



CURRENT MARKET

The global chillies market continues to be strongly affected by the COVID-19 pandemic. Even though restrictions imposed to control the outbreak continue to have a dampening effect, market activity is slowly picking up.

Factory operations in China continue to be affected, with strict restrictions having an impact on almost all business activities. However, after remaining mostly silent for two months, Chinese buyers started purchasing from India last month, having a bullish effect on the market, especially for high-heat material. Normally, Chinese buying becomes active from early-February, after the Lunar New Year holidays. This was delayed due to the lockdown.

Activities in India are slowly assuming some semblance of normality. The nation-wide lockdown, in place since the last week of March, has been extended till May 31. Though all agricultural operations, including field activities, have been exempted from the lockdown, shortage of workers and practical difficulties related to transportation of material continue to plague operations in many states. Besides, wholesale markets situated in the high-intensity red-zone areas have not been able to resume operations. Before the shutdown was imposed, prices had been mostly steady, held firm by good domestic and export demand, together with limited availability of stocks.

Jalapenos were the first peppers in space, traveling on the Space Shuttle Columbia in November 1982 on NASA's fifth space shuttle mission called STS-5. Jalapenos are considered a good choice for space travel because of their good Vitamin-C content, longer shelf life (4-5 weeks at lower temperatures), mild to medium pungency (about 10,000 Scoville heat units in general) and absence of strong odours.

CROP CONDITIONS

INDIA:

Harvesting had started in the South Indian states of Andhra Pradesh and Telangana before the nation-wide lockdown was imposed, and nearly 90% of harvesting is complete. With most migrant workers returning to their home states, shortage of labour has hampered harvesting of the remaining material. Production is estimated to increase by about 10% in these states due to favourable growing conditions. However, with the harvesting affected by the lockdown, this could also have an effect on total production. With all the major wholesale markets, including those at Guntur, Warangal and Khammam closed, farmers had moved their harvested material to cold storages. There is apprehension that material is going into cold storages without proper drying, which will affect quality.

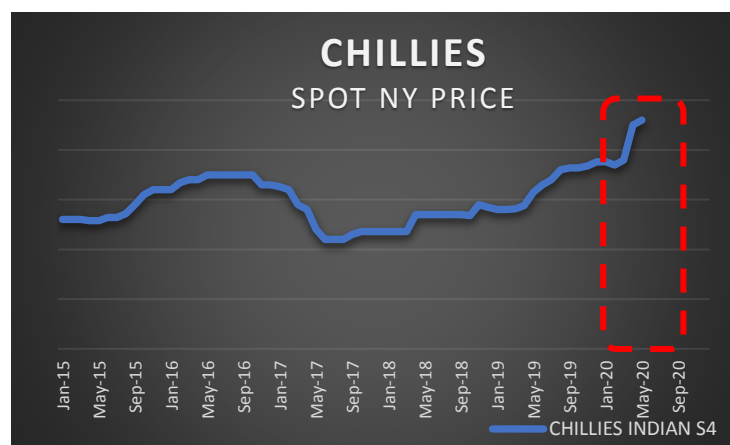
At the same time, a decline in output is expected in the state of Karnataka due to excess rainfall earlier in the season. Late sowing in many areas has delayed arrivals beyond normal.

CHINA:

There had been an increase in acreage during the last season for both bell pepper and paprika. Nevertheless, unfavourable weather earlier in the season affected productivity and total output did not increase. This year, exports have been below normal with the COVID-19 outbreak affecting processing operations. Even though field preparation activities have started as usual, planting of bell pepper has been slightly delayed this year due to the lockdown, and this delay could affecting harvesting also.

MARKET SCENARIO

Trading operations in India have been adversely affected by the COVID outbreak. Activities have been limited with primary markets closed and restrictions placed on movement of people and material. Market operations should have been at a peak at this time of the year, but this has been altered by the



nation-wise lockdown. Farmers have been forced to pay more for both labour and transportation, with both in short supply due to the lockdown. Unable to sell their material, farmers have hastily moved the harvested produce to cold storages. This has affected the quality of material, leading to increased production of low grade material. Good quality material could be in short supply, and prices could move higher. Usually, during the latter half of the year, as material is available only from cold storages, prices start moving up. Increased demand from both domestic and international buyers is expected to provide support to the market. Chinese demand is also picking up slowly, especially for high heat varieties, pushing up prices.

PRICE FORECAST

As markets slowly start gaining momentum, limited availability of good quality material is expected to keep prices firm. Domestic and export demand is expected to keep prices steady though arrivals may increase once current restrictions are removed. The general decline in quality of material this year is expected to fetch good prices for higher quality material.

COVERAGE RECOMMENDATION

As demand strengthens, prices are expected to move up. The shortage of good quality material is also expected to have a bullish effect. It is advised to cover forward if attractive offers are available, considering that the current bullish trend is expected to persist.



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