

Executive Summary:

- Mixed trend was seen in potato prices in major trading centers across India. Prices eased in Delhi, Agra, Amritsar, Bhubaneswar and Bangalore week-on-week while it increased in the remaining regions.
- Release of cold store potato in UP has resulted in higher arrivals, both in Agra and Delhi.
- In Amritsar, demand was seen weak. With subsequent release of stocks, potato prices softened.
- At other major trading centers, prices featured marginal increase on stable demand. Growers/stockiest in other major centers of UP are not seen in a hurry to liquidate cold store potatoes in anticipation of better prices with the onset of active monsoon.
- Demand from Bengal, Bihar and South Indian states were seen higher week-on-week.

Market wise Weekly Wholesale Potato Price Analysis for 3rd Week of May 2012:

Market	State	Avg.Prices 11-16 June	Avg. prices 4-9 June 2012	Avg. Prices 11- 16May 2012	% Change over prev Week	% Change over prev month
Delhi	Delhi	1110	1166.6	1060	-4.85	4.72
Agra	UP	995	1066.6	1000	-6.71	-0.50
Kanpur	UP	1070	1050	990	1.90	8.08
Farrukhabad	UP	1070	1008.3	1000	6.12	7.00
Hathras	UP	1120	1062.5	1040	5.41	7.69
Burdwan	W. Bengal	1073	1041.6	986	3.01	8.82
Tarkeshwar	W. Bengal	1085	1055.8	1010	2.77	7.43
Ludhiana	Punjab	930	918.3	840	1.27	10.71
Amritsar	Punjab	800	920	890	-13.04	-10.11
Indore	MP	800	800	770	0.00	3.90
Mumbai	Maharashtra	1250	1266.6	1260	-1.31	-0.79
Bangalore	Karnataka	1443	1445.8	1251	-0.19	15.35
Ahemdabad	Gujarat	1040	1025	938	1.46	10.87
Purnea	Bihar	1050	1033.3	1101	1.62	-4.63
Bhubaneshwar	Orissa	1050	1095	1035	-4.11	1.45

(Source: Agriwatch)

Potato prices in Agra, Delhi, Amritsar, Bhubaneswar, Mumbai and Bangalore softened during the week under review. Supply from Agra and Punjab increased, resulting in better arrivals in Delhi and NCR region. However supplies from cold storages in other major centers were lower week-on-week, lending support to the prices. Relative gain in prices was maximum in Farrukhabad region where most of the stockiest/growers were not keen to sell cold stored potato stocks which resulted in lower supply.

Maximum decline in potato prices was seen in Amritsar due to higher supply and relatively lower off-take. This resulted in a marked decline of over 13% in potato prices in Amritsar during the week. It is interesting to note that the price difference between Delhi and Amritsar is almost Rs 247/Qtl which is on the higher side. Considering the freight charges of Rs 60-80/Qtl, it would be quite profitable to bring potato from Amritsar to Delhi with a gain of Rs 167/Qtl. This indicates a fair possibility that potato from Amritsar region might start coming to Delhi in the near term, keeping in view the price advantage.

Similarly price differential between Mumbai and Indore is Rs 450/Qtl and subtracting the transportation cost of Rs 80/Qtl the net realization would be Rs 370 a quintal. This again indicates a good probability that potato from Indore region would start coming to Mumbai market taking the advantage of the price differential.

Current Market Dynamics:

- In Hassan (Karnataka), Kharif sowing has started but only 37% of sowing has been done so far due to deficit rainfall. As per feedback from traders, if sowing is further delayed, the prices could go up to Rs 1500-1600 per quintal.
- In Delhi's Azadpur market, potato from Haldwani (Uttarakhand) is fetching the highest prices of Rs 17-21/kg which is a premium of 45% over other varieties of potato available in the market.
- Sales of cold store potato from Agra increased by 40% as compared to last week due to remunerative prices. Sales have increased from 350 bags per day to around 500 bags per day.
- In Hathras (U.P), growers are holding potato and only 5% of potatoes have been released in the market. Demand for potato from UP is steady to firm and Pune, Bangalore and other South Indian states are the major buyers. Trade source indicate prices are likely to increase in the near term on lower availability in the region. Production in the region is estimated to be lower by 20% y-o-y.
- 'Deva Aloo' variety will start coming from Barabanki region of UP to the Delhi market in the next 4-5 days. It fetched a premium of Rs 5-6 /kg over other varieties.

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



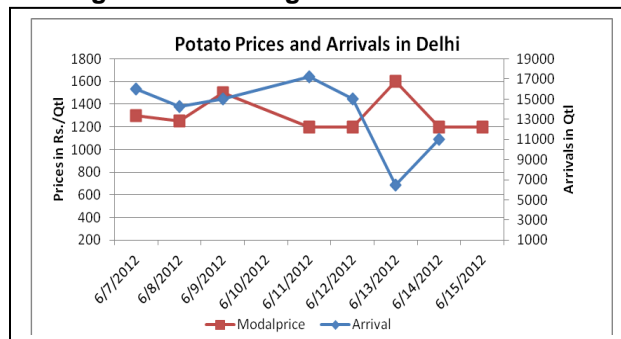
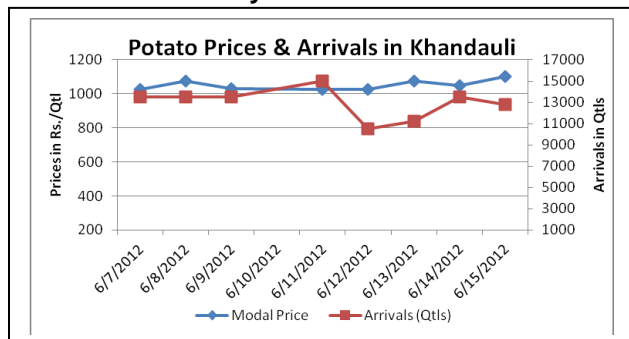
(Source: Agriwatch Research)

(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.)

Weekly continuous chart of MCX potato indicates sideways trade for the last 7-8 weeks and sustaining at higher levels. A "Flag formation" by the candlesticks on the charts depicts bullish picture. Prices are expected to increase during the coming couple of weeks.

However, a short term correction is possible and 1055 would act as a strong support in any near term decline. We expect a marginal correction towards its key support followed by a marked upward move to test its resistance level of Rs 1145. If prices breach this resistance of 1145 and sustain above it for 2 days, it could lead to a fresh upward move in prices.

Daily Prices and Arrivals Trend in Consuming and Producing Centers:



(Source: Agriwatch)



Small Farmers'
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Potato prices at Khandauli (producing region) remained steady through the week, with marginal increase towards the weekend. Meanwhile, arrivals were seen declining during the period supporting the prices. Lower potato arrivals week-on-week supported the prices at Khandauli. Stockists are holding back cold store potato which led to relatively lower arrivals.

Meanwhile potato prices at Delhi featured volatile movement backed by marked variation in arrivals. Potato prices at Delhi displayed a close “inverse correlation” with the arrivals. Moving forward, we expect arrivals till the onset of monsoon may improve marginally. However, with the onset of active rainfall over the region we expect further decline in arrivals which could cause spot market potato prices to firm up.

Potato Futures Weekly Analysis: (Week Ending: 16 June 2012)

Exchange	Delivery Center	Expiry	Prices (June 16)	Prices (June 9)	Price Change		Open Interest (Jun 16)	Open Interest (Jun 9)	Change in Open Interest
			Rs/Qtl	Rs/Qtl	Rs/Qtl	in%	(in MT)	(in MT)	(in MT)
MCX	Agra	14-Jul	1131	1108.9	22.1	1.99	18030	14100	3930
MCX	Agra	14-Aug	1197	1177.3	19.7	1.67	15900	8760	7140
MCX	Tarkeshwar	14-Jul	985.6	966	19.6	2.03	5850	5370	480
MCX	Tarkeshwar	14-Aug	1027.8	999	28.8	2.88	3810	2670	1140
NCDEX	Agra	20-Jun	1013.8	991	22.8	2.30	1290	1440	-150
NCDEX	Agra	20-Jul	1085.1	1058.8	26.3	2.48	4155	3630	525
NCDEX	Agra	20-Aug	1136.1	1102.1	34	3.09	3015	2625	390
NCDEX	Agra	20-Sep	1191.1	1156.2	34.9	3.02	3105	3000	105

Source: NCDEX, MCX)

Both prices and open interest increased across contracts in the futures exchanges on a week-on-week basis. The increase of prices along with open interest indicates that new long (buy) positions are building up in most of the contracts. It indicates that traders are showing renewed buying interest in potato, which in turn points to bullishness or upward movement in prices in the near term. All in all, prices are likely to start rising in the near future and move up to higher levels than the recent range of Rs 1050-1,150.

Disclaimer

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