Market Intelligence System

Monthly Potato Report
June, 2013

Executive Summary:

- In **MCX** new circular, issued on 31st May has allowed market participants to take fresh position till the expiry of the potato June 2013 onward contract.
- **In MCX**, the additional margin of 15% (in form of cash) levied on long (buy) side and short (sell)sides of all potato (Agra)contracts currently running at the exchanges shall be withdrawn with effective from May 07,2013.
- **In Tarkeshwar and Burdwan**, cold storages were opened by 1st week of May. According to trade sources by 31st May approximately 12% of potatoes were released as compared to previous year 7% at this time.
- **In Bihar**, cold storages have opened from 2nd June compared to previous year 1st week of May. Cold storages were opened with an opening price of Rs 850/ quintal which were expected as cold storage rent has increased to Rs 210/quintal from Rs 190/ quintal.
- According to federation of cold storages association of India, cold storages are filled by approximately 5% more than last year's quantity. In **Farrukhabad and Kanpur** approximately 80% of cold storages are filled whereas 95% of capacity is filled in **Hathras**.
- In **Khandauli (Agra),** release from cold storages is less as compared to last year due to sluggish demand. According to trade sources, cold storages rent has increased to Rs 160-170/ quintal compared to previous year's Rs 150/ quintal.
- According to trade sources, production of potato in **Gujarat** are expected to be similar like last year whereas production in **Bihar and Punjab** is expected to be increased to 63 lakh ton and 21.2 lakh tons.

Monthly Wholesale Price Trend in different Producing & Consuming Centers:

Market	May 2013 Avg. Wholesale Price (Rs/Qtl)	April 2013 Avg. Wholesale Price (Rs/Qtl)	May 2012 Avg. Wholesale Price (Rs/Qtl)	Absolute Change over Prev. Month (Rs./Qtl)	% Change over Prev. Month	% Change over Prev. Year
Delhi	930	858	1057	**72**	**8.39**	**-12.02**
Khandauli (Agra)	966	987	974	**-21**	**-2.13**	**-0.82**
Farrukhabad	771	679	730	**92**	**13.55**	**5.62**
Ludhiana	744	668	1200	**76**	**11.38**	**-38.00**
Kolkata	896	729	1016	**167**	**22.91**	**-11.81**
Hyderabad	1308	1223	1163	**85**	**6.95**	**12.47**
Jaipur	931	889	902	**42**	**4.72**	**3.22**
Mumbai	1231	1200	1220	**31**	**2.58**	**0.90**
Bangalore	1408	1393	1456	**15**	**1.08**	**-3.30**
Tarkeshwar	832	740	950	**92**	**12.43**	**-12.42**

(Source: AGRIWATCH, NHB)

The above table shows the monthly prices change in major markets. Potato prices have increased in almost all the markets because fresh crop has stopped arriving in market and potato crop is being released from cold storages only.

Prices if compared with last year's show a mixed variation. But it is visible that prices have fallen in producing regions or nearby that market whereas in rest markets prices have increased.

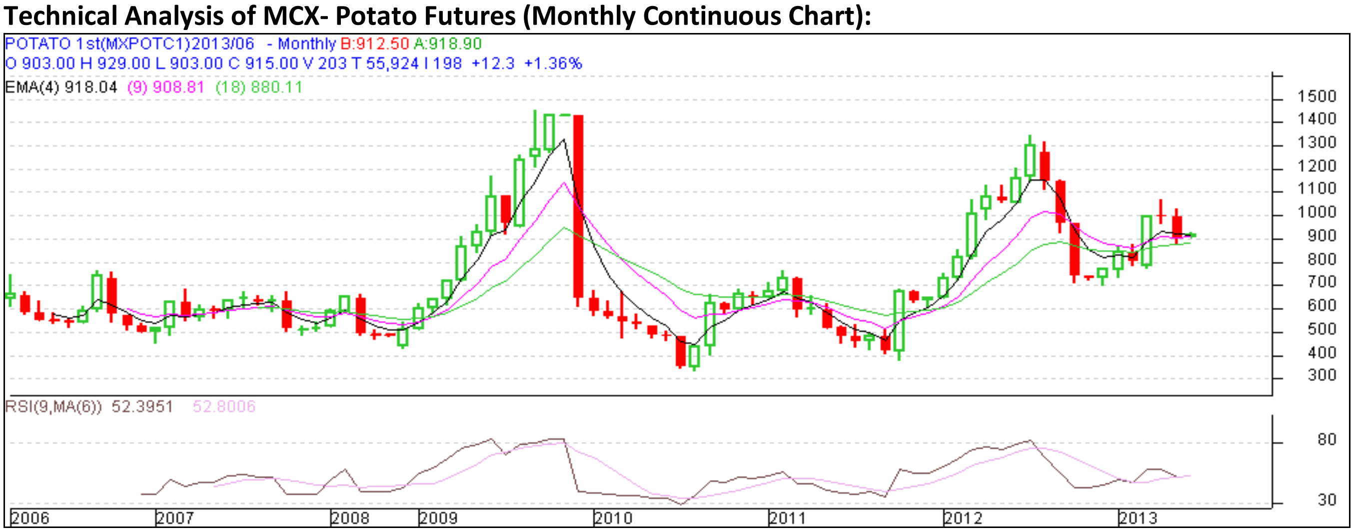
Monthly Retail Price (Rs/Qtl) and arrivals (Tons) trend in different Consuming Centers:

Market	Average Retail Price-May 2013	Average Retail Price-April 2013	Previous year Avg. Retail Price-May 2012	% Change in Price Over Prev. Month	% Change in Price Over Prev. year	Total Arrivals in May-2013 (in Tons)	Total Arrivals in April-2013 (in Tons)	Total Arrivals in May-2012 (in Tons)
Bangalore	2004	1952	2061	2.66	-2.77	10413	9072	7956
Chennai	2369	2183	2162	8.52	9.57	6090	5920	5880
Delhi	1548	1346	1393	15.01	11.13	27649	30733	28500
Guwahati	1300	1288	1520	0.93	-14.47	5056	5830	5730
Hyderabad	1976	1826	1542	8.21	28.15	3020	3901	3823
Mumbai	1500	1500	1442	0.00	4.02	19461	25393	20032
Ranchi	1000	983	1375	1.73	-27.27	250	4960	5055

(Source: NHB)

Retail prices have increased in almost all the markets except Guwahati, Bangalore and Ranchi. Prices are expected to increase ahead as potatoes are available in cold storages only and prices are high because of increase in cold storages rent. According to trade sources from West Bengal, release of potatoes from cold storages is 1.5 times higher than last year and demand is also good. Prices are expected to be high but in a range bound.

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 blue candle signifies prices increased and red candle signifies prices decreased in that month. The length of the "candle" shows the upper and lower end of the price range for the week.)

The above chart shows the monthly price movement of MCX-Potato contract for Agra delivery. Relative Strength Indicator is also moving upward which shows firmness in market. On the higher side, prices are expected to find resistance at a level of Rs 1100. On the lower side prices may found support at a level of Rs 850 and then 800 levels. Prices are trading above its 4-month, 9-month and 18-month exponential moving averages indicating firmness in market. The candlestick pattern suggests prices are expected to increase ahead.

Monthly Potato Futures (Agra Delivery) Analysis:

Exchange	Expiry Date	Closing price on May 31 st 2013	Previous month Closing Price- April 30th 2013	% Change in Price over previous month	Open Interest as on May 2013	Open Interest as on April 2013	Change
MCX	15-Jun-13	902.7	975.5	**-7.46**	7410	15450	**3150**
MCX	15-Jul-13	857.5	969.7	**-11.57**	5730	3720	**3720**
NCDEX	20-Jun-13	837	965	**-13.26**	4500	7400	**5700**
NCDEX	19-Jul-13	792	974	**-18.69**	7200	7200	**7200**
NCDEX	20-Aug-13	773	986	**-21.60**	11600	4600	**4600**

(Source: MCX, NCDEX)

In all the contracts of MCX and NCDEX, prices are falling and open interest are increasing which suggest that market participants are short building up their positions. This may happen due to sluggish demand at present but we are expecting that market should be firm ahead as release from cold storages is at a good pace from West Bengal.