

2018

# THE PULSE newsletter



## NOURISHING THE WORLD WITH EVERY SHIPMENT

### SIMPSON SEEDS INC. PURPOSE AND CORE VALUES

I have been saying to all our customers and our employees at Simpson Seeds Inc. "We have new opportunities and new possibilities in this season!" It is exciting to see how

your continued support of our company has enabled us to bring our Brand Promise of good quality lentils and other commodities to our customers in 85 countries worldwide.

Our core values of **Family, Integrity, Quality** and **Innovation** resonate with our customers. These core values guide our decisions daily.

Our core purpose "**To Nourish the World**" is imbedded in company logo printed on millions of bags distributed globally. There are 7.5 Billion people on plant earth today and we added 70.8 million people this year that depend on our efforts to grow and deliver food to over 85 nations worldwide.

# LENTIL MARKET SYNOPSIS



[ **LARGE GREEN LENTILS** ] or Laird type lentil prices continue to grind lower. The crop yields are lower in Canada but the quality is excellent. Due to the hot summer, this year's crop had a much lower incidence of plant diseases resulting in this year's pulse crop shows an extremely positive quality profile (95% 1 and 2 Can grade vs. 40% a year ago). This is enabling Canada to gain back markets lost to the USA and the Black Sea Region last year. With such a high percentage of the crop being a No. 1 or No. 2 quality, we do not have anyone caught short of supply and causing the bids to go up.

Russia is a major disrupter in the green lentil market as they have expanded production over the past few years. In the past Russia had about 7000 to 8000 MT of a large green lentil. However, they must have expanded seeded acres and had great yields as the Russian's are causing prices to continue to fall as there is an oversupply of these lentils in two of our key markets. Algeria and Iran combine for a total of about 190,000 MT to 200,000 MT per year of imports from Canada. We need to be aware of the emergence of Russia as a competitor. What really hurts is they are likely seeding Canadian bred varieties developed at the Crop Development Centre, University of Saskatchewan.

My recommendation is to keep selling into mini rallies. On any give day, we can increase or decrease our price by 1 to 2 cents per pound. These are very volatile and unpredictable market conditions that are unprecedented in my 38 years being in this business. My hope is the market will stabilize in the new year but I wouldn't bet the farm on any significant price increase given what we know today.

[ **MEDIUM GREEN LENTILS** ] or Richlea type lentil hardly exist anymore in Canada. We have conceded this market class to the USA. Too bad as we turn down inquiries every week. Richlea production should be increased in Canada otherwise we will have to import US origin lentil to meet our customer demand.

I always liked growing the variety as it matures earlier and it holds a green color better, thereby, increasing the chance of growing a No. 1 quality. We could easily handle another 20,000 acres or 5000 MT of new supply for next year.

[ **SMALL GREEN LENTILS** ] or Eston type lentils prices continue to decline as well. We produced about 200,000 MT this year and have great quality this year so we are working hard to get back markets lost to the USA last year. For example, 3 years ago Mexico would have imported about 30,000 MT of Eston per year from Canada. Last year we only exported 18,000 MT as the US origin Eston took over this market. This same situation exists in all Eston importing countries such as Peru, Bolivia, Greece, Italy, Spain and Morocco.

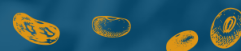
Red Lentil prices remain under pressure as India continues to put Canada in the penalty box over fumigation issues. Meanwhile, the USA has been allowed to continue to export to India without fumigation until December.

In my opinion, we have brought on this problem by allowing the shipment of uncleaned field dressed lentils to India. There are major issues with the amount of soil shipped, especially last year. The presence of weed seeds doesn't help matter much either.

## NEW BEGINNINGS AT SIMPSON SEEDS

### OUR COMPANY CONTINUES TO GROW

We have taken a bold step and invested millions of dollars into a new facility in Swift Current and added another spur. This has enabled our company to expand markets for our customers. We are now working on marketing yellow and green peas, Kabuli chickpeas, canary seed, flaxseed and durum wheat. We have four traders now working on your behalf to find markets to help turn your crops into cash.





*Delegation from Pakistan learning about our Quality Assurance managing to process lentils free of weeds seeds and dirt.*

Pakistan is another country that is concerned about the poor quality they are receiving. A delegation from Pakistan recently visited our plant in Moose Jaw and were amazed at the precision of our quality assurance department and the shipment of red lentils leaving our plants cleaned with no soil or weed seeds. Our company is committed to processing, adding value and employing people in Moose Jaw and Swift Current area. We want to help brand Canada as a supplier of clean high quality red lentils.

Australian origin red lentil production exploded in size last year by increasing sales from 192,000 MT to 857,000 MT! This was a mega shift in the Supply – Demand for global red lentils markets, especially now as Australia is estimating a 600,000 to 700,000 MT crop.

India has increased the Minimum Support Price for Masur (lentil) from USD 594.00/MT to USD 660.00/MT. Rabi seeding is going at a record setting pace so we are expecting India to expand production. There are some concerns about the monsoons this year so there is still a chance India will not produce as much red lentil and other pulses compared to last year record crop.

Considering the above supply/demand prices have little or no chance of increasing unless India has a sudden crop failure so we could see a resurgence of demand in May/June/July 2018.

**[ CDC IBERINA, SPANISH BROWN LENTILS ]** this year has been a huge success with good yields and good quality and a stable price around 35 cents/lb. We are currently offering production contracts for 500 lb per acre for the 2018/2019 crop year. We are gaining more demand every year as Spain continues to have poor crops and the USA area is shrinking as they grow the old Pardina variety which has poor yields and susceptible to Ascochyta Blight.

Many growers will be switching red lentils to other crops. This is a perfect opportunity for growers to be paid a decent price and to know that we have not over produced the lentils to keep prices from the wild swings we have seen in other lentil varieties.

We are excited about the long-term prospect for Iberina as we are working with Dr. Bert Vandenberg on G4, the next generation of Iberina which will have even higher yields than our current version called G3.

**[ DARK SPECKLED GREEN & BELUGA LENTILS ]** are two very specialized niche markets. The dark speckled green market has been produced in Kazakhstan and will supply the European markets for the next couple months, thereafter, we expect demand to pick up.

Beluga is a smaller market as well but it has been under supplied. We have a contract program in place for Beluga so we can secure a reliable supply for our markets. Give us a call for details.

# 2018 SEED GUIDE



Please enjoy your copy of the 2018 Seed Guide provided for the upcoming growing season. Call us for seed inquiries. We are happy to help answer any questions.



**CALL TO BOOK YOUR  
SPRING SEED TODAY!**

**306.693.9402**

## BREAKING NEWS

As we go to print, there has been a 50% duty imposed on the imports of Canadian Peas and 20% on all wheat imports effective immediately. i.e. November 8th, 2017. The impact has been immediate as bids dropped for peas.

Red lentil bids dropped as well as pulse traders expect a duty to be imposed on Red Lentils.



# GIVING BACK



## HELP FOR HEROES AIRSHOW

In September, Simpson Seeds Inc. was a major sponsor the **Help For Heroes Airshow** held at the Moose Jaw Municipal Airport. Over \$15,000 was raised for **Wounded Warriors**, a charity supporting first responders, veterans and Canadian armed forces members suffering from PTSD. During this event, we also delivered beef steaks to Hunger for Moose Jaw.

Our company staff participated in the **Drive Away Hunger** sponsored by FCC. The national campaign collected 7,280,000 meals this year.

This month we have received 140,000 lbs of red lentils as a donation to **Gleanings For the Hungry**. Simpson Seeds is receiving, processing and packaging these lentils as a donation for a soup mix sent to countries in need around the world.



# Merry Christmas



*From all of us at Simpson Seeds Inc.,*

Thank you for your support throughout the year.  
Wishing you and your families a Merry Christmas,  
good health and a prosperous New Year.