

## OPPORTUNITIES FOR CANADIAN PEAS



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July can be one of the most volatile months of the year for pulse prices. Seeding is done but the harvest will not be general until August. That means week to week changes in the weather can

have a significant impact on prices as markets argue about what will be grown.

However, it is important to look beyond what is happening on your farm. Conditions in Western Canada were unusually variable through the middle of June, with some farmers reporting excellent crop conditions and other others saying they desperately needed rain.

It means it is important to pay attention to provincial crop reports and field conditions in other parts of Western Canada. Too often, farmers and other market participants think what is happening in their back yard is the same everywhere.

With the latest Statistics Canada (StatCan) seeded area estimates we have a better idea of how many peas and chickpeas were planted in Canada this year. At this stage it is better to imagine yields will be average rather than getting caught up in the day-to-day emotions about field conditions.

The numbers were surprising, with farmers planting many more acres of peas and chickpeas than intended. Land in peas is up from last year, advancing from 3.61 to 4.33 million (M) acres. Production of all classes of peas could jump from 3.58 to 4.26 M tonnes. The carry-over from the current marketing year is expected to end up around 207,000 tonnes, down from 650,000 to 158,000 last season, with the result the available supply of peas could jump from 4.352 to 4.591 M tonnes.

Unfortunately, there is no reason to believe India will be a big customer in the coming season, and there are doubts

about whether China will buy as many peas. If the supply numbers are correct, exports should increase at least 100,000 tonnes, but they could drop around 200,000 tonnes without hurting prices paid to farmers.

India is starting to get a lot of attention because of this year's monsoon got off to a slow start and the amount of land in pulses was below average through the middle of June. We got all excited about slow rabi season seeding progress, only to end up disappointed by the amount of pulses finally planted. Like Canada, things can start slow in India but end fast as soon as conditions get better.

If the monsoon ends up below average and irrigation reservoirs are not replenished, India could end up reducing the amount of Desi chickpeas it plants next year, which could see India buy more peas in 2020.

It is worth noting that some millers in India are already pressing the government to increase the import quota for peas. The simple reality is that in a country of India's size and with its transportation challenges, there are bound to be regional shortages.

Markets are more than a little surprised by the fact India is not importing many chickpeas. Unlike peas, they are not subject to import quotas. Just import duties. Those are high though, at 60% for Desi chickpeas and 40% for Kabuli chickpeas.

International Desi chickpea markets are high enough that the import duty has become an effective deterrent to trade from any origin. That problem is made worse by the fact the world's main exporter, Australia, had a small crop and prices are high relative to other pulses.

Though medium and small calibre Kabuli chickpeas ought to be attractive to India, the country has not shown much interest in buying those as a substitutes for local pulses. Historically, most of the Kabuli chickpea demand from India has been for planting seed, which has helped the country emerge as the world's

most important chickpea exporter after Mexico.

Mexico remains the market maker for chickpeas, with premium markets looking for that country to supply high quality, large calibre product. India tends to set the tone for buyers who are more concerned with price. Canada is not seen as a major supplier, but the fact we are sitting on significant stocks of Kabuli chickpeas has become a hurtful influence on prices.

If the seeded area estimate for chickpeas is accurate, Canadian production may only drop 52,000 tonnes to around 259,000. This is not enough of a decline to result in a reduction in stocks unless Canada's exports rise sharply or domestic demand is a lot bigger than appears to be the case.

Domestic usage of chickpeas is not easy to estimate because there is limited reporting of movement to human and pet food manufacturers in Canada. If we assume domestic markets consume roughly half as many chickpeas as we export, then ending stocks will increase to around 134,000 tonnes a year hence. Over time, those old crop inventories would be expected to lose value, which means it is important to take advantage of chances to move product when returns are reasonable.

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## SUPPLY AND DEMAND ESTIMATE FOR CANADIAN CHICKPEAS AND FIELD PEAS IN 2018/19

	Desi Chickpeas	Kabuli Chickpeas	Small Kabuli Chickpeas	All	Yellow Peas	Green Peas	Other Peas	All Peas
Area (acres)	13,800	401,900	27,300	443,000	3,080,000	459,800	75,500	3,615,300
Yield (lb/ac)	2,284	1,370	1,631	1,549	2,164	2,294	2,316	2,184
Production	14,300	249,800	20,200	311,300	3,023,200	478,400	79,300	3,580,900
Carry-In	0	1,000	2,000	3,000	569,000	80,000	1,000	650,000
Imports	0	29,000	0	29,000	71,600	45,600	3,800	121,000
Supply	14,300	279,800	22,200	343,300	3,663,800	604,000	84,100	4,351,900
Exports	6,000	102,000	18,200	126,200	2,473,500	520,600	58,900	3,053,000
Seed	486	27,800	1,500	29,786	258,000	41,000	6,000	305,000
Feed, Waste, and Other	3,814	39,000	1,500	75,095	732,300	36,400	18,200	786,900
Total Usage	10,300	168,800	21,200	231,081	3,463,800	598,000	83,100	4,144,900
Ending Stocks	4,000	111,000	1,000	116,000	200,000	6,000	1,000	207,000
Stocks/Use	39%	66%	5%	49%	6%	1%	1%	5%

\*All quantities in tonnes

## SUPPLY AND DEMAND FORECAST FOR CANADIAN CHICKPEAS AND FIELD PEAS IN 2019/20

	Desi Chickpeas	Kabuli Chickpeas	Small Kabuli Chickpeas	All	Yellow Peas	Green Peas	Other Peas	All Peas
Area (acres)	12,000	344,000	28,000	384,000	3,671,900	590,000	70,750	4,332,650
Yield (lb/ac)	2,260	1,409	1,567	1,487	2,187	2,107	1,754	2,169
Production	12,300	219,900	19,900	259,000	3,641,800	563,900	56,300	4,262,000
Carry-In	4,000	111,000	1,000	116,000	200,000	6,000	1,000	207,000
Imports	0	34,000	0	34,000	72,200	46,000	3,800	122,000
Supply	16,300	364,900	20,900	409,000	3,914,000	615,900	61,100	4,591,000
Exports	7,000	153,600	18,400	179,000	2,639,000	464,100	41,900	3,145,000
Seed	486	15,400	500	16,386	251,000	40,000	5,000	296,000
Feed, Waste, and Other	3,814	67,900	1,000	79,495	782,000	86,800	13,200	882,000
Total Usage	11,300	236,900	19,900	274,881	3,672,000	590,900	60,100	4,323,000
Ending Stocks	5,000	128,000	1,000	134,000	242,000	25,000	1,000	268,000
Stocks/Use	44%	54%	5%	49%	7%	4%	2%	6%

\*All quantities in tonnes

Source: STAT Publishing Ltd.

**YELLOW PEA MONTHLY GROWER BID PRICE PERFORMANCE**

(Monthly average as a percentage of annual average)

	2014/15	2015/16	2016/17	2017/18	2018/19	10-Year
August	81%	78%	98%	121%	91%	97%
September	81%	78%	84%	114%	94%	93%
October	81%	79%	84%	105%	95%	93%
November	86%	85%	95%	93%	101%	96%
December	96%	95%	102%	96%	108%	99%
January	100%	107%	102%	97%	108%	101%
February	114%	120%	102%	96%	106%	104%
March	117%	122%	100%	93%	100%	103%
April	107%	121%	101%	96%	98%	102%
May	112%	118%	108%	101%	100%	104%
June	113%	106%	111%	98%	101%	104%
July	113%	91%	111%	88%	101%	103%

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**9MM CHICKPEA MONTHLY GROWER BID PRICE PERFORMANCE**

(Monthly average as a percentage of annual average)

	2014/15	2015/16	2016/17	2017/18	2018/19	10-Year
August	95%	71%	88%	128%	86%	98%
September	92%	73%	88%	130%	99%	101%
October	92%	82%	92%	131%	98%	104%
November	106%	90%	105%	132%	100%	108%
December	95%	99%	116%	124%	111%	107%
January	100%	101%	114%	124%	117%	105%
February	102%	98%	95%	112%	119%	102%
March	102%	100%	77%	75%	111%	96%
April	96%	117%	103%	74%	94%	95%
May	95%	124%	109%	66%	82%	93%
June	113%	124%	109%	58%	88%	96%
July	113%	124%	109%	46%	88%	96%

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**Faba Bean and Feed Pea Faba Bean Feed Benchmark Bi-Weekly Report - June 21 to 25, 2019**

	CENTRAL ALBERTA	CENTRAL SASK.	SOUTH. MANITOBA
	CDN\$/T	CDN\$/T	CDN\$/T
<b>Faba Bean Feed Benchmark Price</b>	\$350.32	\$345.59	\$338.43
<b>Feed Pea Benchmark Price</b>	\$348.09	\$333.07	\$316.02
<b>COMPETING FEED INGREDIENTS</b>			
Feed Barley	\$285.00	\$247.00	\$255.00
Wheat - Red (12% CP)	\$272.00	\$245.00	\$264.00
Wheat - Soft White (10.5% CP)	\$265.00	\$241.00	\$262.00
Wheat DDGS	\$265.00	\$265.00	\$270.00
Corn	\$302.00	\$255.00	\$236.00
Corn DDGS	\$309.00	\$260.00	\$230.00
Canola Meal	\$345.00	\$354.00	\$345.00
Soybean Meal (46%)	\$527.00	\$505.00	\$474.00
Canola Oil	\$1,050.00	\$1,050.00	\$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.



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