

Executive Summary:

- Wholesale potato prices states have increased on a week-on-week basis in almost all states except West Bengal and Orissa. Prices have decreased in these states by Rs 50-100/Qtl after the State Governments intervened to check rising prices. At present, potato prices in these states are trading in the range of Rs. 1150-1200/Qtl which were in the range of 1250-1300/Qtl two weeks ago.
- As per news reports, the Ministry of Agriculture is keeping a close watch on potato and onion prices and sought total storage information along with stocks of potato with processing industries.
- Traders in Bangalore mandi expect that wholesale potato prices this year could cross Rs 1800 due to supply-demand mismatch. Again, Karnataka has less hope from Hassan crop this year which will further fuel prices. Wholesale prices are already hovering near Rs 1600/Qtl while retail prices are near Rs. 2100/Qtl.
- As per a trader, prices in Hathras (U.P) may fall because farmers/traders have stocked potato in cold storages in hopes of high prices in the future but a sudden oversupply due to offloading is possible and may lead to lower prices.

Weekly Wholesale Potato Prices Analysis for 2nd Week of July 2012:

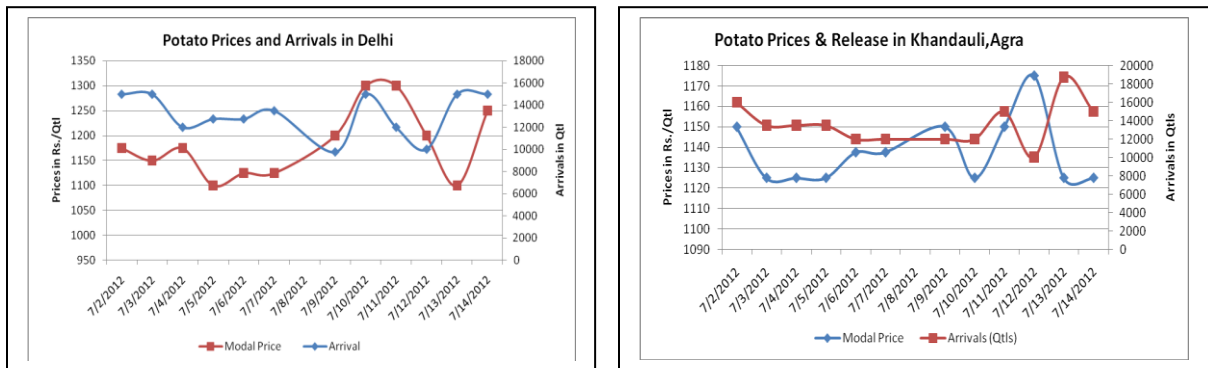
| Market | State | Avg. Prices 9-14 July 2012 | Avg. Prices 2-7 July 2012 | Avg. Prices 25-30 June 2012 | % Change over Prev. Week | % Change over Prev. to Prev. Week |
|--------------|-------------|----------------------------|---------------------------|-----------------------------|--------------------------|-----------------------------------|
| Delhi | Delhi | 1225 | 1142 | 1144 | 7.27 | 7.08 |
| Agra | UP | 1138 | 1136 | 1119 | 0.18 | 1.70 |
| Kanpur | UP | 1259 | 1109 | 1013 | 13.53 | 24.28 |
| Farrukhabad | UP | 1150 | 1105 | 1109 | 4.07 | 3.70 |
| Hathras | UP | 1225 | 1109 | 1109 | 10.46 | 10.46 |
| Burdwan | W. Bengal | 1147 | 1183 | 1207 | -3.04 | -4.97 |
| Tarkeshwar | W. Bengal | 1163 | 1205 | 1222 | -3.49 | -4.83 |
| Ludhiana | Punjab | 940 | 950 | 940 | -1.05 | 0.00 |
| Amritsar | Punjab | 895 | 884 | 828 | 1.24 | 8.09 |
| Indore | MP | 925 | 909 | 842 | 1.76 | 9.86 |
| Mumbai | Maharashtra | 1396 | 1390 | 1325 | 0.43 | 5.36 |
| Bangalore | Karnataka | 1534 | 1430 | 1525 | 7.27 | 0.59 |
| Ahmedabad | Gujarat | 1167 | 1178 | 1121 | -0.93 | 4.10 |
| Purnia | Bihar | 1242 | 1121 | 1092 | 10.79 | 13.74 |
| Bhubaneshwar | Orissa | 1150 | 1200 | 1240 | -4.17 | -7.26 |

(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 West Bengal and Orissa, prices have decreased in back-to-back weeks because of the state governments' action on prices. In these two states, the number of poor is higher and most of poor depend on potato and rice for both meals. Supply in Orissa depends upon the release of potato from West Bengal. 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.

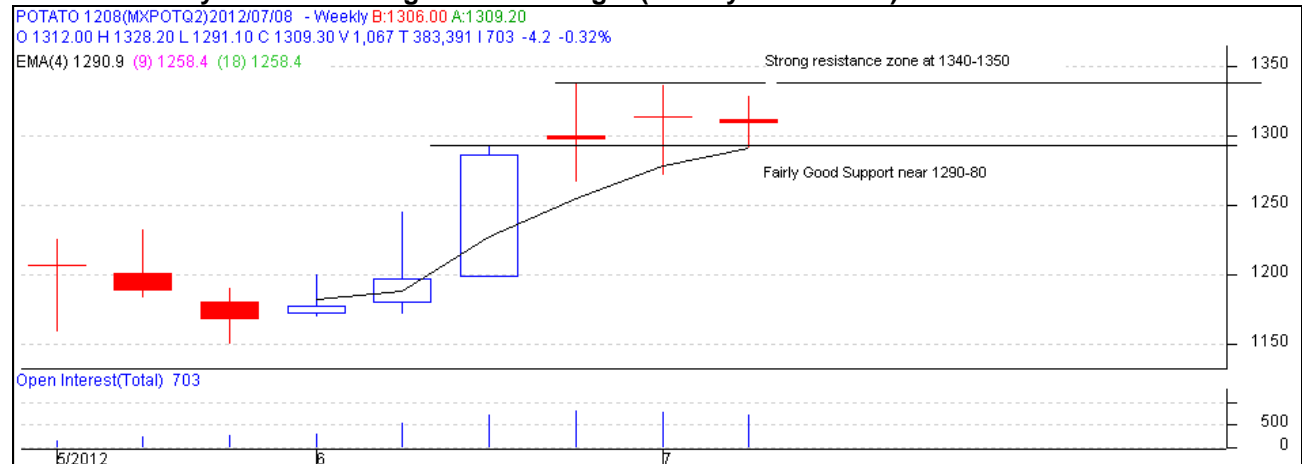
Wholesale Potato Prices and Arrivals trend in Consuming & Producing region:



(Source: Agriwatch)

The above charts show the wholesale price movement along with arrivals in the last 2 weeks. In Agra, prices are trading in the range of Rs. 1125-1150 for the last two weeks. Wholesale prices in Delhi are ranging between Rs. 1100-1300 depending upon the arrivals and demand in the mandi. The difference between wholesale prices in Delhi and Agra is due to the freight cost only as stored potato in Agra is coming to the market. But during new potato arrivals, Delhi and Agra prices became same or Delhi was even lower sometimes as many farmers prefer to supply potato directly to Azadpur Mandi of Delhi.

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. For the 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 the resistance zone of Rs. 1340-50 is broken, prices are likely to move up to Rs. 1400 quickly. Looking at the chart, breach of the 1350 zone seems unlikely in the next 2-3 weeks as open interest is also coming down on a week-on-week basis. This suggests market participants have little hope of prices

going further up in coming weeks and they are exiting their long positions gradually. This week, August future is likely to consolidate for in the range of Rs. 1290-1350/Qtl with some downward bias.

Potato Futures Weekly Analysis: (Week Ending: 14th July 2012)

| Exchange | Delivery Center | Expiry | Weekly Closing | Prev Week Close | Change | | Open Interest | Prev week OI | Change in OI |
|----------|-----------------|--------|----------------|-----------------|--------|-------|---------------|--------------|--------------|
| | | | | | Rs/Qtl | in% | | | |
| MCX | Agra | 14-Aug | 1309.3 | 1313.5 | -4.2 | -0.32 | 21090 | 23400 | -2310 |
| MCX | Agra | 15-Sep | 1434.9 | 1410.9 | 24 | 1.70 | 19800 | 16290 | 3510 |
| MCX | Tarkeshwar | 14-Aug | 1085.3 | 1140 | -54.7 | -4.80 | 5340 | 4980 | 360 |
| MCX | Tarkeshwar | 15-Sep | 1176.9 | 1195.9 | -19 | -1.59 | 14040 | 10860 | 3180 |
| NCDEX | Agra | 20-Jul | 1120.1 | 1105 | 15.1 | 1.37 | 1200 | 1500 | -300 |
| NCDEX | Agra | 17-Aug | 1253 | 1226.3 | 26.7 | 2.18 | 2880 | 4170 | -1290 |
| NCDEX | Agra | 20-Sep | 1380 | 1326.7 | 53.3 | 4.02 | 4320 | 4305 | 15 |

(Source: NCDEX, MCX)

Both open interest and prices were down in Aug-Agra contract of MCX which suggests traders are exiting their buy positions from this contract. At the same time, Agra-Sep contract has added 3510 MT of open interest with increase in price by Rs. 24/Qtl. It seems traders are shifting their buy positions to the September contract and are expecting increase in prices during September and not in August.

Disclaimer

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