

CHILLI CROP & MARKET ANALYSIS

As of Oct 20th, 2019.

BST AGRO PRODUCTS

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As much as we've been hoping for good rains since last year, incessant rains have continued to pour through all the four major chilli producing states. At this point, though with the huge surge in export demand, the crop sowing hasn't reached 100% at the least, despite the initial estimated increase in sowing by 20% to 30% as compared to last year. Currently it's the end of Kharif season and the sowing has ended at about 93% in Andhra Pradesh, & only 70% in Telangana. This is going to be a big factor next year.

We will have to wait until the end of January, early February for steady arrivals, as, the rains have pushed the crop harvest by atleast 15 days.

CROP AREA

With huge surge in chilli prices (since May 2019) due to increased demand for exports and increased consumption within the country, the demand for quality chillies is still seen in the last quarter of this year. The same sentiment is witnessed with the farmers and it's estimated that the chilli sowing for the upcoming year would atleast be increased by 50% as compared to last year. However, due to incessant rains in the four major chilli producing states, the sowing hasn't reached 100% yet, where ideally at this point of time, it would almost be complete by now.

- 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.
- 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.
- 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.

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.

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 willing.

CURRENT STOCK IN COLD STORAGES

News from trusted sources suggest the following:

GUNTUR: 9 Lakhs Bags.

WARANGAL: 3.8 Lakhs Bags.

KHAMMAM: 2.25 Lakhs Bags.

BYADGI: 2.5 Lakhs Bags.

The quantity/number of bags-in-hold from many cold storages in and around Byadgi area has become low and it's been noted that some of the cold storages with minimum number of bags are moving their goods to other cold storages to minimize their expenditure.

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 November. New crop arrivals have started in Bedia, Kukshi, with Bedia reporting around 7000 to 8000 bags already. Steady arrivals are expected to start in and around Nov 30th depending on rain.

AP & TLG - New crop arrivals are expected to start with 100 to 1000 bags by December with full flow from February first week.

KTK - New crop arrivals have started 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.
- Stock Status - Low, particularly good qualities. Low to none carry forward product from last year. That is the reason we are witnessing the decrease in stock quantities.
- Export Demand - Based on reports from multiple sources, export demand is still seems to be there but as the prices are high there is not much rush to purchase the products.
- 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.

Based on all these factors, the prices are still going to be in the current range and may even go up by about 300 to 1000.