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Analysis Of Price Fluctuation Of Curly Red Chili (*Capsicum annum* L.) In Kendari City

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Abstract

The purpose of this study is to know in general the description of curly red chili price fluctuations in Kendari city and to find out the development of curly red chili prices in Kendari city in 2022. This research uses a descriptive analysis technique that is used to determine production developments, as well as review the price of red chili curls in the city of Kendari. The research uses price data sources at the consumer level in 2022 from markets in the city of Kendari which are obtained through official government websites, including the BPS (central statistical agency) Kendari city. The results of this study show the large fluctuations in the price of curly red chilies in the city of Kendari in 2022 with the tendency for the highest curly red chili prices to be in July of 59,441 compared to November of 34,598. The factors that influence price fluctuations of curly red chilies are the weather which causes curly red chilies to only be planted for one season, rainy weather also hampers the distribution of curly red chilies resulting in an increase in the price of curly red chilies and that makes the price of curly red chilies in one region to another not the same. In addition, the process of planting curly red chilies is less than optimal, causing decreased productivity.

Keywords: Weather; Distribution; Price Fluctuations.

INTRODUCTION

The agricultural sector is a sector that Indonesia relies on because it is able to provide recovery in overcoming the on going economic crisis. This situation involves the agricultural sector as one of the reliable sectors and as a trigger for national economic recovery (Irawan,

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2007). One of the agricultural sub-sectors that is of concern is the horticultural sub-sector. Horticultural crops such as fruit crops and vegetable crops have great potential to be developed. In addition, the demand for horticultural products is increasing (Alfianto, 2017).

A horticultural commodity that is widely developed and is one of the needs of the community is curly red chili. Chili is one of the national leading vegetable commodities with high adaptability and economic value. Chili is a strategic agricultural commodity that receives serious attention from the government and business actors because of its contribution to the national economy (Wulandari, 2020). The need for chili for big cities is around 800,000 tons/year or around 66,000 tons/month. To meet the monthly needs of urban communities, the chili harvest area that must be available ranges from 12,100 - 13,300 ha/month (Anwarudin *et al.*, 2015). Because it is widely used as a seasoning, medicinal herb, and as a mixture in the food and beverage industry (Wulandari, 2020). This results in a level of demand for red chili that continues to occur, and at certain times the price of red chili has increased, for example in the new year or during the Eid holiday (Nurvitasari *et al.*, 2018).

The development of red chili commodity in the national scope has four targets, namely (1) Availability of red chili more evenly throughout the year; (2) Stabilization of red chili prices in the market; (3) Reduction of red chili imports; and (4) Increased red chili exports. To achieve these goals, one of the efforts made is to increase production to meet the increasing demand for red chili (Swastika *et al.*, 2017).

Traditional markets have long played an important role in advancing and driving the economic growth of the people. The important function of traditional markets is not only as an estuary for the products of the surrounding community, but also as a very useful employment opportunity for the community. Agricultural products produced by farmers can be directly brought to the market. To bring these agricultural products, labor is needed. Labor is not only needed to bring farmers' products to the market, but when traders buy agricultural products, traders need labor, labor that is also used as porters. In essence, traditional markets are engaged in the informal sector, therefore anyone has the opportunity to get a job in the market (Brata, 2016). A commodity can reach consumers with the existence of a market (Wulandari, 2020). Kendari City has several traditional markets, namely Anduonohu Market, Baruga Market, Korem Market, Kota Lama Market, Panjang Market, and others.

Overall the role of marketing in red chili commodities makes an important contribution to improving farm performance as well as horticultural commodities in general, given the unique nature of horticultural commodities in general such as perishable, perishable, *voluminous,* seasonal production, mostly needed in a fresh state and consumption occurs

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throughout the year. At harvest time empirically in the field it is often found that producer farmers seem to still face price fluctuations, and access to be able to get higher prices obtained by traders, therefore, increasing the production of agricultural commodities including red chili needs to be accompanied by improvements in the marketing system, so that farmers as producers of these commodities are expected to get an adequate share of the price for the improvement of their farms (Agustian and Anugrah, 2008).

Historically, the price was determined by the buyer and seller through a bargaining process, resulting in a certain price agreement. In the beginning, price was the determining factor, but today the determinants of purchase are increasingly varied, so factors other than price also play a role in purchasing decisions. All variables contained in the marketing mix are cost elements except the price variable, which is the only element of revenue or *revenue* (Nurhab, 2018).

Price fluctuations certainly have a negative impact on both farmers and the community. With the selling price of farmers being lower than the cost of production, farmers lose money, which causes the price of chili to be uneconomical for farmers. The economic price for farmers is when the production costs incurred are less than the selling price. Conversely, if the production cost is higher than the selling price, the price is not economical (Nurvitasari *et al.*, 2018).

Prices play a central role in economic theory, guiding and directing production and consumption. From the supply side, the factors that influence the price of agricultural products are farm production decisions, weather, pests and diseases, harvested area and food imports. Meanwhile, from the demand side, the determining factors are consumer income, prices, tastes and choices, population and exports (Wulandari, 2020). In order for the need for red chili to be met, the diverse use of red chili must be followed by increased production and price stabilization. The chili commodity in recent years has often been monitored by the government because the price of this horticultural commodity often fluctuates (Hakim *et. al.,* 2020).

Red chili is one of the commodities that has considerable price fluctuations. Fluctuations in the price of red chili can be caused by the amount of supply and the amount of demand. The higher the amount of supply, the lower the price will be, while the less the amount of supply the price will increase or *ceteris paribus* (Anisa *et al.*, 2021). The fluctuating price of red chili is a phenomenon that recurs throughout the year. The phenomenon of spikes in red chili prices is monitored by the government because it can cause inflation for the economy (Nurvitasari *et al.*, 2018). Based on the description and phenomena above the background, it is considered important to conduct research on "Analysis of Curly Red Chili Price Fluctuations in Kendari City".

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The purpose of this research is to analyze the price fluctuations of curly red chili in Kendari City.

This research aims to analyze the price fluctuations of curly red chili in Kendari City, with varied uses. First, for the Local Government, the research results can be an evaluation material that supports efforts in controlling the price of curly red chili, enabling more effective policies. Second, for farmers, this research can be a strategic consideration in selling curly red chili, allowing them to optimize profits and manage risks. Finally, for readers and writers, this research has value as a source of information and reference for thinking, providing suggestions to other researchers who are interested in conducting similar research, so as to enrich insights and contributions in this field.

METHOD

The types and sources of data in this study use secondary data, namely data obtained from agencies related to this research, such as the Central Bureau of Statistics, books, existing research reports through recording. The data collection process is carried out by the method of collecting document materials obtained through official government websites, including BPS (central statistics agency) of kendari city. The data analysis used to determine the price fluctuations of curly red chili is to use descriptive statistical analysis. Data variation can be calculated using the following formula (Wulandari, 2020):

$$CV = \frac{s}{\bar{x}} \times 100\%$$

Description:

CV coefficient of variation

s standard deviation

$\bar{x}$ = average (mean) price of curly red chili peppers

RESULTS AND DISCUSSION

Kendari city has several traditional markets that sell various vegetables, fruits, or other household goods including various types of chili. In Kendari City there are 8 traditional markets that sell various types of red chilies from all markets in Kendari City including Baruga market, Anduonohu Market, Korem Market, old city central market and Long Market.

The average monthly price of curly red chili at the consumer level in Kendari City in 2022. This can be followed in the following table.

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Table 1 Average Price Fluctuation of Curly Red Chili in Kendari City 2014-2022

No.	Year	Average/Year (Rp)	Coefficient of Variation (%)
1	2014	33.427	
2	2015	23.478	-29,76
3	2016	25.888	10,26
4	2017	30.282	16,97
5	2018	51.742	70,86
6	2019	59.020	14,06
7	2020	38.178	-35,31
8	2021	38.165	-0,03
9	2022	49.164	28,81
Average		38.816	29 ,59

Source: Central Bureau of Statistics of Southeast Sulawesi (2014-2022).

The data in table 1 above shows that the annual average price of curly red chili tends to fluctuate and the highest price was in 2019, then fell and the lowest was in 2015. The average price of curly red chili in Kendari City in 2019 was IDR 59,020 per kg while the lowest price in 2015 was IDR 59,020 with an average in 2014-2019 the price of curly red chili in Kendari City was IDR 38,816 per kg. The highest price increase of curly red chili in Kendari City occurred in 2018 by 70.86% while the lowest decrease occurred in 2020 by -35.31%. The fluctuation in the price of red chili every year that occurs is quite large because the percentage of price increases and decreases is 29.59% with an upward price trend.

Based on data from the consumer price statistics of Kendari City, Southeast Sulawesi Province (processed), the development of red chili prices shows fluctuations (see Figure).

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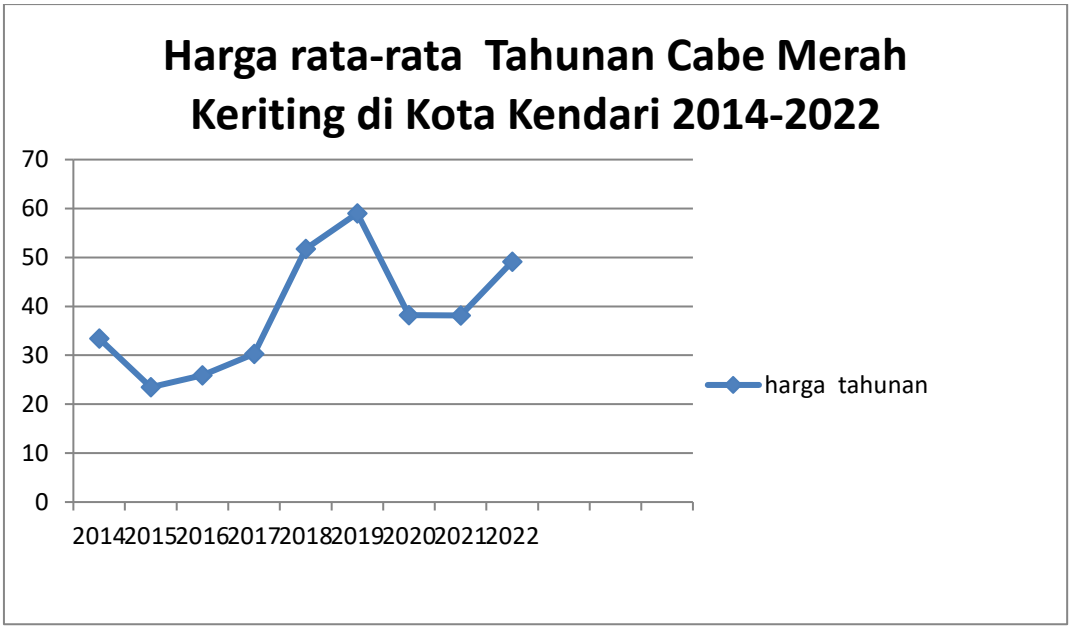


Figure 1 Graph of Average Price of Curly Red Chili in the Market Kendari City 2014-2022

Based on Figure 1, the price of curly red chili in Kendari City has always increased every year. The largest price in 2019 was IDR 59.02 per kg compared to the price of curly red chili in other months. While the lowest percentage in 2015 was IDR 32,478 with a presentation of the average price in the Kendari City market of IDR 38,816 per kg.

Curly red chili price fluctuations from year to year are good in the city of kendari. This phenomenon indicates that curly red chili commodities are needed by consumers in Kendari City. The high price of curly red chili in 2019, the end of the year and the beginning of the year was due to the increase in chili prices due to weather and distribution factors. This opinion was also conveyed by the Minister of Trade, Zulkifli Hasan, who said that weather factors hindered the distribution of chilies so that there was an increase in the price of chilies and which made the price of chilies in one region with other regions not the same. The cause of the highest price increase of curly red chili in October 2019 was due to erratic weather where there was a continuous rainy season and also the transition of the rainy season to the dry season so that farmers could not predict the season so that there was crop failure. This phenomenon is supported by the opinion of BMKG Kendari by the coordinator of observation and information of BMKG Kendari that "predicts a seasonal transition in July and August 2019."

The low price of curly red chili peppers in November according to data from the strategic food price information center (PIHPS) was observed to be stable at IDR 36,800 / kg, this value is almost the same as the average price of the city of Kendari of IDR 34,598. This opinion is also

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supported by a monitoring survey conducted by Bank Indonesia stating that chili peppers are one of the commodity sectors contributing to deflation in the November 2022 period. The surge in chili prices that occurs is due to reduced supply, while consumption is constant and continuous every day, even increasing in certain seasons. Fluctuations in chili prices occur because chili production is seasonal, rain factors, production costs and the length of distribution channels.

CONCLUSION

Based on research on the price fluctuations of red chili curly market in kendari city, it can be concluded that the price fluctuations of curly chili that occur in kendari city are quite high. the biggest annual average price difference is in 2009 with an average price of Rp 59,020 per Kg while the lowest average price of curly red chili in kendari city is in 2005 at Rp 23,478. The magnitude of the price fluctuation of curly red chili in 2014 and 2022 is 29.59% with a tendency for prices to rise.

To respond to the increase in the price of curly red chili peppers, the steps that can be taken in dealing with this price fluctuation are to increase the planting area arrangement in the rainy season both on new land in production centers and on existing land. For future research, it is hoped that it will be more complete by linking it with the infation that occurs in Kendari City.

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