THE GLOBAL PULSE MARKETS: recent trends and outlook

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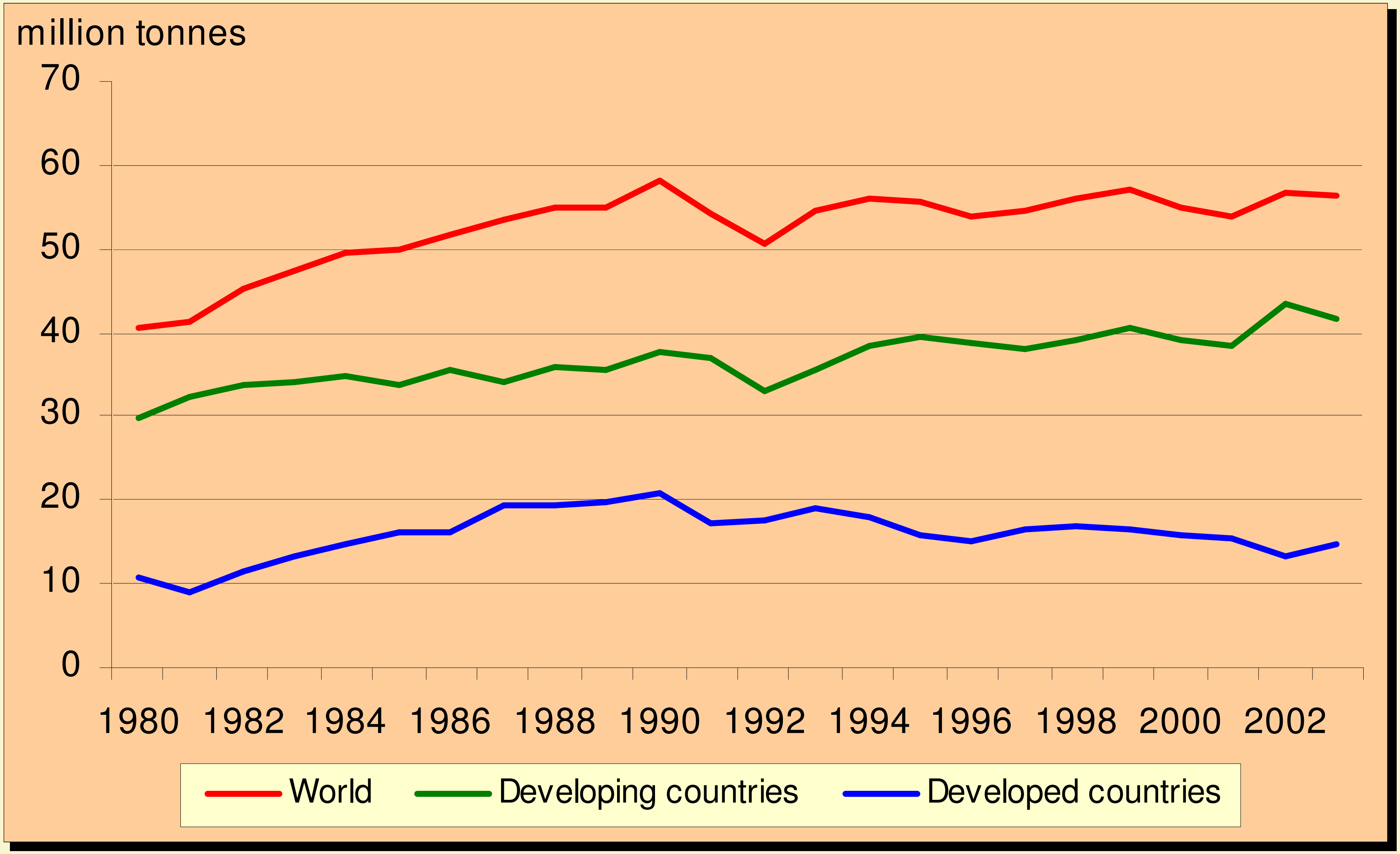
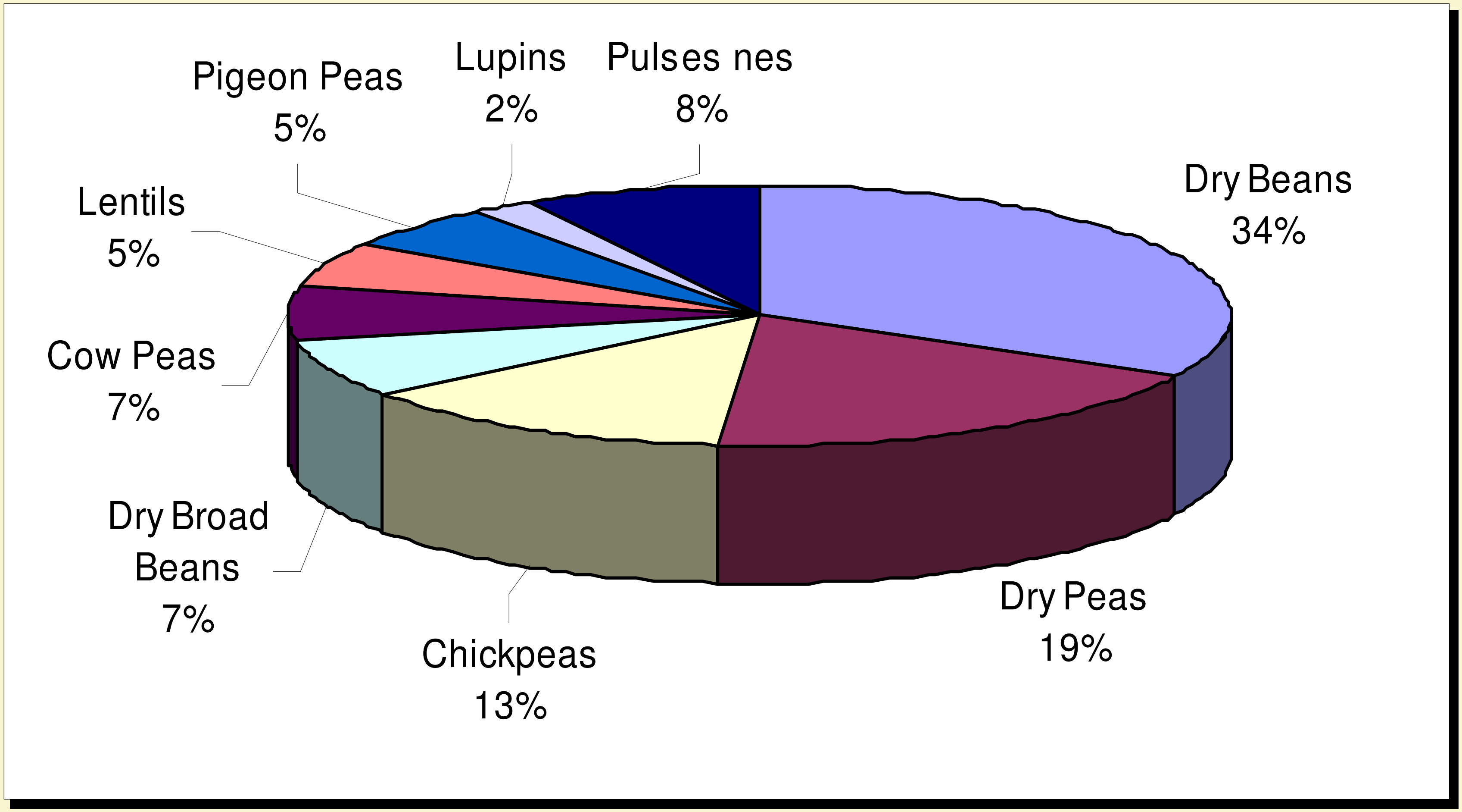
Presentation outline

- production of pulses
- consumption of pulses
- trade in pulses: imports/exports
- pulse food aid
- price trends
- short-term market outlook
- future challenges for the industry

Trends in production



Patterns of production by variety



(2001-2003 averages)

Major producing countries

	Production 2001-2003	Top Producer	Other Major Producers
Pulses, Total	55.7 million tonnes	India (22%)	China (10%), EU (9%), Brazil (5), Canada (5%), Myanmar (5%), Australia (4%)
Dry Beans	18.3 million tonnes	Brazil (16%)	India (14%), China (11%), Myanmar (9%), Mexico (7%), U.S.A (6%)
Dry Peas	10.3 million tonnes	EU (30%)	Canada (18%), China (13%), Russia (12%), India (7%), Ukraine (5%), Australia (3%)
Chickpeas	7.4 million tonnes	India (60%)	Turkey (8%), Pakistan (6%), Iran (4), Mexico (4%), Canada (3%), Australia (3%)
Dry Broad Beans	4.1 million tonnes	China (47%)	EU (13%), Ethiopia (11%), Egypt (11%), Australia (6%), Sudan (2%), Morocco (2%)
Lentils	3.1 million tonnes	India (30%)	Turkey (18%), Canada (16%), Australia (5%), Syria (5%), Nepal (5%), China (4%), USA (4%), Bangladesh (4%), Iran (4%)
Cow Peas	3.7 million tonnes	Nigeria (60%)	Niger (10%), Burkina Faso (9%), Myanmar (6%), Mali (3%), Cameroon (2%)
Pigeon Peas	3 million tonnes	India (76%)	Myanmar (14), Malawi (3%), Uganda (3%), Kenya (2%), Tanzania (2%)
Lupins	1.2 million tonnes	Australia (87%)	EU (5%), Chile (3%), Russia (2%)

How are pulses used?

- Total utilization of pulses averaged about 55 million tonnes in 2001-2003
- Out of the total, 65% is for human consumption, while feed use accounts for about 25%

  ... but with large differences between developing and developed countries (as groups)

  - in developing countries: the bulk of total use is food
  - in developed countries: the major part is feed
- The demand for pulses in developing countries depend largely on prices, due to the limited purchasing power of consumers

Trade in pulses

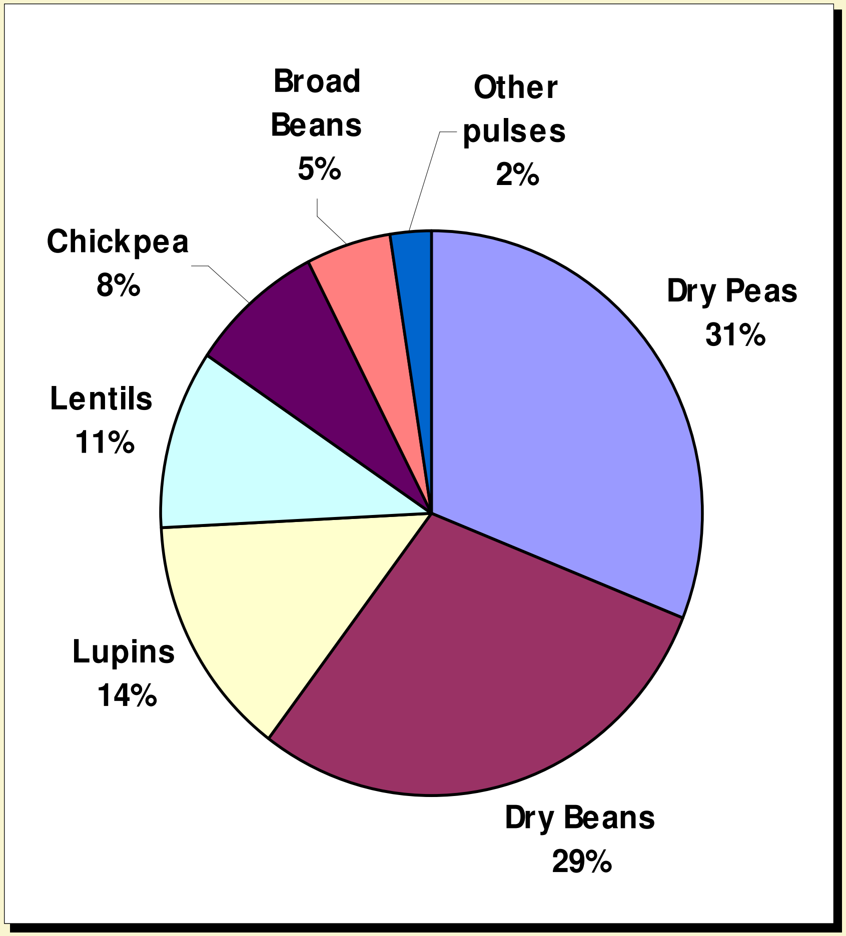
- Global pulse exports have increased from some 3 million tonnes in 1980-82 to somewhere about 10 million tonnes in 2000-02
- In 2002, total pulse exports were valued at about US$ 3 billion
- Pulse import demand is volatile; it depends on domestic production in many countries
- The bulk of pulse imports are made by developing countries, where foreign exchange and financing could limit purchases

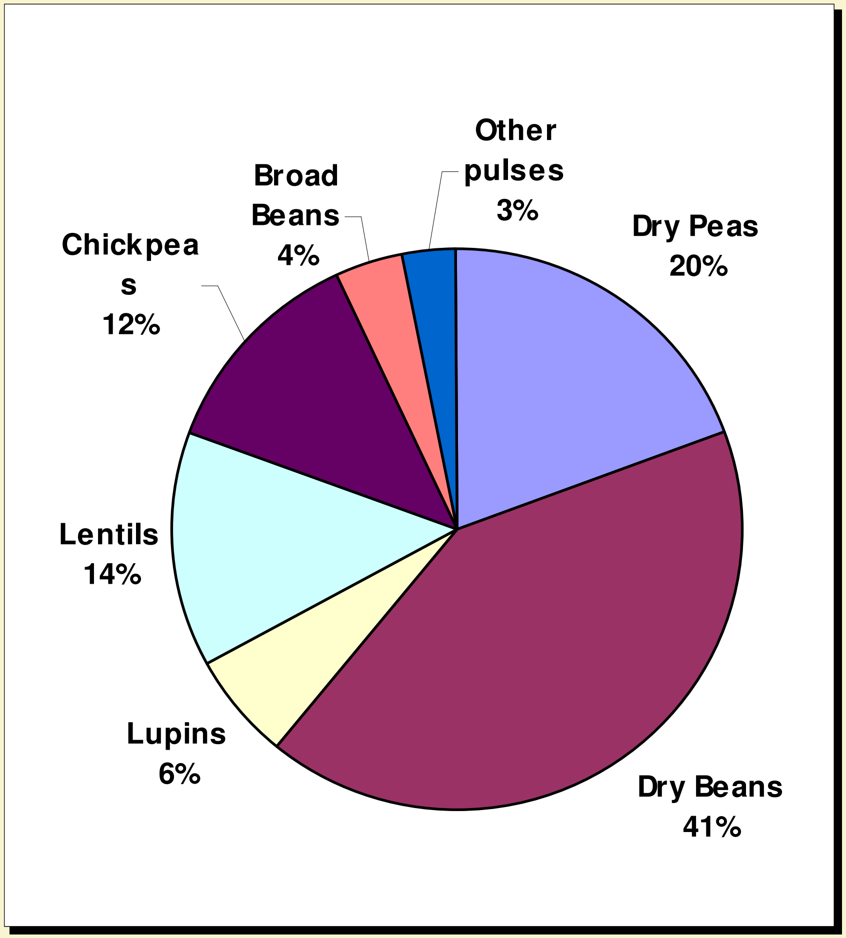
Factors affecting pulse import demand

- Domestic production
- Prices in world markets
- Prices of other commodities (substitutes)
- Livestock production (feed grade)
- Exchange rate
- Foreign exchange availability, especially for low-income countries
- Financing mechanisms for imports

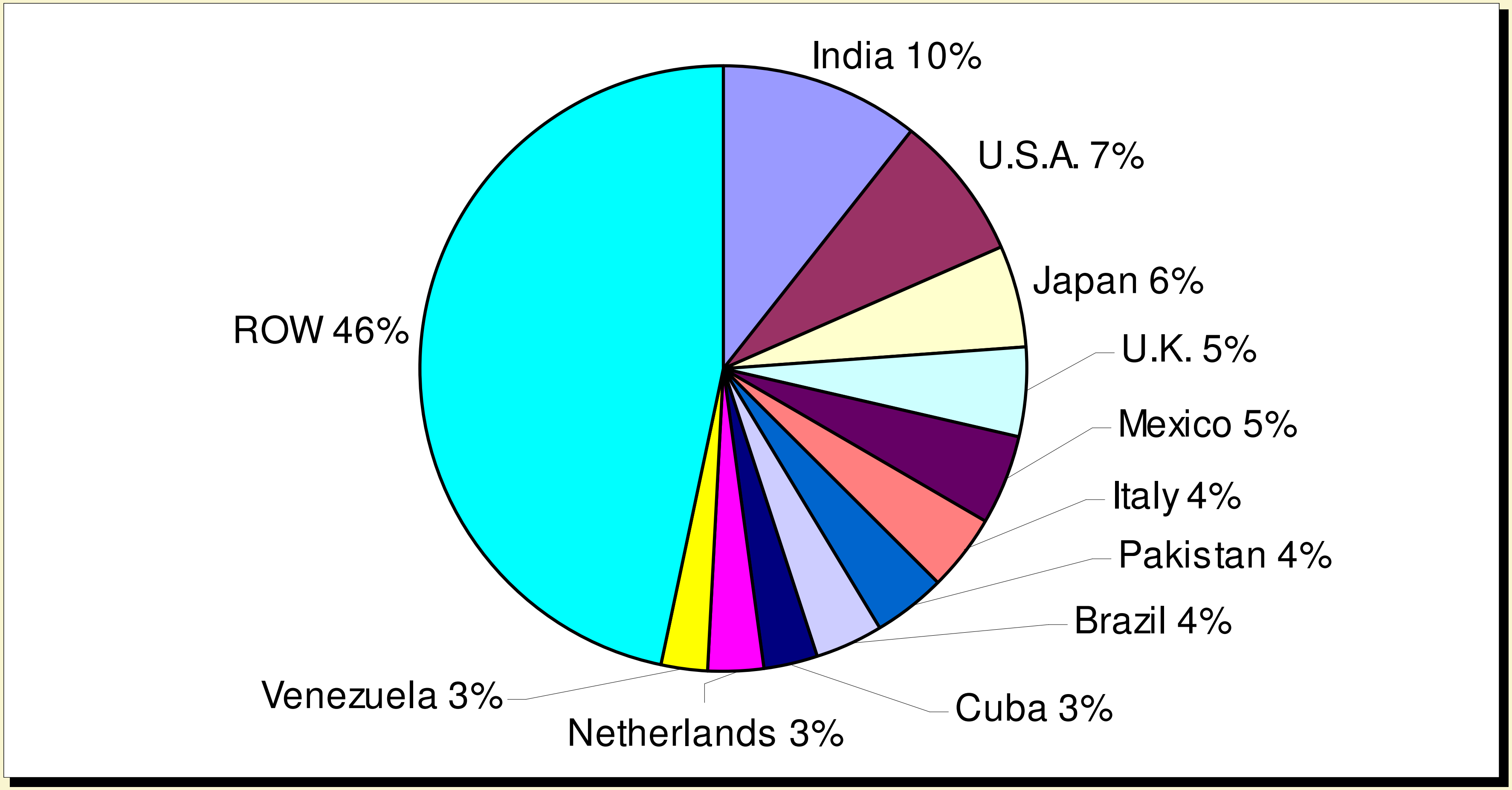
Global pulse exports: 2000-02

volume: 10.2 million tonnes **value: US$2.97 billion**





Dry bean major importers, 2002



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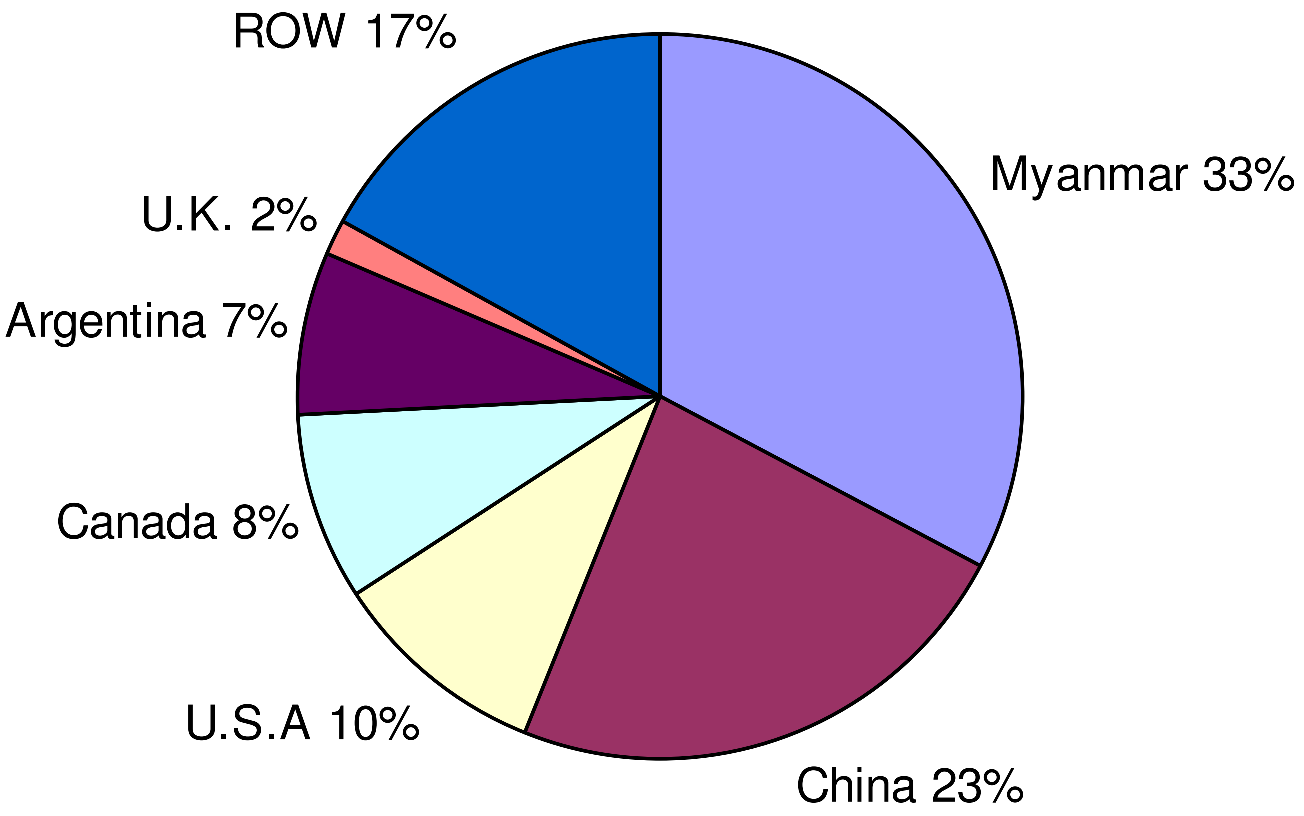
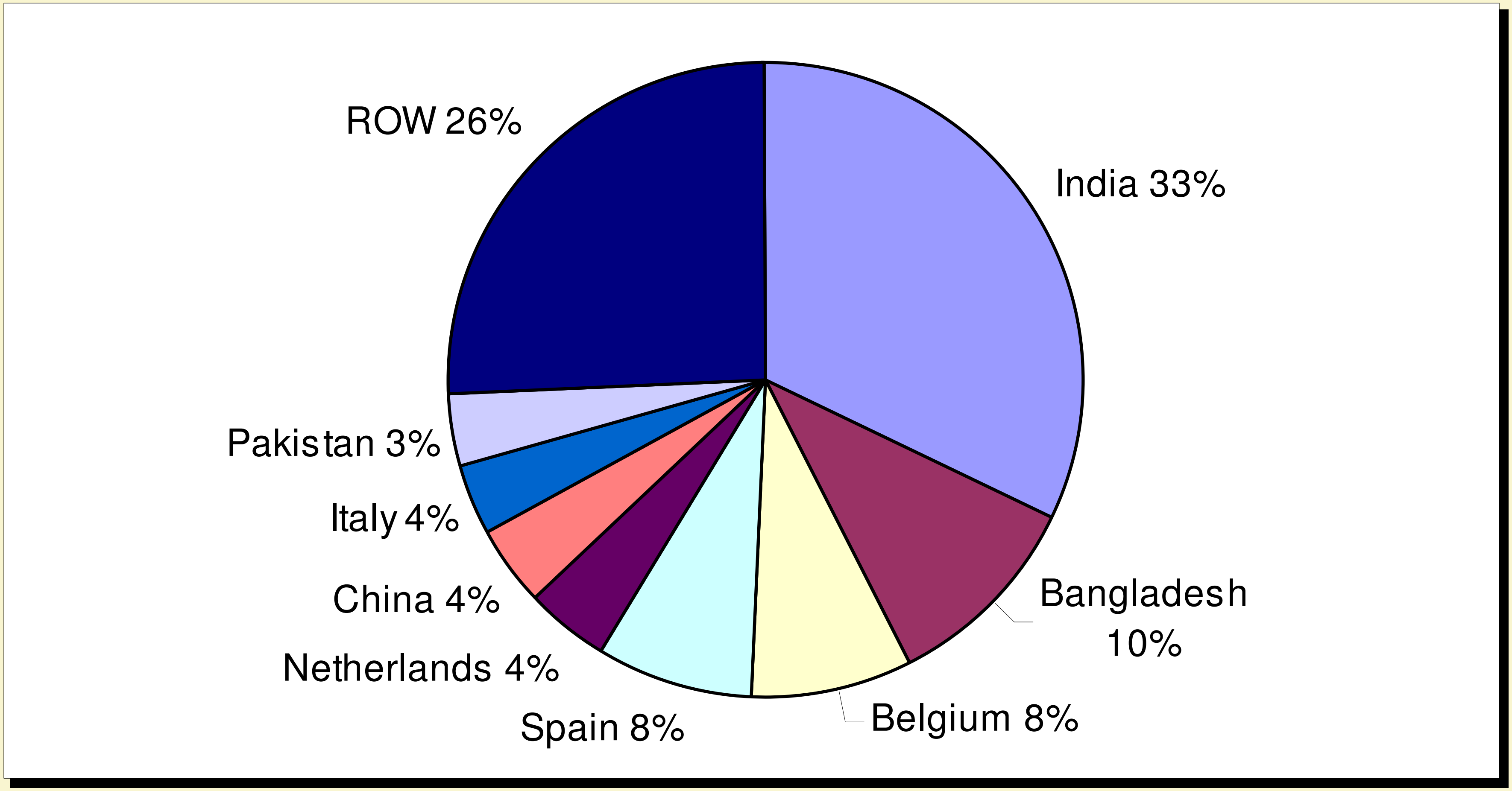


Dry pea major importers, 2002



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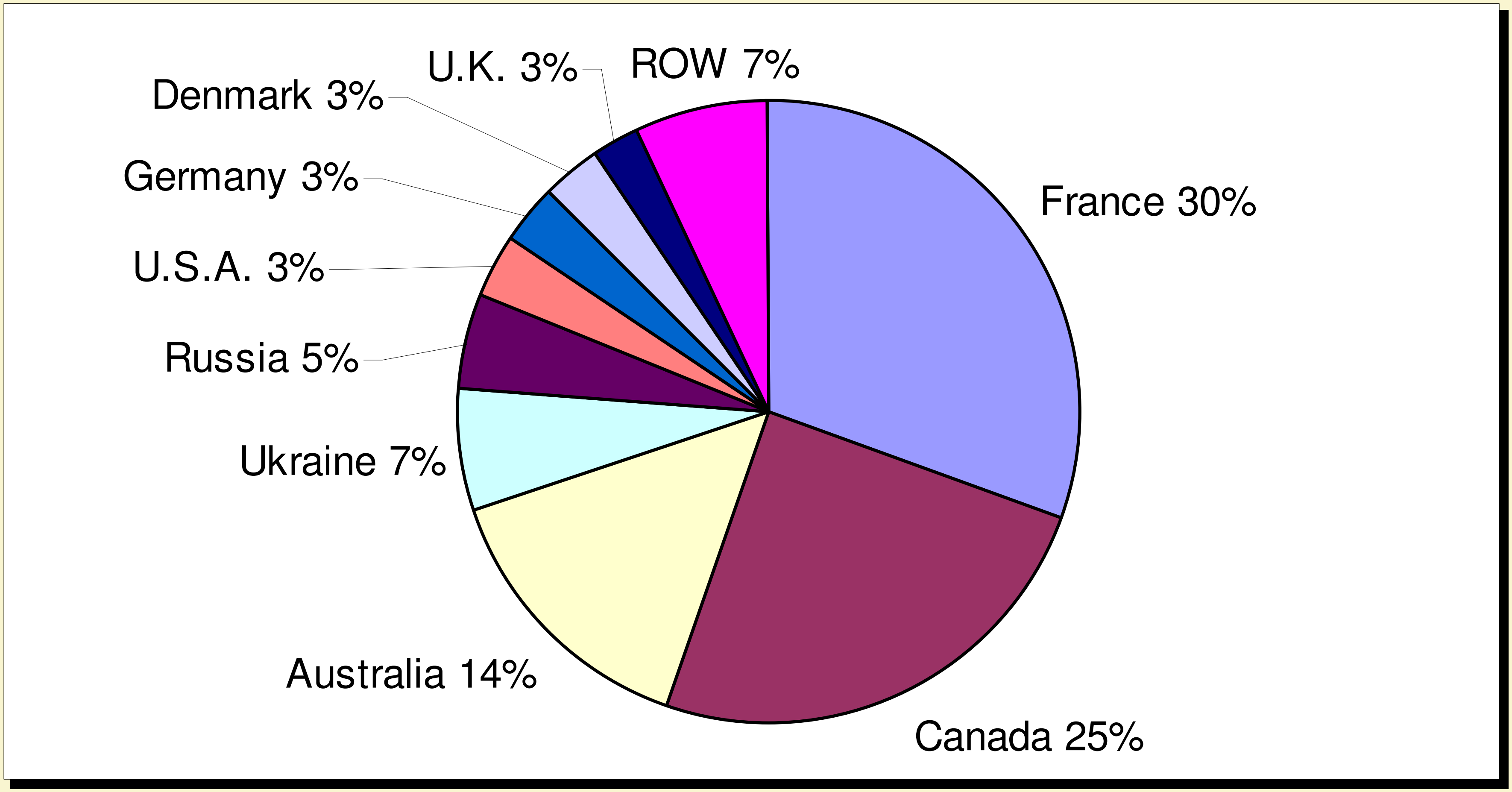
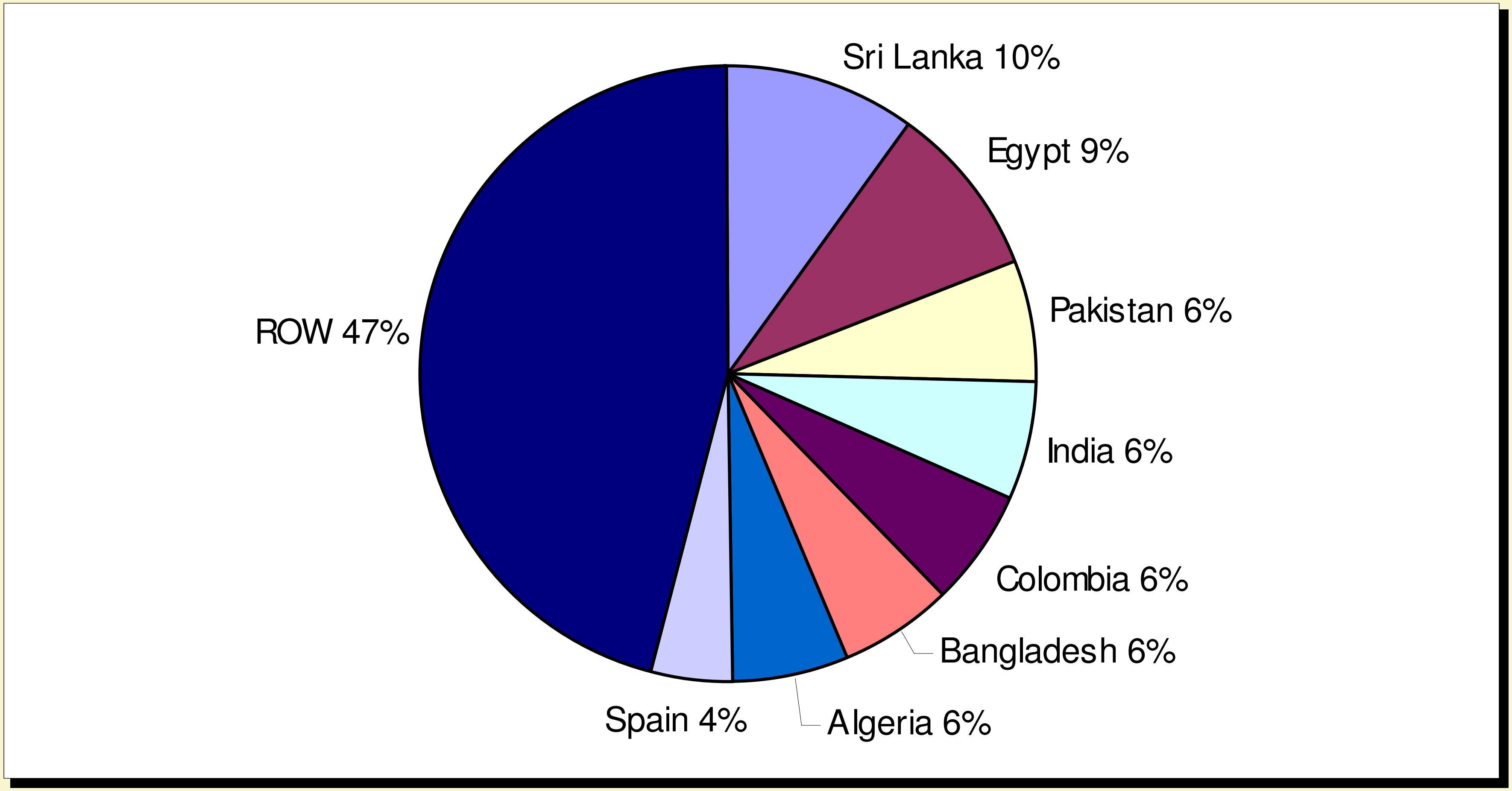
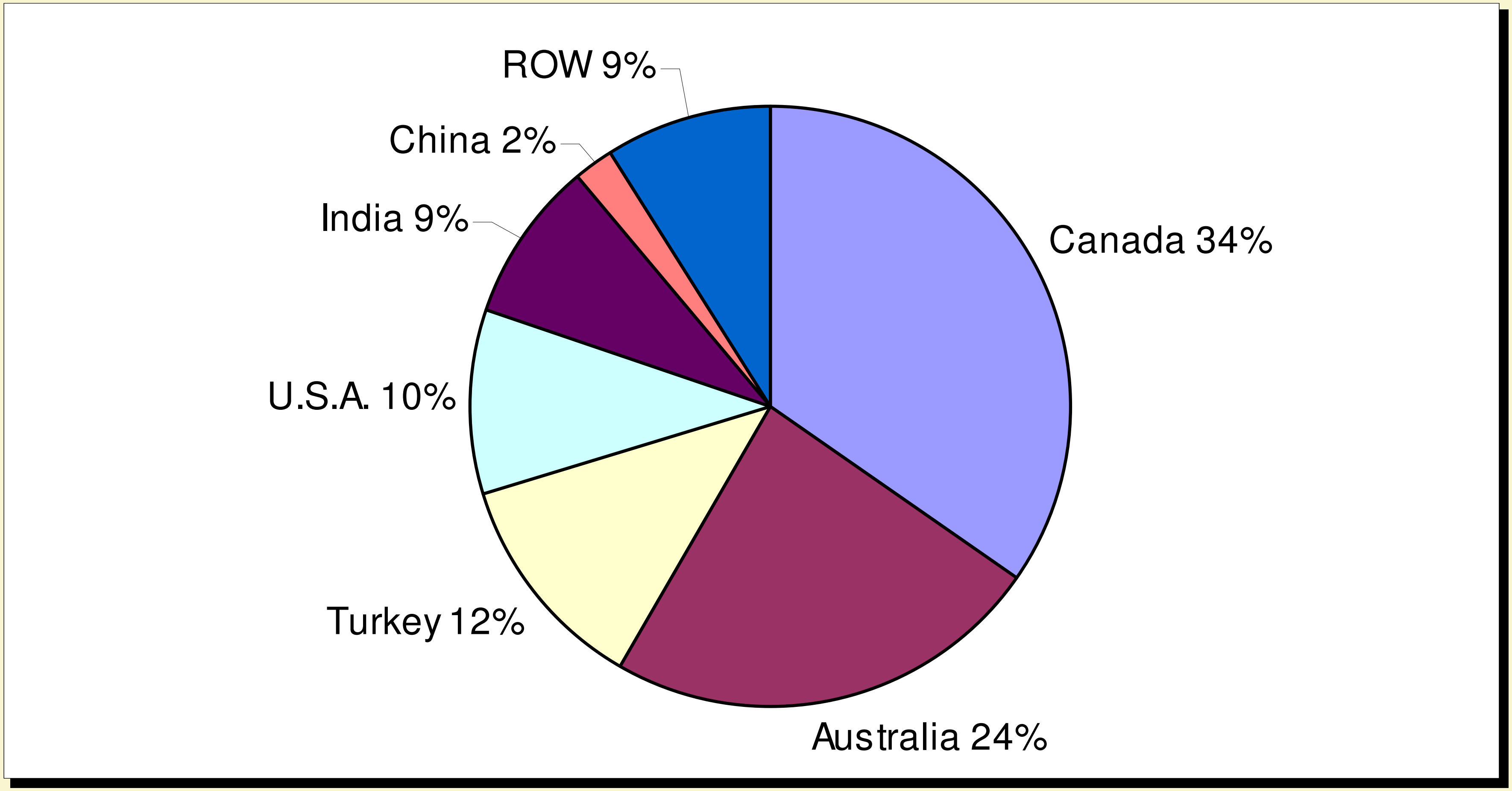


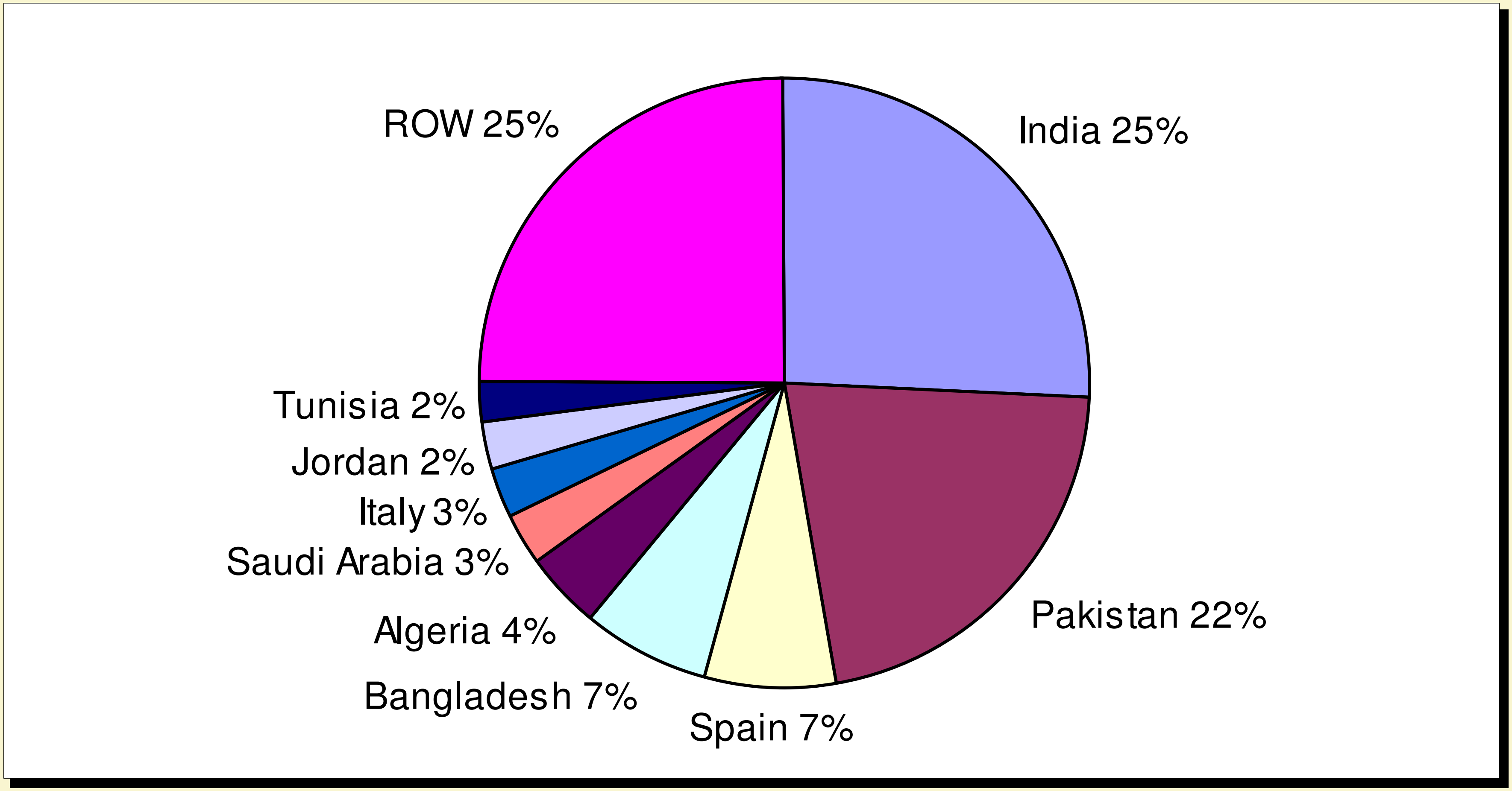
Lentil major importers, 2002



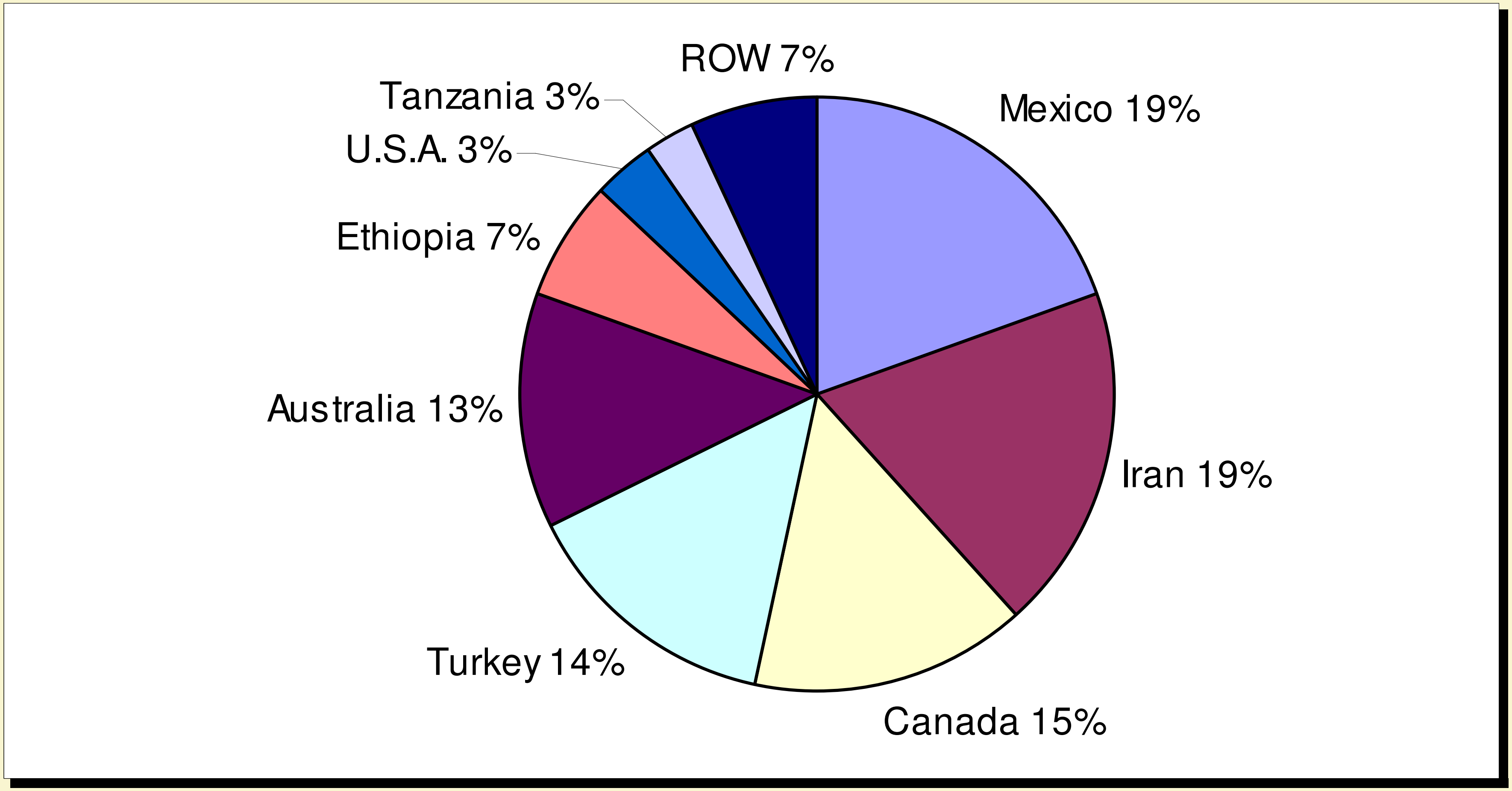
Lentil major exporters, 2002



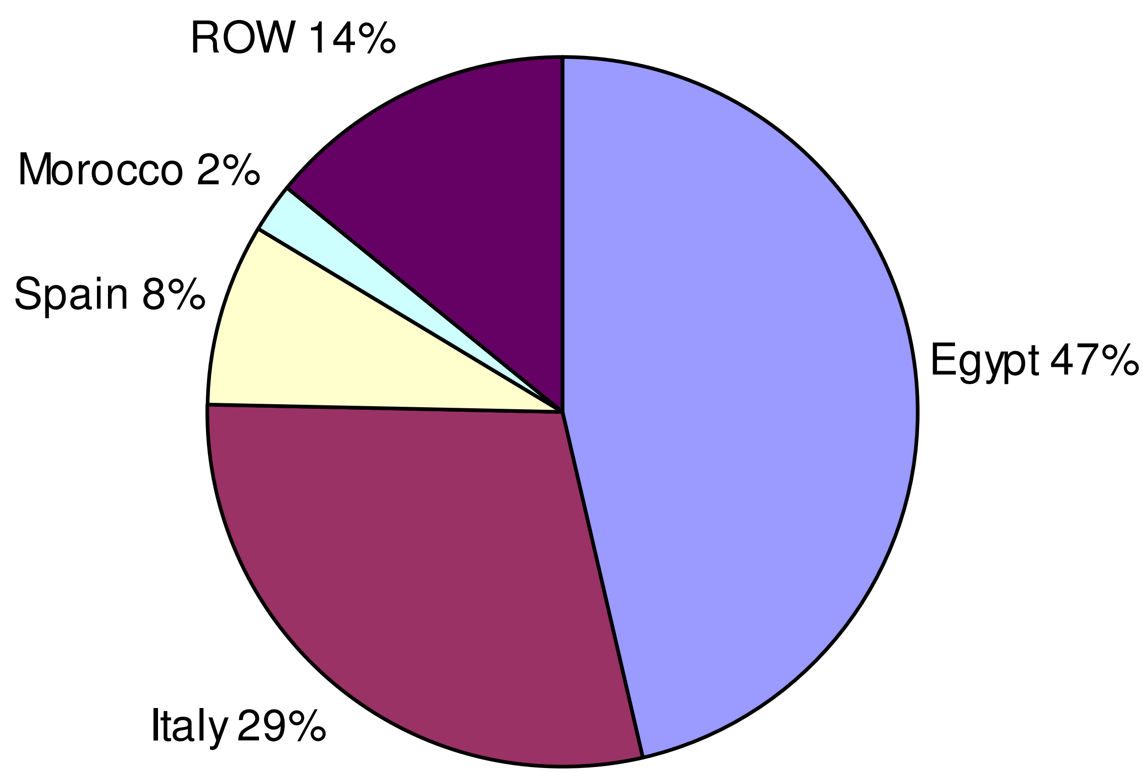
Chickpea major importers, 2002



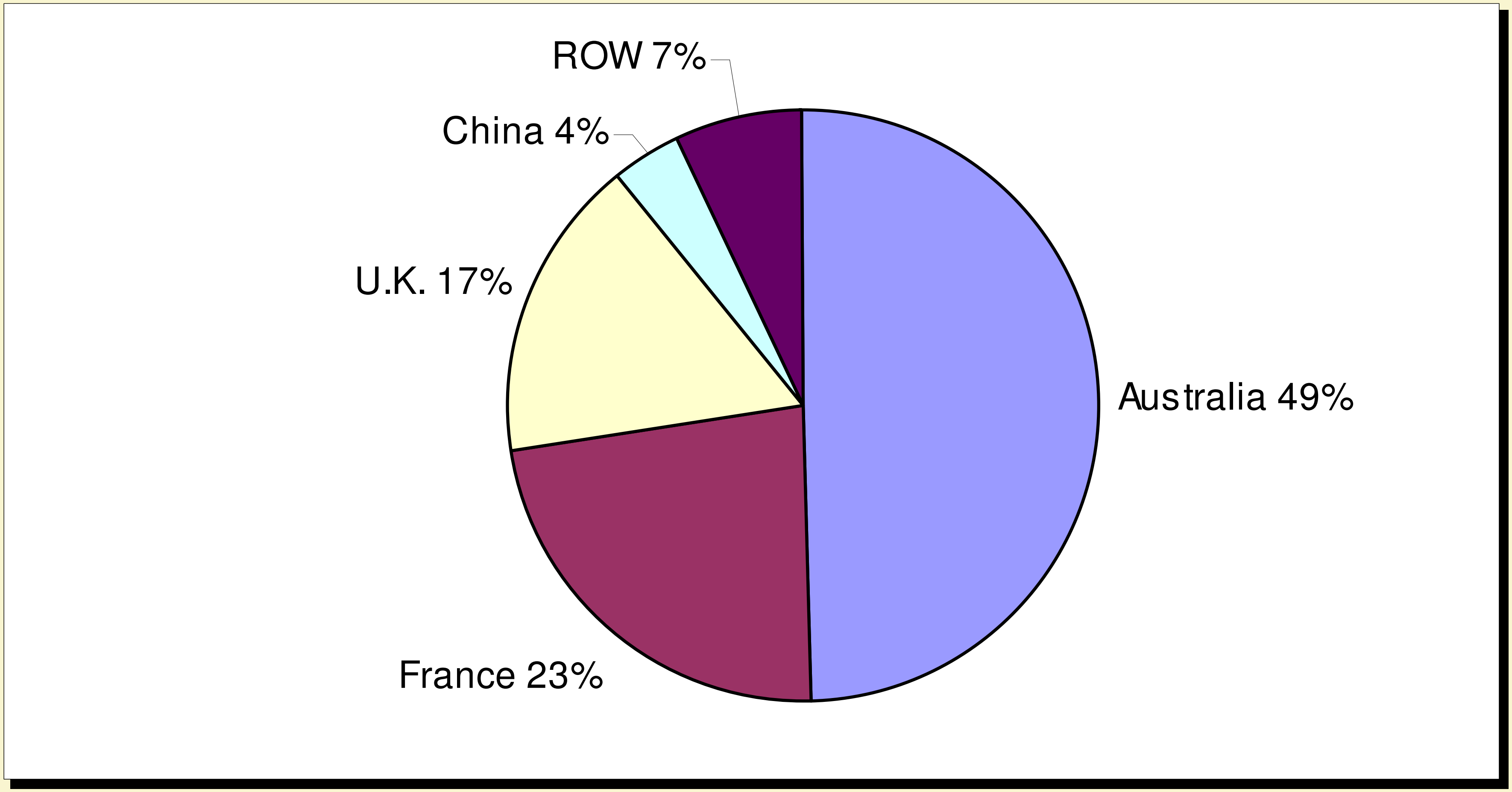
Chickpea major exporters, 2002



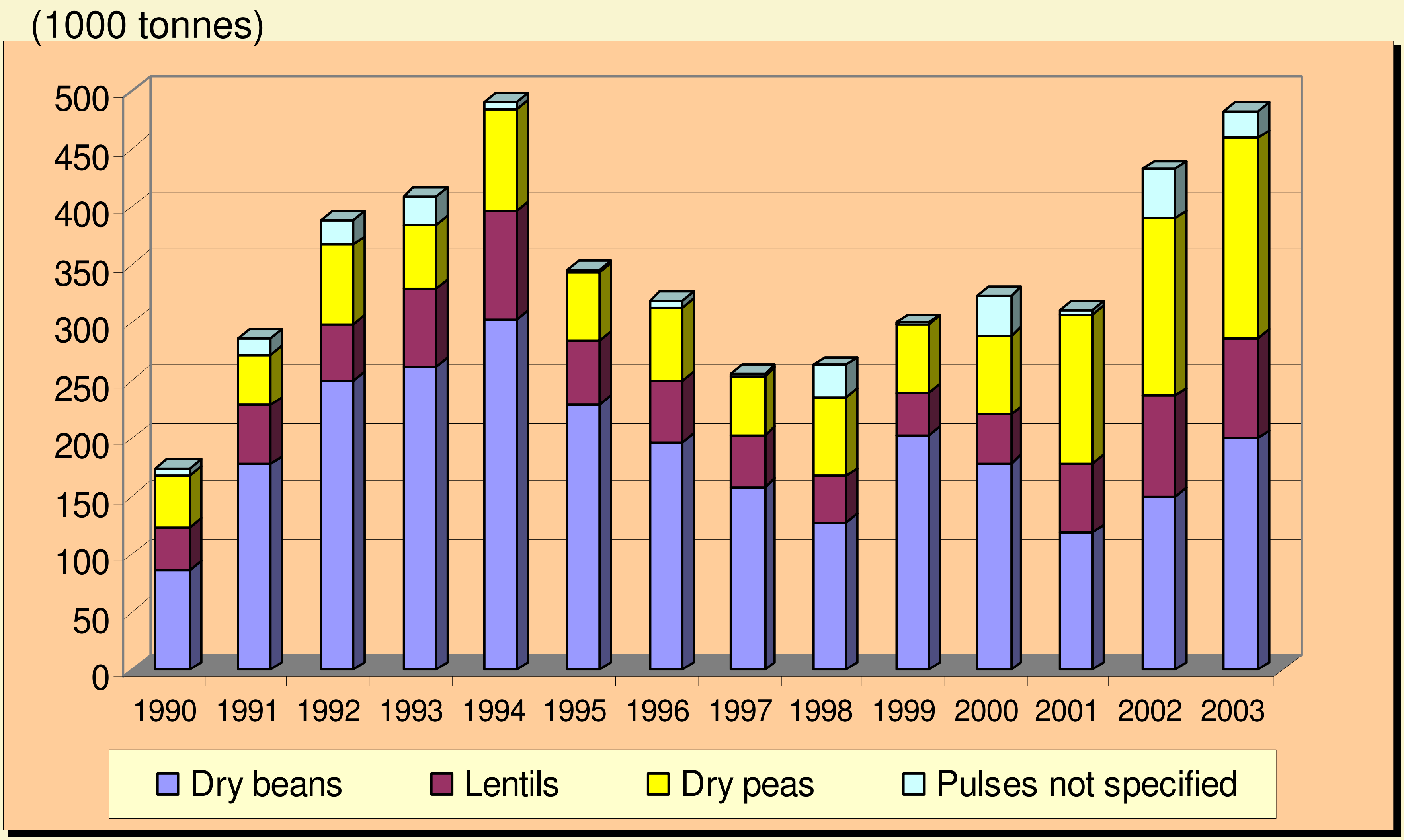
Broad bean major importers, 2002



Broad bean major exporters, 2002

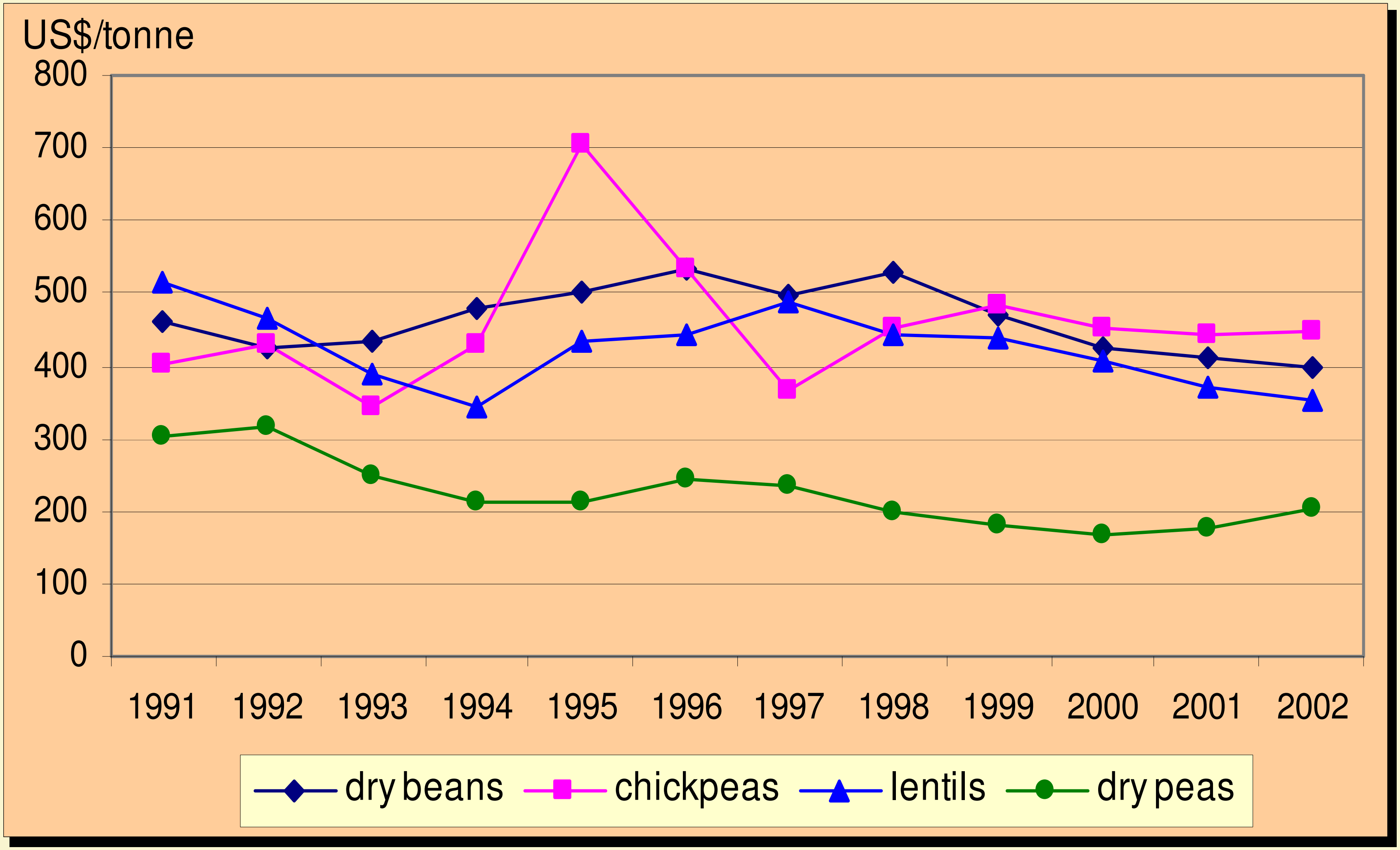


Pulses food aid



<u>Source</u>: WFP (2004)

World export prices



Prices are average export unit values. <u>Source</u>: FAOSTAT (2004)

Our market outlook for 2004

- our assessment is based on market information available to us as of May 2004
- unfortunately information on pulses is not easy to obtain
- the general assumption is normal weather conditions throughout the remainder of the seasons
- important to note there is always uncertainty associated with any market outlook

world production forecast to hit a record in 2004 ...

Region	2001	2002	2003	2004f
	(.	. million tonnes	. . . .	)
Africa	9.4	9.6	9.3	9.8
Asia	23.2	26.9	25.2	29.0
Europe	8.0	8.0	7.8	7.9
Latin Amer. & Caribbean	5.6	6.6	6.4	6.6
North America	4.6	4.0	4.5	4.9
Oceania	2.6	1.1	2.0	2.1
World	53.3	56.2	55.2	60.3
Developing countries	37.9	42.7	40.5	45.3
Developed countries	15.4	13.5	14.6	15.0

... improved global supplies to boost consumption ...

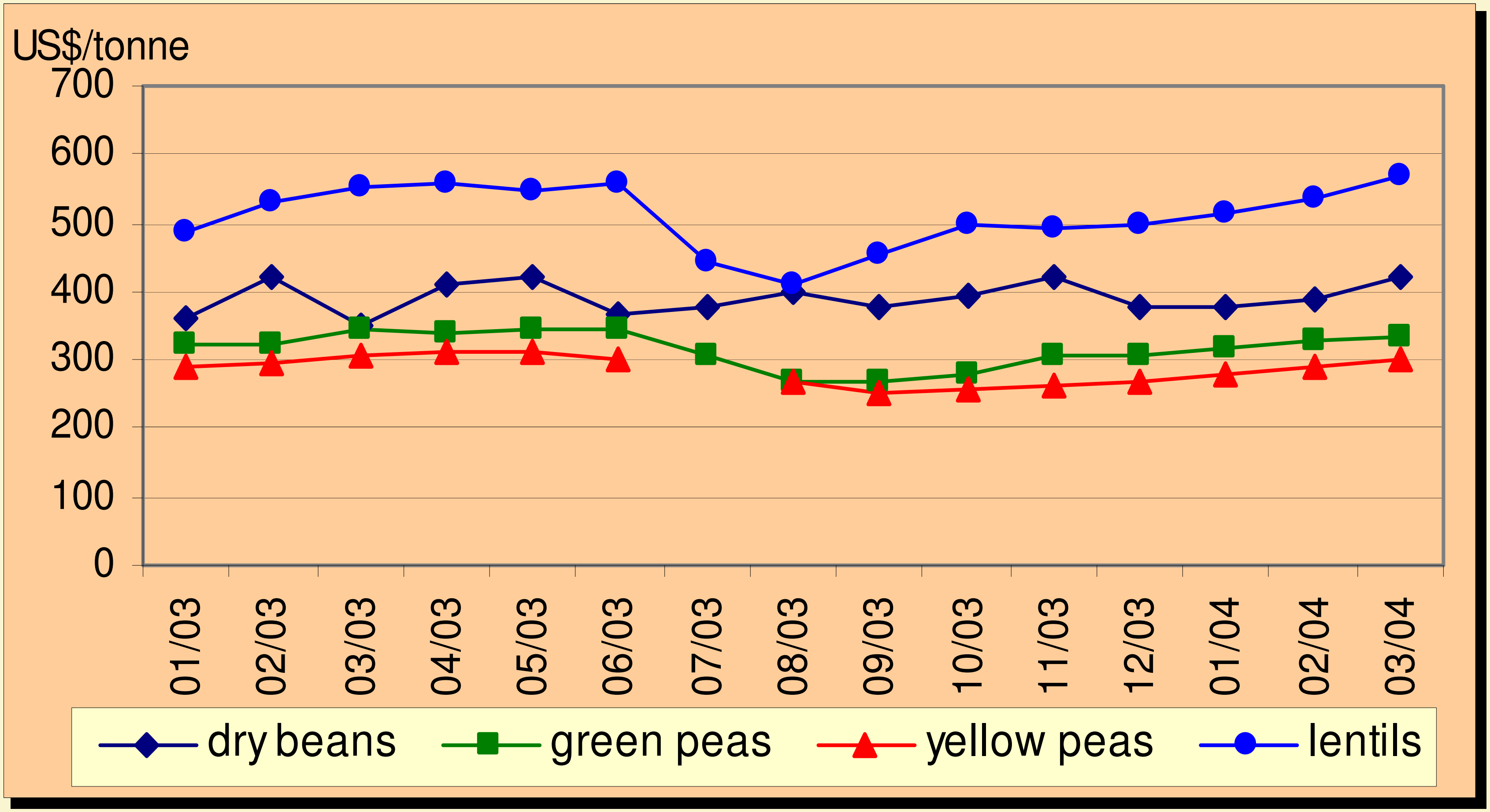
- total pulse utilization in 2004 is forecast at about 59 million tonnes:
  - food use: 39 million tonnes
  - feed use: 13 million tonnes
  - the rest: seed + other uses
- for developing countries, the increase in pulse utilization is mostly food; while in developed countries, it is mostly feed

... overall trade set to grow ...

- global trade in pulses in 2004 is forecast at 10 million tonnes, 9% up from 2003
- the increase in trade is due to:
  - large exportable supplies in major exporting countries
  - strong import demand by countries in South Asia, Middle East and North Africa, prompted largely by increasing incomes

... prices, recent trends ...

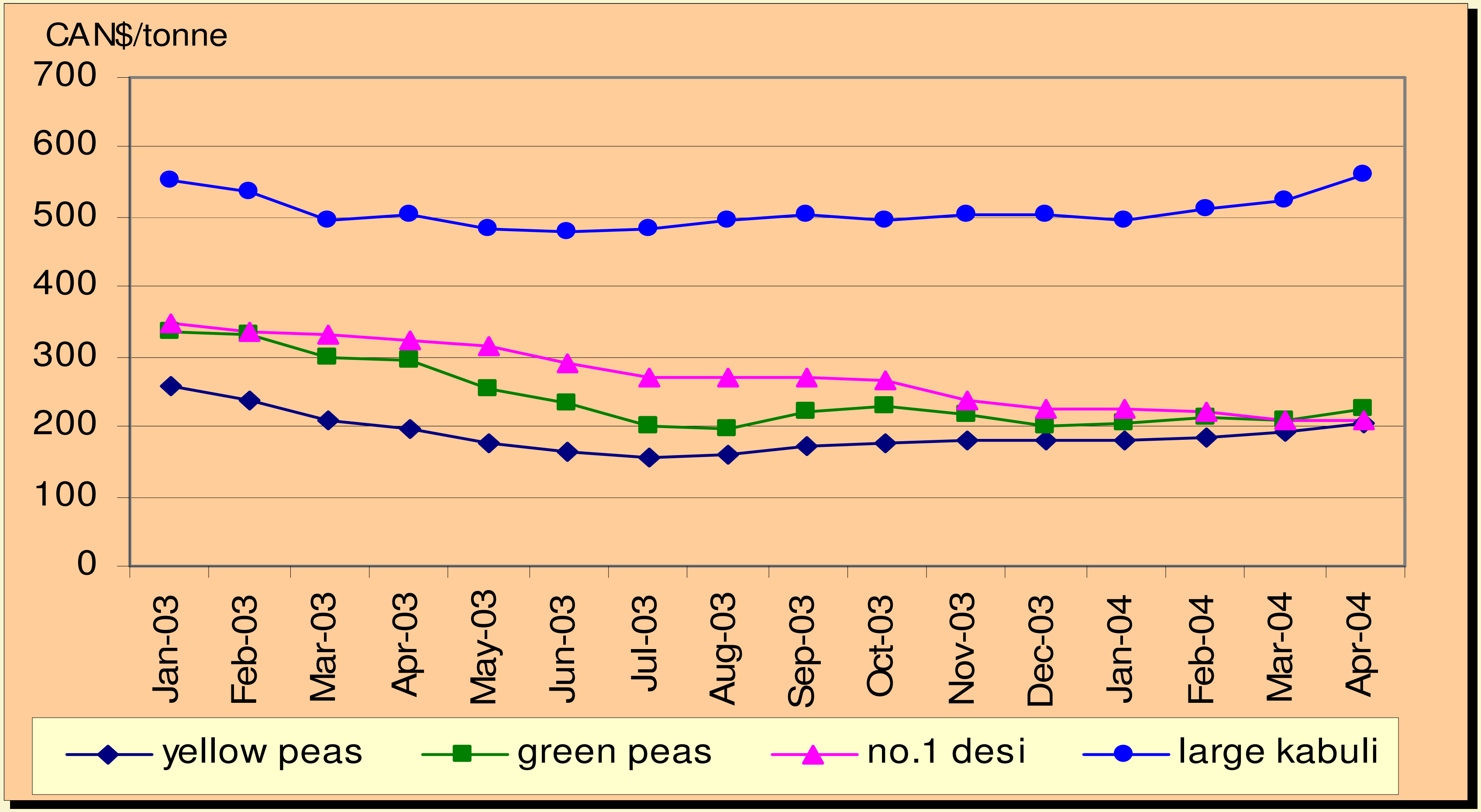
- U.S. prices -



Dealer prices, except dry beans grower prices

Source: USDA, April 2004

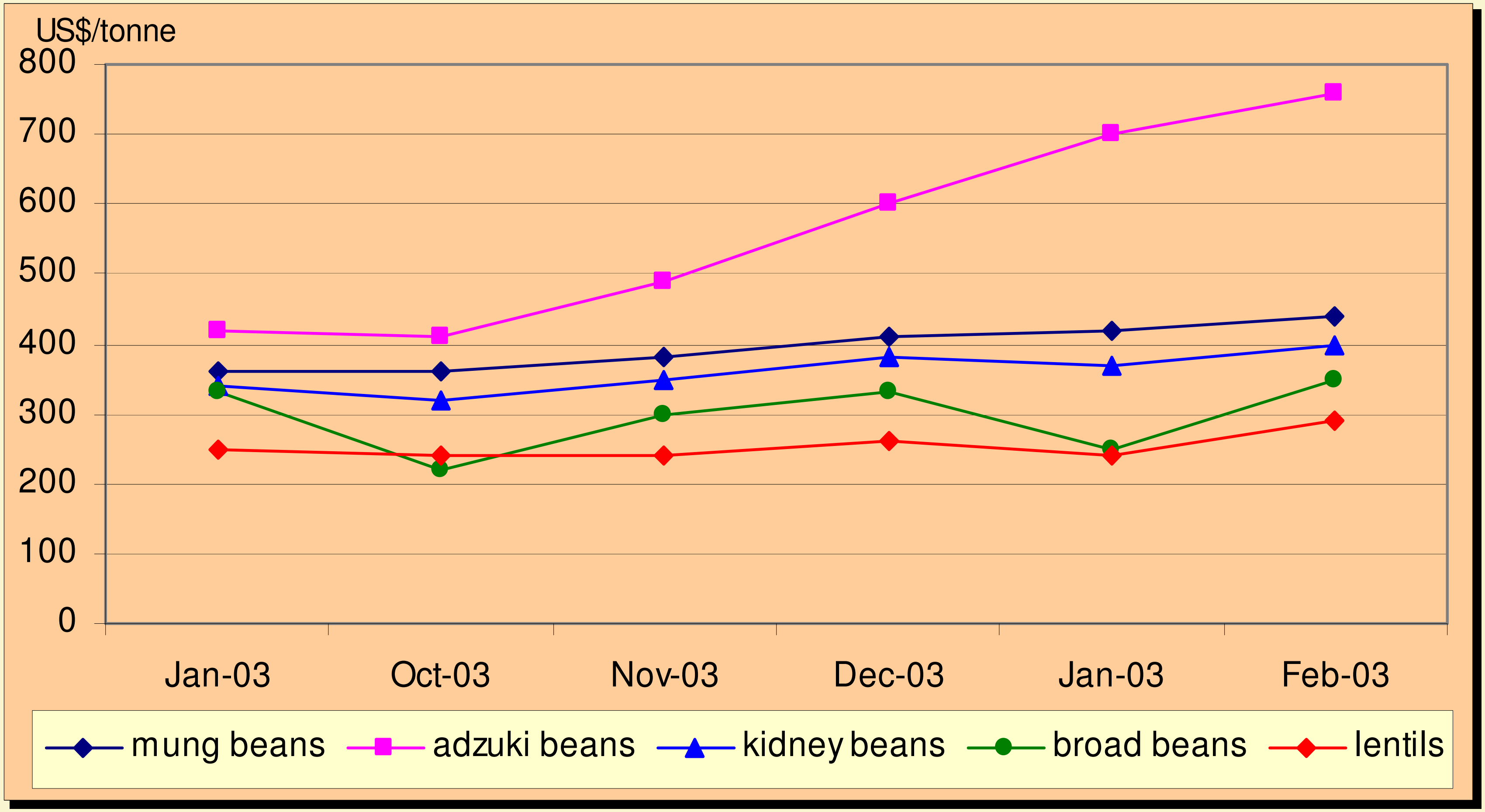
- Canadian prices -



All grower prices

<u>Source</u>: Agriculture and Agri-Food Canada, 2004

- China's export prices -



Source: USDA/FAS, Attaché Report, April 2004 (from Customs data)

... and what about the outlook

- dry bean prices: likely to strengthen, due to smaller crop prospects in the United States and Canada, and low overall stock levels
- dry pea prices: likely to weaken, in view of larger supplies in several exporting countries
- lentils prices: forecast to decline in response to larger exportable supplies
- chickpea prices: likely to increase, reflecting tighter supplies and better quality (larger output share of *kabuli* type chickpeas)

Emerging issues in pulse trade

- **SPS measures:**

  amidst growth in pulse import and export sectors and further dismantling of trade barriers, there is a growing need to keep the industry up to date with the prevailing sanitary and phyto-sanitary standards.

- **Quality standards (branding):**

  - with the growing consumer awareness about food, it is important that branded pulses become a normal practice in business – IPQC.

  - global trade should be enhanced through the establishment of standard brands of pulses.