

Executive Summary:

- Cold stores in UP, West Bengal and Bihar have opened during month of February. Harvesting has picked up after dry weather and produce is going directly to stores. Cold store rent has increased in UP and Bihar in the range of 20-30%. However in West Bengal, rent remains the same at Rs. 101/Qtl. Cold store owners in West Bengal are demanding increase in rent which is regulated by the State Govt.
- Overall potato production this year is expected to be higher than previous year due to good yield and higher acreage mainly in West Bengal. Potato production in UP is expected to be same that of last year and there could be 10-15% increase in both West Bengal and Bihar.
- Rains during end of February might cause damage to potatoes but it is expected that it would not affect the overall production much as acreage and productivity is higher this year.
- Traders and stockiest are in confusion to stock potato at these current rates as it will not give much return to them after adding store rent, loading & unloading charges and weight losses in store. Stocking activity will gather pace if prices come down by Rs. 100-150/Qtl from current level of Rs. 500-550/Qtl.
- In Delhi, potatoes are arriving in market from U.P and Punjab. Among the total arrivals U.P is contributing approximately 70% whereas rest is from Punjab.

Monthly Wholesale Price Trend in different Producing & Consuming Centers:

Market	February 2013 Avg. Wholesale Price (Rs/Qtl)	January 2013 Avg. Wholesale Price (Rs/Qtl)	February 2012 Avg. Wholesale Price (Rs/Qtl)	Absolute Change over Prev. Month (Rs./Qtl)	% Change over Prev. Month	% Change over Prev. Year
Delhi	646	624	419	22	3.53	54.18
Agra	561	578	354	-17	-2.94	58.47
Farrukhabad	502	473	340	29	6.13	47.65
Ludhiana	534	500	450	34	6.80	18.67
Kolkata	633	802	523	-169	-21.07	21.03
Hyderabad	1162	992	825	170	17.14	40.85
Jaipur	627	669	473	-42	-6.28	32.56
Mumbai	1083	1282	664	-199	-15.52	63.10
Bangalore	1293	1481	803	-188	-12.69	61.02

(Source: AGRIWATCH, NHB)

The above table shows the monthly prices change in major markets. Prices in consumption centers have decreased with higher supply from producing regions. Potato prices have increased marginally in producing region with increased off-take from cold stores and produce directly going to stores. However, prices are relatively much higher when compared to previous year during same time.

Monthly Retail Price (Rs/Qtl) and arrivals (Tons) trend in different Consuming Centers:

Market	Average Retail Price- Feb 2013	Average Retail Price- Jan 2013	Previous year Avg. Retail Price- Feb 2012	% Change in Price Over Prev. Month	% Change in Price Over Prev. year	Total Arrivals in Feb - 2013 (in Tons)	Total Arrivals in Jan - 2013 (in Tons)	Total Arrivals in Feb - 2012 (in Tons)
Bangalore	1909	2154	1410	-11.37	35.39	9063	8255	12366
Chennai	2100	3752	1600	-44.03	31.25	6500	5270	6330
Delhi	1150	1208	796	-4.80	44.47	28783	33099	29801
Guwahati	885	1138	726	-22.23	21.90	6410	6530	5695
Hyderabad	1933	1865	1255	3.65	54.02	4994	3396	2216
Mumbai	2000	2000	1000	0.00	100.00	26404	31740	71883
Ranchi	1025	1056	800	-2.94	28.13	4906	5360	4597

(Source: NHB)

Retail prices have fallen in most of the above markets following higher arrivals of fresh potato in the wholesale markets. It is expected that retail prices will come down further as fresh potatoes arrivals increase. Generally, whenever fresh potato arrivals start, it is high in demand and command high prices but gradually it decreases.

Technical Analysis of MCX- Potato Futures (Monthly Continuous Chart):



(Note: Each bar or "candle" in the chart shows the price movement in a particular month. 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.)

March, 2013

The above chart shows the monthly price movement of MCX-Potato contract for Agra delivery. Prices are trading below its 4-month, 9-month and 18-month exponential moving averages indicating weakness in prices. Relative strength index (RSI) is in neutral zone suggesting range bound movement in prices. The candlestick pattern suggests prices are expected to find support in the range of Rs. 690-700/Qtl. On the higher side, prices could found resistance at a level of 820 and then 850.

Monthly Potato Futures (Agra Delivery) Analysis:

Symbol	Exchange	Expiry Date	Closing price on 28th Feb 2013	Previous month Closing Price- Jan 2013	% Change in Price over previous month	Open Interest as on 28th Feb 2013	Open Interest as on 31st Jan 2013	Change
POTATO	MCX	15-Mar-13	802.6	841.6	-4.63	12780	17160	-4380
POTATO	MCX	15-Apr-13	770	831.6	-7.41	10620	10050	570
POTATO	MCX	15-May-12	747.8	832.2	-10.14	27630	20340	7290
				Total		51030	47550	3480

(Source: MCX, Agriwatch research)

In monthly analysis of futures data, it indicates long liquidation in March contract and short build up is seen in April and May contracts. In April and May contracts, prices have decreased with increase in open interest. In both the cases, market participants are expecting prices to come down further.

Disclaimer

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