

## AUSTRALIAN PULSE MARKET REPORT



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In the last three months Indian tariffs have become almost inconsequential as Australia grapples with arguably the worst drought in just 60 years. In Australia last week we saw a new Prime Minister being

elected and he has pledged, as the number one priority, development and implementation of plans to support the farming community.

Since May there have been good rains in much of West Australia and the crops there are looking on line for a good year. The only area struggling is around Esperance. South Australia, after a very dry start, did have okay rains in the lower Eyre Peninsula, most of York Peninsula, and the Mid North, quite good rains in the South East. Victoria had a dry start, but the Wimmera area has now had some reasonable rain. Unfortunately, the Mallee area is still quite dry.

In New South Wales (NSW) the position is dramatically different. By late July 90% of NSW was drought declared. The lack of moisture meant the actual area seeded was way down, as can be seen in Table 1. Despite some very handy rain in some areas in the last week, it is still problematic as to what the production will be in 10 weeks. The drought has driven prices of feed grains like wheat and barley, hay, etc. to near record levels.

### Faba Beans

Faba beans have been keenly sought for cattle feed this year. The cost and freight (CFR) Damietta price has increased from 368 USD in February, to 520 USD last week. December 2018 shipments are trading at 20 USD premium to old crop. Aggressive bidding for local consumption has completely changed the price dynamic for faba beans. This, in turn, has caught importers in Egypt off guard as Egypt is

traditionally the largest single market for Australian faba beans. Again, for the forthcoming season, prices will be underpinned by local demand and keep export prices around current levels.

Whatever the production of fabas in NSW this year, none of this tonnage will be exported, rather it will be kept for stock feed. In Victoria and South Australia the current production forecast for faba beans of around 216,000 tonnes, which is about 20,000 tonnes more than the average exports to Egypt for the last three years. The Pulse Australia production forecast of 216,000 tonnes, we feel, is on the low side for both area and yield. Faba beans are a popular crop in Western Victoria where they have been blessed with rain so far this year. In South Australia we also feel the area may be on the low side and to date most of the bean growing areas are on track for an average year.

### Desi Chickpeas

Drought conditions in Queensland and NSW severely restricted the area that was planted to Desi chickpeas this year. To make a bad situation worse, the germination rate was lower than normal, as seeds were planted around seven inches deep to be in the band of moisture. The one area that seemed to have the best chance of reasonable production, due to stored moisture and some rains between April and June, was Central Queensland. Unfortunately, there have been some hard frosts which have affected these Desi crops. Some farmers have already decided that the risk/reward ratio for the Desis is too low, and they are starting to cut the Desi crops for hay. In the last two weeks there has been some good but patchy rain in small areas of NSW. This can only benefit the surviving crops, but will make no difference to the overall situation. It is hard to conceive that two years back Australia exported 2,267,656 tonnes of Desi chickpeas.

### Lentils

With pulses being such an important part of rotations, farmers do not have a lot of

scope to change the area. This is especially true for lentils. While the season started later than preferred in South Australia and Victoria, the better lentil growing areas like Yorke Peninsula, the mid-North, and lower Eyre Peninsula are progressing reasonably well at the moment. Flowering is starting in the better areas of the Yorke Peninsula, as is canopy closure. One benefit of the dry season should be less disease pressure. In Victoria the story is much the same for the Wimmera area, however the Mallee area is starting to evidence the lack of rain in terms of crop size and cover. Again, we feel the Pulse Australia area estimate is understated by about 15 to 20% based on discussions with other traders. If adequate rain does happen, the production could be well up.

It has been quite hard to get an accurate call on lentil stocks, both on-farm and contract storage, which we estimate at 200,000 tonnes plus. Australian farmers are not keen sellers at current prices and Australian prices are certainly a premium to levels trading for Canadian whole red lentils.

### Qualification

Talking around the market there is a much frustration amongst the players in regard to the current situation. It is too early to have any confidence to predict production, yields, etc. Much of the area where crops have germinated will be two to three weeks from a disaster until November if the rain does not keep coming. The weather gurus are all in broad agreement that spring will be drier than normal. Pulse crops as we all know need adequate moisture during spring to have any chance of a good crop.

It will be very interesting to see what this *annus horribilis* (year of disaster or misfortune) ends up producing, as it is still a long way from harvest.

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**Table 1. Australian Pulse Market Report - September 2018**

Source: Bureau of Statistics, Pulse Australia

	Desi Chickpeas	Faba Beans	Dun Field Peas	Red and Green Lentils
<b>Pulse Australia Production Estimate July 2018</b>				
New South Wales	22,000	12,500	33,200	2,600
Victoria	46,000	70,500	80,050	135,000
Queensland	217,300			
South Australia	15,900	127,300	149,350	199,300
Western Australia	8,200	6,000	39,000	10,000
<b>Total Production Estimate July 2018</b>	<b>309,600</b>	<b>216,300</b>	<b>301,600</b>	<b>346,900</b>
<b>Pulse Australia Production Estimate October 2017</b>				
	1,088,300	264,800	276,900	465,700
<b>Export Data</b>				
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 June 2018	783,943	245,915	110,648	387,585

Note: Units are in tonnes.



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