

## Chilli Outlook – October 2018

India is the world's largest producer, consumer and exporter of chillies in the world. India is the world leader in chilli production followed by China, Thailand, Ethiopia and Indonesia. Indian chilli is considered to be world famous for two important commercial qualities of color and pungency levels. Indian chilli is mainly exported to Asian countries like Vietnam, Thailand, Sri Lanka, Bangladesh and U.A.E.

In India, major chilli producing states are Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Madhya Pradesh. In Andhra Pradesh, as on 26<sup>th</sup> September 2018, about 116,578 hectares was reported under red chilli. Till now, chilli area coverage in Guntur, Kurnool and Krishna regions is reported as 65,259 hectares, 15,584 hectares and 12,816 hectares respectively.

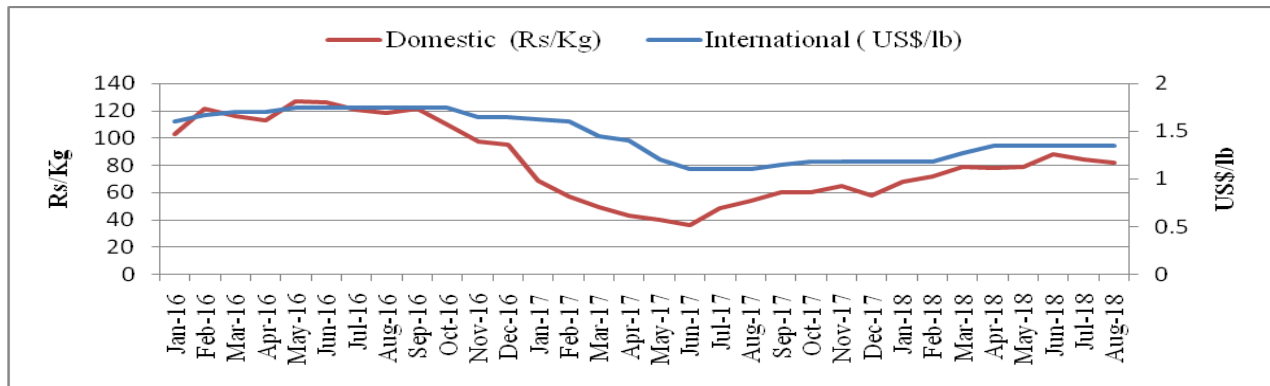
As on 26<sup>th</sup> September 2018, red chilli sown area in Telangana was reported as 46,126 hectares as compared to only 24,920 hectares in the corresponding period of last year. Among major chilli growing districts, Khammam has reported maximum 18,010 hectares followed by Mahbubabad (10758 hectares), Gadwal (Jogulamba) (6,289 hectares) and Warangal (rural) (1,794 hectares). Currently, chilli standing crop is at vegetative stage.

In Madhya Pradesh, as acreage expected to rise by 5% from last year's 33,625 hectares to 35,306 hectares, production is also likely to rise from 21,000 MT last year to 56,490 MT in current year, as virus infection had taken a toll on last year's crop.

**Table 1: Red Chilli Supply and Demand (in lakh tonnes)**

Particulars	2016-17	2017-18	2018-19 (Exp)
Opening Stock	3.84	1.87	2.39
Production	10.73	13.76	10.5
Import	0.00	0.00	0.00
Total Supply	14.57	15.63	12.89
Consumption	8.7	8.8	8.5
Exports	4.00	4.44	3.85
Total Demand/Usage	12.7	13.24	12.35
Ending Stock	1.87	2.39	0.54
Av Monthly Consumption	0.73	0.73	0.71
Stock to Month Use	2.58	3.26	0.76
Stock to Consumption Ratio %	14.72	18.05	4.37

Source: Agriwatch spices monthly research report, October 2018



Source: <http://www.indianspices.com>

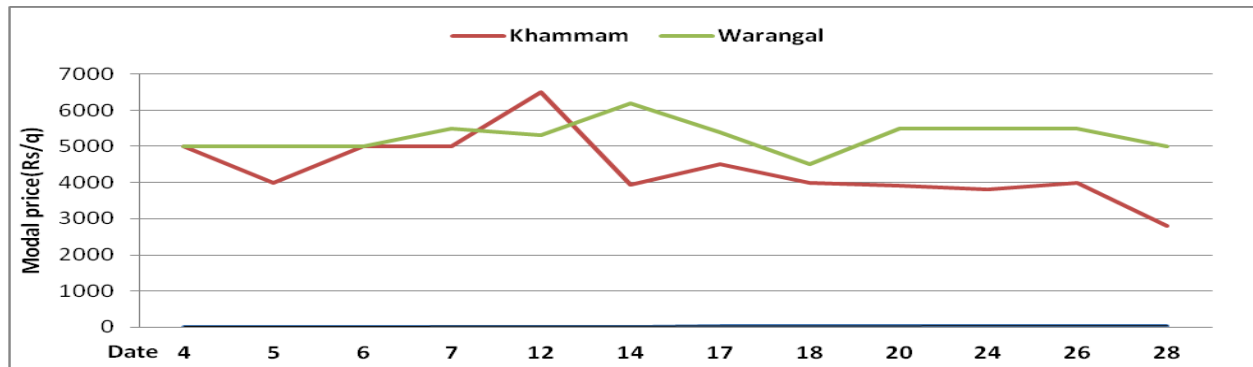
**Fig.1: Monthly Average Domestic and International Spot Prices of Chilli**

The trend in average monthly domestic and international chilli prices from January 2016 to August 2018 presented in Fig 1 clearly indicates that the domestic prices are highly influenced by international prices. The international and domestic prices had reported as 1.35 US\$/lb and 81.50 Rs/kg in August 2018 as compared to last month prices i.e., 1.35 US\$/lb and 83.75 Rs/Kg respectively.

**Table 2: Prices and Arrivals of Chilli at Khammam and Warangal Markets in the Month of September 2018**

Date	Khammam				Warangal			
	Arrivals (Tonnes)	Minimum Price (Rs/q)	Maximum Price (Rs/q)	Modal Price (Rs/q)	Arrivals (Tonnes)	Minimum Price (Rs/q)	Maximum Price (Rs/q)	Modal Price (Rs/q)
4	37.2	4000	5425	5000	1.2	4000	6000	5000
5	7.1	3500	5500	4000	2.0	4000	6500	5000
6	6.7	4000	6000	5000	5.2	4000	6500	5000
7	1.4	4000	6400	5000	1.7	4000	6000	5500
12	5.2	5000	7000	6500	5.6	4000	6500	5300
14	6.8	3500	5000	3950	0.5	6200	6200	6200
17	9.9	4000	6500	4500	1.2	4500	6000	5400
18	16.4	3600	6300	4000	0.4	4500	6000	4500
20	13.0	3500	5000	3900	0.5	5200	6000	5500
24	3.5	3500	4300	3800	2.8	4500	6000	5500
26	10.0	3800	5300	4000	3.0	4500	6000	5500
28	12.2	2500	3500	2800	1.5	4000	5800	5000

Source: <http://agrimarketing.telangana.gov.in/indexnew.jsp>



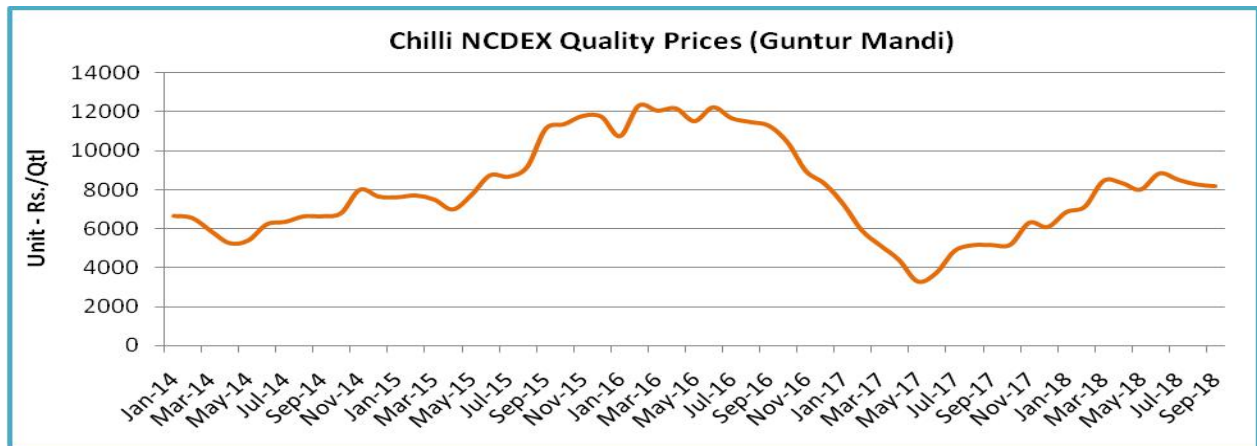
**Fig.2: Chilli Prices at Khammam and Warangal Markets in the Month of September 2018**

In Telangana, chilli prices at Khammam and Warangal markets ranged between Rs. 2800 – 6500 and Rs. 4500 – 6200 respectively in the month of September 2018.

**Table 3: Red Chilli Spot Market Prices (Rs/q)**

Grade	Centre	29-Sep-18	31-Aug-18	% Change Over Previous month
NCDEX Quality	Guntur (Andhra Pradesh)	8000	8200	-2.44
LCA 334		8300	8800	-5.68
Teja		10500	10200	2.94
No. 273		10500	10800	-2.78
No. 5		10000	10200	-1.96
Fatki		5500	6000	-8.33
Byadgi		10500	10400	0.96
US 341		10400	10400	Unchanged
Denvor Delux		10000	10000	Unchanged
Indam 5		9500	10500	-9.52
Teja	Warangal (Telangana)	10600	10300	2.91
Wonder Hot		10500	10200	2.94
341		10700	10600	0.94
Denvor Delux		10700	10600	0.94
Fatki		6200	6100	1.64
No. 12	Bedia (Madhya Pradesh)	10500	10200	2.94
MICO (Teja)		NA	12800	-
Teja (Khammam)	New Delhi	11500	11000	4.55
LCA 334		10500	10200	2.94
Fatki		NA	4500	-
Packing		NA	10200	-

Source: Agriwatch spices monthly research report, October 2018



Source: Agriwatch spices monthly research report, October 2018

**Fig.3: Chilli NCDEX Quality Prices (Guntur Mandi)**

The monthly average prices closed at Rs.8,176/q on 30<sup>th</sup> September 2018 as compared to August Rs.8,267/q. Due to lower production in 2018 chilli prices reported up during this market year. Red Chilli prices last year September reported at Rs.5,158/-qtl only.

**Table 4: Monthly Red Chilli Arrival Scenario**

Market	Current Month	Last Month	Previous Year	% Change Over Previous month
	18-Sep	18-Aug	17-Sep	
<b>Guntur (Andhra Pradesh)</b>	1,090,000	1,080,000	NA	0.93
<b>Warangal (Telangana)</b>	99,500	71,200	138,000	39.75
<b>Total</b>	1,189,500	1,151,200	138,000	3.33

Last year chilli supply reported lower at Guntur market as it was mostly closed due to cash payment issue. Due to heavy rainfall last week in some areas of Madhya Pradesh, chilli standing crop was affected. Export quality chilli production may go down in coming days. However, in some places normal rainfall that was reported may be very helpful at this period. Till now 90% standing crop reported well and 10% only likely to affect.

### Chilli Price Outlook

Currently, normal export demand was reported from China, Bangladesh and Sri Lanka. However, demand for varieties like Teja may go up further as export qualities are available only in Andhra Pradesh and Telangana states. In Bedia mandis, arrival of early variety new chilli crop started with small quantity around 200 - 300 bags and normal variety is likely to enter after 15<sup>th</sup> October.

Total red chilli supply in Guntur market was down by 12% from 1<sup>st</sup> January to 30<sup>th</sup> September 2018 and stands at around 362,430 MT as compared to 413,325 MT in the corresponding period of last year. Due to lower production current year chilli supply is reported lower.

Chilli cold storage stocks as on date (including old and new crops) in Guntur stood at 121,500 to 130,500 MT, while total stocks in Andhra Pradesh are expected around 202,500 to 216,000 MT according to various trade sources.

Currently, chilli standing crop is at critical stage due to lower rainfall in Andhra Pradesh and Telangana states. However, as on date no crop damage was reported in both states.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that chilli is likely to trade in price range between Rs. 5500 – 6500 per quintal in the month of October 2018.