

AUSTRALIAN PULSE MARKET REPORT



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The demise of Australian pulse crops has been well reported over the year, with massive reductions in planted areas of Desi chickpeas and faba beans in Queensland and New South Wales (NSW).

This report shares the final production estimates from a number of Industry participants and ponders the impact on the consumer markets.

Desi Chickpeas

Estimates from the survey group ranged from 200,000 to 250,000 tonnes. Considering 2,305,000 tonnes were exported in 2016/17, the impact on global markets is huge. In retrospect the imposition of tariffs by the Indian Government was rather fortuitous. When looking at the Pulse Australia estimate of 229,000 tonnes, the following factors need to be taken into consideration.

Kabuli production in Australia is estimated at 20,000 tonnes, seed is 40,000 tonnes, and there are carry-forward stocks of 20,000 tonnes. We estimate there is around 40,000 to 50,000 tonnes of forward sales still to be shipped from November 2018 to March 2019. Several traders remarked they are surprised that old crop stocks are still coming onto the market, not via the trade, but direct from farmers.

With India currently out of the picture, the next biggest buying countries are Bangladesh, Pakistan, and the United Arab Emirates who had combined imports in 2017/18 of 435,000 tonnes, mainly of Desi chickpeas. Old crop prices have risen nearly USD 80 in the last two weeks. Today, old crop Desis are offered at USD 700 cost and freight (CFR) Karachi. New crop Desi chickpeas are currently at USD 750 to the same destination.

Faba Beans

The reduced production estimate is down by 26% from last year, which was a function of reduced area planted and the lack of rain. NSW suffered most, with estimated production down almost 60%. The southeast of South Australia has had excellent rainfall and the faba bean crops there are looking excellent. The mid-north has seen patchy and lower than usual rainfall. In Victoria, faba beans in the west have done well, due to good rains, but the yields have fallen off as we get closer to the Wimmera region. Harvesting has started in parts of Victoria and the quality has been very good.

Faba beans have been the pulse of choice for stockfeed. Domestic buyers have competed aggressively with exporters, keeping demand very firm. Egypt is the biggest market for faba beans, importing 194,000 tonnes in the 2017/18 shipping year.

As the magnitude of the small production in not only Australia but also Lithuania and the United Kingdom is being felt, demand has increased, along with the price. Trading in new crop faba beans kicked off in early July at a price around USD 420 CFR Damietta. By mid-November the price had increased to USD 720. While delivered container terminal prices have softened a bit due to harvest pressure, we see this as short-term and prices will tend to firm once harvest is over.

Lentils

Lentils are the most entrenched pulse in rotations and for that reason the area planted tends not to vary much. The exception being when farmers respond to lack of moisture and reduce plantings. The Pulse Australia November 2018 estimate is 397,000 tonnes. Talking with others in the industry we feel this estimate could be on the high side. Certainly, the yields on Yorke Peninsula have been more like 1 tonne per hectare or less. One farmer from this area I spoke to said he had never seen harvest completed so quickly as this year, due no doubt to the lower yields.

The big unknown remains the quantity of lentils carried over in storage from the previous two years, and the tonnage that is destined for storage from this year's stock. Australian farmers and exporters are under no illusions of the competition for sales from Canadian exporters. The estimates of in-store lentils, combined with a production of 330,000 tonnes, should deliver a tonnage greater than exports in 2017/18. Time will tell if Australian farmers will accept the prices needed to compete with Canada.

The impact of the drought on Australian pulse production has been brutal to say the least. While there have been some good rains in parts of Queensland and NSW, we sincerely hope 2019 will be much more productive than this year. What will be interesting is what substitutions will take place in lieu of traditional Australian products. An example may be that the high price of faba beans into Egypt will encourage increased imports of Russia and Ukraine Kabuli chickpeas to produce falafels.

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Table 1. Australian Pulse Market Report - December 2018

Source: Bureau of Statistics, Pulse Australia

	Desi Chickpeas	Faba Beans	Dun Field Peas	Red and Green Lentils
Pulse Australia Production Estimate July 2018				
New South Wales	22,200	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
Total Production Estimate July 2018	309,600	216,300	301,600	346,900
Pulse Australia Final Production Estimate November 2018	229,300	196,300	232,000	397,500
Pulse Australia Production Estimate October 2017	1,088,300	264,800	276,900	465,700
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 June 2018	821,235	295,263	130,464	507,958

Note: Units are in tonnes.



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