

THE PULSE newsletter



CLIMATE CHANGE:

FAKE NEWS, OVERSTATED OR REAL?

This past winter was the coldest winter in Saskatchewan since 1936. Many were praying for Global Warming and making all kinds of jokes about the media outlets doing their best to convince us that our human activity is the cause for all this climate change. I think the best response was a speech given by the now famous Rex Murphy in Vancouver as he addresses the oil patch and miner on the question, "Has Trudeau Destroyed Canada's Resource Future?" In his opening monologue Rex says, "I am from Newfoundland, we haven't had the same weather for 60 minutes in 500 years!" Too funny.

I have followed prominent climatologist and retired professor from the University of Winnipeg in Canada climatologist Dr. Tim Ball over the years. He says, "Global warming is the greatest deception in history."

He has always said that the sun has a bigger part to play in our climate as solar storm activity has a bigger impact on climate than human activity. I am all in favor of stewarding the earth and doing my part. As pulse growers we know we are reducing carbon because pulse fixate nitrogen and we are growing vegetable protein that is sustainable.

Weather is now front and center in our minds as we all have concerns about the dry conditions in large parts of the prairies. If we can get good germination, then it is nice seeding without having to go around sloughs or getting stuck in mud. Ideally a little rain during April and May to keep the surface moist and then bring on the rain.



LENTIL MARKET OUTLOOK



[RED LENTIL]

Red lentil bids increased to 20 cents/lb in January, but they have now fallen to 17cents/lb. There was not enough demand to sustain the bids. Demand from India did not develop and large government owned stocks keep internal prices low.

The past two years of declining prices has been a painful financial lesson to traders. Coupled with the unpredictable policies that are politically motivated, and you have buyers lacking confidence. Many traders do not want to take a position, so the market has faded to reflect this sentiment.

In my view we need to wait for the election. The 2019 Indian general election is scheduled to be held in 7 phases from 11 April 2019 to 19 May 2019. The counting of votes will be conducted on 23 May, 2019 and on the same day the results will be declared. So, we hope there will be some relief on tariffs.

The Rabi harvest will be in full swing by April/May. At this time the full extent of the drought and frost damage will become more evident. Trying to gather statistics is very challenging as the average farm size is only 1.15 hectares or 2.84 acres. My hope is the crop will be short and there will be an increase in demand starting May/June. This should improve bids as well.

Seeded acres will hopefully drop globally. We all know that these low prices are not sustainable unless you have a 30 to 40 bushel crop.

In the following chart you can see the ending stocks are trending down and this should help prices to stabilize and improve assuming India comes back in the market in a meaningful way. The projection below does not contemplate a drought in India, Australia, Turkey or any other red lentil producing nation, therefore, global stock could get tight.

Canadian Red Lentil Supply-Demand Estimates
(metric tons, acres)

YEAR	2014	2015	2016	2017	2018	2019
Area (acres)	2,130,000	2,987,000	4,240,000	3,003,000	2,036,900	1,934,000
Yield (lbs)	1,421	1,394	1,263	1,351	1,308	1,364
Production	1,372,900	1,889,200	2,429,100	1,840,900	1,208,500	1,197,000
Carry In	213,000	159,000	41,000	282,100	838,100	609,000
Stocks	1,585,900	2,048,200	2,470,100	2,123,000	2,046,600	1,806,000
Disappearance						
Export	1,362,651	1,532,700	1,807,621	957,517	1,105,200	1,279,300
Seed	94,200	133,600	94,600	64,200	61,000	76,600
Feed & Waste	52,316	359,671	285,779	263,183	271,400	233,100
Total Usage	1,509,167	2,025,971	2,188,000	1,284,900	1,437,600	1,589,000
Ending Stock	77,000	22,000	282,000	838,000	609,000	217,000
Stocks/Use	5.1%	1.1%	12.9%	65.2%	42.4%	13.7%

Forecasts by STAT Market Research based on data from Statistics Canada



LENTIL MARKET OUTLOOK



[LARGE GREEN OR LAIRD TYPE LENTIL]

Large Green or Laird type lentil bids have dropped as well from 25 cents/lb to 22 cents/lb for No.1 Laird. We have not been able to compete with Black Sea Region Lentils into Turkey, Iran and Algeria. In the past we would have expected thousands of tonnes to move to the MENA (Middle East North African) region but farmers in that area have been dumping crop and pressuring prices down below Canadian prices. Farmers in this region are going bankrupt as low prices for wheat and pulses have not been high enough to sustain farms. This will likely result in a significant decline in wheat and pulse production due to the lack of cash.

The chart below estimates Canadian growers reducing seeding of Laird lentils. I am a contrarian and believe there will be an opportunity for price recovery in 2019. The drought in India will reduce the pigeon pea crop by as much as 50%. Laird lentils will be used as a substitute and will bring extraordinary demand back to Canada.

In addition, the long-term average quality of Laird lentils will likely reduce the supply of No. 1 and No. 2 quality. Growers who can get No. 1 and X2 quality to the bin this fall may be very well rewarded.

The chart below predicts a decline in acres, but it doesn't contemplate demand from India or the return of demand if the Black Sea Region has production issues.

Canadian Large Green Lentil Supply-Demand Estimates (metric tons, acres)

YEAR	2014	2015	2016	2017	2018	2019
Area (acres)	710,000	750,000	948,500	975,000	1,252,600	771,000
Yield (lbs)	1,351	1,375	1,250	1,138	1,048	1,230
Production	435,000	467,800	537,900	503,300	595,700	430,000
Carry In	415,000	142,000	19,000	10,000	5,000	43,000
Stocks	850,000	609,800	556,900	513,300	600,700	473,000
Disappearance						
Export	648,554	440,831	468,900	422,297	453,700	335,000
Seed	30,600	38,700	39,800	51,100	31,500	26,200
Feed & Waste	28,846	111,269	38,200	34,903	72,500	61,800
Total Usage	708,000	590,800	546,900	508,300	557,700	423,000
Ending Stock	142,000	19,000	10,000	5,000	43,000	50,000
Stocks/Use	20.1%	3.2%	1.8%	1.0%	7.7%	11.8%

Forecasts by STAT Market Research based on data from Statistics Canada



[ESTON LENTIL]

Eston lentil bids have fallen from 19 cents to 17 cents. The pipeline is well supplied and we are going into a season where demand for Eston declines. I was checking on Morocco this past month and was discouraged to find Black Sea Region Eston lentils going in well under our Canadian prices. I am saddened by the way our varieties developed by Saskatchewan farmers and universities have made their way into Russian and Kazakhstan without any royalties. C'est la vie! We may have lost this round, but we will win in the end.

With all the geopolitical problems in Iran, Syria, and Venezuela, we may find a home for Eston for food aid. I am anticipating more demand from Mexico after Lent and continues demand from South America.

The chart below shows the decline in seeded acres which is necessary to tighten the supply. Keep in mind that bad weather at harvest can really benefit those who get good No.1 Quality.

Canadian Small Green Lentil Supply-Demand Estimates
(metric tons, acres)

YEAR	2014	2015	2016	2017	2018	2019
Area (acres)	215,000	260,000	330,000	385,000	415,600	282,000
Yield (lbs)	1,416	1,405	1,364	1,113	1,314	1,329
Production	138,100	165,700	204,100	194,300	247,700	170,000
Carry In	141,000	50,000	10,000	20,000	29,000	70,000
Stocks	279,100	215,700	214,100	214,300	276,700	240,000
Disappearance						
Export	209,200	169,000	161,100	144,600	162,900	170,000
Seed	5,900	7,500	8,700	9,400	6,400	6,500
Feed & Waste	14,000	29,200	24,300	31,300	37,400	31,500
Total Usage	229,100	205,700	194,100	185,300	206,700	208,000
Ending Stock	50,000	10,000	20,000	29,000	70,000	32,000
Stocks/Use	21.8%	4.9%	10.3%	15.7%	33.9%	15.4%

Forecasts by STAT Market Research based on data from Statistics Canada

[RICHLEA LENTIL]

Richlea lentils are still in good demand. We have good customers in Europe, South America and domestically that prefer Richlea type lentils. Consider growing this variety so we can keep Canadian origin Richlea markets looking our way.

[FRENCH LENTIL]

French Green lentil markets have been poor this year. The good thing is they store well and we will slowly get them sold.

[BELUGA LENTIL]

Beluga lentil market is very small. We are recommending to only grow them with a production contract. This is not a crop that you would grow if you are looking for liquidity.

[CDC IBERINA, SPANISH BROWN]

CDC Iberina, Spanish Brown Lentil program continues to grow. Year over year we are growing the market. Spain is the major buyer, so we will continue to capture as much of this market as possible. Last year Spain had good rains and a good crop, so it reduced imports. This is not likely going to happen every year as they consume about 30,000 MT per year and import about 20,000 MT per year. We have room to grow the program, but it takes time. Continuity of supply and good quality is how we will grow this program together. The next generation SB-4 will improve yields and make Canadian origin Spanish Brown tough to compete with.

GIVING BACK

IF YOU ARE INTERESTED IN DONATING LENTILS TO GLEANING PLEASE CONTACT OUR BUYERS. HERE IS THE UPDATE RECENTLY RECEIVED FROM GLEANINGS.



Gleanings For The Hungry

A Ministry of Youth With A Mission

P.O. Box 309
Sultana, CA 93666
Ph. (559) 591-5009
Fax (559) 591-5036

February 27, 2019

Dear Greg, Elyce, and Simpson Seed Team,

Thank you and your team at Simpson Seed for donating processing of pulses for Gleanings For The Hungry and our life-saving soup mix. We are very grateful for your partnership in our mission to *feed the hungry of the world both physically and spiritually*. Your generous donation is bringing nourishment to some of the most desperate communities around the world. Healthy food is going out to hungry people along with the hope of the Gospel of Jesus Christ. Thank you.

Pioneering Venezuela

In December 2018, a small but very special load of Gleanings soup mix went to Venezuela, a country in great turmoil, where it is almost impossible to send food. Through the prayers of many people and the willingness of one Venezuelan man living in Los Angeles God has made a way to get Gleanings' life-saving soup into Venezuela—a huge win for Gleanings and our partners! Now several organizations and hundreds of individuals will begin receiving soup mix through our ministry partners in Valencia, Venezuela. We are so excited to partner with you to get food to the most desperate places on the planet. Praise God for His compassion and how He hears the cries of the poor.



Thank you again for your partnership and generous donations. Our Gleanings staff pray weekly for you, your family, and your business. God bless you. We look forward to your continued support.

Sincerely,

Andy Rotunno
Director of Procurement & Distribution
Gleanings for the Hungry



QUALITY ISSUES



- 1. Glyphosate Free:** pulses are a growing trend. More countries and customers are testing for residues.

Recommendation - avoid the use of glyphosate, especially tank mixed with heat.

- 2. Gluten Free:** consumer demand for gluten free is on the rise.

Recommendation – keep good records of fields with no cereal. Let us know so we can show a completely gluten free supply chain.

- 3. Stones/Glass:** with pulses growing so close to the ground it is very easy to pick up a glass bottle on the roadside fields. Also, stones and dirt lumps cause issues with the consumer.

Recommendation – walk along the roadside to pick up glass bottles prior to harvest. Be sure combine headers are adjusted correctly to avoid soil and stones getting into the combine.

- 4. Contamination:** avoid using conveyors, bins and trucks contaminated with seed treatment.

Recommendation – keep seed treatment conveyors away from any conveyance of food grade pulses. Wash equipment and inspect equipment.

- 5. Contrasting Colors:** we are seeing increased admixes of red and green lentils.

Recommendation – purchase Certified seed or purchase seed from seed plants who have a purity analysis.

SEED VARIETY UPDATE



This winter, the Simpson Seeds Inc (SSI) sales team has been on the road attending trade shows and sponsoring presentations around Saskatchewan. The main reasons why I like representing SSI at these shows is the opportunity it gives me to promote and educate producers on our pedigree seed varieties. Secondly, as a producer myself, I feel networking with other farmers is just as educational as the show presentations. What usually starts as an inquiry on seed, typically turns into a discussion about different agronomic practices and strategies that producers are implementing on their farms. We appreciate all current and future business and look forward to many more visits to the SSI booth next winter.

I am highlighting two of the many varieties SSI currently has for sale for the 2019 growing season that we are always excited to offer: CDC Neela flax and CDC Impulse red lentils.

CDC Neela, with a yield check of 104%, has a few agronomic advantages that has made it the main flax variety on our farm. The first reason is the crop height, by far the shortest flax variety we have seen yet. The reduced straw management and better lodging goes a long way. Growing flax in your oilseed rotation is beneficial for many reasons. To name a few, it is a low maintenance crop that reduces input costs; only requiring 65% of the nitrogen compared to canola, and with a seed cost of about a 1/3 of canola (around \$18/acre picked up from SSI). It is definitely attractive when trying to minimize spring expenses. There is also drastically reduced insect and disease pressure with flax when comparing to canola. Although flax yields have been responding very well to a fungicide application at 50% flower, it is not necessary. Just like canola, flax is just as resistant to weathering in the rain, or even snow when it comes to harvest.

CDC Impulse has shown great potential to be the most popular red lentil variety, as it combines high yields with great disease resistance. Increased interest has been evident this year over other red lentil varieties. With a yield check of 108%, it is the highest yielding Clearfield® lentil according to the 2019 Sask Seed Guide.

Good luck this 2019 growing season, and work safe!

Regards,
Trevor Simpson

CONTACT US FOR SEED INQUIRIES OR QUESTIONS

306.693.9402 | simpsonseeds.com