

Australian Pulse Market Update, September 2019

Peter Semmler, Principal, Agrisemm Global Brokerage

At this stage of the season planting is completed and we are now in the hands of the weather gods as to how the season pans out. The current situation, on a state-by-state basis, follows.

Western Australia

The outlook for Western Australia has improved since June with timely rain in May and June enabling farmers to complete planting. Crops are now well established but not as advanced compared to the same time as last year, however further rain will be needed.

South Australia

South Australia had a later start than normal and at the moment crops are at a similar stage as last year. The major concern for South Australia farmers is the lack of subsoil moisture. The latest forecast for September to November is for lower rainfall and warmer conditions than normal. In some of the more marginal areas crops are starting to show early signs of moisture stress.

Victoria

Victoria also had a later than normal start to the season. The only exception were parts of the Mallee where 100 millimetres and higher

rainfall was recorded in January. May to July rainfall was around average, and August will come in a bit below average. For September to November the forecast for Victoria is for a warmer and drier spring than normal. That being said, Victoria would appear to be the best placed state to have at least average production this season.

New South Wales

In the south the situation is very similar to the other southern states. Reasonable rains have meant that crops are well established, with the same three-month forecast as other states.

In stark contrast much of northern New South Wales is now into having a third year of drought. In some towns water is being trucked in and there are a few towns that will literally run out of water by December, unless there is a decent rain.

Queensland

In southern Queensland there is little change since June. Rainfall is well below average and planted area is down from last year. Central Queensland is in better shape but estimated planted area is well down from last year. The weather forecast for September to November is similar to the rest of Australia.

Table 1. Australian Pulse Market Update, September 2019

	Desi Chickpeas	Faba Beans	Dun Field Peas	Red & Green Lentils
Pulse Australia Estimated Planted Area (Hectares)				
New South Wales	30-94,000	20,000	39,000	6,000
Victoria	55,000	80,000	71,000	100,000
Queensland	70-213,000	3,000	2,000	
South Australia	15,000	84,000	105,000	124,000
Western Australia	10,000	4,000	18,000	15,000
Pulse Australia Total Planted Area Estimate (Hectares) September 2019	180-387,000	191,000	235,000	245,000
Pulse Australia Estimated Production (Tonnes) September 2019	178-319,000	291,000	214,000	341,000
Agrisemm Total Area Estimate (Hectares) September 2019	190,000	215,000	200,000	245,000
Agrisemm Estimated Production (Tonnes) September 2019	210,000	310,000	220,000	315,000
Export Data				
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 June 2019	270,012	253,962	63,942	235,439

Source: Bureau of Statistics, Pulse Australia

Production Summary

On a state-by-state basis northern NSW and Queensland are in a bad situation, South Australia and Western Australia are okay as of now but will need rain very soon to be able to stay in the game, and Victoria has the best moisture profile. However, production outcomes are on a knife edge.

September is traditionally a difficult month for pulse crops due to a weather event called Indian Summer with hot north winds causing up to a week of temperatures around 30°C. The other production risks are lack of moisture and frost, which seem to be more prevalent in a lower moisture scenario. Without stating the obvious, the Australian pulse crop is a long way from being in the bin.

Comments on Production Estimates

Desi Chickpeas

The estimated production of around 210,000 tonnes is the lowest since the 2005/06 crop. This is a dramatic turnaround from the 2016/17 crop of 2.3 million tonnes. Even if India stays out of the market this tonnage will not be enough to cover Australia’s non-Indian clients’ requirements. Desi prices are starting to firm as the reality of the looming shortage sets in. There will be minimal carry forward stocks into the 2019/20 season.

Faba Beans

Faba beans are this year’s high flyer crop with prices higher than \$900

US cost and freight (CFR) Damietta trading at its peak. Unfortunately, these prices rapidly soaked up the liquidity in the destination market.

High priced cargo kept arriving with the inevitable result of contracts being defaulted and abandoned at the wharf. Of late, there has been major price corrections with new crop faba beans for November-December shipment trading at between \$480-500 US CFR Damietta. If we are blessed with a reasonable growing season prices should stay around these levels. With the dry conditions continuing in northern New South Wales and southern Queensland, there will be strong demand for faba beans for stockfeed which will underpin prices.

Lentils

For the last two seasons Australian production has been well in excess of exports, consequently the quantity of lentils in storage has increased each year as farmers’ price expectations remain at a premium to the market reality. There is a view that as 2019 harvest comes closer farmers will have to bite the bullet and start to sell stored lentils, if for no other reason than to create space to store this year’s production. This may well mean that Australian farmers will need to be price competitive with their Canadian counterparts. At the moment Canadian prices are around \$15-20 US under Australian prices.

In conclusion definitely this season has a long way to go, with plenty of potholes along the way.

Peter Semmler is the Principal of Agrisemm Global Brokerage. He can be reached at peter@agrisemm.com.

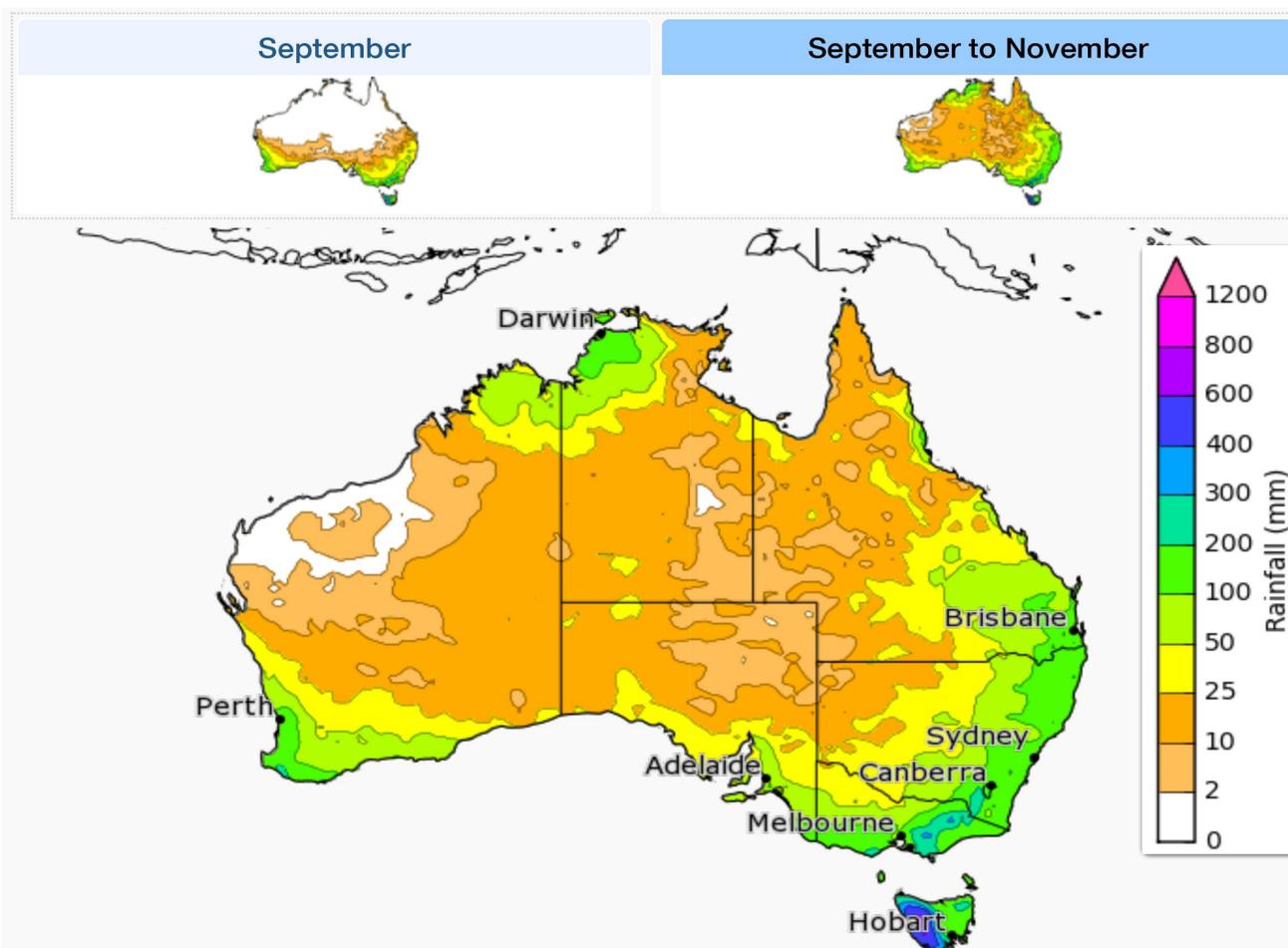


Figure 1. Australia Rainfall (totals that have a 75% chance of occurring September to November).

Source: Australian Government, Bureau of Meteorology