

Executive Summary:

- In West Bengal, it is expected that this year 10-15% of less storage will be achieved due to 'Blight' disease which affected overall production. This year storage is expected to be around 55 lakhs ton against last year storage of 60 lakh tons.
- There are rumors of crop damage in UP regions. Market participants are saying losses could be in between 15-30% in some pockets due to rains which delayed the harvest. Total acreage in UP is expected to be 615 lakh hectare. Actual losses will be known once weather is clear and potato loading in cold store will start.
- In Gujarat, production is expected to be 15-20% more compared to last year due to higher yield. In M.P, potato production is almost similar to last year but storage capacity has increased whereas in few parts of Punjab and Bihar production is marginally less as compared to previous year.
- As per initial estimate and market feedback, all India production could be less by 10-15% as compared to previous year but exact estimation are expected to be made once potato starts arriving in cold storages. If production happens to be low as expected then prices may be firm this year.
- Futures market of Potato are increasing continuously and March month contract for Agra delivery is trading near Rs. 1200/Qtl. Prices have increased 10-15% in last one month and 15-20% in last two month. Price used to decline during harvest months. However, such increase is not seen in spot market as arrivals are coming from producing regions.
- In our view, futures market have increased in expectation of lower storage this year due to crop damage, delay in harvest and disease etc

Monthly Wholesale Price Trend in different Producing & Consuming Centers:

Market	February 2014 Avg. Wholesale Price (Rs/Qtl)	January 2014 Avg. Wholesale Price (Rs/Qtl)	December 2013 Avg. Wholesale Price (Rs/Qtl)	February 2013 Avg. Wholesale Price (Rs/Qtl)	January 2013 Avg. Wholesale Price (Rs/Qtl)	% Change over Jan 2014	% Change over Feb 2013
Delhi	680	766	1088	646	624	-11.2	5.26
Khandauli (Agra)	705	784	1384	561	742	-10.1	25.67
Farrukhabad	645	610	1028	502	472	5.7	28.49
Ludhiana	585	694	926	535	503	-15.7	9.35
Kolkata	705	1089	1625	635	808	-35.3	11.02
Hyderabad	NA	1075	1292	1160	1013	NA	NA
Jaipur	878	864	1164	630	675	1.6	39.37
Mumbai	1055	1099	1652	1085	1291	-4.0	-2.76
Bangalore	1200	1392	1016	1290	1498	-13.8	-6.98
Burdwan (WB)	650	830	1340	595	749	-21.7	9.24

(Source: AGRIWATCH, NHB)

The above table shows the monthly average prices and corresponding change in major markets. Prices have decreased in almost all the markets except Farrukhabad and Jaipur. Prices have increased in Farrukhabad due to crop loss in UP because of heavy rainfall couple of weeks back.

If we compare the prices with previous year during same time it is observed that prices are comparatively higher than last year because of delayed in harvesting and crop loss in major producing regions like West Bengal and U.P.

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

Market	Average Retail Price- Feb 2014	Average Retail Price- January 2014	Previous year Avg. Retail Price- February 2013	% Change in Price Over Prev. Month	% Change in Price Over Prev. year	Arrivals in Feb 2014 (in Tons)	Arrivals in January 2014 (in Tons)	Total Arrivals in February 2013 (in Tons)
Bangalore	1680	2036	1900	-17.5	-11.6	21368	23404	9063
Chennai	2170	2479	2100	-12.5	3.3	6500	6540	6500
Delhi	1300	1608	1150	-19.2	13.0	26060	31861	28780
Guwahati	1007	1386	885	-27.3	13.8	7940	4850	6410
Hyderabad	1295	1716	1930	-24.5	-32.9	4000	3205	5000
Mumbai	1510	1864	2000	-19.0	-24.5	24500	32199	26400
Ranchi	1220	1560	1125	-21.8	8.4	5400	5800	4900

(Source: NHB)

Retail prices have decreased in almost all the markets due to continuous arrivals from producing regions. If we compare on a year on year basis prices have increased this year due to expectation of less production and crop damage in major producing regions.

Comparison of Area and Yield in Major Producing States:

State	Area ('000)		yield (Ton/ha)	
	2012-13	2013-14	2012-13	2013-14
U.P	603.76	615	23.9	22
Bihar	322.46	320	20.59	18.59
Punjab	85.25	85	25.01	23.5
West Bengal	386.61	405	29.98	30.25
Gujarat	81.27	82	30.78	31
M.P	108.87	110	21.12	22

(Sources-State horticulture departments, Trade sources)

The above table shows the comparison of area and yield in different producing states. In few States area was higher this year but in UP, later stage rains affected the production with a loss of 15-20% compared to

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last year. Similarly, in West Bengal this year crop area was increased but “Blight” disease spoiled the crop. It is estimated that in Bengal production may be less by 10-15% compared to last year.

Technical Analysis Potato Spot Market (Khandauli, Agra):



(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 potato for Agra (Khandauli) market. Modal prices are trading near Rs. 700/quintal. On the higher side prices may find resistance at a level of 900/ quintal and then Rs. 1100/Qtl and on the lower side prices may find support at a level of Rs 600/ quintal. Relative strength Indicator (RSI) oscillator is hovering in neutral zone which suggest that prices may be firm for this month.

Monthly Potato Futures (Agra Delivery) Analysis:

Exchange	Expiry Date	Closing price on 28th Feb 2014	Closing price on 31st January 2014	Closing Price on 28th Feb 2013*	% Change in Price over previous month	Open Interest as on 28th February 2014	Open Interest as on January 2014	Open Interest as on 28th February 2013*	Change in Open Interest over Jan 2014
MCX	31-Mar-14	1182.6	1061.3	802.6	11.43	35010	40440	12780	-5430
MCX	30-Apr-14	1194.7	1094.7	770	9.13	24240	23580	10050	660
MCX	31-May-14	1256.5	1124.5	748	11.74	62850	45810	20340	17040
MCX	30-Jun-14	1326.1	1147.3	NA	15.58	25230	5400	NA	19830

*Prices and open interest are for respective months of 2013 expiry

(Source: MCX)

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In March contract of MCX, short covering is seen due to increase in price. Participants who have sold in advance are covering positions to exit from market. This can be marked by increase in prices and decrease in open interest. In other contracts, long build up is seen in with increase in prices and open interest. Market participants are creating buy positions in anticipation of further increase in prices.

If we compare with prices of previous year contract at this time, they were trading much lower. Last year, March 2013 contract was trading at 802.60 at this time. On the same time, this year prices are near to Rs. 1200/quintal.

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