

**Executive Summary:**

- Potato prices have increased by Rs 15-40/qtl in almost all cities during the week under review.
- As per trade sources, 8-9% of potato from West Bengal, 12-15% from UP and 5% from Gujarat cold stores have been released in the market so far.
- In Samastipur of Bihar, cold stores have opened a month advance and around 10% of potato has been released in the market.
- In Jalandhar, supply of fresh potato is almost over and around 20% of cold store potato has also been released in the market.
- As per traders' information, potato prices could rise in northern India due to additional demand during marriage season in June and monsoon season demand.
- Potato supply from UP region is likely to increase to Bangalore as the spread between Agra and Bangalore price is increasing. Earlier the spread was Rs. 300/qtl and now the difference has increased further to around Rs. 400/qtl.
- On the futures market, prices are falling on a week-on-week basis as market participants expect futures rates are too high and should align with spot market prices.

**Market wise Weekly Wholesale Potato Price Analysis for 4th Week of May 2012:**

Market	State	Avg. Prices 28-02 June 2012	Avg. Prices 21-26 May 2012	Avg. Prices 14-19 May 2012	% Change over prev. Week	% Change over prev. to prev. Week
Delhi	Delhi	1175	1140	1075	3.07	9.30
Agra	UP	1022	1015	1036	0.69	-1.35
Kanpur	UP	1058	1037	1045	2.03	1.24
Farrukhabad	UP	995	950	990	4.74	0.51
Hathras	UP	1041	1045	1029	-0.38	1.17
Burdwan	W. Bengal	1005	1012	991	-0.69	1.41
Tarkeshwar	W. Bengal	1040	1039	1013	0.10	2.67
Ludhiana	Punjab	834	854	845	-2.34	-1.30
Amritsar	Punjab	1137	1033	980	10.07	16.02
Indore	MP	792	800	750	-1.00	5.60
Mumbai	Maharashtra	1250	1260	1287	-0.79	-2.87
Bangalore	Karnataka	1420	1387	1287	2.38	10.33
Ahmedabad	Gujarat	958	940	948	1.91	1.05
Purnea	Bihar	990	988	1067	0.20	-7.22
Bhubaneswar	Orissa	1094	1081	1063	1.20	2.92

(Source: Agriwatch)

As seen from the table, potato prices which were down in Purnea and Agra two weeks ago have increased marginally during the week under review due to restricted supply from farmers and stockists. Prices have increased in almost all mandis during the week except in Indore, Ludhiana, Mumbai and Burdwan where the decrease in prices is very marginal. Most markets saw an increase of 1-4% except Amritsar, where the price increased 10% in the week under review. Prices in Bangalore have increased in back-to back weeks due to lower supply from Agra region. Now prices in Bangalore have reached nearly Rs 1400/qtl and hence it is likely that supply from UP to Bangalore might increase due to the price differential of almost Rs 400/qtl.

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



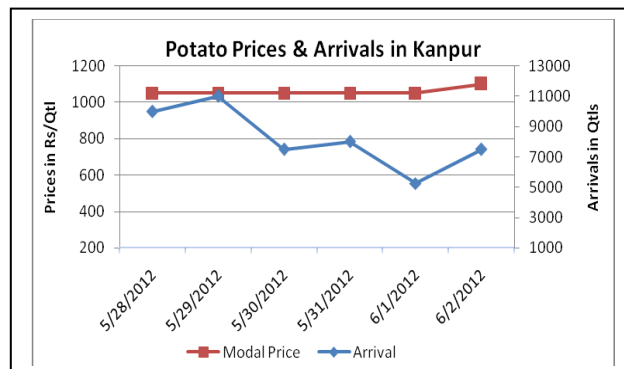
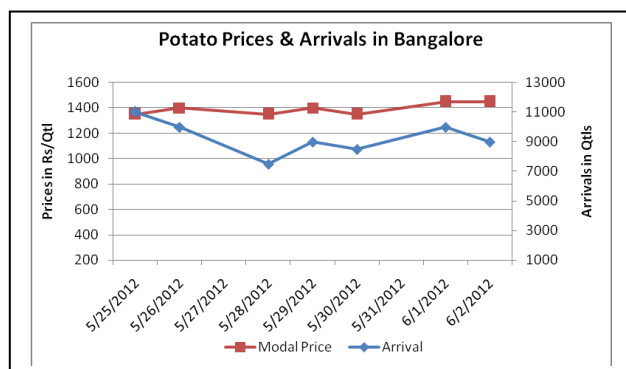
(Source: Agriwatch Research)

(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.)

As seen from the technical chart, spot prices in Agra almost touched the support level of Rs 950 shown in the chart and rebounded to trade higher the rest of the week. After falling below the 4-week exponential moving average early in the week, prices recovered to close well above the moving average, indicating good demand in physical market and lower supply in the market. On the higher side, prices are still likely to face some stiff resistance at the resistance level of Rs. 1080-1100 drawn on the chart.

We expect that prices are likely to test the resistance level of Rs 1080-1100 during the coming week. However, given the strength of this resistance level which has held firm for the last 5 weeks, we don't expect prices to surpass the resistance level in the upcoming week. Prices are consolidating in the range of Rs 950-1080 and waiting for some trigger before it starts rising again. However, for the coming week, farmers would be well advised to release their stocks whenever the prices approach near the Rs 1080-1100 level.

## Daily Prices and Arrivals Trend in Consuming and Producing Centers:



(Source: Agriwatch)

## Potato Futures Weekly Analysis: (Week Ending 2nd June, 2012)

Exchange	Delivery Center	Expiry	Weekly Closing	Prev. Week Close	Change		Open Interest	Prev. week OI	Change in OI
			Rs/Qtl	Rs/Qtl	Rs/Qtl	in %	(in MT)	(in MT)	(in MT)
MCX	Agra	15-Jun	1065.9	1084	-18.1	-1.67	10620	14880	-4260
MCX	Agra	14-Jul	1107.1	1134.7	-27.6	-2.43	12450	12360	90
MCX	Tarkeshwar	15-Jun	925.9	928.6	-2.7	-0.29	7980	7500	480
MCX	Tarkeshwar	14-Jul	962.3	971.9	-9.6	-0.99	4530	5010	-480
NCDEX	Agra	20-Jun	975.4	1013	-37.6	-3.71	2895	4500	-1605
NCDEX	Agra	20-Jul	1041.8	1078.6	-36.8	-3.41	2775	2655	120
NCDEX	Agra	20-Aug	1086.4	1115.9	-29.5	-2.64	2505	2445	60
NCDEX	Agra	20-Sep	1160.4	1174	-13.6	-1.16	3045	2745	300

(Source: NCDEX, MCX)

As visible in the table above, prices have fallen across all expiry months on a week-on-week basis. Highest fall in open interest was seen in near month contracts of June-Agra delivery both in MCX and NCDEX platform. It seems market participants do not expect increase in price in June. At the same time, the far month contracts have also seen short position build-up through decrease in price and increase in open interest. Short build-up means speculators/traders are selling future contracts in advance to buy-back in future when the price declines and thus make a profit. As discussed in the previous 2-3 weeks, short selling is being seen in the futures market. It seems market participants feel that futures prices are still high and are betting that price will decline till the spread between spot and future price became normal.

There is no sign of long build-up yet which means that traders are either not confident of price increase in the near future or they might be waiting for prices to come down more before they start creating buy (long) positions in futures contracts. Thus futures markets are likely to trade with a sideways with a weak bias during the upcoming week.

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