GLOBAL PULSE MARKETS: situation and outlook

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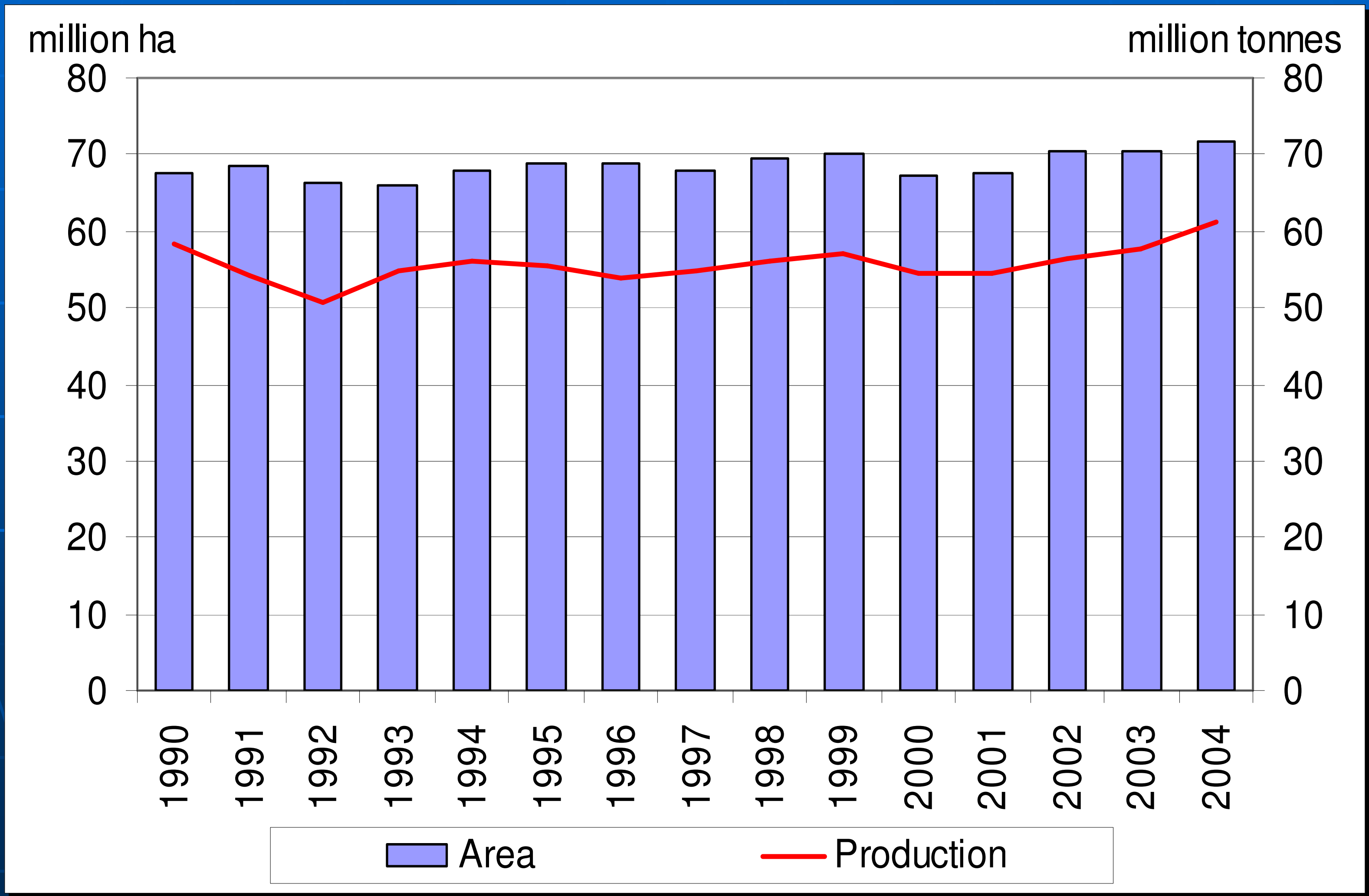
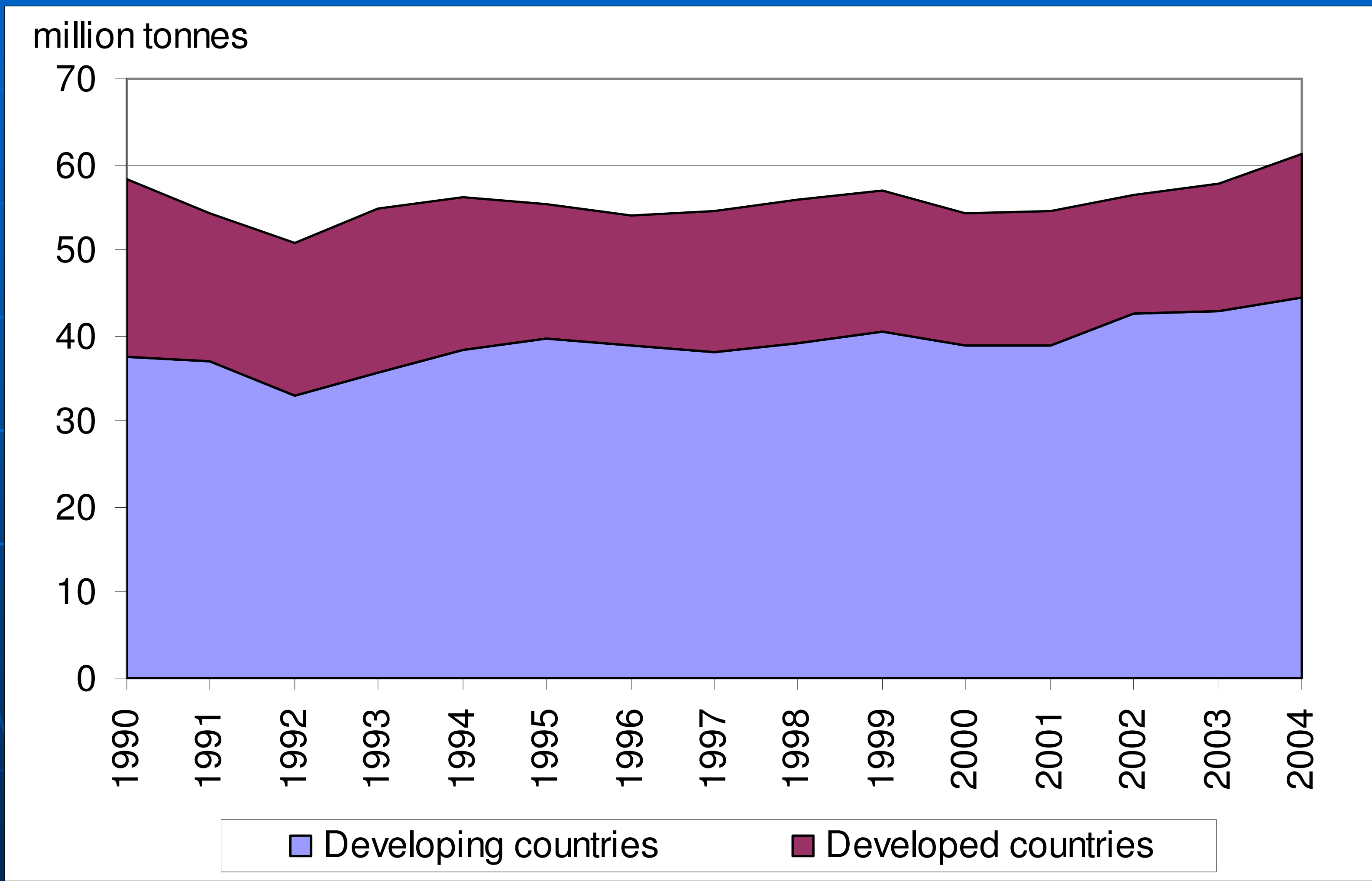
Presentation outline

- Production of pulses
- Consumption of pulses
- International trade in pulses
- A look at the MENA region
- FAO short-term market outlook
- Factors to affect pulse trade
- Conclusion

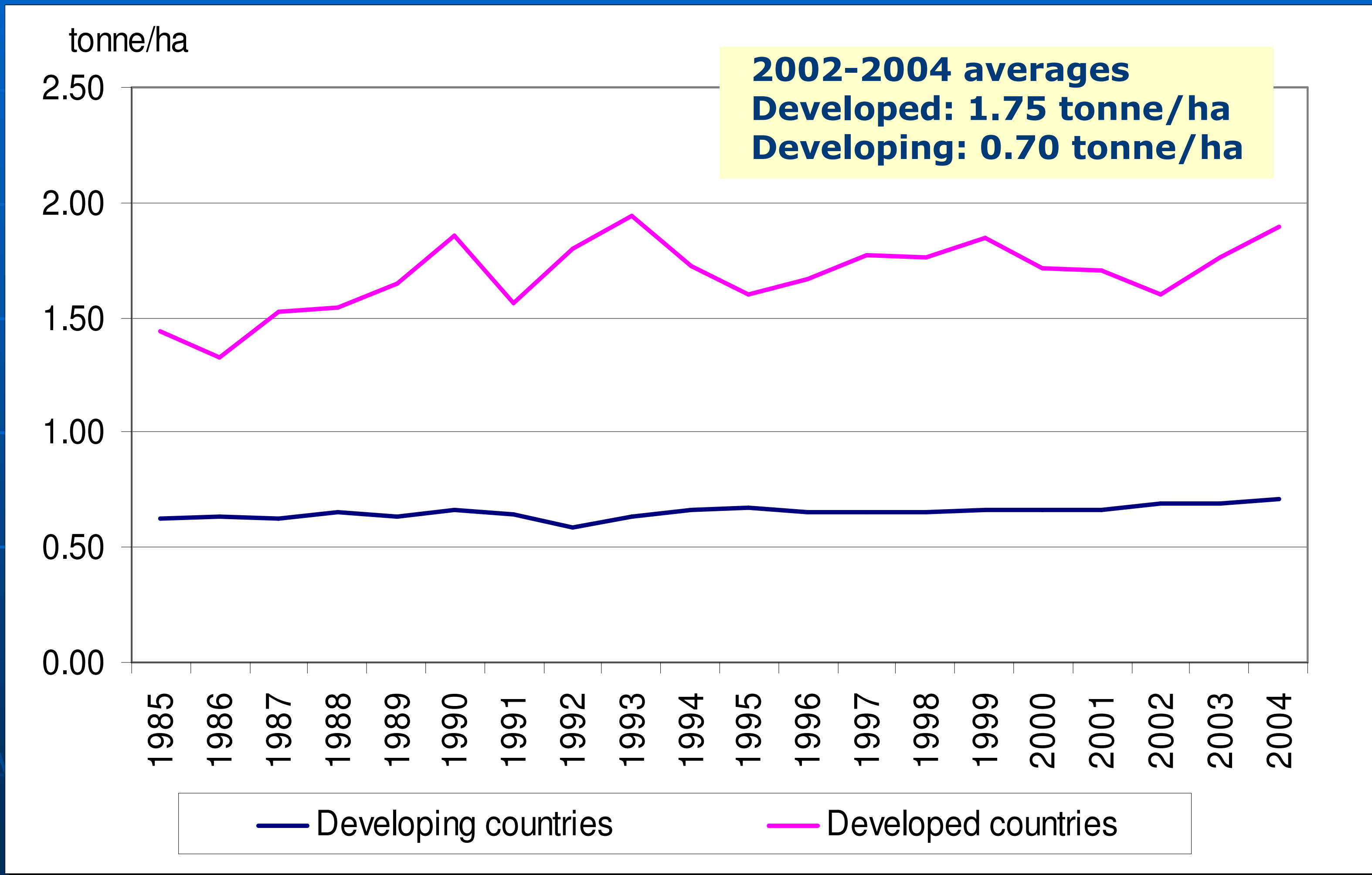
Global pulse production (1)



Global pulse production (2)



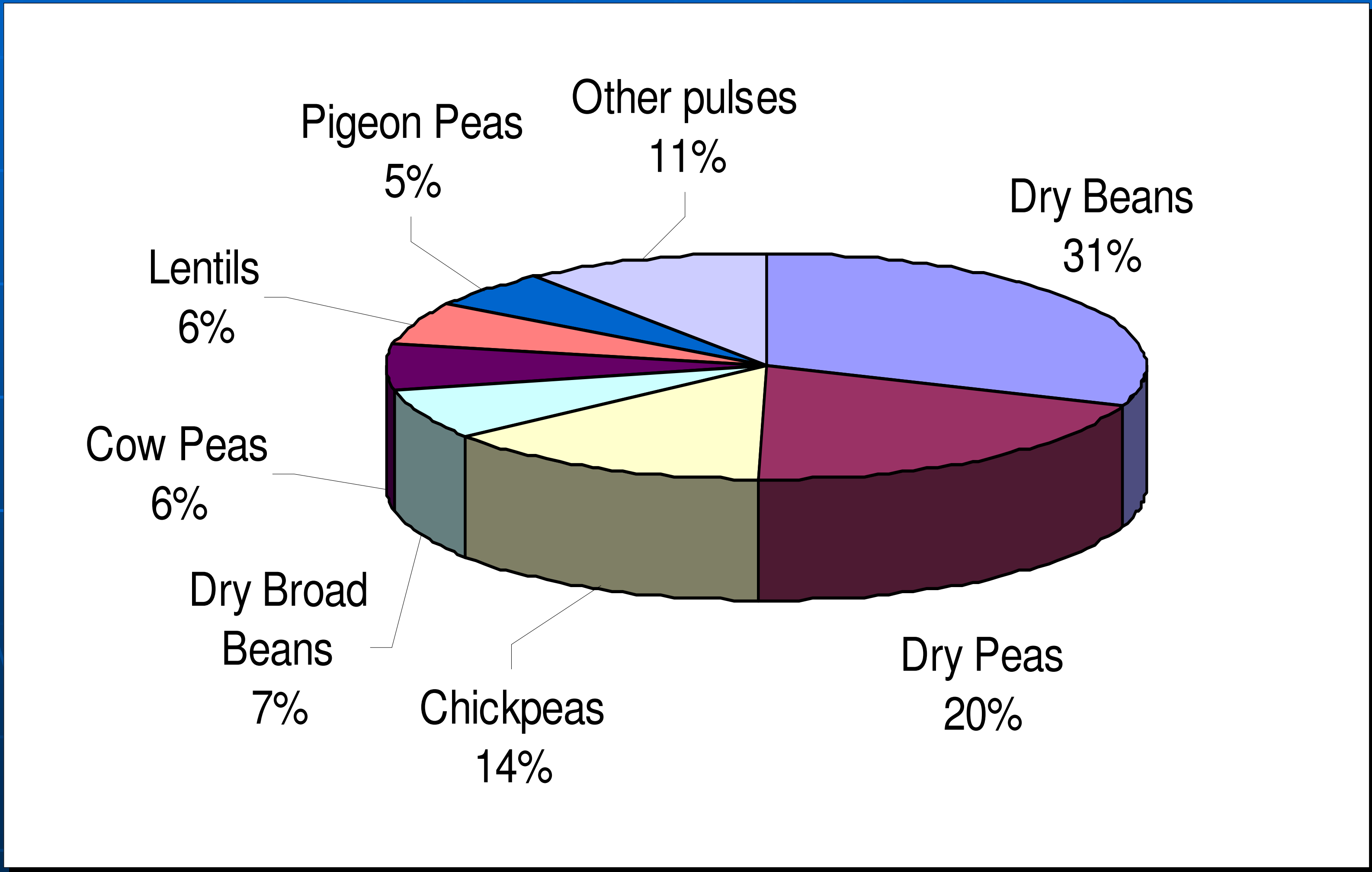
Pulse yields



Sources of pulse output growth

- there is a clear yield differential between developed and developing countries, with a ratio of 2.5 in 2002-2004
- output growth in developing countries is due more to area expansion; yields are stagnant
- in developed countries, by contrast, output growth has been driven to a large extend by yield improvements

Pulse production in 2004
a record 61.4 million tonnes!



Pulse utilization

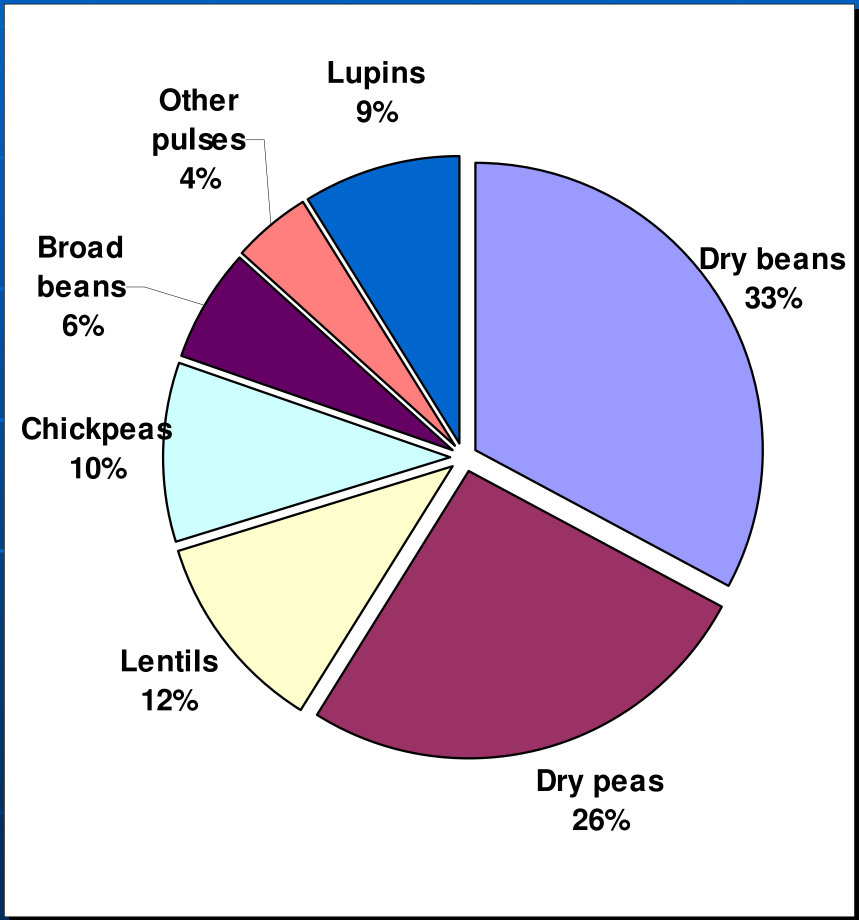
- globally, the bulk of pulses is for human consumption (2/3) versus a much smaller share for animal feeding (1/4)
- developing countries account for the bulk of total pulse utilization (~75%), while the developed countries account for the rest
- in 2004, global pulse utilization is estimated at a record 59.6 million tonnes, as a result of increased production – 70% as food use and 22% as feed use

Global trade in pulses

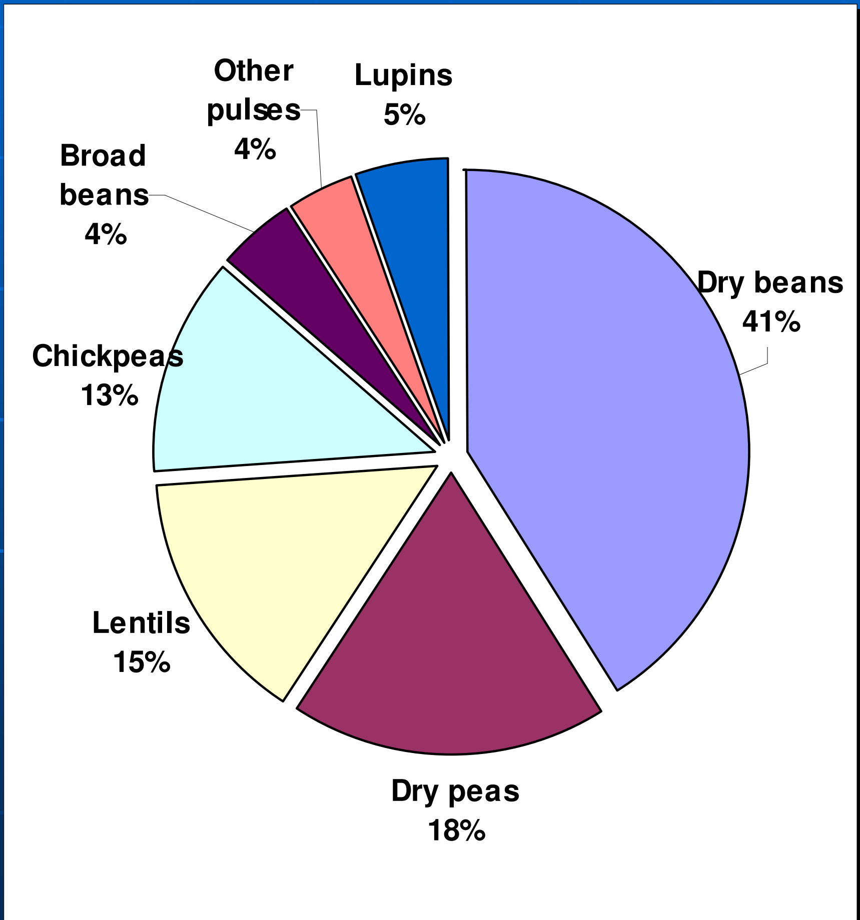
- world exports of pulses more than doubled over the past 20 years, increasing from 4.5 million tonnes in the mid-80s to some 10 million tonnes currently
- value of total pulse exports is estimated at US$ 2.8 billion (in 2003)
- presently, about 15% of global production is traded internationally, compared to 10% twenty years ago
- international pulse market is a relatively thin market, with traded volumes volatile

Global pulse exports in 2003

volume: 8.6 million tonnes



value: US$ 2.82 billion



Pulse exports in 2003

(in million tonnes)

Pulse type	World	Developed countries	Developing countries
Dry beans	2.80	0.85	1.95
Dry peas	2.23	2.15	0.08
Lentils	1.00	0.58	0.40
Chickpeas	0.86	0.29	0.57
Dry broad beans	0.54	0.47	0.07

Source: FAOSTAT, May 2005; data includes EU intra-trade

Pulse imports in 2003

(in million tonnes)

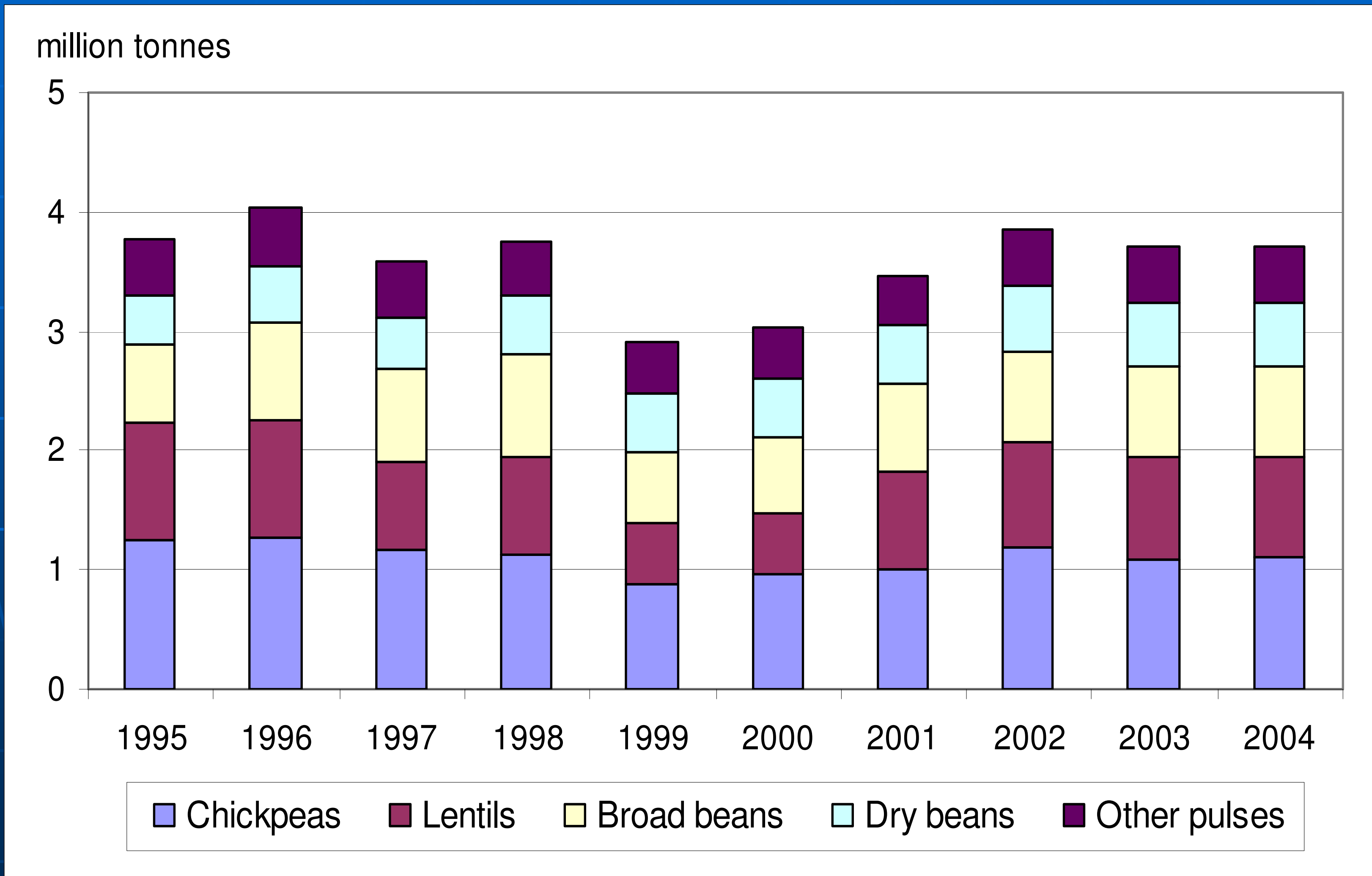
Pulse type	World	Developed countries	Developing countries
Dry beans	2.83	1.06	1.77
Dry peas	2.47	1.09	1.38
Lentils	1.05	0.23	0.82
Chickpeas	0.88	0.15	0.73
Dry broad beans	0.68	0.27	0.41

Source: FAOSTAT, May 2005; data includes EU intra-trade

A close look at the MENA region

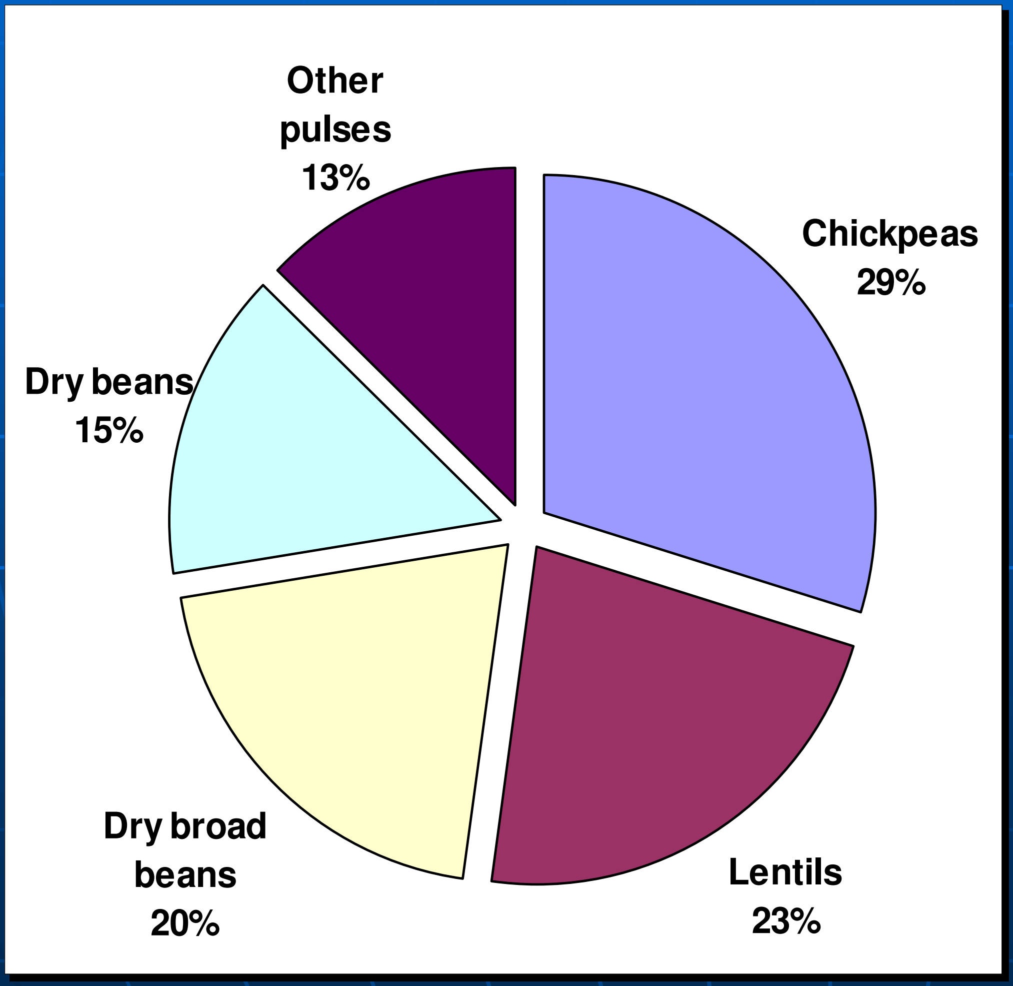
- MENA is a very important region for pulse markets. Pulses represent an essential item in local diets. They contribute to the protein and energy intakes for a lot of people.
- Most of the protein and energy intake sources are vegetable products: they contribute about 75-80% of proteins and 90% of energy.
- The main pulses produced and consumed in MENA countries: chickpeas, lentils, dry broad beans and dry beans.
- Market size: population in 2004 is about 467 millions

Pulse production in MENA region



MENA pulse production in 2004

(3.7 million tonnes)



2004 vs. 1995

- chickpeas: -12%
- Lentils: -14%
- Dry broad beans: +15%
- Dry beans: +35%

Pulse imports by MENA countries

Pulse type	Volume (1000 tonnes)	Value (millions US$)	Major importing countries
Pulses, Total	1 080	438.4	Egypt (36%); Algeria (16%); UAE (8%); Turkey (8%); Saudi Arabia (7%)
Broad beans	341	96.0	Egypt (82%); Saudi Arabia (5%); Sudan (4%)
Lentils	301	134.1	Egypt (30%); Algeria (19%); Turkey (15%); UAE (7%); Saudi Arabia (6%)
Chickpeas	186	93.0	Algeria (27%); UAE (17%); Jordan (12%); S. Arabia (11%); Tunisia (10%)
Dry beans	137	72.6	Algeria (36%); Turkey (20%); Egypt (8%); UAE (7%); Tunisia (6%)
Dry peas	46	17.1	UAE (28%); Algeria (21%); Morocco (14%); Sudan (10%); S. Arabia (9%) Egypt (7%)

Source: FAOSTAT, May 2005. Data refers to 2001-2003 averages

FAO market outlook for 2005

- assessment is based on information available up to May 2005
- unfortunately information on pulses is not easy to obtain
- the outlook assumes normal weather conditions throughout the remainder of the seasons
- however, there is always uncertainty associated with any market outlook

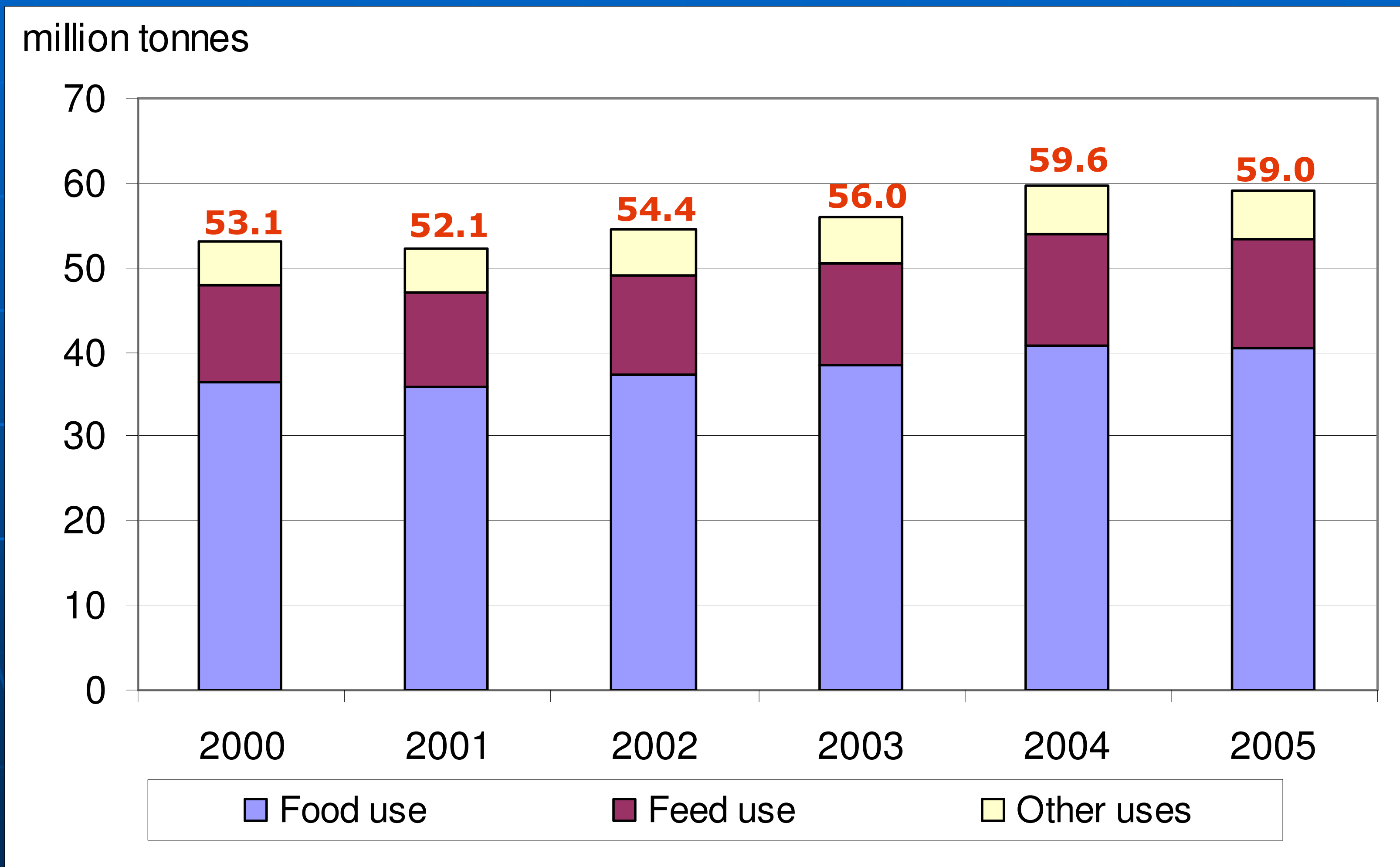
2005 global output seen sliding a bit

Region	2002	2003	2004	2005f
	(. . . . . million tonnes . . . . .)			
Asia	27.1	27.0	29.7	28.8
Africa	9.3	9.5	9.6	9.5
Latin Amer. & Caribbean	6.6	6.8	6.5	6.2
Europe	8.1	7.8	8.2	8.1
North America	4.0	4.5	6.1	6.2
Oceania	1.3	2.2	1.3	2.1
World	56.5	57.7	61.4	60.9
Developing countries	4.27	43.0	45.0	44.2
Developed countries	13.8	14.7	16.4	16.7

total pulse utilization also to slip

- in view of reduced production, utilization of pulses is expected to fall
- consumption of pulses depends to a large extent on domestic production, especially in low income countries
- in 2005, global pulse utilization is forecast at some 59 million tonnes:
  - **food use: 40 million tonnes**
  - **feed use: 13 million tonnes**
  - **the rest: other uses (seed, waste)**

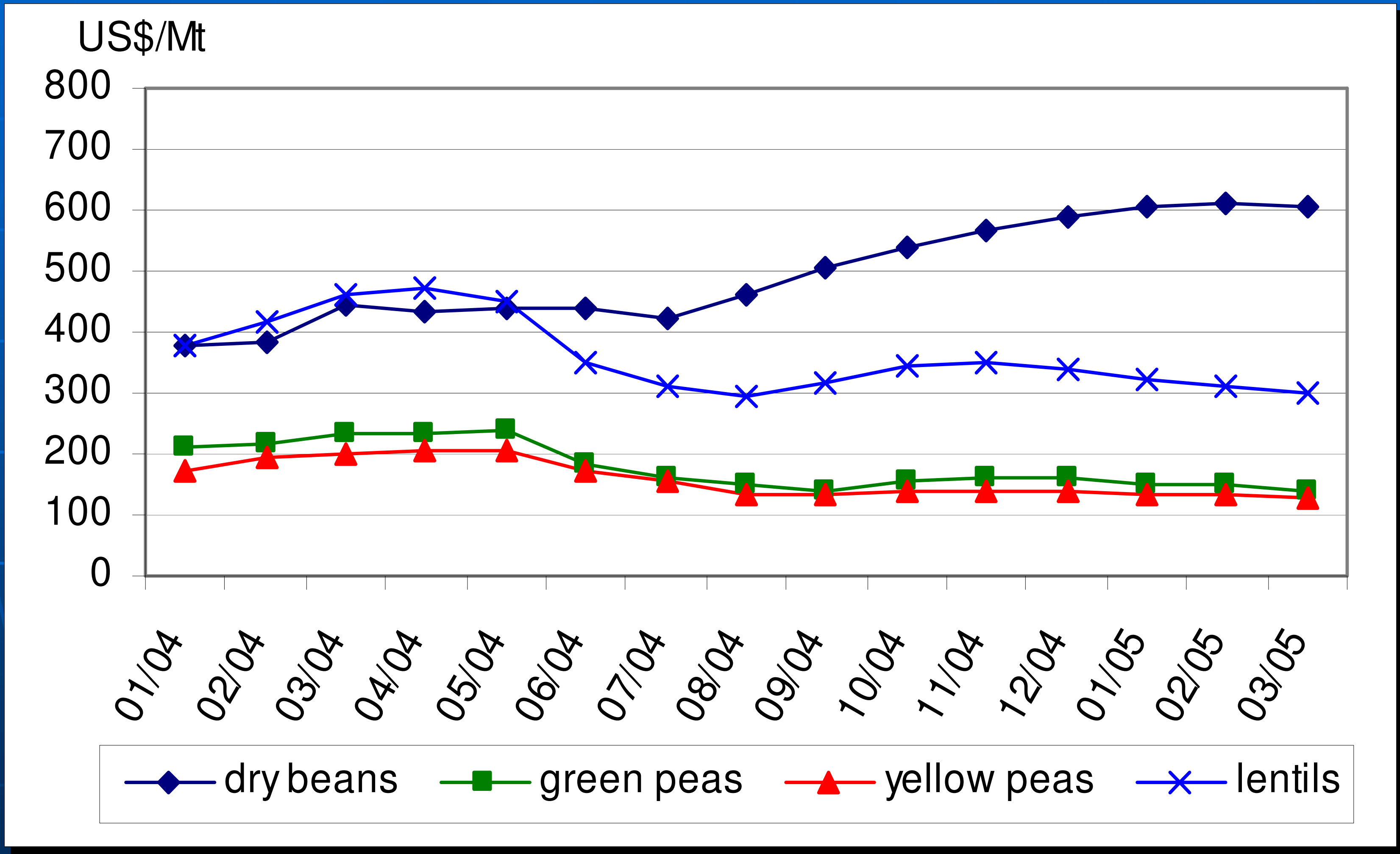
global pulse utilization



... still global trade could rise

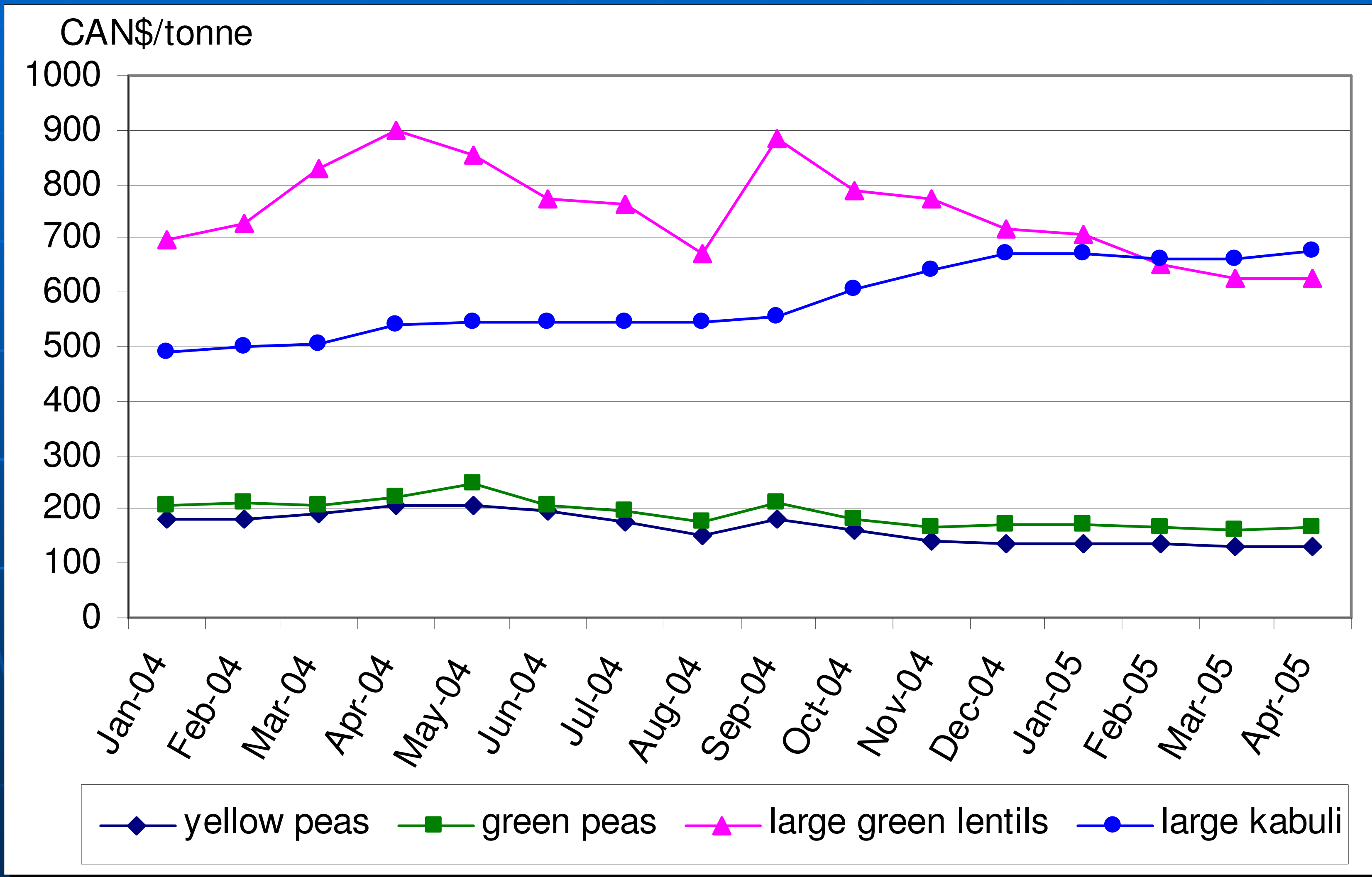
- due to larger supplies anticipated in several exporting countries, coupled with production shortfalls in some major importing countries, global pulse trade in 2005 is seen up
- world exports of pulses in 2005 is forecast at close to 10 million tonnes, some 5% above last year
- pulse imports are expected to increase in South Asia, the Middle East and North Africa and Latin America

recent trends in U.S. prices



Dealer prices, except dry beans grower prices
Source: USDA, April 2005

... and in Canadian prices



All grower prices

Source: Agriculture and Agri-Food Canada, May 2005

the outlook, will prices weaken?...

- **Dry beans:** prices are expected to remain strong in the coming 2-3 months. Situation may be reversed toward end of year with arrival of new crops in North America.
- **Chickpeas:** likely to come under downward pressure as a result of increased output in several countries (Australia, India, Mexico, Turkey, Syria).
- **Lentils:** could remain under pressure, due to larger crops expected in Australia and the USA, along with ample carryover stocks in Canada.
- **Dry peas:** prices could recover, in light of smaller crops in some countries, especially if import demand proves to be strong during the rest of the year

factors to affect pulse trade

- output forecasts in major exporting countries materialize, i.e. Australia, Canada, the United States, France, China, Myanmar, Turkey
- developments in related markets: livestock and feed markets (especially for feed-type pulses)
- exchange rates: they determine the purchasing power of importers, especially that the bulk of imports are made by developing countries who lack foreign exchange
- freight rates: they add to the import cost; have effects on both the <u>volume</u> and <u>flow</u> of trade

Conclusion

- Collaboration between CICILS-IPTIC and FAO is extremely important
- Need collaboration on data and market information: vital for good market analysis and outlook work

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