

Executive Summary:

- West Bengal Government has started to sell potato to ration card holders. Each card holder will get 2 kg of potato daily at Rs. 12/Kg. This move is taken after retail prices have crossed Rs. 15/Kg in the potato producing state. As per a trader in Tarkeshwar (West Bengal), usually 20% of potatoes are released by now whereas this year 25-27% potatoes are already released in the market and wholesale prices are trading near Rs. 1200/Qtl.
- As per news reports, traders in Bhubaneswar are hoarding the potatoes in expectation of high prices in coming weeks. State administration has given strict instruction against it and will impose heavy fine if anyone is found indulging in these activities.
- In Bangalore, 80% of potato is coming from U.P whereas rest is coming from Indore and local areas. As per a trader, arrivals have decreased by 25% as compared to 1st week of last month. The reason he quoted is lower release from cold storages in expectation of high prices in coming days.
- As per cold store owners of Agra, so far 22-25% of potatoes have been released from Agra in the market and further demand is expected to increase from different states as green vegetables became costly after rain and more potato will be used for mixing purpose while cooking.
- Under "Farmferry" service of National Horticulture Mission (NHM), potatoes were carried through train from Agra to Vashi mandi of Mumbai. The cost of transportation was less in train and potatoes quality remains better than road transport. This facility could be extended to other cities as per the interest of traders and farmers.

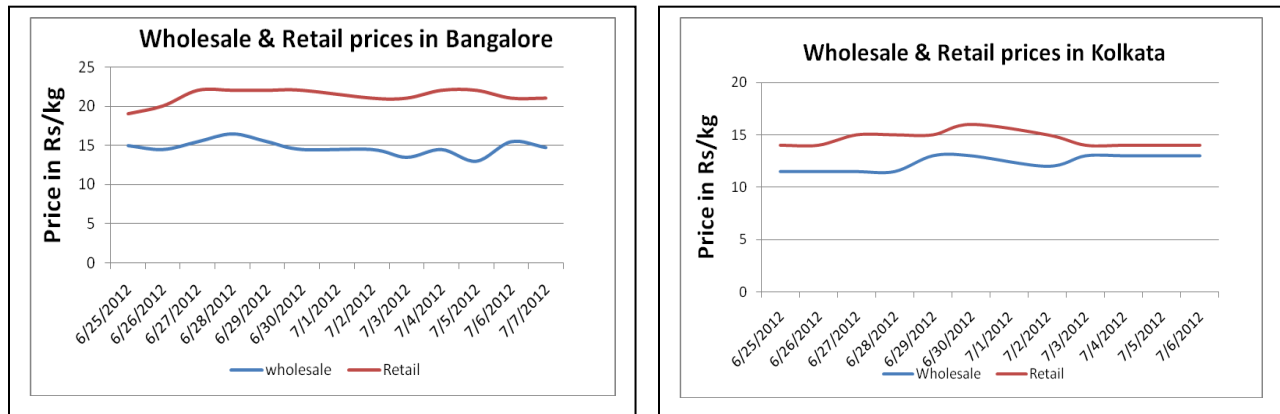
Market-wise Weekly Wholesale Potato Prices for 1st Week of July 2012:

Market	State	Avg. Prices 2-7 July 2012	Avg. Prices 25-30 June 2012	Avg. Prices 18-23 June 2012	% Change over prev. week	% Change over prev. to prev. week
Delhi	Delhi	1142	1144	1163	-0.17	-1.81
Agra	UP	1136	1119	959	1.52	18.46
Kanpur	UP	1109	1013	959	9.48	15.64
Farrukhabad	UP	1105	1109	1046	-0.36	5.64
Hathras	UP	1109	1109	1117	0.00	-0.72
Burdwan	W. Bengal	1183	1207	1137	-1.99	4.05
Tarkeshwar	W. Bengal	1205	1222	1176	-1.39	2.47
Ludhiana	Punjab	950	940	900	1.06	5.56
Amritsar	Punjab	884	828	839	6.76	5.36
Indore	MP	909	842	809	7.96	12.36
Mumbai	Maharashtra	1390	1325	1221	4.91	13.84
Bangalore	Karnataka	1430	1525	1437	-6.23	-0.49
Ahemdabad	Gujarat	1178	1121	1079	5.08	9.18
Purnia	Bihar	1121	1092	1090	2.66	2.84
Bhubaneshwar	Orissa	1200	1240	974	-3.23	23.20

(Source: Agriwatch)

Though potato prices have increased in most of the cities over previous week, the magnitude of increase is less as compared to two weeks ago. In cities like Bhubaneshwar, where prices increased by 23% in previous to previous week, prices have actually come down by 3 % in last week after the State Govt became vigilant and adopted a strict stance on stock positions of traders. Amritsar, Ludhiana and Indore mostly depend on locally produced potato, so wholesale prices in these centres are below Rs. 1000. However in other cities across India, prices are above the Rs 1000 mark - even in Agra and Farukhabad which are largest producing regions of UP and have maximum number of cold stores.

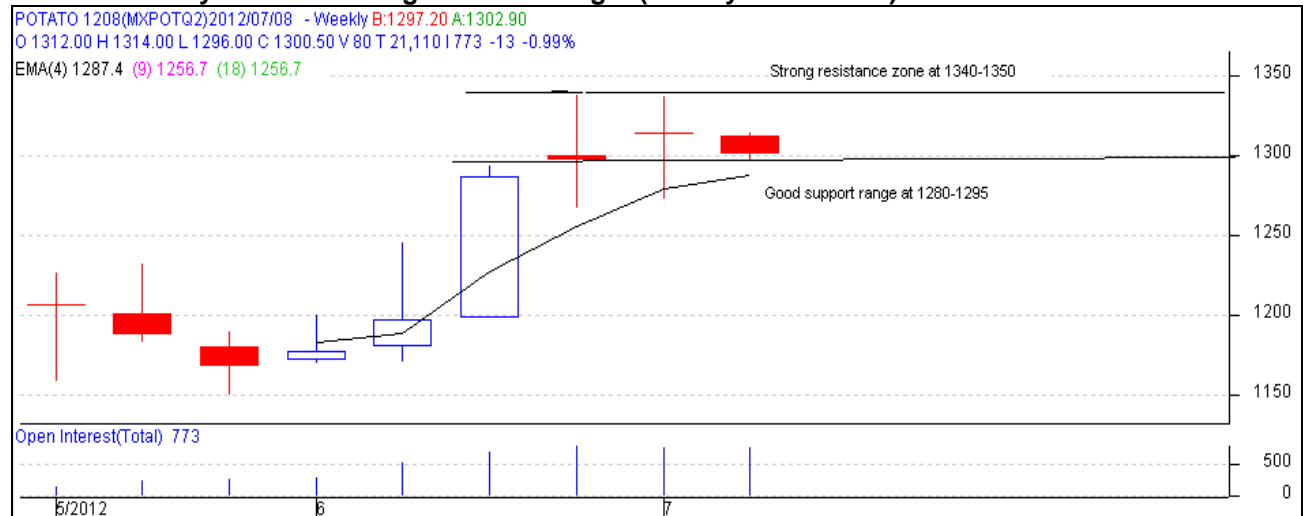
Potato Wholesale & Retail Prices in Bangalore and Kolkata during last two week:



(Source: Agriwatch, State Civil Supplies Dept.)

The above charts show the wholesale and retail price movement in last 2 weeks. In Bangalore, the difference between wholesale price and retail prices is almost Rs. 5-7/kg where as in Kolkata the same difference is in between Rs. 2-3. This difference has even come to Rs. 1 recently as the West Bengal State Govt. is taking steps to avoid hoarding of potato and has started to sell potato to ration card holders at Rs. 12/kg. Another reason for high retail price in Bangalore could be due to the larger number of middle class and affluent families.

Technical Analysis of MCX- Aug contract of Agra (Weekly Price Chart):



(Source: Agriwatch Research)

(Note: Each bar or “candle” in the chart shows the price movement in a particular week. The blue 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 weekly price movement of MCX- Agra futures contract for August expiry. From last three weeks, the weekly closing of the contract is between Rs. 1300 and Rs. 1340. Price are getting stiff resistance near Rs. 1350 as selling emerges at this level. On the lower side prices are finding support in the range of Rs. 1275-1280. If this level is breached this week, prices are likely to come down to Rs. 1230-1240. On the higher side, if resistance zone of Rs. 1340-50 is broken, prices are likely to reach up to Rs. 1400 quickly. Looking at the chart, breach of the 1350 zone seems unlikely this week and Aug future is likely to consolidate for some time in the range of Rs. 1290-1340/Qtl.

Potato Futures Weekly Analysis: (Week Ending: 7th July 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	14-Jul	1158.1	1171.3	-13.2	-1.13	10230	15450	-5220
MCX	Agra	14-Aug	1297.2	1286.3	10.9	0.85	24630	21600	3030
MCX	Tarkeshwar	14-Jul	1130.6	1061.6	69	6.50	4230	4410	-180
MCX	Tarkeshwar	14-Aug	1185.5	1117.9	67.6	6.05	3480	3630	-150
NCDEX	Agra	20-Jul	1117	1120.2	-3.2	-0.29	4125	4500	-375
NCDEX	Agra	17-Aug	1235.5	1224.9	10.6	0.87	3765	3660	105
NCDEX	Agra	20-Sep	1324.1	1288.1	36	2.79	3495	3495	0

(Source: NCDEX, MCX)

Both open interest and prices were down in near month contracts of MCX and NCDEX as it approaches expiry. Further, the Exchange members do not allow their clients to take buy position in near month contracts due to fear of delivery under staggered-delivery mechanism which resulted in less trading activity. Buyers who want to take delivery should trade in July contract. The objective of the Exchange is to align the near month contract with spot market and discourage speculative position in near month contract. This can be seen through price decrease in July contracts and increase of price in other contracts.

Disclaimer

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