

AUSTRALIAN PULSE MARKET REPORT



Peter Semmler
Agrisemm Global
Brokerage

The tariffs placed on peas, chickpeas, and lentils by the Indian Government have been reported and debated very comprehensively since December. The impacts on the supply chains from origin

farmers, whether they be in Canada, Australia, Ukraine, or Russia, to destination importers and consumers, are becoming progressively more apparent. In Australia the impact will be felt most in the Desi chickpea space. Lentils will certainly be impacted, and to a minor degree peas. Faba beans are the only pulse where there may be a small increase in plantings.

Weather

Dry conditions have continued throughout the season in much of the pulse growing areas, causing lower yields. This has meant that in many areas there has been minimal-to-no rain for the last five months. To date there has not been a proper break to the season anywhere. With no significant rain forecast for the next two weeks farmers will have little option but to dry sow their crops to have any chance of completing on time. This is happening with farmers well aware of the minimal moisture in the profile and the accompanying risk. This is certainly not an ideal start to the new season.

Desi Chickpeas

Since 2015 the growth in chickpea production has been impressive. In contrast to traditional economic theory, the increased tonnage has been accompanied by increased prices. This led farmers to tighten their rotations, and to increase the area planted. Unfortunately, the dry finish in 2017 meant estimated production ended up around 850,000 to 900,000 tonnes.

The view of those surveyed is that there

will be a reduction of around 50% in planted area for Desi chickpeas in 2018, as recorded in Table 1. If this is the case, then a yield of 1.5 tonnes per hectare (22.3 bushels per acre) will be needed to approach the production forecast of 900,000 to 1 million tonnes.

Much of Queensland and northern New South Wales (NSW), where most of the Desi chickpeas are grown, is still extremely dry making any estimate rather subjective. Thankfully Desis can be planted as late as mid-July without incurring any major yield loss, which will help farmers to keep their options open.

Prior to the imposition of the tariffs, India was by far the largest destination for Australian Desi chickpeas, accounting for over 63% of exports last year, and from October 2017 to January 2018 over 68%.

Lentils

Canada had an excellent lentil crop in 2017, both in yield and quality, meaning Australian lentils were already under pressure, even before the imposition of tariffs by the Indian Government became a reality. Compared to Desi chickpeas Australia is not as dependent on the Indian market for lentil exports. For the 2016/17 crop India accounted for 29% of exports, and from October 2017 to February 2018, 32% of exports. Lentils form such an integral part of South Australian and Victorian farmer's rotations, that a large reduction in planted area is not possible. A majority of those surveyed felt that planted area would be down a maximum of 20% compared to 2017. The exceptions would be a large reduction in the southern NSW, where lentils had become popular, and also the fringe Mallee areas in Victoria and South Australia. There was also a view that 2016/17 estimated production was closer to 600,000 tonnes, meaning there are still a lot of lentils held in on-farm storage, especially in Victoria where farmers are known for keeping product off the market if their target price is not achieved. How long farmers will be able to hold out remains to be seen as current prices for Canadian lentils are going down.

Of interest, exports to Turkey in 2016/17 were a massive 89,000 tonnes but for 2017/18 to date, exports slumped to only 1,519 tonnes. Many felt the emergence of Uzbekistan as a serious exporter from late 2017 was the most likely cause, a trend to be aware of in future seasons. Even with the likely cutback in planted area in 2018, the production estimate for this year is around 400,000 to 450,000 tonnes.

Faba Beans

Issues like the lack of rain, which had a negative effect on the other pulses with reduced yield, etc., have served to significantly improve the outlook for faba beans. The main driver has been the excellent prices for sheep and cattle and the growing demand for suitable inputs from the large lot-feeding industry in northern NSW and southern Queensland. This demand has soaked up the large oversupply from the 2016 crop, and this year has pushed up the price for faba beans since harvest around \$50 AUD per tonne. In the southern states planted area may increase by around 10% in NSW. The sowing window for faba beans is closing fast and with no rain forecast for the next two weeks, the area planted will drop significantly.

This market report has been prepared after consulting a number of senior pulse traders and agronomists. The current dry conditions make forecasting difficult and depending on how much rain there is in the next month, the above estimates could change significantly. With the efflux of time and when and how much precipitation eventuates, farmers will adopt lower risk scenarios and increase cereal planting especially barley.

Peter Semmler is the Principal of Agrisemm Global Brokerage. He can be reached at peter@agrisemm.com.

Table 1. Australian Pulse Market Report - May 2018

Source: Bureau of Statistics, Pulse Australia

	Desi Chickpeas	Faba Beans	Dun Field Peas	Red and Green Lentils
Seeded Area				
New South Wales	220,000	20,000	49,800	5,000
Victoria	30,000	83,100	75,300	150,000
Queensland	300,000			
South Australia	18,000	80,000	127,600	150,000
Western Australia	5,200	6,300	41,900	5,000
Total: Trader's Estimate May 2018 h/a	573,200	189,400	294,600	310,000
Pulse Australia Production Estimate October 2017	1,181,900	304,900	276,900	539,400
Survey of Trader's Estimates, April 2018				
Production 2017/18 (tonnes)	850,000	320,000	250,000 - 300,000	500,000 - 550,000
Production 2018/19 (tonnes)	750,000 - 950,000	350,000 - 380,000	220,000 - 250,000	400,000 - 450,000
Export Data				
November 2013 to October 2014	646,834	360,280	161,707	306,713
November 2014 to October 2015	678,606	301,011	161,151	211,608
November 2015 to September 2016	1,145,140	263,349	129,831	193,151
October 2016 to September 2017	2,269,864	414,692	253,035	858,954
October 2017 to February 2018	539,161	135,449	74,437	215,721


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