

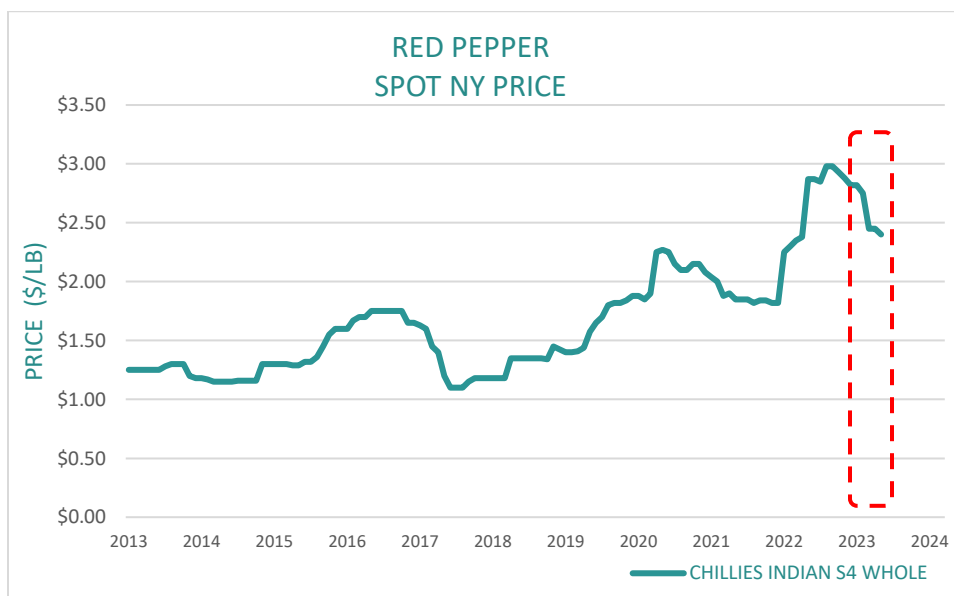


RED PEPPER REPORT

JUNE 2023

Current Market

INDIA: With monsoon rains commencing in peninsular India, primary market arrivals have declined. Harvesting was completed in all areas before the rains. Some of the harvested material has already been sold, while the rest is being stored in cold storages. There had been good demand in March-April, pushing up local prices. Increased demand was seen from domestic buyers as well as from China and other countries. With demand remaining high, carry-forward stock levels are low. Fearing further decline in prices, farmers have released material during the past month, resulting in a slight weakening of non-IPM prices as supply increased.



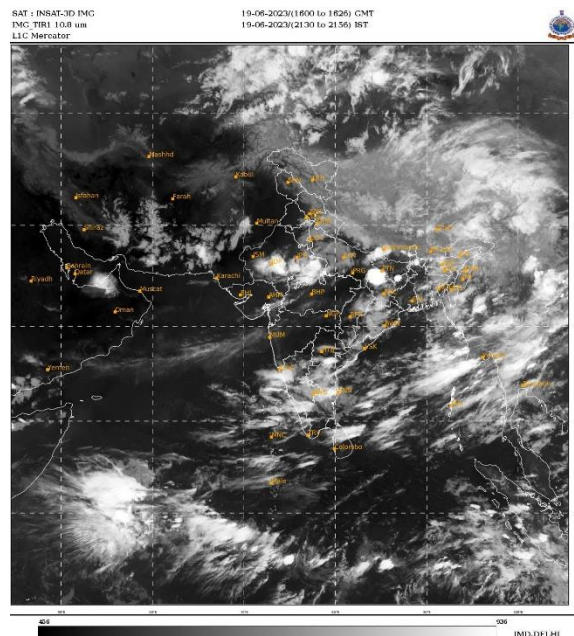
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Crop Conditions

INDIA:

Good rains have been reported in almost all the growing areas with the south-west monsoon setting in over the peninsular regions.

During the last season, crop development had been good in all the southern regions due to favorable weather during the crop development stages. Even though there had not been much pest incidence, the fear of recurrence of black thrips attack had resulted in heavy usage of pesticides in many areas, mainly Andhra Pradesh and Telangana, affecting the availability of low-pesticide residue material.



Satellite Image on 19 June 2023 showing dense cloud cover over south-eastern peninsular India.

[Source: India Meteorological Department]

CHINA:

Weather extremes have been reported from different parts of China over the past month. With the start of the summer rains locally known as "dragon boat water", many parts of southern and eastern China, including the provinces of Guangxi and Anhui, were hit by torrential rains and thunderstorms. At the same time, many parts of northern China witnessed very high temperatures, with parts of Xinjiang province, a major red pepper growing region, recording temperatures above 40°C this month.

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Market Scenario

INDIA:

Market arrivals are declining as harvesting is complete and rains have started. Stocks in cold storages are currently about 5-10% higher than last year's levels. Even though there are stocks of new season material, availability of IPM material is limited since farmers had undertaken crop protection measures, including use of pesticides, fearing a recurrence of black thrips attack which had caused heavy damage during the previous season. As good quality material gets sold and arrivals increase from cold storages, the quality of remaining material is expected to slowly decline during the coming months.

Price Forecast

INDIA:

Arrivals continue even though harvesting is complete. With farmers selling off material, fearing further correction in prices due to the increased production, prices are expected to remain mostly stable in the short term while new arrivals continue and may strengthen once harvesting is complete. Once arrivals start depending on material from cold storages, prices could increase due to the storage costs. Besides, prices are expected to remain firm for low-pesticide residue material. Monsoon showers in India have experienced a delayed onset and deficient conditions, with many parts of south, central and eastern India reporting huge deficits in rainfall. The delayed rains might lead to delayed sowing. The monsoon pattern has been affected by cyclone *Biporjoy*, and the evolving El Niño could continue to negatively impact the country's rainfall during the coming months.

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Coverage Recommendation

Good quality material, having low pesticide residue, is limited. Uncertainties prevail about weather condition later in the year. 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. Current availability of material should be seen as an opportunity to extend coverage at least till the end of the year.

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