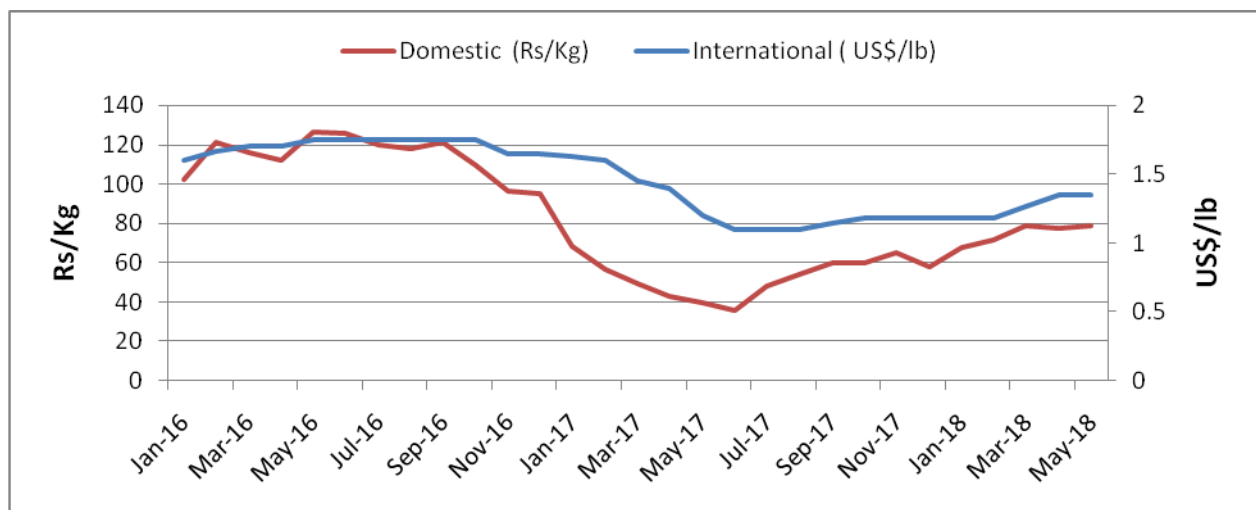


Chilli Outlook – July 2018

Chilli is considered as one of the major commercial crops of the world. India is the world leader in chilli production followed by China, Mexico, Turkey, Indonesia, Spain and United States. Indian chilli is mainly exported to Asian countries like Vietnam, Thailand, Sri Lanka, Bangladesh and U.A.E. Andhra Pradesh is the largest producer of Chilli in India with 883 thousand metric tonnes followed by Telangana, Karnataka, Madhya Pradesh and West Bengal. As per 1st advanced estimates of Spices Board of India, area under chillies was 844 thousand hectares in 2017-18 with 2106 thousand metric tonnes production.

As on 27th June 2018, area covered under chilli in Telangana state was 78 hectares as against 48 hectares in the corresponding period last year. Chilli sowing has just initiated in the last week of June and will be peak during last week of July to first week of August. The major chilli growing districts are Khammam, Mahabubabad, Warangal Rural, Jayashankar, Jogulamba and Bhadradi.

As per Agri Watch initial estimates, under normal monsoon condition, all India Red Chilli area may go up by 13 -14% as compared to last year due to higher prices. Currently the sowing activity was reported lower due to lower rainfall in major growing regions.



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

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

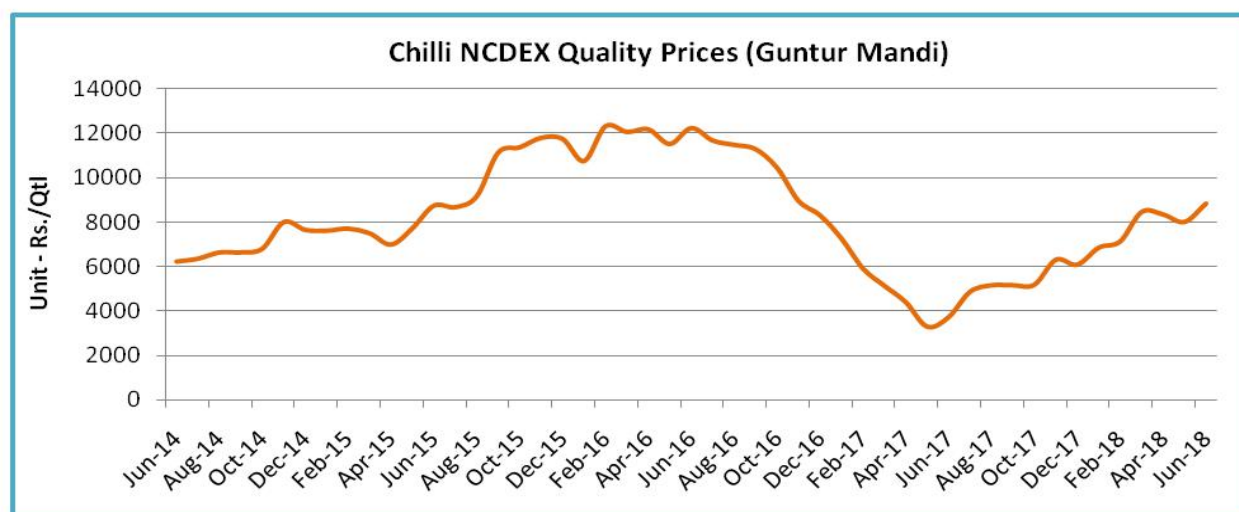
The trend in average monthly domestic and international chilli prices from January 2016 to May 2018 presented in Fig 1 clearly indicates that the domestic prices are highly influenced by international prices. The domestic price of chilli is almost following the international price trend. Chilli prices which were declining since September 2016 started increasing after July 2017. From March 2018 onwards chilli prices remain stable around 1.35 US\$/lb at international and 77.5 Rs/Kg at domestic levels.

Table 1: Prices and Arrivals of Chilli at Warangal Market in the Month of June 2018

Date	Arrivals	Minimum Price (Rs/quintal)	Maximum Price (Rs/quintal)	Modal Price (Rs/quintal)
1	64.5	4500	9400	7600
4	80.2	5600	9500	7200
5	73.3	5500	8700	7500
7	56.0	5500	9400	8100
8	64.9	5000	9200	7800
11	34.4	4500	8300	7500
12	52.6	5000	8000	7500
14	29.2	5500	8500	7800
15	10.1	4000	8000	6500
18	27.1	5600	9800	7200
19	7.5	4900	8800	6800
21	33.3	4000	7200	6500
22	8.1	4000	8200	6500
25	18.2	4000	8500	6000
26	16.0	4100	8000	5800
28	22.5	5000	8800	6300

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

In Telangana, 1st sort of chilli prices at Warangal market ranged between Rs. 5800 - 8100 in the month of June 2018.

**Figure 2: Chilli NCDEX Quality Prices (Guntur Mandi)**

Due to lower sowing area in 2017, chilli prices took support and rose in July - August. Till 30th June 2018, monthly average prices closed at Rs.8,827 / q as compared to May Rs.8,000 /q. Red chilli prices during last year June reported was Rs.3,728 /q.

Chilli Price Outlook

Red chilli supply in Guntur market from 1st January to 29th June 2018 stands at around 225,855 MT as compared to 322,650 MT in the corresponding period last year. Chilli supply is lower during the period because of lower production. Also, stockists are holding back their stocks on expectation of higher prices in coming days. Buyers are likely to be active in coming days as cold storage stocks started releasing in the Guntur spot market.

Currently, Chilli (NCDEX quality) in Guntur is trading at Rs.8,500 – 8,800 per quintal. We expect that prices may not fall much further from current levels as buying from stockists, exporters, masala millers etc will continue.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that chilli is likely to trade in price range between **Rs. 8500 – 9000** per quintal in the month of July 2018.