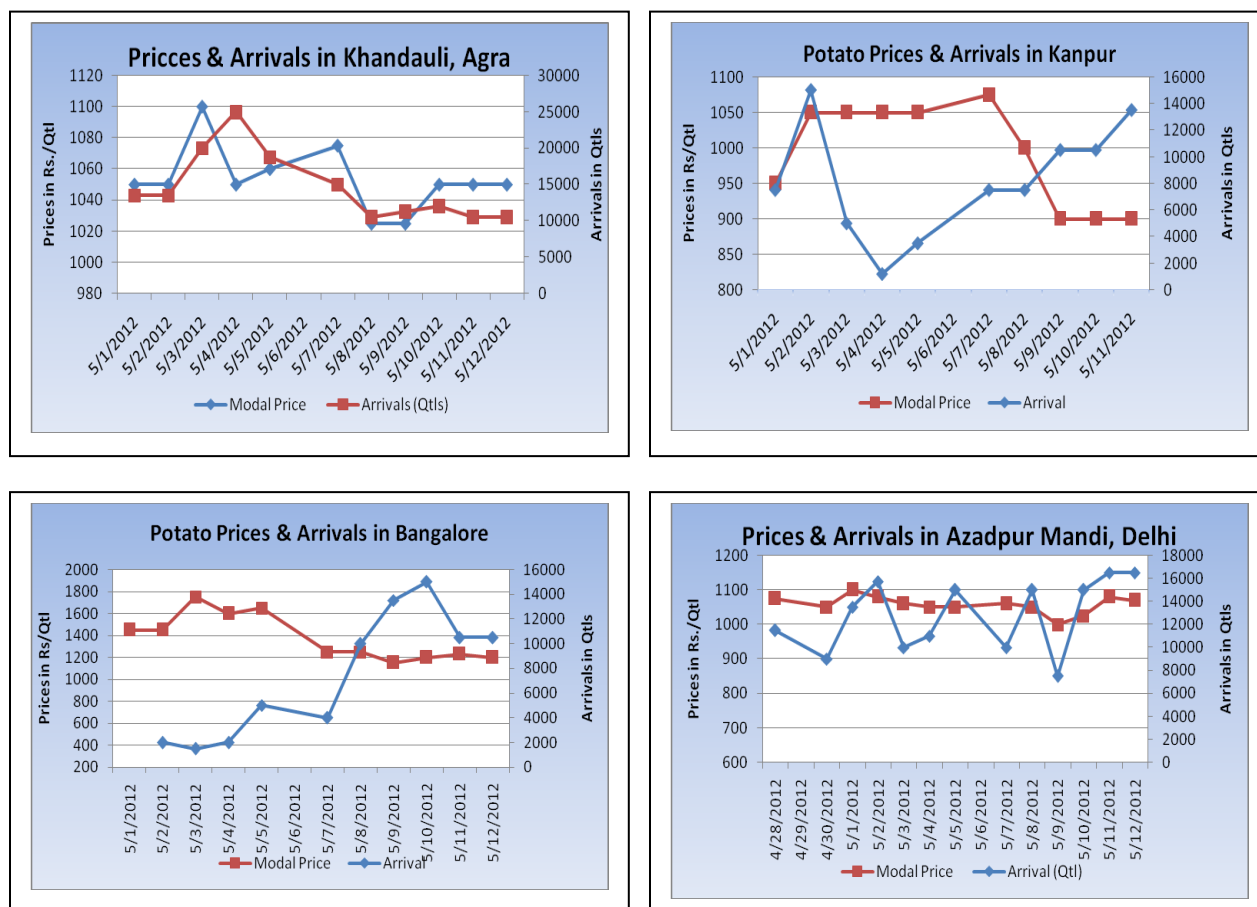


Executive Summary:

- The pace of increase in potato prices has reduced in most of the states due to increased supply from cold stores in UP and West Bengal.
- Cold stores of Burdwan and Newjalpaiguri regions of West Bengal are expected to open by 20th May.
- On the NCDEX and MCX platforms also prices have corrected by Rs. 4-10%/Qtl in the last one week in various expiry months. In the far month expiry contracts, fresh selling is seen which indicates that market participants have a bearish outlook for the coming week.
- Cold store rates in various markets of Bihar are trading between Rs. 1050-1100/Qtl. As per market sources, potato in these regions were procured and stored in the range of Rs 600-700/Qtl. On an average, storage cost in this region comes out to Rs 250-300/qtl including all expenses like cold store rent, storage loss and loading & unloading. So farmers and stockiest are waiting for higher prices to make some profit.
- As per information from traders, potato sowing could be delayed in the Ooty region of Karnataka due to insufficient rain.

Potato Prices & Arrivals trend in Producing and Consumption Centers



(Source: Agriwatch)

Outlook

Potato prices are likely to be stable with a downward bias in the upcoming week due to increasing supply from cold stores in West Bengal and Bihar regions. However, in most of the producing regions, farmers are waiting for price of Rs. 1200/qtl before they start their release of stocks in the market.

State wise Weekly Wholesale Potato Price Analysis for 2nd Week of May 2012:

State	Prices 09-15 May 2012	Prices 01-08 May 2012	Prices 24-30 Apr 2012	Prices 09-15 May 2011	% Change (Over Prev Week)	% Change (Over Prev to Prev Week)	% Change (Over Prev Year)
Andhra Pradesh	1103.04	1058.37	1081.65	781.13	4.22	1.98	41.21
Assam	1083.15	1094.66	987.02	865.26	-1.05	9.74	25.18
Gujarat	988.75	1005.18	1015.55	709.38	-1.63	-2.64	39.38
Haryana	908.13	827.02	823.17	427.07	9.81	10.32	112.64
Himachal Pradesh	1041.66	1031.59	995.54	472.39	0.98	4.63	120.51
J & K	1154.26	1080.38	1050.25	479.81	6.84	9.9	140.57
Jharkhand	1073.19	928.18	867.92	646.99	15.62	23.65	65.87
Karnataka	1369.86	1335.75	1127.34	830.69	2.55	21.51	64.91
Kerala	1911.26	1746.97	1684.73	1421.09	9.4	13.45	34.49
Madhya Pradesh	761.24	730.05	714.16	625.87	4.27	6.59	21.63
Maharashtra	1211.95	1178.65	1185.4	784.41	2.83	2.24	54.5
NCT of Delhi	1027.7	1031.52	996.34	525.93	-0.37	3.15	95.41
Orissa	1077.51	1117.33	1053.92	737.83	-3.56	2.24	46.04
Punjab	781.2	787.82	664.77	879.99	-0.84	17.51	-11.23
Rajasthan	914.77	925.42	887.57	480.07	-1.15	3.06	90.55
Uttar Pradesh	944.61	919.83	842.54	435.44	2.69	12.11	116.93
West Bengal	1022.38	965.73	879.94	621.37	5.87	16.19	64.54

(Source: AGMARKNET)

While prices in most of the states have increased this week also, the pace of increase has reduced in these states. In fact, more number of states has reported price decrease this week as compared to previous week due to cold store supply. With the opening of more cold stores during May end in states like Bihar and West Bengal, supply could increase and prices are likely to be in check.

Technical Analysis of Candlestick Price Chart - Potato- Agra Centre (Weekly Chart)

Potato prices in Agra Mandi are facing resistance due to regular supply from cold stores. As depicted in the chart below, prices were not able to surpass the previous high of Rs. 1100 in this week and on the contrary, prices closed in the red - down by Rs 50/qtl. However it managed to close above its 4-day exponential

moving average (rising blue curve) which suggests there is still some strength in the current uptrend. But Relative Strength Index (RSI) curve (red line in the bottom panel of the chart) has started to decline from the over-bought zone which indicates prices could fall in coming week. There is strong support in the range of Rs 800-850/Qtl which will be difficult to breach in the next week. Farmers are advised to off-load some quantity if their produce fetches Rs 1000 this week as a short-term correction (decline) in prices is expected in the coming week.



(Source: Agriwatch Research)

(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.)

Potato Futures Weekly Analysis: (Week Closing 12th May)

Exchange	Delivery Center	Expiry	Weekly Closing	Prev. Week Close	Change		Open Interest (OI)	Prev. week OI	Change in OI
			Rs/Qtl	Rs/Qtl	Rs/Qtl	in %	(in MT)	(in MT)	(in MT)
MCX	Agra	15-May	1085	1119.2	-34.2	-3.06	3090	13080	-9990
MCX	Agra	15-Jun	1108	1188.4	-80.4	-6.77	17280	22050	-4770
MCX	Agra	14-Jul	1173	1276.2	-103.2	-8.09	10650	8700	1950
MCX	Tarkeshwar	15-May	904	939.8	-35.8	-3.81	3900	6780	-2880
MCX	Tarkeshwar	15-Jun	957	995.6	-38.6	-3.88	10500	11670	-1170
MCX	Tarkeshwar	14-Jul	1003.7	1040.7	-37	-3.56	4530	3540	990
NCDEX	Agra	18-May	945	1056.6	-111.6	-10.56	2820	6525	-3705
NCDEX	Agra	20-Jun	1033.5	1103.6	-70.1	-6.35	4590	3900	690
NCDEX	Agra	20-Jul	1118.3	1187.6	-69.3	-5.84	1875	1815	60

(Source: NCDEX, MCX)

Long liquidation was seen in the week ended 12th May in the near month contracts of Agra and Tarkeshwar centre on the MCX and NCDEX platform as visible from falling prices and falling Open Interest. Long liquidation means that speculators who had bought forward positions sold off their positions in the face of a falling market. As expected, Open interest in May-Agra contract of MCX and NCDEX fell sharply as it is

approaching expiry. Usually there would be a corresponding increase in the Open Interest in the next expiry month as participants roll their positions forward. However, even the June contract saw a decline in Open Interest of around 25%, which coupled with a 6.8% decline in June prices indicates that speculators who had bought are selling off to avoid further losses.

At the same time, a build up in short positions is seen in July contracts in MCX and NCDEX which indicates market participants are expecting decrease in prices this month. Short selling indicates that market participants are betting that prices will decline and that they consider that prices are too high at present. Positions of July month need to be tracked in coming week for further signals from the futures market.

Disclaimer

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