

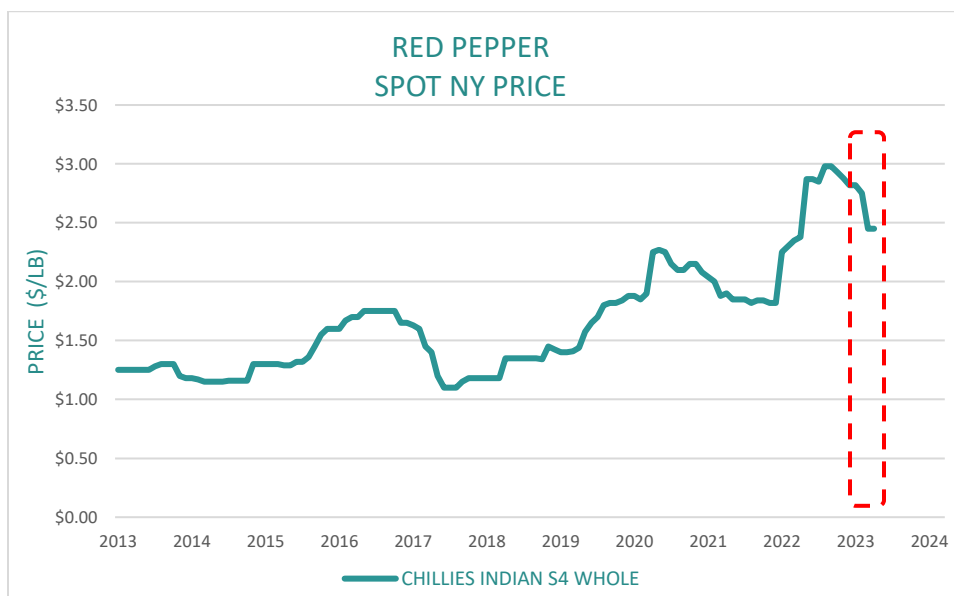


RED PEPPER REPORT

APRIL 2023

Current Market

INDIA: New season arrivals are at a peak at primary markets in the growing areas. It is estimated that about 60-70% of the current season material has been harvested, reaching primary markets or getting stored in cold storages. There has been some stability in prices due to increased demand from domestic and export markets. There is increased demand from China, Thailand and Bangladesh. At the same time, carry forward stock levels are low. Speculation caused by unseasonal rains in south India in early-March had also provided some support to the market.



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Crop Conditions

INDIA:

Peak harvesting continues in the main growing regions. There had been a slight decline in acreage this season, however supply of material remains high due to the rise in yield levels due to favorable weather conditions during the crop development stages. All the peninsular regions have received good rainfall, which has been favorable for crop development.

In the peninsular states of Telangana and Andhra Pradesh, acreage is estimated to have increased by about 10-20%. Crop arrivals in primary markets are currently higher by about 30-40% over last year's levels.

In Karnataka, a 20% decline in acreage is estimated, resulting in a decline in production in the state. Sowing had been delayed by nearly a month in many areas due to extended rains in October, resulting in a one-month delay in commencement of harvesting.

Unseasonal rains in mid-March, followed by high temperatures, have resulted in production of more low-grade white chilies.

Even though there has not been much pest incidence, the fear of recurrence of black thrips attack had resulted in usage of heavy pesticides in many areas, mainly Andhra Pradesh and Telangana, limiting the availability of low-pesticide residue material.

Further south, the state of Tamil Nadu has received extended rains from the north-east monsoon, and good production is expected.

Market Scenario

INDIA:

Stock levels in cold storages are currently only about 50% of capacity. Since storage space is available, farmers are likely to store material expecting higher prices after harvesting is complete. Most of the primary market arrivals are expected to be complete within the coming month. While there is good arrival of new season material, the availability of IPM material is limited as farmers had undertaken crop protection measures, including use of pesticides, due to fear of recurrence of black thrips attack which had caused heavy damage during the previous season. As the crop approaches the last rounds of harvesting in many areas, quality of material is expected to slowly deteriorate in the late picking stages.

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Price Forecast

INDIA:

Peak harvesting continues in the peninsular states, which are major producing regions. Good arrivals have been reported in the primary markets. Prices are expected to remain mostly stable in the short term while new arrivals continue, and may move upwards later once harvesting is complete. The shortage of low-pesticide residue material will also continue to provide support to the market.

According to the recent update from the India Meteorological Department (IMD), there is a possibility of an El Nino developing during the south west monsoon season. Below-normal rainfall during the June-Sept period could have a disruptive effect on production during the coming season, having a bullish impact on prices in the long term.

Coverage Recommendation

The current peak-arrival period should be seen as an opportunity for coverage. Prices usually move up during the off-season, once harvesting is over, due to the increased storage costs. Domestic and export demand could increase later in the year, providing support to prices. It is advisable to cover during the harvest season itself for requirements at least till early-2024.

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