

1 July, 2013

Executive Summary:

- **In Futures market of MCX**, prices and open interest both have fallen week on week basis which suggest that market participants are liquidating their long positions. Long liquidation means squaring off buy positions created earlier in anticipation of making profits.
- **In Samastipur**, approximately 3% of potatoes have been released from cold storages as compared to previous year release of 16% at same time.
- Potato crop in Hassan district of Karnataka is in good condition as compared to previous year because of timely and proper rainfall. It contributes approximately 2.5% of country's total potato production.
- **In Tarkeshwar and Burdwan**, prices have fallen by Rs15- Rs 20/ quintal because of higher release from cold storages. According to trade sources, major demand is coming from Southern part of India.
- According to trade sources , **agriculture marketing minister of West Bengal** has stated that pace of release from cold storage should be reduced otherwise there will be shortage ahead. The release of cold storage potatoes in West Bengal is almost 1.5 times compared to previous year.
- **In Kanpur**, potato modal prices have increased to Rs 850 from Rs 779 / quintal in last one week because of heavy rainfall. The other reason is green vegetables prices is rising so, consumers are shifting towards potato crop and demand is rising.

Weekly Wholesale Potato Prices Analysis for 23rd June- 29th June 2013

Market	State	Avg. Price 23June-29 June	Avg. Price 17 June-22 June	Avg. Price 23 June- 29 June 2012 *	% Change over Prev. Week	% Change over prev. Year
Delhi	Delhi	867	917	1152	-5.45	-24.74
Agra (Khandauli)	UP	760	775	930	-1.94	-18.28
Kanpur	UP	780	830	988	-6.02	-21.05
Kolkata	W. Bengal	820	860	1182	-4.65	-30.63
Ludhiana	Punjab	800	800	934	0.00	-14.35
Indore	MP	845	909	834	-7.04	1.32
Mumbai	Maharashtra	1166	1196	1292	-2.51	-9.75
Bangalore	Karnataka	1400	1275	1558	9.80	-10.14
Ahmadabad	Gujarat	950	967	1080	-1.76	-12.04
Hyderabad	AP	1334	1400	1325	-4.71	0.68
Chennai	Tamil Nadu	1684	1700	1667	-0.94	1.02

(Source: AGRIWATCH,* AGMARKNET)

The above table shows the weekly wholesale price movement of different markets across the country. The above table shows that prices have decreased in most of the markets except Ludhiana and Bangalore. The reason for decline in prices is release from West Bengal cold storages at a higher pace and normal release from other States cold storages.

Weekly Retail Potato Prices Analysis for 23rd June- 29th June 2013

Market	State	Price as on 29/06/2013	Price as on 22/06/2013	Price one year ago- 29/06/2012	% Change in Price Over Prev. Week	% Change in Price Over Prev. year
Bangalore	Karnataka	1966	1800	2150	9.22	-8.56
Bhubaneswar	Orissa	1090	1040	1580	4.81	-31.01
Chennai	Tamilnadu	2400	2400	2400	0.00	0.00
Delhi	Delhi	1500	1220	1450	22.95	3.45
Guwahati	Assam	1336	1340	1700	-0.30	-21.41
Kolkata	W. Bengal	1130	1280	1450	-11.72	-22.07
Mumbai	Maharashtra	2000	2000	2200	0.00	-9.09
Patna	Bihar	1400	1316	1600	6.38	-12.50

(Source NHB)

In Retail market, prices have increased in almost all the markets except Guwahati and Kolkata. Prices are expected to increase ahead as monsoon has arrived timely so, green vegetable prices has started rising which may lead to demand and prices of potato high.

If we compare on a year on year basis, prices have fallen in most of the markets. The reason is higher productivity and potato stored in cold storages is higher compared to previous years in producing regions.

Technical Analysis – Weekly Spot Price Chart of Potato- Khandauli, Agra:



(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.)

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The above chart shows the weekly price movement of Potato prices in spot market of Agra. In Agra, prices are trading between Rs 800- Rs 850/ quintal. On the lower side prices may find a strong support at a level of Rs 750 whereas on higher side resistance is in the range of Rs 900/ quintal. Relative Strength Indicator (RSI) indicates prices to move further downward but it is expected that prices may increase for short term or remain range bounded for next few days.

Potato Futures Weekly Analysis: (24th June-29th June 2013)

Exchange	Expiry Date	Today's Close Price	Previous Week Close Price	Net Change	This week Open Interest	Previous Week Open Interest	Change in Open Interest
MCX	15-Jul-13	834.2	848.8	-14.6	3810	7080	-3270
MCX	14-Aug-13	784.2	806.9	-22.7	13200	15210	-2010
MCX	14-Sep-13	732.3	768.4	-36.1	8280	9720	-1440
NCDEX	19-Jul-13	776	761	15	1800	3300	-1500
NCDEX	20-Aug-13	706	703	3	9400	10400	-1000
NCDEX	20-Sep-13	646	680	-34	24100	21700	2400

(Source: MCX, NCDEX)

In MCX all contracts, long liquidation was seen as prices and open interest both are falling which suggest market participants are expecting weak market ahead. In NCDEX, July and August contract short covering was seen with increase in prices and decrease in open interest whereas in September contract short buildup was seen.

Disclaimer

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