MCX)

In futures market, prices have increased by 12-18% in one week. Open interest have also increased suggesting buy positions build up in the market. April and May contract are trading at premium to March contract indicating firmness in the market and expected to rise further in coming days.

Disclaimer

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