

## AUSTRALIAN PULSE MARKET REPORT



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Like most pulse companies at the moment Australians are waiting for news from India. With the Indian election complete, what changes will there be to the crippling tariffs imposed by the Indian Government on

products like peas, Desi chickpeas, and lentils? Exports from Australia of lentils and chickpeas have pretty much ground to a halt and certainly this is impacting the planting decisions of farmers in the 2019 season.

With the late start to the season over most of Australia, coupled with some areas where planting could go on for almost another two months, I decided to discuss the weather in each of the states so far this season and the impact on planting decisions.

### WESTERN AUSTRALIA

At the time of writing Western Australia (WA) is not doing well at all. Last year WA had an excellent season and major tonnages of cereals were shipped back east to Queensland, New South Wales, and Victoria to cover the major shortfall of grains needed for stock feed. Five months is an eternity in the grain and pulse game and the situation now is quite grim. In the major wheat belt down the east coast from Geraldton to Perth approximately 66% has been dry sown. Of this area only an estimated 50% has germinated to date.

In the normally wetter area from Albany to Esperance there have been opening rains of 20-30 millimetres (mm) and planting is proceeding reasonably okay. Apart from the major impact on cereals prospects for faba beans, Albus lupins, and peas will be negatively affected. The long-term forecast for the next three months in WA is for a drier than normal winter.

### SOUTH AUSTRALIA

Again, there was a late start in South Australia (SA) and there was basically no rain from harvest until the first week of May. In the intervening time there was a number of weeks of very hot weather meaning there was no subsoil moisture at all. The break finally came in the first week of May but was only 40-60 mm. This was enough for farmers in the better areas like Eyre Peninsula, York Peninsula, and parts of the Mid-North and the South East which have been planting flat out ever since, and much of these areas are now over 70% sown.

Our agronomist group noted the following trends this year compared to 2018:

- Lentils are down 10-15% mainly due to high stocks from previous years and minimal chance of price appreciation.
- Faba beans are pretty much the same area as 2018, and canola is down due to lower price expectations.
- Any reductions in areas from these items will be replaced by wheat and barley as the perception is that they are easier and cheaper to grow and with so many uncertainties there will be a number of marketing options. We have filled in the June market update where the available data is meaningful (see next page).

### VICTORIA

The situation in Victoria is quite similar to SA as to when the season broke. The major difference being the Mallee, which is north of the Wimmera, had a number of fortuitous dumps of rain in January which provided some useful subsoil moisture. Planting trends between the states are quite similar with lentil area down by at least 10% again, due to high stocks and low expectation of price improvement. Faba beans will increase 3-5% with good interest in the western districts where beans are a good fit. Wheat and barley will pick up the decreased area of pulses. Again, the three-month forecast is for a drier than normal winter which will make

the situation rather delicate in terms of moisture.

### NEW SOUTH WALES

The south of New South Wales (NSW) is looking okay with an opening rain of sorts and with planting well underway. There is not much change to last year like faba beans, Albus lupins, etc.

However, moving northwards, the situation changes drastically. To quote a very experienced trader, the Liverpool Plains "looks terrible." This is usually one of the safer and more reliable areas. Progressing further north to Dubbo then out west the situation gets worse. Basically, there has been no rain and the soil is baked hard.

It is now too late to plant Albus lupins as agronomically they need to be planted into moisture by May 15 at the latest. Some farmers are now facing their third year of drought or below normal rainfall.

The driver for crop choice is no longer gross margin but rather survival and preservation of the soil. Desi chickpeas which have been planted and given farmers great returns going back two and three years are now not popular both due to lack of confidence for new crop prices, and saleability with the Indian uncertainty. Farmers are now focusing on wheat, barley, and even oats for several good reasons. They are desperate for a crop that is cheap and easy to plant, that will provide coverage, which hopefully will also leave stubble, and provide several marketing options.

### QUEENSLAND

The situation in southern Queensland mimics very closely that of northern NSW. There has been minimal rain and farmers seem to be opting for the survival choices to protect their soil.

In Central Queensland there has been a number of dumps of rain and where there is moisture farmers are still planting Desi chickpeas.

This report has focused on what potential there may be after enduring the weather

to date. For some crops it is way too early to put out the numbers. Desi chickpeas, in years gone past with adequate moisture, were successfully planted until late July.

Pulse Australia will be doing a far more rigorous planting intentions report in late June. However as of today the Australian pulse crops are pretty much on a knives edge and will need at least normal rains to deliver a lower than average or a best average harvest.

The points below are from the Australian Bureau of Meteorology for June-August, 2019.

The current El Niño-like warmth in the central tropical Pacific Ocean is forecast to cool towards more El Niño-Southern Oscillation-neutral levels in the coming months. As a result, the drying influence on Australian climate from a warm tropical Pacific will reduce over the season.

However, the Indian Ocean Dipole (IOD) is forecast to become positive from early winter. A positive IOD event typically brings drier conditions to much of southern and central Australia during winter-spring, meaning much of the winter dry signal is likely influenced by the forecast positive IOD.

The Bureau's climate model also indicates that atmospheric pressures over much of southern and eastern Australia is likely to be higher than normal, with this signal strongest in June. This increases the chance of drier and warmer than average weather over much of southern and eastern Australia, and may keep cold fronts further to the south than normal.

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**Table 1. Australian Pulse Market Report - June 2019**

	Desi Chickpeas	Faba Beans	Dun Field Peas	Red & Green Lentils
New South Wales		12,500	33,200	2,600
Victoria		70,500	80,050	120,000
Queensland				
South Australia		127,300	149,350	175,000
Western Australia		6,000	39,000	7,000
Total Area Estimate June 2019 (in hectares)		216,300	301,600	304,600
<b>Agrisemm Production Estimate June 2019</b>		<b>237,000</b>	<b>232,000</b>	<b>334,000</b>
Export Data (in Tonnes)				
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 September 2018	821,235	295,263	130,464	507,958
October 2018 to March 2019	177,191	210,891	47,919	119,018

Source: Bureau of Statistics, Pulse Australia

### Faba Bean and Feed Pea Faba Bean Feed Benchmark Bi-Weekly Report - May 12 to 25, 2019

	CENTRAL ALBERTA	CENTRAL SASK.	SOUTH. MANITOBA
	CDN\$/T	CDN\$/T	CDN\$/T
<b>Faba Bean Feed Benchmark Price</b>	\$342.29	\$314.32	\$318.85
<b>Feed Pea Benchmark Price</b>	\$338.87	\$298.56	\$295.20
<b>COMPETING FEED INGREDIENTS</b>			
Feed Barley	\$265.00	\$243.00	\$248.00
Wheat - Red (12% CP)	\$255.00	\$245.00	\$260.00
Wheat - Soft White (10.5% CP)	\$255.00	\$245.00	\$260.00
Wheat DDGS	\$265.00	\$260.00	\$265.00
Corn	\$270.00	\$240.00	\$219.00
Corn DDGS	\$275.00	\$240.00	\$210.00
Canola Meal	\$345.00	\$315.00	\$327.00
Soybean Meal (46%)	\$500.00	\$465.00	\$448.00
Canola Oil	\$1,100.00	\$1,100.00	\$1,100.00

All prices are in Canadian dollars per tonne.

The feed pea and faba bean benchmark is intended to be used as a pricing reference. This benchmark provides a consistent and unbiased estimate of the feeding value of peas and faba beans in the three regions shown. Feed peas and faba beans will trade at various differentials to the benchmark based on local supply/demand, quality differences and other contract terms.