

Executive Summary:

- Potato prices in most of the cities have decreased in the range of 5-20% due to arrivals of fresh potato from Punjab region and some parts of UP and Himachal Pradesh.
- In Delhi, fresh potatoes are coming from Punjab and Una (H.P) which are contributing approximately 60% and 25% whereas stored potato from U.P is contributing approximately 15% to the total arrival.
- In West Bengal, approximately 6-7% of stored potatoes are still in cold storages. According to trade sources, fresh crop is expected to arrive in the market from December end.
- According to trade sources in Punjab, the potato crop area is 10-15% less as compared to previous year. Farmers have shifted to wheat because of high cost of inputs and unavailability of labour.
- In Madhya Pradesh, sowing is good and area under crop is expected to increase by 3%-5% compared to previous year's area. The area has increased because of high prices at the end of season this year.
- In Kanpur (U.P) rabi sowing is average and area is expected to be 15-20% less compared to previous year's area. According to trade sources, though the area is less, production is likely to be higher because of the good weather condition and better rains at later stage.
- In Bangalore, 90% of potatoes are coming from U.P, 5% from Gujarat and rest is arriving from local region. Prices are hovering in the range of Rs 1000 to 1500/quintal.

Weekly Wholesale Potato Prices Analysis for 3rd December – 10th December 2012

Market	State	Avg. Prices 3 Dec 10th Dec 2012	Avg. Prices 26th Nov 1st Dec 2012	Avg. Prices 19th Nov-24th Nov 2012	% Change over Prev. Week	% Change over Prev. to Prev. Week
Delhi	Delhi	866	1160	1220	-25.34	-29.02
Agra	UP	775	950	1020	-18.42	-24.02
Kanpur	UP	770	900	1135	-14.44	-32.16
Farrukhabad	UP	666	925	980	-28.00	-32.04
Hathras	UP	808	1019	1120	-20.71	-27.86
Burdwan	W. Bengal	980	1168	1178	-16.10	-16.81
Tarkeshwar	W. Bengal	1000	1177	1208	-15.04	-17.22
Ludhiana	Punjab	566	844	870	-32.94	-34.94
Indore	MP	933	920	800	1.41	16.63
Mumbai	Maharashtra	1237	1244	1145	-0.56	8.03
Bangalore	Karnataka	1400	1350	1420	3.70	-1.41
Ahmedabad	Gujarat	912	956	1045	-4.60	-12.73
Hyderabad	AP	1345	1380	1400	-2.54	-3.93
Bhubaneswar	Orissa	1215	1215	1285	0.00	-5.45

(Source: AGRIWATCH)

The above table shows price movement during last week. Modal prices have decreased in all the major markets except Indore and Bangalore. Prices have declined because of higher arrivals in the market as farmers are actively releasing their stocked potatoes and because harvesting of fresh potatoes from Punjab and a few parts of U.P has picked up pace.



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Technical Analysis – Weekly Price Chart of MCX- March Contract



(Note: Each bar or “candle” in the chart shows the price movement in a particular week. 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.)

The above chart shows the weekly price movement of Potato futures contract for March delivery at the MCX exchange. Prices have fallen below 720 which was a long term support. As we had suggested last week, once the 720 level is breached it could fall further up to Rs. 710 level. Prices touched a low of Rs. 714 during the week and closed again at 719.5 level. Prices are trading below the moving averages which indicates prices could be decline to 710 in the coming week. On the upper side resistance will be at the 720 level and thereafter at a level of Rs 730-740.

MCX- Potato Futures Weekly Analysis: (3rd Dec- 8th Dec 2012)

Symbol	Delivery Center	Expiry Date	Weekly Close Price	Previous Week Close Price	Net Change	This Week Open Interest	Previous Week Open Interest	Change
POTATO	AGRA	15-Mar-13	718.5	727	-8.5	16320	14400	1920
POTATO	AGRA	15-Apr-13	691.9	704.3	-12.4	11610	10710	900
POTATO	AGRA	15-May-12	693.2	714.5	-21.3	9150	5310	3840
				Total				

(Source: MCX)

During the week, MCX March, April and May contract are showing short position build up (speculative selling with the intention of buying back when prices are lower). This is indicated by the decrease in prices and increase in open interest. Futures markets data points towards weakness in the market in the coming days.

Disclaimer

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