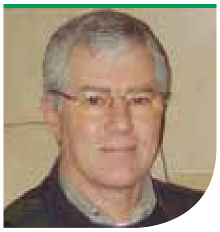
PULSE MARKET REPORT

May 2018

STATCAN SEEDING INTENTIONS FOR 2018



Brian Clancey
STAT Publishing Ltd.

As far as markets are concerned, this year's seeding intentions for Canada are just plain wrong. The net result is prices offered to growers reflect what the industry expects to happen, and not what growers say might happen.

Heading into the report, markets thought farmers would plant one million (M) fewer acres of both peas and lentils, while increasing chickpea area. Instead, the survey discovered growers only plan to reduce pea area by 310,000 acres to a 3.87 M acre crop, and cut lentils by 355,000 acres to 4.05 M acres. The chickpea intentions did not disappoint. Growers said they might increase land in the crop from 209,000 to 346,200 acres.

One of the problems people have when they look at seeding intentions is that they think this is the same as what was planted. During the previous five years, lentil plantings averaged 14% higher than the intentions, peas were the same, and chickpeas were one third higher.

The last time growers planted fewer lentils than intended was 2011, when the actual area was 5% lower. In the case of peas, the intentions were 2% higher than the final area in both 2013 and 2015, but 2% to 3% lower last year, and in 2014.

One reason there is so little difference between the seeding intentions for peas and the actual area is that the crop is widely grown in Saskatchewan. Lentils are a little more regional and chickpeas very much so. When there are fewer farmers, or production is concentrated in a few areas, it is harder to get an accurate sample. That means the numbers need more interpretation.

Statistics Canada (StatCan) did the survey during the last half of March. At that time, many growers were concerned that seeding would be delayed, which may have influenced initial seeding intentions.

Normally, by the end of April, 2% of the lentil and pea crop is in the ground. By the middle of May seeding is around 15% complete, and 60% complete by the end of the month. Chickpea seeding progress is typically slower, with around 6% sown by the middle of May and 40% by the months' end.

Seeding will start later this year, but if May is warmer than normal, progress could end up being average or better. On the other hand, many parts of Saskatchewan are starting the season with below average soil moisture accumulations, which suggests markets could be talking drought before seeding is complete.

The weather is not the only thing that has become a concern since the seeding intentions survey. India has since restricted yellow pea imports to 100,000 tonnes through the end of June. Given the risk that the restrictions could be put back in place, markets have written off India.

In recent years, we exported between 1 to 2 M tonnes of peas to India, but when things look bleak for peas, new demand emerges. Since January, we have seen China buy feed peas, and our domestic market is expanding rapidly because of the new fractionation plants. Those plants mill peas to make protein, starch, and fibre fractions for the food industry.

Farmers in Manitoba and Saskatchewan are clearly excited about the domestic market. While pea growers in Alberta say they will reduce area from 1.87 to 1.56 M acres, farmers in Saskatchewan say peas will be basically unchanged at 2.17 M acres, and Manitoba growers intend to increase area from 65,000 to 70,000 acres.

Within the next two years, Canada's fractionation capacity will total at least 750,000 tonnes per year, making it the second or third most important market. But it is not there yet.

If farmers stick with their intentions and yields are average, we will harvest 3.94 M tonnes of peas, down from last year's record 4.11 M tonnes harvest. It looks like this summer's carry-over will total 1.29 M tonnes, versus 301,000 last year. This would give Canada a record high available supply of 5.26 M tonnes.

It would not be surprising to see this weigh on grower bids. From time to time, peas could be a competitive ingredient for livestock feed manufacturers in China and elsewhere. Assuming exports could rebound to almost 3 M tonnes, and the domestic market expands to around 1 M, we will still end the coming crop year with over 1 M tonnes of peas on hand.

Even so, it is important to remember that peas are in a transition period. New demand is emerging and within a year, we will not need India to move what we grow.

Lentils are a different story. If growers stick with their seeding intentions and yields are average, we will enter what is called a buyer's market. That means buyers will have more influence over price than us. Even though seeded area will be down, there is a chance production could increase from 2.56 to 2.68 M tonnes. If realized, the available supply of lentils would jump from 2.89 to a record 3.54 M tonnes.

Improved availability would be expected to result in lower average prices in the coming marketing year. Assuming grade spreads are at least average, export demand could improve as green lentil buyers restock pipelines.

Total lentil exports could climb from this season's estimated 1.49 M tonnes to just over 2 M in 2018/19. Domestic use might also increase a little, though seed demand should drop, now that seeded area is trending lower. Canada could end the coming marketing year with an 890,000 tonne carry-over, or enough lentils to cover four months of normal demand.

Just like peas, taking advantage of times when prices rally to sell part of your production will not be a bad strategy. This will only change if the actual seeded area is much lower than the intentions, and yields or quality is poor.

Brian Clancey is the Editor and Publisher of www.statpub.com market news website and President of STAT Publishing Ltd. He can be reached at editor@statpub.com

Supply and Demand Estimate for Chickpeas and Field Peas in 2017/18

	Desi Chickpeas	Kabuli Chickpeas	Small Kabuli Chickpeas	All	Yellow Peas	Green Peas	Other	All Peas
Area (acres)	1,000	186,000	22,000	209,000	3,572,000	471,000	50,000	4,093,000
Yield (lb/acre)	2,205	1,138	1,213	1,151	2,219	2,170	2,341	2,215
Production	1,000	96,000	12,100	109,100	3,595,500	463,600	53,100	4,112,200
Carry-In	0	1,620	-1,000	2,220	180,000	120,000	1,000	301,000
Imports	0	33,000	0	33,000	13,700	13,100	1,200	28,000
Supply	1,000	130,620	11,100	144,320	3,789,200	596,700	55,300	4,441,200
Exports	960	85,840	7,700	115,300	1,758,800	334,200	27,000	2,120,000
Seed	40	24,800	2,100	26,940	227,000	41,000	4,000	272,000
Feed, Waste, and Other	0	13,560	2,100	31,560	627,400	102,500	23,300	753,200
Total Usage	1,000	124,200	11,900	173,800	2,613,200	477,700	54,300	3,145,200
Ending Stocks	0	6,420	-800	-29,480	1,176,000	119,000	1,000	1,296,000
Stocks/Use	0%	5%	-7%	-17%	45%	25%	2%	41%

*Source: STAT Publishing Ltd. *All quantities in metric tonnes*

Supply and Demand Forecast for Chickpeas and Field Peas in 2018/19

	Desi Chickpeas	Kabuli Chickpeas	Small Kabuli Chickpeas	All	Yellow Peas	Green Peas	Other	All Peas
Area (acres)	1,000	306,000	39,000	346,000	3,228,600	576,900	62,900	3,868,400
Yield (lb/acre)	2,205	1,586	1,628	1,593	2,261	2,203	1,731	2,244
Production	1,000	220,200	28,800	250,000	3,311,100	576,500	49,400	3,937,000
Carry-In	0	6,420	-800	0	1,176,000	119,000	1,000	1,296,000
Imports	0	23,000	0	23,000	13,600	13,100	1,300	28,000
Supply	1,000	249,620	28,000	273,000	4,500,700	708,600	51,700	5,261,000
Exports	960	138,000	21,040	160,000	2,408,300	495,000	28,700	2,932,000
Seed	40	18,700	1,600	20,340	184,000	38,000	4,000	226,000
Feed, Waste, and Other	0	45,500	2,360	59,960	887,400	92,600	18,000	998,000
Total Usage	1,000	202,200	25,000	240,300	3,479,700	625,600	50,700	4,156,000
Ending Stocks	0	47,420	3,000	32,700	1,021,000	83,000	1,000	1,105,000
Stocks/Use	0%	23%	12%	14%	29%	13%	2%	27%

*Source: STAT Publishing Ltd. *All quantities in metric tonnes*

Supply and Demand Estimate for Lentils in 2017/18

	Large Green	Medium Green	Small Green	Extra-Small Red	Small Red	All Red	Other	All
Area (acres)	975,000	28,000	385,000	80,000	2,923,000	3,003,000	14,000	4,405,000
Yield (lb/acre)	1,138	1,181	1,113	1,292	1,353	1,351	787	1,280
Production	503,300	15,000	194,300	46,900	1,794,000	1,840,900	5,000	2,558,500
Carry-In	10,000	2,000	20,000	6,000	276,000	282,000	1,000	315,000
Supply	513,300	17,000	214,300	52,900	2,070,000	2,122,900	6,000	2,873,500
Exports	357,500	9,000	110,900	27,600	980,900	1,008,500	4,100	1,490,000
Seed	40,500	1,300	6,800	1,700	83,500	85,200	300	134,100
Feed, Waste, and Other	53,300	2,700	31,600	6,600	312,600	319,200	600	407,400
Total Usage	451,300	13,000	149,300	35,900	1,377,000	1,412,900	5,000	2,031,500
Ending Stocks	62,000	4,000	65,000	17,000	693,000	710,000	1,000	842,000
Stocks/Use	14%	31%	44%	47%	50%	50%	20%	41%

*Source: STAT Publishing Ltd. *All quantities in tonnes*

Supply and Demand Forecast for Lentils in 2018/19

	Large Green	Medium Green	Small Green	Extra-Small Red	Small Red	All Red	Other	All
Area (acres)	992,000	41,000	300,000	76,000	2,629,300	2,705,300	12,000	4,050,300
Yield (lb/acre)	1,447	1,398	1,462	1,450	1,470	1,469	919	1,461
Production	651,000	26,000	199,000	50,000	1,753,000	1,803,000	5,000	2,684,000
Carry-In	62,000	4,000	65,000	17,000	693,000	710,000	1,000	842,000
Supply	713,000	30,000	264,000	67,000	2,446,000	2,513,000	6,000	3,526,000
Exports	412,900	17,400	152,900	38,800	1,416,500	1,455,300	3,500	2,042,000
Seed	30,100	1,000	5,700	1,600	78,500	80,100	200	117,100
Feed, Waste, and Other	97,000	4,600	35,400	9,600	329,000	338,600	1,300	476,900
Total Usage	540,000	23,000	194,000	50,000	1,824,000	1,874,000	5,000	2,636,000
Ending Stocks	173,000	7,000	70,000	17,000	622,000	639,000	1,000	890,000
Stocks/Use	32%	30%	36%	34%	34%	34%	20%	34%

*Source: STAT Publishing Ltd. *All quantities in tonnes*

www.saskpulse.com

@Saskpulse

Publications Mail Agreement No. #40021625. Return undeliverable Canadian addresses to: Saskatchewan Pulse Growers, 207 - 116 Research Drive Saskatoon SK S7N 3R3