



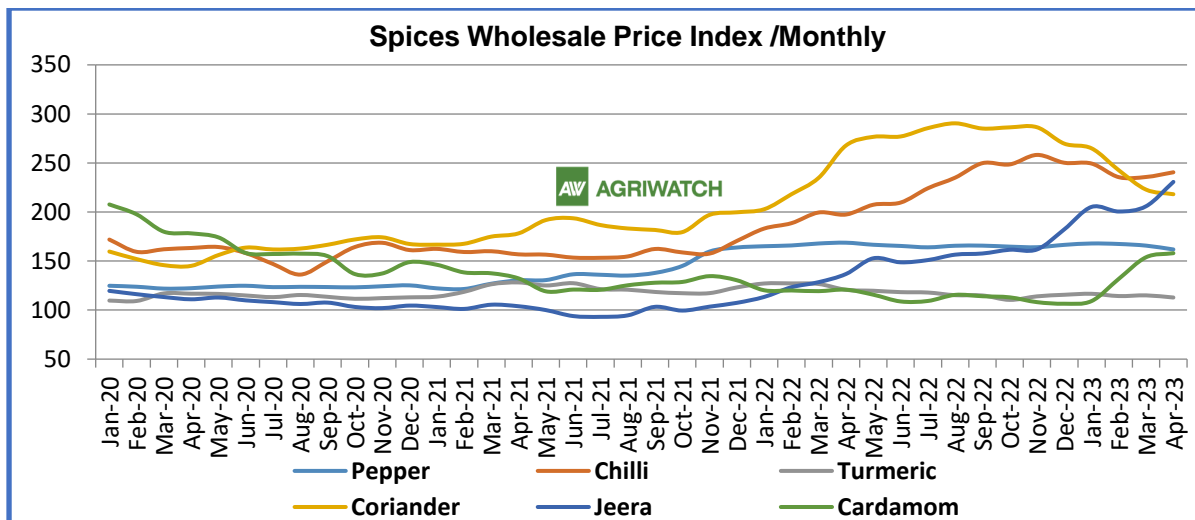
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# Red Chilli Monthly Research Report

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AGRIWATCH

Spices Wholesale Price Index /Monthly



Months	Pepper	Chilli	Turmeric	Coriander	Jeera	Cardamom
Feb-23	167.4	235.5	114.3	242.5	200.5	131.9
Mar-23	165.7	235.7	115	222.8	205.9	153.9
Apr-23	161.8	240.5	112.8	218.1	230.7	158
Change Over Previous Month	-3.9	4.8	-2.2	-4.7	24.8	4.1

Source - MINISTRY OF COMMERCE & INDUSTRY. Base year – 2011-12

## KHARIF (2023) PRE – SOWING INTENSION

- In June, below normal monthly rainfall is expected over most parts of the country except some areas of south peninsular India, northwest India, extreme north India and some isolated pockets of northeast India, where above normal rainfall is expected.
- In June, above-normal monthly maximum and minimum temperatures are likely over most parts of the country.
- This may delay kharif sowing and impact the yields.

## RED CHILLI -

According to AgriWatch estimates, the **kharif sowing acreage** of Red Chilli is expected to increase during the current season. This growth is primarily driven by farmers witnessing a realization that is nearly 250% higher than the cost of cultivation. In **Telangana and Andhra Pradesh**, the sowing area is projected to increase by 15%-20%. Similarly, in **Karnataka**, where prices are comparatively higher, the acreage is expected to grow by 25%-30% compared to the previous season. However, sowing is likely start by the end of June. While in **MP** it is expected to decline by 10% -15% from the previous season as farmers may opt for cotton crop instead, which offers higher returns.

## Spot Market Recap

- Mixed sentiment was witnessed in the Red Chilli spot market during May.
- Red Chilli Guntur spot market also closed from 15th May 2023 and will reopen on 12th June 2023.
- Prices in the Guntur benchmark market NCDEX Quality opened at INR 17,000-18,000 per quintal during the May which get closed at the same price while 334 variety get closed at INR 19,000-21,000 per quintal which was INR 19,000-22,000 per quintal during the month before the starting of summer vacation.
- The heavy rainfall in Southern India during the start of May has had a significant impact on dried red chilli, which is typically left out in mandis for drying. However due to good storage capacity in most mandis, the excessive moisture is expected to have a minor effect. While in Palnadu district in AP, where farmers dry their crops in the field, the situation is different, and the chillies are likely to have higher moisture content. Due to which an increase in inferior quality arrivals in the cash markets reported during the month.
- Inferior quality arrivals in most of the cash markets are resulted into weak demand as farmers and stockists are reluctant to release their cold-storage crop as they are anticipating further increase in prices on improved demand after 15<sup>th</sup> June, 2023 with the open of Guntur and Khammam market. Hence, prices are anticipated to rise by INR 2,000-3,000 per quintal after the reopening of the markets due to export demand from China and other countries, Oleoresin companies, and Masala companies. However, in the long term, between August and September, prices are likely to decrease due to higher stock availability.
- Cold-storage arrivals in the Karnataka market is likely to increase gradually on upcoming demand from global markets for good quality chillies despite the fear of decline in prices on higher production.
- As per the trade sources, the AP cold storages are likely filled with approximately 65-75 lakh bags, whereas the Telangana cold storages are expected to store between 55-60 lakh bags, and Karnataka cold storages may store around 70-80 lakh bags due to higher production. In Karnataka's cold storages/ warehouse, approximately 50% to 55% of the total stocks consist of the 5531 variety while the remaining 45% to 50% comprises other varieties such as Super 10, Indo, 2043, Daddi, and KDL, among others.

### Monthly Red Chilli (Dry) Arrival Scenario

Red Chilli Arrival Scenario: (in Bags)					
State	Market	% Change Over Previous Month	Current Month May.23	Last Month Apr.23	Previous Year May.22
Andhra Pradesh	Guntur	-65.36	6,20,000	17,90,000	37,800
Telangana	Warangal	-53.91	3,18,000	6,90,000	1,67,000
Total		-62.18	9,38,000	24,80,000	2,04,800

Units – Bags (1 bag = 45 kgs)

### Red Chilli Arrivals Scenario

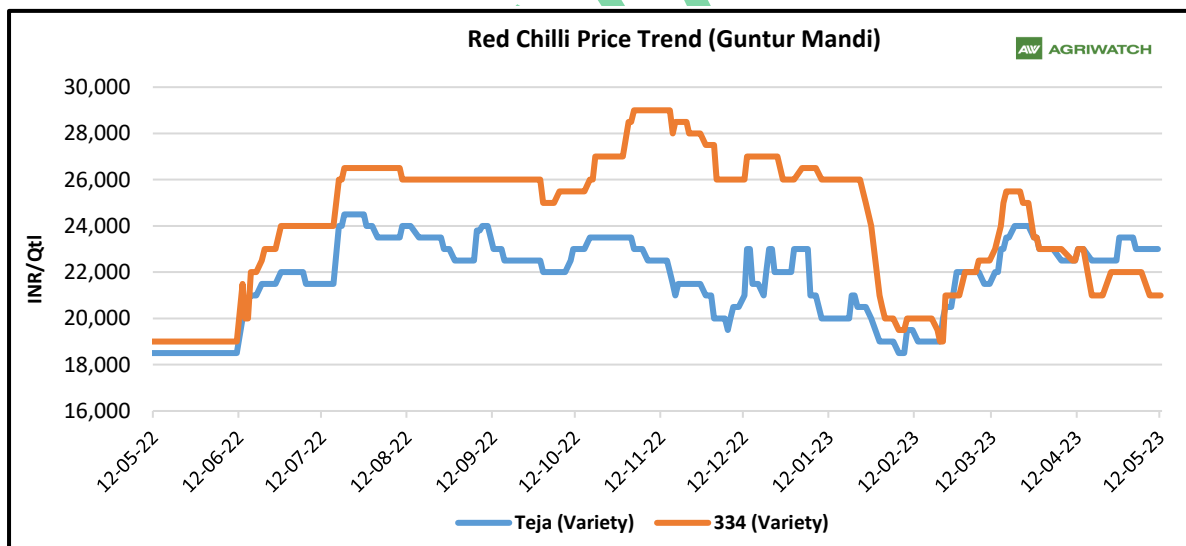
During the current year (1<sup>st</sup> January, 2023 – 31<sup>st</sup> May, 2023) on higher production and good demand new crop arrivals in the **Guntur** benchmark market were recorded at 359,775 MT which was 288,585 MT in the same period last year, up by 24.67%.

Similarly in the **Warangal** market it is recorded at 107,625 MT which was 77,640 MT in the same period last year, up by 38.62%.

In the **Byadgi** cash market, during the current year till date, new crop arrivals were recorded at 37,48,100 Bags which was 37,81,300 MT in the same period last year, marginally down by 0.88%. The reduction in arrivals during the current season can be attributed primarily to a delay of one month in sowing, which subsequently impacted the harvesting schedule.

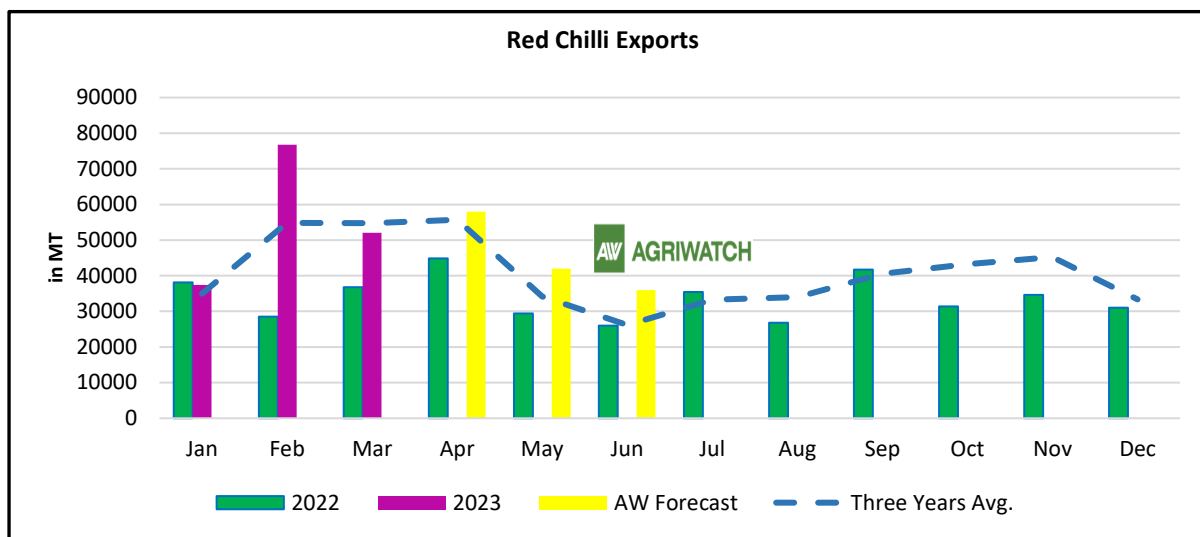
### AgriWatch Red Chilli Production Estimates 2023

As per AgriWatch estimates, Red Chilli all India production for 2023 is estimated at 15.56 lakh metric tonne (LMT). Last year's production was 14.07 lakh MT, up by 10.59%.



In the Guntur Spot Market Red Chilli 334 (S4) variety price was INR 19,000 – 22,000 per quintal. Last year it was INR 18,000 – 19,500 per quintal.

### Red Chilli Export Scenario



- In Mar 2023 (As per Govt. latest data), Red Chilli exports decreased by 32.15% over the Feb month as a result of weak demand during the month on higher price range, also due to inferior quality arrivals buyers were waiting for the start of cold-storage arrivals. Red Chilli exports in March 2023 were 52,084 MT, which was 76,760 MT in the Feb 2023 and 36,798 MT during the same period last year.
- AgriWatch predicts a rise in exports for the current month of June, primarily driven by China, Bangladesh, Vietnam, and Malaysia, as farmers and stockists will begin their cold-storage supply. Hence, exports for the month are expected to be 0.34 LMT to 0.38 LMT.
- During the current year AgriWatch expects, export demand may reach up to 5.70 to 5.90 lakh MT due to higher production of premium quality in AP, Telangana and Karnataka growing regions.

### Red Chilli Price Outlook

Chilli (334 quality) in Guntur market is likely to trade between INR 20,000 – 23,000 per quintal (Low – High), in the next month. Currently normal supply and demand is recorded in the market.

### Spot Prices Monthly Change

#### Red Chilli (Dry) Spot Market Prices: (Rs/Qtl)

State	Centre	Grade	% Change Over Previous Month	Today	Month Ago	Year Ago
				31-May-23	30-Apr-23	31-May-22
Andhra Pradesh	Guntur Benchmark market	NCDEX Quality	Unch	18000	18000	17000
		LCA 334	-4.55	21000	22000	19000
		Teja	-2.13	23000	23500	18500
		No. 273	5.00	21000	20000	20000
		No. 5	Unch	22000	22000	21000
		Fatki	11.11	15000	13500	11000
		Byadgi	Unch	27000	27000	22000
		US 341	2.33	22000	21500	22500
		Denvor Delux	10.00	22000	20000	21000
		Indam 5	Unch	22000	22000	20000
Telangana	Warangal	Teja	-1.40	21200	21500	17000
		Wonder Hot	7.36	35000	32600	26000
		341	5.00	21000	20000	24000
		Denvor Delux	5.00	21000	20000	23800
		Paprika	--	NA	65000	55000
		Fatki	7.69	14000	13000	10000
	Khammam	Teja (Cold storage)	--	NA	NA	18200
		Teja (Non-Cold storage)	Unch	23000	23000	18000
	Bedia	No. 12	12.00	28000	25000	Closed

Madhya Pradesh		Fatki	13.33	17000	15000	13000
		Jhankar	-5.26	18000	19000	19000
Delhi	New Delhi	Teja (Khamam)	4.00	26000	25000	21800
Karnataka	Byadgi	2043 Best	-9.09	30000	33000	20000
		5531 Best	Unch	14000	14000	15000
		Dabbi Dlx Local	-16.67	45000	54000	36000
		KDL Best(Local)	-16.67	37000	44400	29000
		5531 Best	-18.18	9000	11000	3100

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