

# THE PULSE

## newsletter

### WINTER 2020



## GOOD NEWS IN 2020

### REASON TO CELEBRATE

Growers have good reason to celebrate with lentil bids up and will have growers smiling. The global oversupply disappeared over the past three years. World supply in 2018 was 8,092,000 MT, and now in 2020, world supply has dropped to 6,836,000 MT.

The global pandemic brought a spike in demand from April to June. Amid a crisis, Simpson Seeds Inc. and you, our valued customers, responded to the needs of millions of people who depend on Canada to replenish inventories of food. I am very proud of our team, who worked day and night to ship thousands of tonnes a high-quality processed lentils, safely.

Our family farms in the Moose Jaw, Swift Current, and Kyle crop districts, so I am aware of the wide range of lentil yields. However, this year's harvest resulted in a higher than average of 1600 lbs per acre. It was a treat to have been able to start up the combines and run non-stop for several weeks until we completed harvest

before Thanksgiving. As a bonus, we had good weather in October and November to get lots of field, machinery, and yard work done.

Another piece of good news is lower interest rates. We all know that agribusiness demands significant amounts of capital. Having the Bank of Canada rate down to 0.5% helps the bottom-line. From the economist that I listen to, they say that we will have low-interest rates for the next two years.

We have hope for the future as advances in vaccines are looking promising. These vaccines will go a long way to protect the health of the most vulnerable.

Finally, millions of Christians around the world will be celebrating the 'Good News' of the birth of our Savior, Jesus Christ, Emmanuel, which means God with us.

Merry Christmas and Happy New Year from our family and all the staff at Simpson Seeds Inc.



# LENTIL MARKET WINTER UPDATE



## [ RED LENTILS ]

India continues to wreak havoc by unpredictable intervention in policies designed to keep food inflation in control and maintain prices at or slightly higher than the government determined MSP (Minimum Support Price) for farmers. The lack of any clear and consistent policy increases the uncertainty for traders to make sound purchasing decisions.

India lowered the tariff from 33% to 10% this summer to slow the food inflation and allow imports to enter the country with lower tariff costs. India has imported about 500,000 MT since harvest, causing red lentils bids to increase due to fundamental and technical reasons. The tariffs will go back up at the end of December to 33% and once again, Canadian exporters will be forced to sell for less or wait for India to lower tariffs. This second scenario is unlikely with Australia harvesting a bumper crop and the Rabi crop in India on pace to seeding more red lentils than last year.

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

YEAR	2016	2017	2018	2019	2020	2021
Area (acres)	4,240,000	3,003,000	2,036,900	2,330,100	2,931,700	3,438,000
Yield (lbs)	1,263	1,348	1,416	1,498	1,684	1,439
Production	2,429,100	1,835,900	1,308,500	1,583,500	2,239,000	2,244,000
Carry In	45,000	271,000	777,000	635,000	158,000	195,000
<b>Stocks</b>	<b>2,474,100</b>	<b>2,106,900</b>	<b>2,085,500</b>	<b>2,218,500</b>	<b>2,397,000</b>	<b>2,439,000</b>
Export	1,741,363	960,950	1,321,929	1,884,024	2,017,100	1,939,400
Seed	94,600	64,200	73,400	92,500	108,400	93,800
Feed & Waste	359,837	297,750	50,771	82,076	73,200	137,000
<b>Total Usage</b>	<b>2,195,800</b>	<b>1,322,900</b>	<b>1,446,100</b>	<b>2,058,600</b>	<b>2,198,700</b>	<b>2,170,200</b>
Ending Stock	278,000	784,000	639,000	160,000	198,000	269,000
<b>Stocks/Use</b>	<b>12.7%</b>	<b>59.3%</b>	<b>44.2%</b>	<b>7.8%</b>	<b>9.0%</b>	<b>12.4%</b>

Forecasts by STAT Market Research based on data from Statistics Canada - November 12th, 2020

## [ LAIRD LENTILS ]

We had a good fall shipping campaign for Laird lentil. Good demand from our traditional markets and grower resistance to bid prices caused prices to rise substantially. There may have been some technical issues related to timing that artificially drove up the bids.

The Laird lentil quality is excellent, with natural green color and no wrinkled seed coats. However, this year's seed size or caliber is a little smaller due to the hot, dry conditions and disease

pressure as the crop matured. With the early harvest and no rain delays, all the processing plants had early and abundant access to stocks. For this reason, the Canadian trade filled the pipeline quickly. Seasonality of demand is normal, but this year "Christmas doldrums," a term I use to describe the slow seasonal slow down as we approach Christmas Holidays, has moved up a month from December to November. Thankfully, we have lots of Certified Seed to get ready for spring, so we pivoted some of our processing capacity to seed cleaning. We have lots of high-quality planting seeds ready to be picked up right now. Many growers have already booked and picking up seed now.

Looking forward, we know the buyers will be back in the market for shipment after the Christmas and New Year holidays.

With many countries imposing more restrictions, we expect consumers to increase pulse consumption. However, we do not expect a repeat of the buying level we experienced in March and April. We are cautiously optimistic about price stability and demand because some countries have overbought and assume that companies and consumers have sufficient stocks on hand.

I have one word of caution for growers. Laird bids are too high when compared to the US growers of Richlea and Eston. US origin green lentils are very competitively to most green lentil importers. Price sensitive markets have switched from Laird to US Origin green lentils, and Canada has lost market share in Mexico, South America, and the EU.

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

YEAR	2016	2017	2018	2019	2020	2021
Area (acres)	948,500	975,000	1,252,600	1,023,500	973,300	1,083,000
Yield (lbs)	1,250	1,138	1,048	1,150	1,329	1,187
Production	537,900	503,300	595,700	534,100	586,649	583,000
Carry In	14,000	10,000	45,000	117,000	56,000	82,000
Import	9,093	3,109	4,964	9,083	5,600	6,400
<b>Stocks</b>	<b>560,993</b>	<b>516,409</b>	<b>645,664</b>	<b>660,183</b>	<b>648,249</b>	<b>671,400</b>
Export	472,300	399,595	484,275	538,600	494,500	482,700
Seed	39,800	51,100	41,800	39,700	44,200	46,900
Feed & Waste	38,893	20,712	2,589	25,883	27,549	33,800
<b>Total Usage</b>	<b>550,993</b>	<b>471,409</b>	<b>528,664</b>	<b>604,183</b>	<b>566,249</b>	<b>563,400</b>
Ending Stock	10,000	45,000	117,000	56,000	82,000	108,000
<b>Stocks/Use</b>	<b>1.8%</b>	<b>9.5%</b>	<b>22.1%</b>	<b>9.3%</b>	<b>14.5%</b>	<b>19.2%</b>

Forecasts by STAT Market Research based on data from Statistics Canada - November 12th, 2020



**[ ESTON LENTILS ]**

Eston lentil prices have increased for the same reasons Laird lentils have gone up. The bids in the spring of 2020 did not go up early enough to signal growers to plant more Eston, which would explain why there was a 100,000-acre drop in seeded acres in 2020 vs. 2019.

For now, there is no significant interest from the market to buy more stocks at these prices. The sentiment is for buyers to hit the “pause button” and hope for prices to come down.

Eston lentils are priced cheaper than Laird lentils. Value-driven buyers have imported the smaller seeded green lentils, given the financial strain on many working-class and poor people in the world.

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

YEAR	2016	2017	2018	2019	2020	2021
Area (acres)	330,000	385,000	415,600	362,400	265,800	402,000
Yield (lbs)	1,364	1,113	1,314	1,411	1,634	1,360
Production	204,100	194,300	247,700	232,000	197,000	248,000
Carry In	11,000	21,000	34,000	78,000	23,000	15,000
Import	9,093	3,109	4,964	9,083	5,600	6,400
<b>Stocks</b>	<b>224,193</b>	<b>218,409</b>	<b>286,664</b>	<b>319,083</b>	<b>225,600</b>	<b>269,400</b>
Export	168,800	147,000	160,200	282,100	189,800	214,100
Seed	8,700	9,400	8,200	6,000	9,100	9,000
Feed & Waste	25,693	28,009	40,264	7,983	11,700	12,300
<b>Total Usage</b>	<b>203,193</b>	<b>184,409</b>	<b>208,664</b>	<b>296,083</b>	<b>210,600</b>	<b>235,400</b>
Ending Stock	21,000	34,000	78,000	23,000	15,000	34,000
<b>Stocks/Use</b>	<b>10.3%</b>	<b>18.4%</b>	<b>37.4%</b>	<b>7.8%</b>	<b>71%</b>	<b>14.4%</b>

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**[ SPANISH BROWN CDC IBERINA™ ]**

Simpson Seeds Inc. markets this exclusive variety under contract with growers with the new SB4 version of CDC Iberina™. The SB4 version has proven to many growers that this variety performs very well in the field with better yield, good standability, and disease resistance. If you are looking to diversify your farm, we recommend taking a second look at growing CDC Iberina™.

CDC Iberina™ is gaining popularity with importers around the world. Spain is the largest imported and consumer of Spanish Brown Lentils. However, the SSI Traders work every day to find new markets in Australia, Chile, Germany, Italy, and the USA.

**[ BELUGA LENTILS ]**

The world pandemic has not been kind to this class of lentils. Beluga is well known as a luxury item. Beluga is called the “Caviar” of lentils for those who like to indulge in exquisite cuisine. One of our customers in New York said customers stopped buying Beluga when the pandemic hit. This may help you to understand how much the virus has changed the buying practices. Is this the “new normal?” I hope not. It will take months or another year to re-establish niche markets such as Beluga. If you have a bin full of Beluga left at spring time then you may want to consider alternative varieties.

*From all of us at  
Simpson Seeds Inc.*

We would like to express our sincerest appreciation for the trust you have placed in us and best wishes for a Merry Christmas and a Happy New Year from the team at Simpson Seeds Inc. Wishing you all the joys of the season and happiness throughout the coming year.







The Gleaners - Oil painting re-created by our dearly loved and missed Mother, Grandmother and Great-Grandmother - Helen Simpson  
(Original painting by; Jean-François Millet in 1857)

# GLEANINGS FOR THE HUNGRY

## ALLEVIATING WORLD HUNGER

We at Simpson Seeds Inc. feel a great sense of responsibility in "Nourishing the World". It is a value that we hold dear to our hearts as a family and as a company.

Simpson Seeds Inc. continues to support **Gleanings For The Hungry** in their efforts to feed poor and impoverished communities around the globe. This year, growers provided lentils and Simpson Seeds Inc. donated time to clean, bag and ship ten semi-loads of food to be used in dehydrated soup-mix packages as a nourishing meal for those in need.

Gleaning is an ancient practice deeply rooted in agriculture and Biblical tradition. The poor were given access to the fields after harvest to pick up leftover seeds, grains, and scraps that would otherwise go to waste. A practice that could possibly inspire new thoughts in our modern world food practices, as we see an exorbitant amount of food wasted each year.

Our late Mother, Grandmother and Great-Grandmother, Helen Simpson, re-created this famous oil painting seen above, called "*The Gleaners*". Originally painted by Jean-François Millet in 1857, the painting depicts peasant women gleaning left over grains from the fields. Sharing food was Helen's way of showing her love to family, friends and community. Although at first this painting can be seen as a telling story of hardship and hunger it also sheds light on resilience, hard work and togetherness. This painting still hangs on the wall of her farm home today and serves as a reminder of the continued work we need to do together to alleviate hunger in our world.

We encourage anyone who is interested in supporting **Gleaning For The Hungry** to visit their website at [gleanings.org](http://gleanings.org)

