

8 October, 2012

Executive Summary:

- In Agra and Kanpur, prices have fallen almost 15-20% compared to last week. According to trade sources, arrival of fresh potato from Hassan and low demand in the market has led to low prices. Release from cold stores is also gathering pace due to fear of further decrease in prices.
- In U.P, release from cold storages of potato for seed purpose has picked up pace and there is continuous demand for seed potato from other states like Bihar. Prices of seed potato are hovering in the range of Rs 900-1000/ quintal.
- In Bangalore, arrivals have increased by almost 20% as potato from Hassan is arriving in the market and farmers/traders are actively releasing their stocked potatoes.
- In Burdwan (West Bengal), approximately 62% of potato has been released as compared to 65% at this time last year. According to trade sources, prices may increase at the end of this month. Prices are presently hovering in the range of Rs 1050/ quintal to Rs1100/quintal.
- In Gujarat, approximately 60% potato has been released this year. Prices are hovering in the range of Rs 1200 to Rs1400/ quintal and expected to remain in the same range throughout the week.
- According to news sources, prices of potato are expected to remain lower in this festive season because there is enough availability and arrivals are expected to remain stable throughout the week.

Weekly Wholesale Potato Prices Analysis for 1st Oct -6 Oct 2012

Market	State	Avg. Prices 1st Oct- 6th Oct 2012	Avg. Prices 24th Sep- 29th Sep 2012	Avg. Prices 17th Sep- 22nd Sep 2012	% Change over Prev. Week	% Change over Prev. to Prev. Week
Delhi	Delhi	910	1066	1030	-14.63	-11.65
Agra	UP	890	1050	1020	-15.24	-12.75
Kanpur	UP	890	1135	1100	-21.59	-19.09
Farrukhabad	UP	1188	1158	1110	2.59	7.03
Hathras	UP	990	950	1010	4.21	-1.98
Burdwan	W. Bengal	1090	1110	1065	-1.80	2.35
Tarkeshwar	W. Bengal	1118	1136	1080	-1.58	3.52
Ludhiana	Punjab	700	730	750	-4.11	-6.67
Indore	MP	690	692	820	-0.29	-15.85
Mumbai	Maharashtra	1194	1260	1355	-5.24	-11.88
Bangalore	Karnataka	1319	1110	1350	18.83	-2.30
Ahmedabad	Gujarat	1082	1190	1240	-9.08	-12.74
Bhubaneswar	Orissa	1110	1063	1055	4.42	5.21

(Source: AGRIWATCH)

The above table shows a mixed pattern of prices in different markets across the country. In Farrukhabad, Hathras and Indore, prices have fallen because these are the major producing regions. Also, the availability of adequate stocks in cold stores till arrival of next potato crop and steady release of stocks 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. In Kolkata, wholesale prices of the tuber (Jyoti variety) that were ruling around Rs 1140-1160 in the first week of September have now dropped to Rs 1050/ quintal.

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



The above chart shows the weekly price movement of Potato futures contract for October delivery at the MCX exchange. Prices are in a continuous downtrend for the last several weeks and trading well below its 4-week exponential moving average which suggests bearishness will continue unless prices close above this short-term moving average with good volumes and buying support. For October contract, immediate resistance is in the range of 950-960 which is also the level of the short term exponential moving average.

Potato Futures Weekly Analysis: (29th Sep- 6 Oct 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	845.3	964.9	-119.6	11670	15480	-3810
POTATO	MCX	Agra	15-Mar-13	722.5	733.7	-11.2	12690	10020	2670
POTATO	MCX	Agra	15-Apr-13	690	700.3	-10.3	5310	3210	2100
POTATOT -RWR	MCX	Tarkeshwar	16-Oct-12	883.5	937	-53.5	7110	9810	-2700
					Total				-1740

(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 in March and April contracts. This indicates that market participants believe that the far month contract prices are too high and will decrease as fresh arrival season starts then. But in the October contract, open interest is falling substantially with decrease in prices which signifies traders are exiting from their long (buy) positions created earlier as they have little hope of price rise in the near-term.

Disclaimer

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