

28 January, 2014

Executive Summary:

- In MCX future market, prices and open interest are increasing in all the contracts except June contract which shows strengthen in market due to heavy rains in producing regions which has affected the supply and resulted into rise in prices.
- According to trade sources in Farrukhabad, potato crop is affected by blight disease whereas in Gujarat and M.P crop condition is normal.
- In Agra (U.P) mandal, potato crop harvesting is expected to be less by 15-20% ahead though the area is similar to last year. The reason is farmer's harvested premature crop when West Bengal Government seized the borders in addition to fetch higher prices.
- In West Bengal potato area is expected to be similar like last year which was approximately 3.86 lakh hectares. Potato arriving in market from local region is "Kachha Aloo" which is 2.5 months crop and is not kept in Stores.
- In West Bengal, fresh potato from Burdwan is arriving in small quantity and expected to pick up pace in next few weeks. According to trade sources blight disease affected area like Mignapur and Bankura disease is under control because of appropriate climate for potato crop.
- In Karnataka, Rabi sowing is almost completed in 5636 hectares of the total targeted area of 10205 hectares as on 20.01.2014. In Kolar and Chikballapura districts which are major producing region, so far approximately 76% and 34% of sowing has been completed respectively.

Weekly Wholesale Potato Prices Analysis (20 January – 25 January 2014)

Market	State	Avg. Price (20 January – 25 January) 2014	Avg. Price (13 January – 18 January) 2014	Avg. Price (20 January – 25 January) 2013	% Change over Prev. Week	% Change over prev. Year
Delhi	Delhi	887	728	735	21.84	20.68
Agra (Khandauli)	UP	883	668	680	32.19	29.85
Kanpur	UP	779	688	630	13.23	23.65
Kolkata	W. Bengal	859	1043	726	-17.64	18.32
Ludhiana	Punjab	760	615	571	23.58	33.10
Indore	MP	740	760	800	-2.63	-7.50
Mumbai	Maharashtra	1067	1071	1337	-0.37	-20.19
Bangalore	Karnataka	1327	1420	1400	-6.55	-5.21
Ahmedabad	Gujarat	767	975	723	-21.33	6.09
Hyderabad	AP	1250	1200	950	4.17	31.58
Chennai	Tamil Nadu	1567	1425	1880	9.96	-16.65

(Source: AGRIWATCH,* AGMARKNET)

The above table shows the weekly wholesale price movement of different markets across the country. Prices are showing a mixed variation of prices. Maximum prices have declined in Ahmedabad and Kolkata by 21% and 17% respectively.

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Prices are increasing in few markets because of heavy rains in producing regions which is a constraint to harvesting of crop and supply of potatoes.

If we compare prices on a yearly basis, it is observed that in few markets prices are higher than last year because crop was sown late this year which resulted into late harvesting of crop thus resulted into increase in prices.

Weekly Retail Potato Prices Analysis for 20 January–25 January 2014

Market	State	Retail Avg. Price (20 January –25 January)	Retail Avg. Price (13 January –18 January)	Retail Avg. Price (20 January – 25 January) 2013	% Change in Price Over Prev. Week	% Change in Price Over Prev. year
Bangalore	Karnataka	1800	2000	2200	-10.00	-18.18
Bhubaneswar	Orissa	1200	1900	1142	-36.84	5.08
Chennai	Tamilnadu	2400	2400	2400	0.00	0.00
Delhi	Delhi	1600	1500	1200	6.67	33.33
Guwahati	Assam	1200	1400	1050	-14.29	14.29
Kolkata	W. Bengal	1100	1500	1000	-26.67	10.00
Mumbai	Maharashtra	1800	2000	2000	-10.00	-10.00
Patna	Bihar	1200	1500	1150	-20.00	4.35

(Source: NHB)

In Retail market, prices have fallen in almost all the markets except Delhi. Maximum prices have fallen in Bhubaneswar by approximately 36%. Prices have fallen because of continuous supply of potatoes from 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 Khandauli (Agra). In Agra, modal prices are trading around Rs 883/ quintal. On the lower side prices may find a strong support at a level of Rs 600/ quintal whereas on the higher side prices may find resistance at a level of Rs 1000/ quintal. Relative Strength Indicator (RSI) oscillator is moving in neutral region and indicates prices may increase for short term.

Potato Futures Weekly Analysis: (20 January – 25 January 2013)

Symbol	Exchange	Expiry Date	This week Close Price	Previous week Close Price	Net Change	This week Open Interest	Previous week Open Interest	Change
POTATO	MCX	31-Mar-14	1055	1024.2	30.8	24495	26565	-2070
POTATO	MCX	30-Apr-14	1068	1027.9	40.1	11730	13140	-1410
POTATO	MCX	30-May-14	1110	1051.5	58.5	17520	18675	-1155
POTATO	MCX	30-Jun-14	1111	1057	54	10770	1665	9105

(Source: MCX)

In MCX, March, April and May contract market participants are building long positions with increase in prices and increase in open interest. Rise in prices in spot market is pushing up prices in futures market and market participants are taking interest in long positions. In MCX June month contract market participants is short covering their positions.

Disclaimer

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