

## AVERAGE CAN BE THE MIDDLE OF TWO EXTREMES



**Larry Weber**  
Weber Commodities Ltd.

The primary concern to farmers at this time is that age old nemesis: rain. Pulse production in Saskatchewan has had 13 years of steady growth and a mixture of rainfall that produced pea and lentil crops

that have been highly above average (2013), to less than stellar in the crop years from 2005 through 2017. During that timeframe, the average pea yield in Saskatchewan was 33.45 bushels per acre (bu/ac). There were seven out of the 13 years that pea yields fell below that, and six years that were above. For lentils, the average yield was 1,349 pounds per acre (lb/ac) and again, seven years were below that level and six years were above. Four of the years, 2006 through 2008 and 2010, produced pea and lentil yields that were both below average.

The yield charts for peas and lentils that follow this article will give you a good glimpse on what to expect for this crop year, or at the very least, comparable data as to what to expect when combines start rolling this fall. The dilemma with the past 13 years is that we really have not had a disaster year as we did in 2002 and 2003, when pea yields were 18.3 and 22.5 bu/ac and lentil yields were 817 and 862 lb/ac respectively. Both of those years were extreme. I spent some time on the phone with Drew Lerner this past week and those of you who follow or have listened to him over the past 15 years know that he is a disciple of 18 year weather cycles. I cringe when he compares the weather pattern for 2018 to 1936 and 1961. You don't need a yield graph to determine that 1936 was ugly. In 1961, the pea yield in Saskatchewan was 15 bu/ac and spring wheat was 8.6 bu/ac.

I'm not ready to write this crop year off yet. We were at this same point last year and still managed to pull off above average crops. However, we had extraordinary subsoil moisture. That has been depleted

this year and crops will be at the mercy of timely rainfall. In Drew's forecast, there will be areas that do get timely rainfall and others that could be without when a heat ridge builds for an extended period of time towards the end of June. The probability of an all out drought with extremely low yields has risen to greater than a 60% chance in the third week of May. Sometimes, Mother Nature is the best answer to look after higher than normal carry-over stocks.

The latest stocks in store report from Statistics Canada indicated that there were 1.5 million (M) tonnes of lentils and 1.9 M tonnes of peas left on farms and commercial positions as of March 31, 2018. The five year average is 1.1 M tonnes for lentils and 1.5 M tonnes for peas. That did not come as a surprise to most traders, as India has basically been out of the market since late 2017. Agriculture and Agri-Food Canada has indicated that carry-out stocks for both peas and lentils will be 1.1 M tonnes on July 31, 2018. To reach that level, 108,000 tonnes of lentils and 203,000 tonnes of peas will be required to be used domestically or exported each month for the next four months.

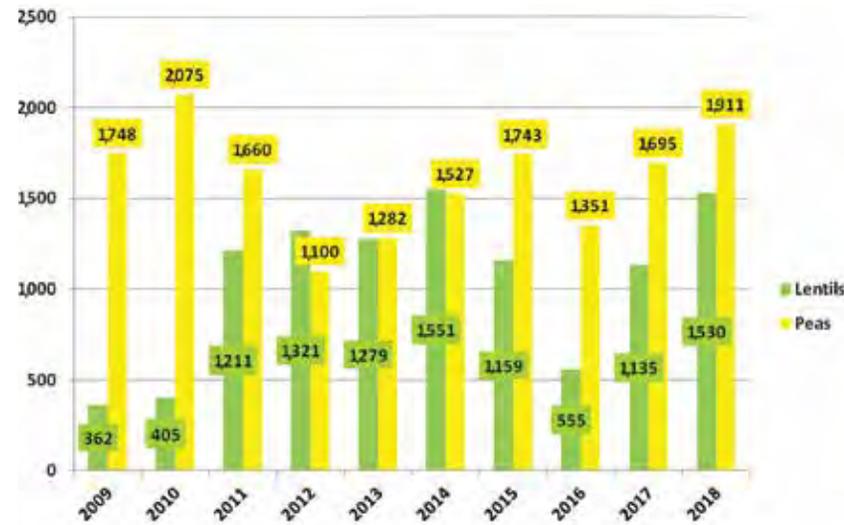
India's third estimate of their lentil crop production was released in the middle of May and it stated that lentil production will reach 1.5 M tonnes, a new record for the second straight year. Total pulse production will also set a new record if their forecast verifies. Given that a normal monsoon period is anticipated in India from June through September, lentil stocks and prices will have a difficult time recovering from where they are today over the next nine to 12 months, unless Western Canada enters into the 60% chance of an all out drought. Peas fall into the same category as lentils. Record India pulse production does not equate to higher prices in Western Canada. With India's pulse needs being met within their own country, they will be unlikely buyers of the magnitude required to move stocks below 1 M tonnes. That leaves China and the fractionation industry, which is still in its infancy, to compete for the remaining old crop and new crop supplies once they arrive. With India out of the import picture,

aggressive bids will be difficult to find over the next six months.

We have had a good run for demand and pulse production over the past 13 years. Rain, and where it manages to fall, will be the determining factor of how large this crop will be. The downside of this year versus other dry years is that India's demand will be lacking, and even substantially poorer yields will have a difficult time increasing bids to farmers. Reality, just like too much or too little rain, can be a tough pill to swallow. Over the next two months, you can bet that I will be watching the radar, drought, and rainfall maps as much or more than I really wanted to this summer. Let's hope for the best and realize that Mother Nature can equalize an area anytime she feels necessary.

*Larry Weber operates Weber Commodities Ltd.  
More information can be found at  
[www.webercommodities.com](http://www.webercommodities.com)*

**Stocks in Store at March 31 ('000 Tonnes)-** Source: Statistics Canada



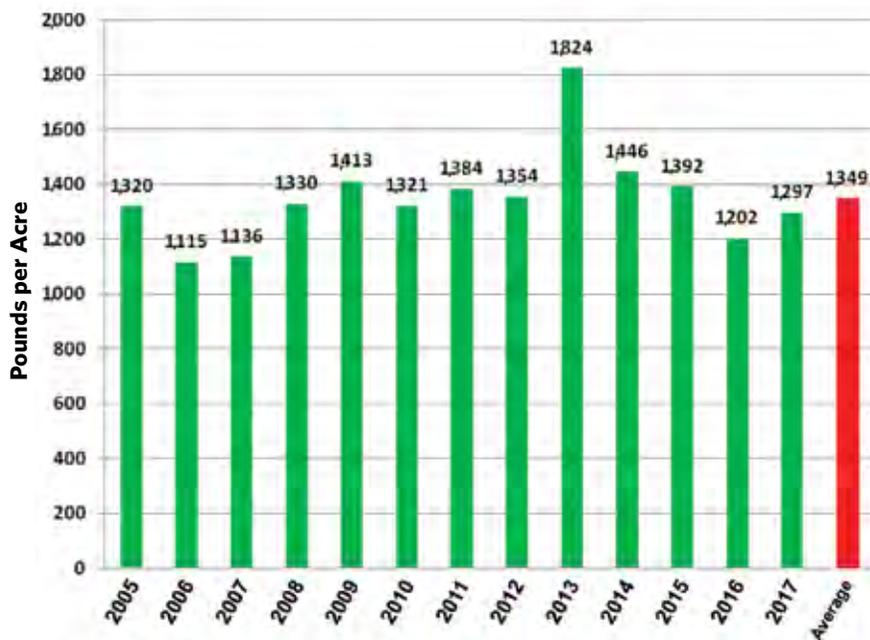
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**Saskatchewan Lentil Yields-** Source: Statistics Canada



**Saskatchewan Pea Yields-** Source: Statistics Canada

