

CHILLI CROP & MARKET REPORT

Nov 16th, 2019.

BST AGRO PRODUCTS

Suppliers of IPM Pesticide Residue Guaranteed Chilli Products (in Whole, Ground & Crushed forms). AFLATOXINS, Color ASTA, Heat SHU guaranteed products.

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Unprecedented Jump in Prices - MP arrivals are increasing.

Unprecedented jump in prices - one could have hardly predicted that rates would jump about Rs. 20 to 25 per kilo. That too within a span of a week. The demand is still there for exports and for quality chillies. It felt like its never going to end but however while we prepare this report, we have seen prices go down by Rs. 2 to 3, market slowing down and there is gradual increase in new arrivals. We expect the prices would stay steady and slowly go down as arrivals increase. There's been some good sunny days giving a good chance for increase in new arrivals.

Though the Kharif season (June to October) has ended, the chilli sowing still hasn't reached 100% in many areas due to continuous rains. We haven't seen much sowing in the current Rabi season as well. But the sentiment is that next year the crop will increase by at least 10% (not taking into account possible virus damage).

We have seen increase in new crop arrivals in MP, a few more sunny days and we will see steady arrivals. MP Bedia has reported 18,000 to 20,000 on 16/11/19 (about 65,000 Bags within the week). We've also been notified about new arrivals in Byadgi (20,000 bags arrivals), Hyderabad, Gujarat and even in Guntur, although its around a couple of hundred bags.

CROP AREA

- Sowing area in ANDHRA PRADESH (AP) constitutes about 1,32,000 Hectares. By the end of Kharif season, about 122,000 Hectares i.e. 93% of sowing was complete. In RABI season, 23,000 Hectares of sowing is expected. As of this week, 3000 Hectares of sowing is complete that constitutes about 14% of overall sowing.
- Sowing area in TELANGANA (TLG) is about 73,000 Hectares. By end of Kharif season, about 52,000 Hectares i.e. 70% of sowing was complete. In RABI season, 14,000 Hectares of sowing is expected. As of this week, 2000 Hectares of sowing is complete that constitutes about 15% of overall sowing.
- Based on reports from trusted sources, sowing in MADHYA PRADESH (MP)

has reached 100% by the end of Sept. And sowing in KARNATAKA (KTK) is around 80-90% (approximate value).

RAINFALL & WATER AVAILABILITY

Rainfall and water levels are adequate. Rainfall has reached 'Normal' expected levels i.e. around 100% (with + or - 10% deviation) in all the four states including the relatively dry areas in TLG, AP & KTK.

TLG Reservoirs Water Level: It's reported that there is 77% (368 TMC) increase in water level from last year. Last year it was 479 TMC, this year it's come around 847 TMC which is sufficient by good amount.

AP Reservoirs Water Level: It's reported that there is 70.3% (550.6 TMC) increase in water level from last year. Last year it was 783.4 TMC, this year it's come around 1334 TMC which is sufficient by good amount. Only Nellore has is deficit in rainfall.

CROP CLASSIFICATION

Due to high demand for Teja and S4/S334 this year, farmers are inclined to cultivate Teja chillis in particular. We have observed emerging areas for chilli cultivation for the first time in many districts. Area for Teja production will increase, the only hindrance for farmers is to find consistent labourers to harvest Teja chillis.

In KTK, Syngenta Byadgi 5531 & 2043 chilli crops will be very high as even the farmers dealing with KDL varieties have diverted their crop to Syngenta 5531. DABBI arrivals are expected to be a little lower than last year. So dealers looking for top grade Kashmiri Chilli Powder will have to make their purchases early in the season.

MP has mostly diverted to Mico Teja. TLG's Deepika crop will increase along with Wonderhot. Other varieties are also expected to rise but the combined overall crop expansion will be dependent on the effect of rains combined, which can be assessed only after about a month.

STATUS ON CROP DAMAGE

It is a little early to give an assessment on crop damage at this point. But we have updated the current situation based on the information we have collected:

Some areas in MP have reported virus but the area is less than 7% which is not a significant loss to the overall crop production. Areas in Prakasham and Krishna (6% of the crop) report sucking pests affecting the chilli crops but have been treated as well.

KTK & MP reports Crop Loss & Damage: Due to heavy rains there is atleast 20% to 30% crop loss in Karnataka. Estimated production in KTK will be about 90% to 100% of arrivals in 2019. MP has reported loss as well, initial arrivals will most certainly be rain touch product. Quality will be weak.

PRODUCTION (Estimated)

It's a little too soon to tell. But with the way things are - the product demand for export, high rates for good quality chillis & limited stock in cold storages; we are hoping for a bumper crop next year given all things go right, God willingly.

But as of this moment heavy rainfall will certainly cause some damage to the crop. KTK & MP has already reported some loss due to heavy rains. Current condition of the crop in AP & TLG is in Flowering to Fruit Development.

CURRENT STOCK IN COLD STORAGES

News from trusted sources suggest the following:

GUNTUR: 6-7 Lakhs Bags (One source suggested its around 10 Lakh Bags).

WARANGAL: 3.7 Lakhs Bags. (appx 1/3rd owned by a few traders for personal usage).

KHAMMAM: 2 Lakhs Bags.

BYADGI: 2 to 3 Lakhs Bags.

NEW CROP ARRIVALS (Estimated)

Overall, it seems that there may be some delay in arrivals next year due to delay in sowing in many areas.

MP - Steady arrivals are expected to start by end November. New crop arrivals have started in Bedia, Kukshi, Dhamnod with Bedia and Dhamnod reporting around 25000 to 30000 bags already (weekly). Steady arrivals are expected to start in and around Nov last week depending on rain. Most of the arrivals is rain touch material but good quality is increasing gradually.

AP & TLG - New crop arrivals are expected to start with 100 to 1000 bags by December with full flow from February first week. Initially, Teja, S334 and US341 chilli arrivals are expected as the other crops are more affected by rain.

KTK - New crop arrivals have started by small amounts but we will have to wait until January ending for consistent deliveries for 5531 & 2043 varieties. KDL KADDI and & DABBI arrivals will start by February last week.

CURRENT STATUS: PRICING SENTIMENT

- Rainfall - Sufficient. Rainfall is fading in all areas. But incessant rains have caused crop damage in KTK & MP.

- Arrivals - Steady increase in MP. Reporting approximately 1 Lakh bags within this week @ Indore, Bedia, Kukshi, Khargone, Dhamnod markets.
- Stock Status - Low, particularly good qualities.
- Export Demand - Based on reports from multiple sources, export demand is still there which is also one of the factors for price increase.
- Crop Damage - KTK & MP have reported crop damage.

There prices have gone up by huge amount in the last week, but with steady increase in arrivals we are expecting the price to steady up and possibly go down to some extent.