

THE PULSE

newsletter



GULFOOD SHOW

THE VALUE OF CONNECTING

Attending international food shows continue to play an important part in our business. These shows give us the opportunity to meet with current customers as well as find potential new customers to grow our exports in multiple regions. Meeting face to face in a one on one setting is something that has extreme value to talk about the current market and future needs. Our customers have come to expect to see us at these events to continue to build business relationships.

In addition to our current markets and customers it allows us to see what other countries and new food ingredient items are coming to the market and how we could potentially fit in or expand value add for Saskatchewan pulse crops. Lentils, peas and chickpeas are trending globally and with the continued demand for healthy and sustainable food options we are a perfect fit.



Greg, Elyce, and Gerhard at the Gulfood Booth

LENTIL MARKET OUTLOOK



[RED LENTILS]

Over production of red lentil in major producing countries such as Canada and Australia are weighing heavily on the market. The Black Sea region has added to the supply as well. Canada is sitting on at least 500,000 MT of very good quality red lentil. Australia is also holding about 500,000 MT. The Black Sea supplies are unknown as there are not statistics available.

Demand for Canadian lentil has dropped by at least 400,000 MT, largely due to the good crops in India and the receipt of boat loads of cargo last year. Prime Minister Modi is going for re-election so putting up duties and raising the MSP (Minimum Support Price) to farmer will help to gain votes. The weather in India has been largely dry since October. January was the driest since 1910 with only 2.2 mm falling on the pulse growing region. Recent thunderstorms in February may have helped the crops but there were significant hail storms the damaged large areas of the crop.

Imports from Turkey, Pakistan and Sri Lanka have also been lower the this crop year. Prices have been dropping so fast and buyers are keeping purchases to a minimum as they have been suffering losses on imports. The situation in pulse is unprecedented and we are now going through a global shift is in production from all producing nations.

The good news is the there is little downside risk for prices to go lower. In my view, seeded acres will be down in all producing countries. India will not be sufficient as it will only take a good drought and they will be back to importing lentils. There will no immediate spike in prices as there are good stock of red lentils and a new crop will arrive in 6 months.

Finally, we have a larger seeded red lentil variety called CDC Impulse CL for sale. We would like to more of this variety produced for our customers in Sri Lanka.

[ESTON LENTILS]

Stocks of Eston are not too burdensome and the quality on farms is largely No. 1. Having good quality has been very helpful in getting back customers after the 2016 crop quality disaster. We have lots of work to earn back the trust of customers but I do remain optimistic that growers will seed at least as many acres of Eston as last year to help maintain continuity of supply and quality.

Meanwhile the pipeline is full, warehouses are full and buyers are simply not in a hurry to buy. The trend to lower bids will remain. Bids ranging from .26 to .27 cents may be below grower's expectations but it is far better that the .17 cent bid for red lentils.

[RICHLEA LENTILS]

Over the years Canadian growers of Richlea lentils has slowly faded to an elite group of growers who have preferred to stay with the medium sized green lentil. I guess that these growers found the Richlea type lentils produced better yields and better quality. Certainly, growers in North Dakota and Montana love to grow Richlea. We have also found that many of the imports around the world shifted to US origin Richlea when the Canadian Laird crop failed and prices soared high. Importers are price sensitive and there was a wholesale shift from Canadian Laird to the much more price competitive Richlea lentil.

Prices for Richlea have dropped along with Laird lentils but they are still taking a large percentage of the green lentils market away from Canadian growers. So, if you are not all the happy about growing red lentils then we are suggesting growing Richlea lentils. They may not pay as well as Laird on your farm but they will be pay better than red lentils.

By the way, we do have common medium green lentil seed available that is Clearfield® resistant.



We are offering a Richlea Production Program this year to sever this market and gain back some market share from the USA.

PRICE FOR RICHLEA PRODUCTION CONTRACTS:

#1 .26 cents/lb #2 .24 cents/lb
X3 .20 cents/lb #3 .17 cents/lb

*AOG applies and first 600lbs of production.

Call our office at **1.306.693.2132** and speak with Mike or Sarah for more details.

[LAIRD LENTILS]

Ending stocks of Laird lentil are not going to be too burdensome. We expect slow but steady demand for the remaining months of this crop year. Once we get stocks down to less than 100,000 MT we consider the crop largely sold out. Some will be holding out for the "what if" scenarios such as killing frost, drought or too much rain at harvest. By the way, I am thankful for the old crop that was held by growers when we had poor crops. Just look at the prices spiking after having poor crops in the past 10 years.

This crop year Canada is expected to produce about 550,000 MT on 850,000 acres. Exports will be 500,000 MT. In the past we would have required 650,000 MT or more but with India's unpredictable duties and fumigation restrictions we can't expect any demand from India.

The days of Canada being the lead in green lentil production are gone. High prices have encouraged new competition from Black Sea Region. As a matter of fact, the Kazakhstan government is subsidizing the development of transportation infrastructure, storage and processing facilities for pulses. This includes splitting plants and whole processing facilities. I estimate between 75,000 and 100,000 MT of Laird type lentil were grown in this region. Most of these lentils are going to Turkey, Iran and Algeria. Formally, 100% Canadian importers of Laird type lentil.



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RAILROADS FAILING AGAIN



It is unbelievable that we are still talking about our two major railroads failing to provide a reliable level of service to our industry. CN has been the worst as they are only delivering 15% of railcars ordered for the industry. Simpson Seeds Inc. experience with CN has been worse, especially on boxcar supply. CP Rail is somewhat better but still have no reliable switches at our plants. This is very frustrating for us as we have employees hired to process and ship lentils, peas and chickpeas but we are experiencing too much downtime waiting for equipment.

Not only is this slowing our delivery of grain purchased from our grower customers, it is delaying the delivery of grain sold overseas. Customers on both sides of the equation are impacted.

Our government is not helping matters. There is legislation before the House of Commons Standing Committee on Agriculture and Agri-Food on the grain transportation but it is too little too late. The only solution is to force the railroads to act will be to the use of the same Order in Council used during the 2013/2014 crop year.

The railroads list off the same excuses. Not enough engines, not enough crews and winter reduces the railroads ability to move efficiently.

The failure of our Canadian Railroads to get our commodities to tide water is starting to cost producers long term losses of global market share. For example, the infrastructure in Russia and Kazakhstan had improved significantly in the past few years. Importers in the EU and Middle East opting to buy from this region as they are closer to the markets and have more reliable transportation.

AGRONOMY FIELD REPORT

ADDING TO THE BOTTOM LINE WITH NEW VARIETIES

Simpson Farms has been investing in new pedigree seed varieties since 1979. Over the years we have seen the value in this investment, and witnessed significant improvements in yield, disease resistance and overall quality from the new varieties. When a new variety surfaces, we get to see firsthand how it stands up against other varieties in its class. Some don't make it to market, but some clearly shine through as the new standard on our farm. When you find that one variety that pulls ahead of the others, it can definitely add to the bottom line.

For the 2018 crop year, Simpson Seeds Inc. will be offering some exciting varieties in Lentils, Durum, Flax Canary and CWRS. Some of the varieties that stand out are CDC Greenstar, CDC Impulse CL, and AAC Brandon.

CDC Greenstar, a large green lentil variety, from my experience, is agronomically superior to any other large green variety. Large greens in the past have had a bad reputation for poor disease resistance and lodging. CDC Greenstar has much improved disease resistance in ascochyta and anthracnose, and it has been evident in the field. The improved resistance to anthracnose has reduced the lodging severity, and has been much nicer to harvest as compared to CDC Greenland and CDC Impower. There is a nice yield bump that comes with CDC Greenstar as well. With a yield check of 97% as compared to CDC Maxim, it is 8 points higher than

the next best large green lentil variety. CDC Greenstar is a conventional lentil variety, but I do feel the other agronomic advantages far outweigh the benefits of using the old Clearfield® variety CDC Impower. CDC Greenstar is showing higher tolerances to metribuzin (Sencor®). I have been able to apply higher rates, with less damage to the crop, which can be a nice tool when you are up against group 2 resistant weeds such as wild mustard.

CDC Impulse CL is a variety that has topped the yield checks for Clearfield® red lentil varieties. We have seen CDC Impulse CL perform very well on our farm, and in 2016, it broke our farm's record for highest lentil yield. This variety has very good disease resistance in ascochyta and anthracnose.

AAC Brandon, finally, a CWRS variety that matches our durum yields. In a predominantly durum growing region, we could always count on a yield discount on CWRS as compared to durum. This variety is showing comparable yields and good harvestability. AAC Brandon has been getting a good lodging score and rates at the top for FHB resistance. With a good overall disease package and great yields, there is no wonder AAC Brandon will be the most widely grown CWRS variety in Western Canada in 2017.

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