

Chilli Outlook – January 2019

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 26th 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.

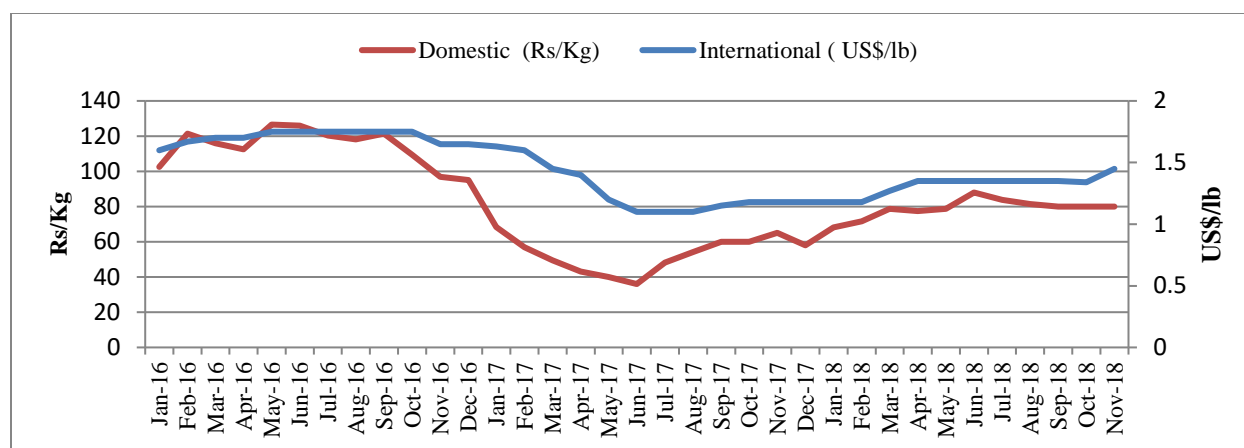
As on 26th September 2018, red chilli sown area in Telangana was reported as 46,126 hectares as compared to only 24,920 hectares in the corresponding period of last year. Among major chilli growing districts, Khammam has reported maximum 18,010 hectares followed by Mahabubabad (10758 hectares), Gadwal (Jogulamba) (6,289 hectares) and Warangal (Rural) (1,794 hectares). Currently, chilli is at fruit development stage. New crop arrivals are likely to enter into markets from last week of January.

Red Chilli production for 2019-20 is estimated at 12.00 lakh MT as compared to previous year's production of 10.50 lakh MT (Agriwatch).

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	10.50
Import	0.00	0.00	0.00
Total Supply	14.57	15.63	12.89
Consumption	8.70	8.80	8.50
Exports	4.00	4.44	3.85
Total Demand/Usage	12.70	13.24	12.35
Ending Stock	1.87	2.39	0.54
Average 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



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 November 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 1.45 US\$/lb and 80.00 Rs/Kg respectively in November 2018 also as that of during previous month in case domestic chilli prices. International chilli prices at New York market that remain stable at 1.35 US\$/lb from April 2018 to October 2018 has rose to 1.45 US\$/lb in November 2018.

Table 2: Prices and Arrivals of Chilli at Warangal and Khammam Markets in December 2018

Warangal					Khammam			
Date	Arrivals (Qtl)	Minimum Price (Rs/ Qtl)	Maximum Price (Rs/ Qtl)	Modal Price (Rs/ Qtl)	Arrivals (Qtl)	Minimum Price (Rs/ Qtl)	Maximum Price (Rs/ Qtl)	Modal Price (Rs/ Qtl)
4	126	4,000	9,500	8,500	14	8,300	9,711	9,000
13	240	5,500	9,600	8,000	67	8,000	9,818	9,711
14	357	5,000	9,211	8,600	128	8,000	10,000	9,511
17	560	5,000	9,600	8,100	181	8,500	9,900	9,500
18	34	6,500	9,405	8,001	240	8,600	9,450	9,000
19	142	5,000	9,500	8,000	244	8,200	10,000	9,716
20	233	4,500	9,700	8,000	186	7,900	10,000	9,600
21	406	5,500	9,600	8,500	725	7,800	9,800	9,200
24	1,365	6,000	9,300	8,000	390	7,500	9,000	8,000
27	1,111	5,000	9,300	8,000	312	7,500	9,200	8,900
28	955	5,000	9,400	7,000	216	7,500	9,200	8,850

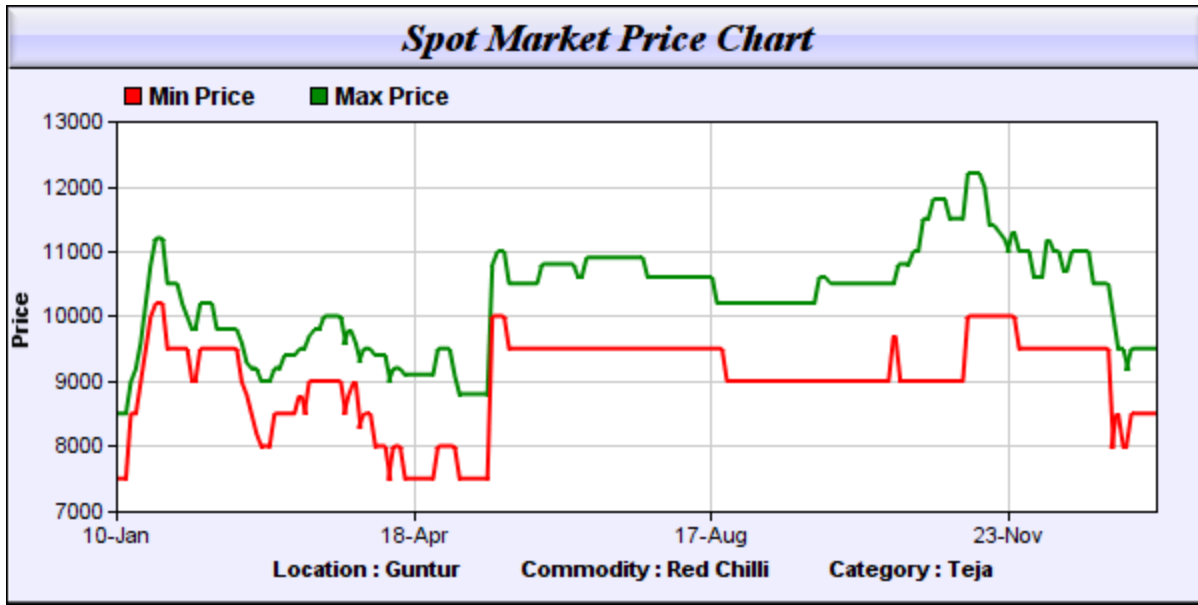
Source: <http://tsmarketing.in/>

In Warangal and Khammam markets, chilli was traded around Rs. 7000 – 8600 and Rs. 8000 - 9716 per quintal with 5,529 and 2703 quintals of arrivals respectively in the month of December 2018.

Table 3: Red Chilli Spot Prices (Rs/Qtl)

Grade	Centre	31-Dec-18	30-Nov-18	30-Dec-17	% Change Over Previous month
NCDEX Quality	Guntur (A.P.) Benchmark market	8800	9100	5800	-3.3
LCA 334		9000	9500	6300	-5.26
Teja		9500	10600	9200	-10.38
No. 273		8000	10000	7500	-20
No. 5		9000	9500	8000	-5.26
Fatki		4500	5500	4000	-18.18
Byadgi		8500	11300	8000	-24.78
US 341		8500	9700	8800	-12.37
Denvor Delux		8500	9500	8500	-10.53
Indam 5		10000	10000	NA	Unchanged
Teja	Warangal (Telangana)	9700	10600	9000	-8.49
Wonder Hot		10100	10700	8300	-5.61
341		10600	10800	8700	-1.85
Denvor Delux		10400	10700	8000	-2.8
Fatki		5400	6000	4000	-10
No. 12	Bedia (M.P.)	10000	10000	NA	Unchanged
Indu 2070		10000	10500	11500	-4.76
MICO (Teja)		10000	11500	11500	-13.04
Jhankar		9500	9000	NA	5.56
Ganesh		10000	10000	NA	Unchanged
Teja (Khammam)	New Delhi	11300	13000	11000	-13.08
LCA 334		9800	10500	8500	-6.67
Fatki		4800	NA	4500	-
Packing		9800	10500	8500	-6.67

Source: Agriwatch



Source: Agriwatch

Fig.3: Spot Market Price Chart (Guntur Mandi)

Currently, Chilli (NCDEX quality) in Guntur is trading steady at Rs.8,300 – 8,800 per quintal. Agriwatch expect that prices may not fall much further from current levels, as buying from stockists, exporters, masala millers etc will continue.

Chilli Price Outlook

Total red chilli supply in Guntur market from 1st January to 28th December 2018 stands at around 639,180 MT as compared to 711,990 MT in the corresponding period of last year. Supply was down almost 10% on account of lower production during current year.

Standing crop condition reported weak in Maharashtra and Madhya Pradesh due to lower rainfall. Heavy rainfall reported in Guntur, Krishna and other major chilli growing regions slightly affected chilli standing crop.

In the current season, normal demand was reported from Malaysia, Thailand, China, Bangladesh and Sri Lanka.

Agriwatch sources revealed that, Teja prices may go up further as export qualities available only at Andhra Pradesh and Telangana state. Currently, chilli is at fruit development stage. New crop arrivals are likely to enter into markets from last week of January 2019.

Under these circumstances, Agricultural Market Intelligence Centre, PJTSAU expect that chilli is likely to trade in price range between **Rs.7500 – 8500** per quintal in the month of January 2019.