



NEWS &
MARKET
REPORT

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HEATWAVE IN EUROPE; IMPACT ON FOOD SECURITY

Extreme heat waves have been reported in Europe with the temperatures soaring up and above 40 degrees Celsius owing to climate change. Heatwaves have crucially impacted crops and livestock. Analysis of the drought across the EU revealed that a major portion of Europe is exposed to high drought levels resulting in massive stress on the agricultural farmlands. This affects the food supply chain which was already in a fragile state due to the pandemic and the ongoing Russia- Ukraine war. Increased temperature, weather variability, pests, and extreme weather events drastically affect yields and the quality of food. This also indicates a further rise in food prices and a significant threat to global food security.

UNEVEN DISTRIBUTION OF RAINFALL MIGHT IMPACT AGRICULTURAL PRODUCTION

The southwest monsoon rains have started in India. However, as per the data, there has been a huge variation in its intensity and distribution across the country. This can have a direct impact on agriculture as this monsoon accounts for around 70% of the country's rainfall and irrigates 60% of its net sown area. It also marks the sowing of Kharif crops. Currently, it has been reported that states like Telengana, Tamil Nadu, Gujarat, etc., have excess rainfall while states like Uttar Pradesh, Jharkhand, Bihar, West Bengal, etc., are suffering from deficit monsoon season. Continuing uneven distribution of rainfall may reduce production and could eventually lead to food inflation.

AGRI-CHEMICAL COMPANIES READY WITH NEW SOLUTIONS TO TACKLE BLACK THRIPS

The chilli farmers faced a major setback with the black thrips attack last season in which more than 75% of their production got affected. However as per the reports, regardless of the devastating pest attack, the farmers are likely to continue with chilli cultivation due to the high price realization of this season. Now, both Indian and foreign agri-chemical firms have come up with solutions to protect the crop from black thrips attack.

BLACK PEPPER

Vietnam : Harvesting of pepper has been completed in Vietnam. Currently, the availability of light pepper with high piperine content is limited. For light berries pricing is in a downward trend owing to limited interest from main buyers. The domestic price of Vietnamese pepper has gradually increased post the slump as per the latest reports. However, the export price of bold pepper continues to be stable and is currently priced at 4.0 USD/Kg FOB.

Sri Lanka: As mentioned in the previous reports, Sri Lanka has been hit with one of the worst economic crises it has ever witnessed since independence. Worsening economic condition and fuel shortage has had a negative impact on the supplies and it has resulted in one of the toughest seasonal procurement in the region to date. The farmers who were earlier carrying green peppers to drying yards are now forced to dry their green peppers at their homes due to the fuel crisis. With the next season a few months away, prices of black pepper continue to remain high.

Indonesia: Harvesting of pepper is in its full swing and good incomings have been reported. However, the crop is reported to be short. After seeing a dip in mid-July, prices of black pepper soared again, and compared to 3,609 USD/ton in June, current prices have soared to 3,905 USD/ton in the first week of August 2022.



PAPRIKA CHILLI

The markets for paprika chilli have been closed since the second week of May. The material currently coming into the market are carry forward stocks from cold storage. The traditional chilli growing states are receiving adequate rainfall indicating chances of good yield. There have been reports of seed prices dropping by about 20-25%. It has also been observed that a small section of farmers have switched from chilli to cotton and maize cultivation.

20-25%
↓ seed price



20%
↑ price

CAPSICUM CHILLI

The capsicum chilli is currently trading at one of the highest price levels in markets across India. There has been an increase in price by over 20% in the last 3 months. The increase in price is due to lower carry forward stocks available in cold storages. Prices will continue to soar as buyers scramble for the limited cold storage stocks. The sowing stands completed in Madhya Pradesh and Maharashtra and sowing in major regions across Andhra and Telangana is going slow as farmers are waiting for the weather to stabilize.

Initial reports indicate that there is a marginal reduction in sowing areas in Madhya Pradesh and Maharashtra and lesser demand for chilli seeds in Andhra and Telangana. Farmers contemplating switching to cotton or other vegetables and waiting for the rains to get over are the primary reasons for lower chilli seed demand.



CUMIN SEED

The cumin harvest has been completed. It has been observed that the crop output has decreased by 30%. The price of the commodity has remained strong with high rates. Currently, we have been receiving reports of a high percentage of carry forward stocks entering the market and farmers retaining the fresh lots with an intent to dispose of old carry forward stocks. The IPM crop demand is also high and prices for the same have gone up. There has been a 3% hike in prices and it might increase further.

TURMERIC

The sowing for the next season is ongoing in major growing regions and is expected to complete by this month. We expect a good crop for the upcoming season. The price levels are expected to increase as the season comes to an end. The current market price of Indian Turmeric is approximately 0.93 USD/Kg.



NUTMEG

Nutmeg harvesting is ongoing in Kerala. There is reportedly a shortage of Indian nutmeg this year. Crop yield is also poor with a 30% reduction in the crop output. Due to the recent rains, material arrival in the market is relatively less. There has been an upward trend in pricing. The nutmeg oil price has also increased to 60 USD/Kg. The prices are likely to remain high until November.

30%
↓ Production



DRY GINGER

Currently, the price of Indian dry ginger has hit rock bottom. The sowing for next season is expected to be 20% short. Growing areas have been receiving less than average rainfall. The prices are at an all-time low and we don't expect significant price changes.

20%
↓ Production



CARDAMOM

Currently, the supplies arriving at the market are mostly carry forward stocks and low yield material. Over the last few years, the area of cultivation has been increasing. With the growing areas reporting sufficient rains, the standing crop looks good and prices are expected to be stable around the 12-13 dollars range. However, if August sees very heavy rainfall and weather patterns similar to 2018 August, the scenario could change completely.

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