

Red Chilli Weekly Futures Contracts

Red Chilli is a potent ingredient in various cuisines around the world. It is produced seasonally but consumed throughout the year. Pakistan continues to remain among the top five producers in the world. The varieties grown in Pakistan are of high quality and superior to other varieties grown in the region.

In Pakistan, Sindh is the largest producer of red chilli with annual production at 85,000 tons which amounts to 85% of the country's produce. The production of red chilli is concentrated in the small town of Kunri, also known as the 'Chilli Capital of Asia', located in Umarmkot, a district of Sindh province. Other cultivation hubs in Sindh are Mirpur Khas, Sanghar, Badin, Tando Muhammad Khan, Khairpur, Shikarpur, and Ghotki.

Historically in Pakistan, Red Chilli production and its prices have remained highly volatile due to the lack of dependable storage facilities and credible trading platforms. Often growers are forced to sell their produce at lower price where the middle men would remain the key beneficiary, taking away a major chunk of the sellers' margins.

Keeping in view the prevailing circumstances, PMEX along with Pakistan Agriculture Coalition (PAC), Agility Pakistan (Pvt.) Limited and SGS Pakistan (Pvt.) Limited envisioned to bring the red chilli trade on the Exchange. In this regard, the SECP has approved the listing of *Red Chilli Weekly Futures Contract* at PMEX. It is the first spice to be traded at the Exchange's sophisticated infrastructure and state-of-the-art technology based trading platform.

The following three Red Chilli Weekly Futures Contracts have been listed at the Exchange:

1. PMEX Red Chilli Weekly (Grade A+) Futures Contract
2. PMEX Red Chilli Weekly (Grade A) Futures Contract
3. PMEX Red Chilli Weekly (Grade B) Futures Contract

The salient features of aforementioned futures contracts include compulsory delivery, quality certification and availability of multiple grades of red chillies for trading.

In red chilli trading at PMEX, Agility is responsible for providing warehousing and logistic facilities, SGS has been mandated to issue the quality certificate and PAC is playing the role of the trade facilitator.

The listing of these contracts at a regulated trading platform will ensure better price to growers, offer superior quality product to the buyers at a competitive price and provide ease of buying and selling of the commodity. Furthermore, these contracts will pave the way for the listing of similar contracts for other agricultural products such as onions, potatoes and tomatoes.

PMEX is constantly striving to list new agricultural products at the Exchange to develop an active futures market that provides a neutral platform for farmers and traders and help make Pakistan's agricultural sector more competitive.

Red Chilli Weekly Futures Contracts Specifications			
Grade	A+	A	B
Trading Days	Monday to Saturday		
Trading Hours	9:30 am to 6:00 pm		
Unit of Trading	1 Metric Ton		
Price Quotation	Price quoted shall be in rupees per Maund (Where 1 Maund = 40 Kg), Ex Kunri excluding all taxes.		
Delivery Unit	1 MT		
Quality Specifications			
Variety	Maxi – Commonly known as Dandi Cut		
Shape	Round, tipped		
Appearance/Color/Size	Bright shiny red to orange (orangish red), visually homogenous in size	Red to orange (orangish red), visually partially equal in size	Red to orange but slightly orange content should be slight, uneven in size
Moisture	5-8 % Max	5-10 % Max	5-12 % Max
Aflatoxin	10 (B1, 5 ppb) Max (parts per billion)	30 ppb (parts per billion) Max	
Extraneous Matter	1% Max	2% Max	2.5% Max
Damage/Discolor	2% Max	3% Max	5% Max
Visual Mold	3% Max	5% Max	8% Max

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