

01 October, 2012

## Executive Summary:

- In Tarkeshwar (West Bengal), approximately 60% potato has been released compared to 63% at the same time last year. According to trade sources, of the remaining potatoes in cold storages, 10%-15% will be used as seeds. On a daily basis 0.75% of total stored potatoes are being released from cold storages. Prices are hovering in the range of Rs 1100 to Rs 1150/quintal. According to trade sources prices are expected to remain stable throughout the week. MCX Tarkeshwar October contract is trading below its spot price which is attracting traders to create buy position in this contract. .
- Traders say that the sowing of early Rabi crop in Punjab is expected to delay by 15 days due to low rainfall. Normal time for early Rabi is last week of September but this year rabi sowing is expected to start by mid-October.
- In U.P and West Bengal, average prices have increased by 2 %-5 %. The reason for increase in prices in West Bengal is a good demand from Assam and local region. Whereas in U.P prices are increasing in expectation of demand for seed purpose.
- In retail market, stored potato is hovering in the range of Rs 1400/quintal to Rs 2400/quintal across the country. Fresh potatoes are trading in the range of Rs 1800 to 2800/quintal which are mainly arriving from H.P and Hassan (Karnataka).

## Weekly Wholesale Potato Prices Analysis for 24<sup>th</sup> Sept –29<sup>th</sup> Sept 2012

Market	State	Avg. Prices 24th Sep- 29th Sep 2012	Avg. Prices 17th Sep- 22nd Sep 2012	Avg. Prices 10th Sep- 15th Sep 2012	% Change over Prev. Week	% Change over Prev. to Prev. Week
Delhi	Delhi	1066	1030	1015	3.50	5.02
Agra	UP	1050	1020	1110	2.94	-5.41
Kanpur	UP	1135	1100	1050	3.18	8.10
Farrukhabad	UP	1158	1110	1060	4.32	9.25
Hathras	UP	950	1010	1050	-5.94	-9.52
Burdwan	W. Bengal	1110	1065	1090	4.23	1.83
Tarkeshwar	W. Bengal	1136	1080	1105	5.19	2.81
Ludhiana	Punjab	730	750	750	-2.67	-2.67
Indore	MP	692	820	880	-15.61	-21.36
Mumbai	Maharashtra	1260	1355	1445	-7.01	-12.80
Bangalore	Karnataka	1110	1350	1260	-17.78	-11.90
Ahmedabad	Gujarat	1190	1240	1117.5	-4.03	6.49
Bhubaneswar	Orissa	1063	1055	1115	0.76	-4.66

(Source: AGRIWATCH)

The above table shows a mixed pattern of prices in different markets across the country. In Karnataka and Mumbai, prices have fallen because Hassan region potato is available in market which has reduced transportation cost and green vegetables are also cheap. Also, the availability of adequate stocks in cold stores till arrival of next potato crop and its steady release is keeping prices in check. In U.P and West Bengal approximately 45% and 40% respectively of total potato stored is still remaining. In Bangalore, 90% arrival is coming from local region whereas remaining 10% is arriving from U.P. According to trade sources,

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arrivals have increased to 12,500 quintals from 10,500 quintals and average prices have also declined to Rs 1110 from Rs 1350/ quintals in last one week.

### Technical Analysis – Weekly Price Chart of Agra-October Contract at MCX



The above chart shows the weekly price movement of Potato future contract of October delivery at the MCX exchange. Prices are in a downtrend since last few weeks and trading well below its exponential moving average which suggests bearishness will continue. The open interest also increased on a weekly basis which indicates market participants have created short (sell) positions in the last few weeks. On the higher side, the immediate resistance remains Rs 1000 but if the prices breach the resistance it may climb to Rs 1050-1150.

### Potato Futures Weekly Analysis: (24<sup>th</sup> Sep- 29<sup>th</sup> Sep 2012)

Symbol	Exchange	Delivery Center	Expiry Date	Today's Close Price (Rs./Qtl )	Previous Week's Close Price	Net Change	Today's Open Interest (OI) ( in MT)	Previous Day Open Interest (MT)	Change
POTATO	MCX	Agra	15-Oct-12	964.9	1049.6	-84.7	15480	12450	3030
POTATO	MCX	Agra	15-Mar-13	733.7	743.4	-9.7	10020	8880	1140
POTATO	MCX	Agra	15-Apr-13	700.3	708.6	-8.3	3210	2550	660
POTATOTRWR	MCX	Tarkeshwar	16-Oct-12	937	975.9	-38.9	9810	8070	1740
					Total				6570

(Source: NCDEX, MCX)

In the futures market, short position buildup (speculative selling) was seen as prices in all contracts have fallen while the open interest has increased. It seems traders taking sell positions for very short-term with the intention of squaring off immediately if there is some profit.

#### Disclaimer

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