

# CHILLI CROP & MARKET ANALYSIS

As of Nov 3rd, 2019.

## BST AGRO PRODUCTS

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We are still seeing the continued demand for exports, higher domestic demand/consumption and the demand for quality chillies during these last couple of weeks and it is expected to remain the same in the last quarter. Though the Kharif season (June to October) has ended, the chilli sowing still hasn't reached 100% in many areas due to continuous rains. The continuity of rainfall has gone down, but there has been some very severe rains within the past couple weeks which is most certainly going to affect the crop.

MP crop arrivals is expected to go high from last year, but at this point we are expecting crop damage and delay in arrivals due to heavy rains in this region as well.

### CROP AREA

- Sowing area in ANDHRA PRADESH (AP) constitutes about 1,32,000 Hectares. As of this week, about 122,000 Hectares i.e. 93% of sowing is complete. In RABI season, 23,000 Hectares of sowing is expected. As of today, 5000 Hectares of sowing is complete that constitutes about 20% of overall sowing.
- Sowing area in TELANGANA (TLG) is about 73,000 Hectares. As of this week, about 52,000 Hectares i.e. 70% of sowing is complete. No sowing data for RABI season of Telangana state but trusted sources have suggested that sowing is still ongoing and is expected to grow. But rain's still the factor.
- 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 90% (approximate value).

### RAINFALL & WATER AVAILABILITY

Rainfall and water levels are adequate. Unfortunately incessant rains in all the four states (AP, TEL, MP, KTK) may have caused crop damage. At this point this is just an estimation as we will know about the crop damage in about a week.

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.

We are expecting a good crop in MP but the continuous rainfall may cause damage to the yield. We will know by end of this month.

### **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 chilli crop will be very high as even the farmers dealing with KDL varieties have diverted to 5531. DABBI arrivals will be lower than last year. So dealers looking for Kashmiri Chilli Powder will have to make their purchases early in the season.

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. Some areas in Prakasham, Krishna and Vizag did report sucking pests affecting the chilli crops but have been treated as well. The area coverage is very minor and has little to no effect to the overall crop production in AP at this point.

However untimely, incessant rains have wreaked havoc. We will get a clear picture on the damage caused by rains in the next coming days but these rains, regardless, will either cause crop damage or at the least delay the crop by about 15 days.

### **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.

## **CURRENT STOCK IN COLD STORAGE**

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.

**KHAMMAM:** 2 Lakhs Bags.

**BYADGI:** 2 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 - Arrivals are expected to start by end November. New crop arrivals have started in Bedia, Kukshi, with Bedia reporting around 13000 to 15000 bags already. Steady arrivals are expected to start in and around Nov last week depending on rain. Most of the arrivals is rain touch material.

AP & TLG - New crop arrivals are expected to start with 100 to 1000 bags by December with full flow from February first week. Initially, its expected Teja, S334 and US341 chilli arrivals 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.

## **CURRENT STATUS: PRICING SENTIMENT**

- Rainfall - Still no end to it. Based on meteorological reports, monsoon has ended but cyclones are causing these rains and are expected to end by the end of October. There are a couple of high category cyclones that's causing high rains now and unless these rains stop, there's going to be severe crop damage. MP is already reporting crop damage due to these rains.
- Stock Status - Low, particularly good qualities. That is the reason we are witnessing the decrease in stock quantities.
- 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 - As notified in the report, as the rains are still prevalent, the sentiment is that this is either going to delay or damage the crop which eventually is going to affect the prices of chillies.

As notified in the last report, the prices did go up by around 500 to 1000 per quintal and considering these factors the prices are still going to be in the current range for the next month and may even go up by about 300 to 500.

