



THE PULSE pod

POD I - GRAIN 11 - JUNE 2013

STATUS OF PULSES RESEARCH IN INDIA

G. CHANDRASHEKHAR



LENTILS CHARGE FORWARD

BY GREGOR HEARD

FORCE MAJEURE

Excerpted from the Bulletin issued by
 Reed Smith Richards Butler, London.
 (www.reedsmith.com)



CANADA 2013 Pea & Lentil Production Update

BY GREG KOSTAL



Report on the situation of
 ARGENTINE BEANS SEASON 2013

GLOBAL & INDIAN MARKET ROUNDUP

G. CHANDRASHEKHAR

CHANA Technical Analysis

CICILS 2013
 SINGAPORE CONVENTION

As readers will almost certainly be aware there has been considerable question about the impact of severe drought in Argentina on the potential for this year's white bean harvest. CLERA, the Argentine peak pulse Industry Association, and CICILS association member, has asked us to publish the following letter and attachments.

While the attachments (which we have printed after the letter) are official notices from the Argentine Government and are in Spanish the rainfall chart is self explanatory...



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Buenos Aires
24 de Mayo de 2013

Report on the situation of Argentine Beans Season 2013

This season 2013 has faced challenges not seen in the history of bean production in Argentina. A drought with unprecedented severity has affected all the bean areas to the point that it is seriously considered the possibility of lack of sufficient quantity of seed to face the plantings of season 2014. The contribution of precipitation has been dramatically lower than the historical average, and an average of temperatures of 4-5 degrees higher have to be added to this context.

Attached is a report that clearly exemplifies the water stress suffered by the present season.

The situation is so exceptional that the Province of Salta, which concentrates most of the production has enacted emergency agricultural disaster, on Thursday May 17th. You can read attached a facsimile thereof.

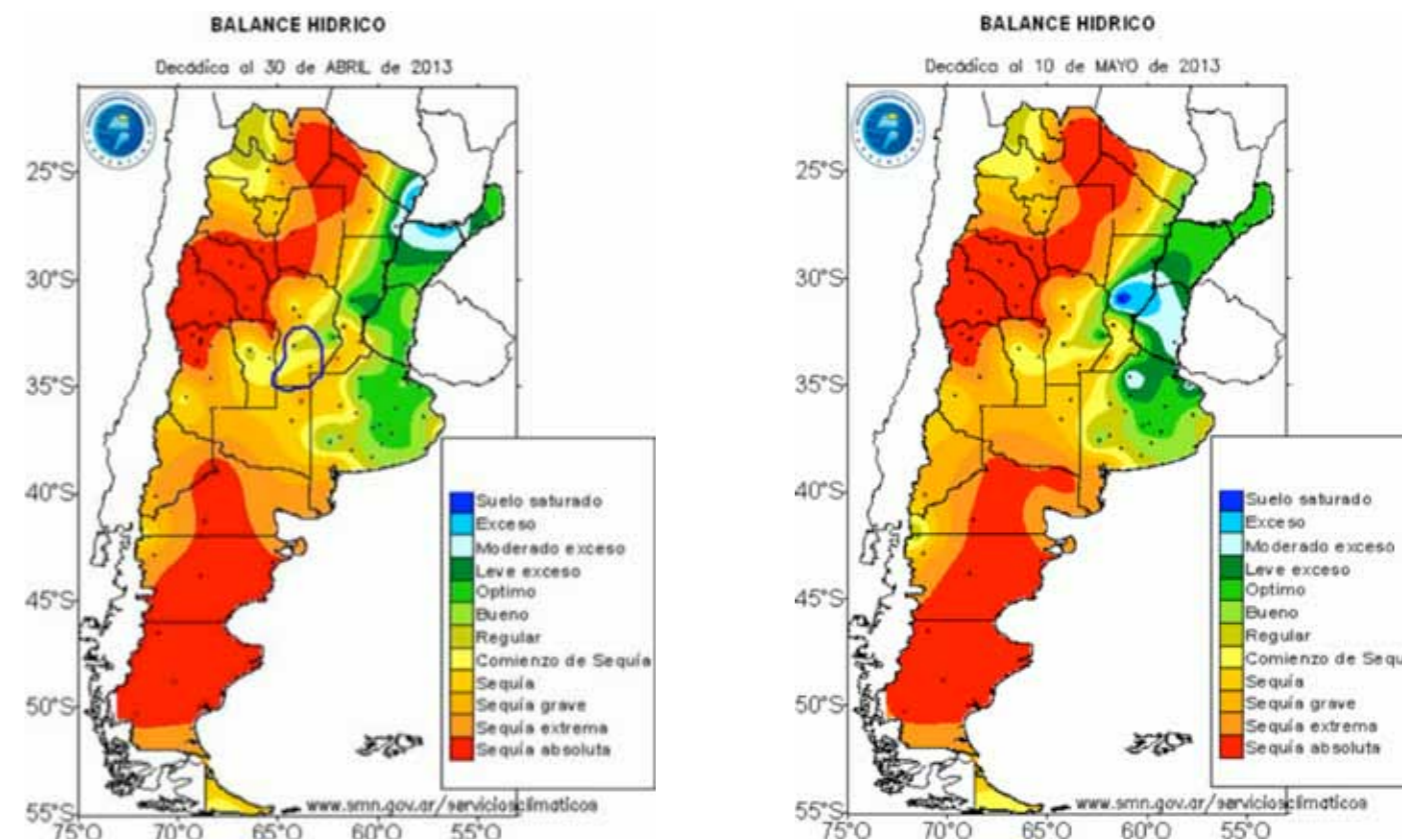
Given the criticality of this scenario the Cámara de Legumbres de Argentina urges producers and exporters to make an extraordinary effort at harvest to ensure the provision of seed needed to ensure the next bean plantings and the future of the Argentine Origin.

The Argentine Origin has been characterized by its seriousness and reliability.

The CLERA as representative of producers, traders, brokers and exporters is absolutely confident that the present circumstances will be exceeded, and that in the next campaign the beans of argentine origin will be present in the major markets of the world, as they always have.

Horacio Frágola
President

Jorge Reynier
Vice- President



Source SMN – Agro-met

ANNUAL PRECIPITATION (Source INTA - Salta)
WEATHER STATIONS

SAN MARTIN

Latitude: 22° 31' 53" S | Longitude : 63° 30' 56" O | Height: 344 msnm.

MONTH	2012			2013		
	TEMP H	TEMP L	RAIN	TEMP H	TEMP L	RAIN
1	34,3	22,0	143,5	36,0	24,3	39,4
2	32,9	22,1	89,4	34,8	21,9	56,1
3	32,3	19,6	45,7	30,6	20,1	19,3
4	26,7	19,0	142,5	30,9	17,2	12,4
Accum			421,1			127,2
5	25,2	16,3	28,7			
6	22,5	11,8	8,4			
7	21,9	8,8	5,8			
8	27,8	13,7	0			
9	31,7	16,5	0			
10	35,1	21,0	17,8			
11	31,9	21,5	160,5			
12	35,8	22,8	38,1			
Accum			259,3			0
TOTAL			680,4			127,2
TOTAL 12 MONTHS						386,5

Deficiency vs 850 mm -463,5
 Deficiency Jan - April 2012 vs 2013 -293,9
 Deficiency April 2012 vs 2013 -130,1

ANTA

Latitude : 24° 43' 40" S | Longitude : 64° 11' 28" W | Heigh : 470 msnm.

MONTH	2012			2013		
	TEMP H	TEMP L	RAIN	TEMP H	TEMP L	RAIN
1	33,5	20,8	38,6	34,0	21,7	41,0
2	31,1	21,2	178,8	32,9	20,0	94,2
3	31,1	17,6	24,8	28,8	17,7	19,3
4	24,4	17,1	90,6	29,6	15,4	0,0
Accum			332,8			154,5
5	24,3	13,5	0,0			
6	20,9	8	0,0			
7	20,1	5,3	0,0			
8	25,1	10,2	2,2			
9	29	13,5	1,4			
10	31,6	18,1	30,8			
11	31,6	20,1	61,6			
12	34,5	20,3	88,0			
Accum			184,0			0
TOTAL			516,8			154,5
TOTAL 12 MONTHS						338,5

Deficiency vs 850 mm -511,5
 Deficiency Jan - April 2012 vs 2013 -178,3
 Deficiency April 2012 vs 2013 -90,6

ROSARIO DE LA FRONTERA

Latitude : 25° 49' 27" S | Longitude : 64° 57' 27" W | Heigh : 828msnm.

MONTH	2012			2013		
	TEMP H	TEMP L	RAIN	TEMP H	TEMP L	RAIN
1	30,0	18,0	n/a	30,9	19,2	84,0
2	29,7	19,3	183,6	30,0	18,3	107,7
3	27,0	16,5	169,9	25,5	15,8	32,0
4	22,3	15,1	133,9	26,5	13,0	14,2
Accum			487,4			237,9
5	22,2	11,5	6,9			
6	20,1	7,1	6,6			
7	18,9	4,8	0,0			
8	22,5	8,2	0,5			
9	26,0	11,2	2,0			
10	28,7	15,0	29,0			
11	28,4	17,5	58,9			
12	31,6	24,9	52,1			
Accum			156			0
TOTAL			643,4			237,9
TOTAL 12 MONTHS						393,9

Deficiency vs 850 mm -456,1
 Deficiency Jan - April 2012 vs 2013 -249,5
 Deficiency April 2012 vs 2013 -119,7

Boletín Oficial N° 19065
Salta, Jueves 16 de Mayo de 2013

DECRETO N° 1411/13 del día 14-05-2013
 MINISTERIO DE AMBIENTE Y PRODUCCION SUSTENTABLE
 Expediente N° 136-93135/13

DECLARA EL ESTADO DE EMERGENCIA Y/O DESASTRE AGROPECUARIO POR SEQUIA A LOS PRODUCTORES DE CULTIVOS DE POROTO Y CHIA DE LOS DPTOS. DE LA CANDELARIA, ROSARIO DE LA FRONTERA, METAN, ANTA, GENERAL GÜEMES, ORAN Y SAN MARTIN

VISTO la situación de Emergencia y/o Desastre Agropecuario por la que atraviesan productores de los Departamentos de La Caldera, Rosario de la Frontera, Metán, Anta, General Güemes, Orán y San Martín; y
 CONSIDERANDO:
 Que la Ley N° 6241 establece el Régimen Provincial de Emergencia y/o Desastre Agropecuario y determina que la Secretaria de Asuntos Agrarios, será la Autoridad de Aplicación de la mencionada Ley;
 Que la Comisión Provincial de Emergencia y/o Desastre Agropecuario decidió recomendar al Poder Ejecutivo Provincial, en los términos de la Ley N° 6241 y Decreto Reglamentario N° 1143/85, la declaración de emergencia y/o desastre agropecuario desde el 01 de mayo de 2013 al 30 de abril de 2014, por sequía a los productores de los Departamentos de La Candelaria, Rosario de la Frontera, Metán, Anta, General Güemes, Orán y San Martín;
 Que en función de ello, y del informe producido por la Secretaría de Asuntos Agrarios, resulta necesario que el Poder Ejecutivo Provincial declare el Estado de emergencia y/o desastre agropecuario para cumplir con lo estipulado en el artículo 3° de la Ley 6241 y lo previsto en el artículo 6 de la Ley Nacional N° 26.509;
 Que los beneficios establecidos para los productores damnificados, serán otorgados en las modalidades establecidas en el Decreto N° 1143/85, reglamentario de la Ley N° 6241, en la jurisdicción provincial, con las restricciones impuestas por la Ley N° 6583;
 Que la Dirección General de Asuntos Jurídicos del Ministerio de Ambiente y Producción Sustentable han tomado la intervención correspondiente indicando que la presente medida se dicta en uso de las facultades conferidas por la Ley 6241;

Por ello,
 El Gobernador de la provincia de Salta

DECRETA:

Artículo 1° - Declárase el Estado de Emergencia y/o Desastre Agropecuario, según corresponda, por sequía, a los productores de cultivos a secano de Poroto y Chia; de los Departamentos de La Candelaria, Rosario de la Frontera, Metán, Anta, General Güemes, Orán y San Martín, que se vieron afectados por dicho fenómeno, desde el 01 de mayo de 2013 al 30 de abril de 2014.
 Art. 2° - Los productores cuyos cultivos fueron afectados con más del cincuenta por ciento (50%) de daños y deseen acogerse a los beneficios de la Ley N° 6241, deberán efectuar la correspondiente denuncia de los daños ocurridos con carácter de Declaración Jurada dentro de los veinte (20) días hábiles a contar de la fecha de publicación del presente. La referida Declaración Jurada deberá ajustarse en un todo a lo dispuesto por los artículos 7°, 8° y 15° del Decreto N° 1143/85.

Boletín Oficial N° 19065
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Art. 3° - La Secretaria de Asuntos Agrarios del Ministerio de Ambiente y Producción Sustentable, será el Organismo de recepción y contralor de las Declaraciones Juradas para extender las certificaciones correspondientes, previo conocimiento de la Comisión de Emergencia y/o Desastre Agropecuario.
 Art. 4° - No podrán emitirse certificaciones de Emergencia y/o Desastre Agropecuario a propiedades ubicadas en las zonas mencionadas en el artículo 1° del presente Decreto, que tengan daños producidos por negligencia del afectado o por situaciones de carácter permanente o cuando la producción dañada se realizó en áreas ecológicamente no aptas o fuera de época apropiada.
 Art. 5° - El presente Decreto será refrendado por el señor Ministro de Ambiente y Producción Sustentable, por el señor Ministro de Economía, Infraestructura y Servicios Públicos y el señor Secretario General de la Gobernación.
 Art. 6° - Comuníquese, publíquese en el Boletín Oficial y archívese.

FIRMANTES
 URTUBEY - De Angelis - Parodi - Samson

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**“Eat more pulses,
 help fight hunger,
 save the world”**

CANADA 2013 Pea & Lentil Production Update

By Greg Kostal

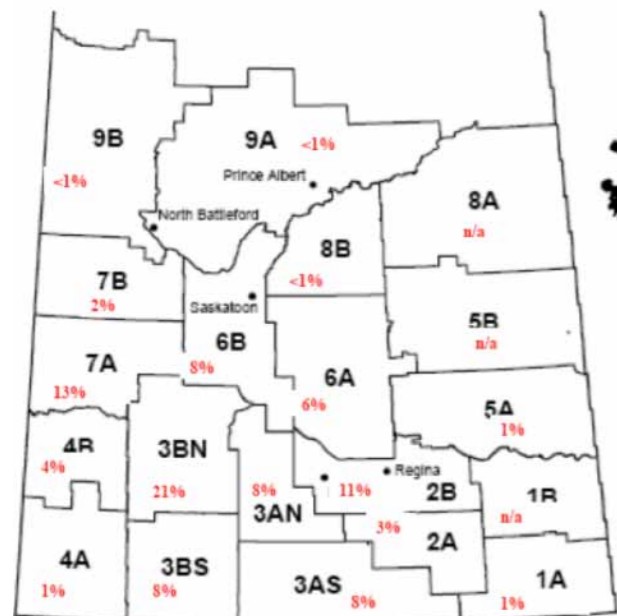


Given heavy snowpack concerns in April, weather during May needed to be cooperative to give farmers a chance to plant. Outcome was reasonable and estimate that 80% of intended pea and lentil area went into the ground in reasonable shape. Follow-up rain should compliment a reasonable start to this area. As of May 27, implied data from Saskatchewan Agriculture would suggest that lentil and pea seeding progress is around 80-85% done versus a 10 year average of 85-90% done. Estimate that the last 10-15% of intended area will be fighting the calendar or wetness. This area will be subject to subpar yield, won't be planted or switched to another crop.

At time of writing, a major rain event is hitting southern Saskatchewan, an event that will likely eliminate 5% of intended pea and lentil area. A mix of good and imperfection that now can focus on summer weather to determine quality and yield. Bottom line, situation reflects a starting production point that reduces odds of a big or small crop size.

According to Statistic's Canada, Saskatchewan represents 97% of Canada's 2012 lentil area and 70% of Canada's 2012 pea area. 29% of Canada's pea area is located in southern 1/2 of Alberta. A similar ratio is expected in 2013. Using government Census data, below is a map of Saskatchewan showing lentil seeded area density by Census Region (red numbers indicate percentage grown in each area). Usefulness is to note that the majority of lentil area is located in the southwest part of the province. Pea area has a concentration bias to the southwest too, but distribution extends further north and east in Saskatchewan, including Alberta.

Saskatchewan lentil area (% by Census Region)



Two months ago, Statistic Canada reported Canadian lentil and field pea seeding intentions of 2.06 and 3.43 million acres respectively. No breakout by type was given.

SASKATCHEWAN REPRESENTS 97% OF CANADA'S 2012 LENTIL AREA AND 70% OF CANADA'S 2012 PEA AREA. 29% OF CANADA'S PEA AREA IS LOCATED IN SOUTHERN 1/2 OF ALBERTA.

This will occur on June 25 when Statistic Canada publishes its preliminary acreage report. Given favorable lentil prices during planting, suspect final lentil intended area grew by an additional 15% versus March intentions.

Pea area likely expanded by an additional 5% during this time. If we assume 5% of this higher intention base will not get planted, would expect the following

Lentils (000 acres)	2012 Stat Can	2013 (est)	Peas (000 acres)	2012 Stat Can	2013 (est)
Red	955	1,150	Yellow	2,900	2,875
Large Green	1,230	900	Green	400	575
Small Green	260	225	Other	40	50
Other	70	50	ALL	3,340	3,500
ALL	2,515	2,325			

Making no allowances for weather bias, a generic average lentil yield is about 0.6 tonnes per acre. For peas, it's about 0.9 tonnes per acre. This would create a 2013 lentil starting production point near 1.4MMT, about equally split between greens and reds. A 2013 pea production starting point near 3.2 MMT is reasonable, about 2.6 MMT for yellows, just over 500,000t for greens and 50,000t of other (maple and marrowfat).

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STATUS OF PULSES RESEARCH IN INDIA

G. CHANDRASHEKHAR



Indian pulses production broke out of the narrow trap of 14-15 million tons to reach a higher plane of 18 million tons production in 2010-11. In the last two years, production has stayed in the 17-18 million tons range. For 2013-14, the government's target is to harvest 19 million tons. Here's a synopsis of research efforts that go into enhancing pulses production and productivity.

Indian Institute of Agricultural Research (ICAR) is the nodal agency for promotion of pulses cultivation. ICAR works with several allied research institutions. Through its ongoing projects - Indian Institute of Pulses Research (IIPR), Kanpur and All India Coordinated Research Projects (AICRPs) on Chickpea, Pigeonpea, MULLaRP (Mung bean, Urd bean, Lentil, Lathyrus, Rajmah and Field pea) and Arid Legume, ICAR undertakes basic and strategic research work on pulses for development of location-specific, climate resilient crop varieties and production and protection technologies for pulses in the country.

Importantly, two special projects on 'Development of pod borer resistant transgenic in pigeonpea and chickpea' and 'Development of Mungbean Yellow Mosaic Virus resistant transgenic legumes' are also being carried out at IIPR to overcome 20-30 per cent yield losses that occur due to insect-pest and disease.

As a result of intensive research efforts, 61 high yielding varieties of pulses have been released during the last three years. In addition, 4517 tons breeder seeds of high yielding varieties of pulses were produced during the years from 2009-10 to 2011-12 to ensure maintenance of quality seed-chain for effective distribution and benefits to the pulse growing farmers.

In order to increase production of pulses, the Indian government has been implementing several Crop Development Schemes/Programs such as National Food Security Mission - Pulses (NFSM-Pulses), Rashtriya Krishi Vikas Yojana (RKVY), Macro Management of Agriculture (MMA), Integrated Scheme of Oilseeds, Pulses, Oil Palm & Maize (ISOPOM), etc. In addition, a new program 'Accelerated Pulses Production Program (A3P)' has been started under NFSM since 2010-11 to take up active propagation of key technologies in the form of block demon-

strations for improving productivity of pulses. Further, a Special Plan to achieve more than 19 million tons of pulse production during 2012-13 has also been initiated by the government.

As a result, the total production of pulses in India has increased from stagnating level of 14.5 million tons over the past 15 years to 18.24 million tons in 2010-11, 17.1 million tons in 2011-12 and an estimated 18.0 million tons in 2012-13. The productivity has also increased from 589 kilogram per hectare to 694 kg/ha during this period.

ICAR research projects on pulses are regularly generating location-specific improved varieties and technologies for enhancing productivity of pulses, whereas the schemes/ programs of the Union Government are financially supporting for their adoption in the farmers' fields.

As a result, the total production of pulses in India has increased from stagnating level of 14.5 million tons over the past 15 years to an estimated 18.0 million tons in 2012-13

Popularization of short duration climate resilient varieties of pulses developed by ICAR as catch crop / intercrop in cereal based cropping system will help improve soil health by enriching organic nitrogen status, reducing demand for chemical fertilizers, enhancing soil micro-flora and thus ensuring long term sustainability of the cropping systems. To boost pulses cultivation further, the Indian government through the Union Budget 2013-14 presented to the Parliament on February 28 this year has earmarked Rupees Three Billion (appx USD 60 million) to encourage cultivation of legumes in regions that traditionally practiced grain mono-cropping (rice-wheat-rice cycle).

The enhanced productivity in pulses due to adoption of improved technologies helps in increasing pulse production and availability of vegetable protein diet for large population of the country to overcome protein malnutrition.

FORCE MAJEURE

Excerpted from the Bulletin issued by Reed Smith Richards Butler, London. (www.reedsmith.com)



Force majeure claims are on the increase: this note gives a brief overview of matters to consider when drafting a force majeure clause and what to do when faced with a claim of force majeure from a counterparty. The recent Indian sugar embargo shows the importance of such clauses and the need to link them to other contract clauses, such as licensing clauses.

What is Force Majeure?

A force majeure clause is an agreement between the parties that one or both parties are excused from performing the contract where their performance is affected by the occurrence of a force majeure event listed within the clause.

Unlike some civil law systems, there is no doctrine or concept of force majeure under English law. It must be specifically and expressly included in contracts in order to have effect, it will not be implied by the English Courts. In general, English law assumes contracts must be performed: if not, a party is in breach and must pay damages even if not responsible for the problem – hence the need for a suitable force majeure clause.

“Frustration”

The English law doctrine of “frustration” arises in some similar situations to that of force majeure. Frustration of a contract in the discharge of a contract by a supervening event. However, frustration occurs in narrow circumstances, where performance becomes impossible or completely different from that contemplated by the contract. Clauses such as Prohibition, Strikes and Force Majeure seek to deal with a much wider range of circumstances than frustration.

Drafting your Force Majeure clause

There are some “off the shelf” ready-made clauses, such as the ICC Force Majeure and Hardship clauses, or particular trade clauses such as GAFTA Force Majeure and Prohibition clauses. However, arguably every force majeure clause should be unique – making sense in the business context of the particular contract and making a sensible allocation of the risks which may affect performance. A general rule would be that the longer the term of the contract, the more important the force majeure clause may be. When drafting afresh, you should try to anticipate events that may occur which would make it difficult or impossible for you to perform the contract, or events which you are not prepared to accept the risk of the occurrence. You should expressly make clear in the clause that there is no liability to the other party where the force majeure circumstances apply.

In general, a Force Majeure clause includes:

- Definition of events – long or short list and “sweep up” provision;
- Obligations as to notice to the other party;

NB1: Notice provisions should be straightforward: do not add to this part details of evidence to be supplied or counter signature by a third party (e.g. local Chamber of Commerce). This can be dealt with elsewhere.

- Effect of the event e.g. suspension and then termination without liability.

NB2: Think about recovery of advance payments/closure of performance bonds.

NB3: If the effect is to be termination, who can terminate? Logically it would be either party, since neither party can be ‘blamed’ for the force majeure event.

When drafting a force majeure clause, there is no standard meaning of the phrase “force majeure” under English law; specific events which may affect the parties’ performance under the contract should be listed. “Usual force majeure events to apply” could be held void for uncertainty and “force majeure to apply” is not sufficient and may lead to disputes over what it is meant to encompass.

Long clause/short clause?

There is often conflict of opinion on drafting force majeure clauses:

- short clause, wide as possible, with no long list - to avoid being ‘caught out’ by lack of the very thing that happens;
- long clause, covering many (some unlikely!) possibilities.

Both have merits, but a longer, better thought out clause is generally preferable. It is a more realistic sharing of risks, whereas the short clause gives too much freedom to the arbitrator or judge to decide if something should or should not excuse non-performance.

What should you include?

Some of the commonly listed events are: “Act of God, war or war-like operations, riot, strikes, fire, storm tempest or flood, perils or accidents of the sea, civil commotion, acts of Government, partial or total prohibition of export/import”. Wider events (and therefore more controversial) would include “restriction, non-delivery or delayed delivery from suppliers, shortages of raw materials or transport, requests of governmental authority,

adverse weather conditions, breakdown of intended performing vessel”. If you anticipate that you are more likely to be the party seeking to bring yourself within a force majeure clause, it is a good idea after you have listed the events to end with a catch all phrase such as “any other cause beyond a party’s control” and “whether or not similar to the foregoing”. This will go some way towards protecting you from an event, which you have not anticipated. Be careful of prefacing force majeure clauses with phrases such as “whilst every effort will be made to carry out this contract...” as this may make it virtually impossible to activate the force majeure clause as you will have to prove that every effort has been made! Also look at the rest of your contract: if some obligations are intended to be outside force majeure (e.g. seller’s obligation to obtain and maintain an export license), say so expressly.

How much must performance be affected?

Generally force majeure clauses are drafted in terms of performance being “prevented”, “hindered” or “delayed”. Which of these three you decide to opt for will depend on how high a burden of proof you wish to place on the party seeking to rely on the clause.

- “Prevented” or “unable to perform” indicates that performance is virtually impossible;
- “Hindered” means that it is made considerably more difficult (financial hardship is not sufficient);
- “Delayed” is the lowest test, but you may wish to further qualify delay with a provision for how much of a delay activates the force majeure clause and whether it is an actual or anticipated delay which must occur.

The fact that a contract is now uneconomic or commercially impractical because it has become greatly more expensive, is effectively never within a force majeure clause. (Although such problems can fall within suitably drafted ‘hardship’ clauses).

Force Majeure clauses when in a string situation

Where you are in a string situation it is important that your force majeure clauses are back to back or you may find yourself on the end of a claim for force majeure from your Seller, whilst having to pay damages to your Buyer for non-performance even though events are beyond your control. We have seen this in a number of cases, where slightly different wording in the two sale contracts made all the difference.

Relying on Force Majeure

A party wishing to make use of a force majeure clause to excuse them from performance must prove that they come within the terms of the clause. The English courts will generally construe the terms of the clause narrowly.

ENERGY, TRADE & COMMODITIES

Notice provisions and Time limits

Force majeure clauses usually have provisions regarding the notices, which must be given under the clause when an event occurs. A failure to comply with the notice requirements may lead to the loss of the right to claim force majeure (whether it does so will depend on the wording of the clause). It is always better, if you do invoke a force majeure clause, to watch and comply with all time limits carefully.

What should you do at the time of the Force Majeure incident?

If you fail to mention force majeure at the time of an incident, it becomes much harder in practice to bring yourself within the clause at a later date. Messages that you send at the time of the force majeure event should clearly set out that it is a force majeure event, or you may waive your right to claim force majeure. Even if you are unsure, it is usually better to invoke the clause at the earliest opportunity and then collect evidence and clarify e.g. “On the information presently available to us, it appears that the situation is one of force majeure within clause []. We therefore as a precaution hereby give notice of force majeure as required by clause []. We are, however, making further enquiries and will revert”.



Collection of evidence

Once you have claimed force majeure, the next step is to collect evidence as it will be up to you to prove that you fall within the terms of the clause. Make sure to keep written details of all efforts made to overcome the problem. Internal correspondence may be disclosable, so keep this consistent with your efforts. Further, published materials, such as newspapers and trade reports, government warnings and requests, port authority or agent communications, emails from other traders relating to the problem are valuable, as is on the spot evidence such as surveyor’s and inspector’s accounts of the incident. They will all help you prove your force majeure claim in arbitration or encourage the other party to settle due to the strength of your evidence.

When a Force Majeure event affects more than one contract

Where a Seller has sufficient goods to fulfill some, but not all of his contracts due to a force majeure event, he should (if there is nothing express in the force majeure clause) allocate the goods in the way in which the trade would consider reasonable and proper, whether this is by dividing them equally amongst his counterparties, or by allocating them in the order in which the contracts were concluded, but he cannot allocate his supplies to new contracts concluded after the force majeure event to take advantage of a rise in price, nor simply choose the highest price contracts to perform.

Conclusion

Force majeure clauses arise frequently in commercial contracts and they are often the cause of disputes or litigation. Parties increasingly attempt to rely on force majeure to excuse themselves from liability. Usually, a little extra time spent at the contract stage thinking about the content of the force majeure clause and the possible events affecting performance will be time well spent.

GLOBAL & INDIAN MARKET ROUNDUP

G. CHANDRASHEKHAR

World agricultural commodity markets have continued their softening trend following supplies from the southern hemisphere hitting the market and planting in the northern hemisphere progressing well. Overall production prospect relating to grains (corn, wheat), oilseeds (mainly soybean) and cotton are said to be improving markedly this year after the US Midwest drought constricted supplies last year. Higher prices realized from last year's crop have boosted growth confidence. Growers are reportedly managing their inputs better.

In some countries planting has been completed (USA corn crop, for instance) while in some others it is set to commence (India, for example). Market participants' attention has now turned to new crop prospects in terms of planting acreage, potential yields and supplies. With big crops in the offing, subject only to normal weather, prices of major agri-commodities are set to ease back towards harvest. The world is likely to see significant stock rebuild in 2013-14.

There is consensus that corn and soybean prices will be bearish although soy will be supported by robust demand, especially from China. Cotton is likely to rule somewhat firmer than last year while supply surplus means sugar will remain soft. Reports from Argentina suggest soybean growers are yet to bring the produce to the market.

It is in this background that one should view price prospects for pulses. Softer agri prices also mean speculators or investors will stay in the sidelines. The question is whether pulses will be able to 'swim against the tide'.

Indian Market:

The southwest monsoon - on which depend the prospects of major crops such as paddy (rice), coarse cereals (mainly maize), Pulses (mainly pigeon pea, black matpe), oilseeds (mainly soybean, groundnut), cotton and sugarcane - hit India's southern coast of Kerala as per schedule on June 1. It is expected to progress northwards to cover peninsular India first and then the rest of the country. Planting of various crops will begin soon.

The Indian agriculture ministry officials have asserted that they are working to ensure pulses production in 2013-14 will exceed 19 million tons (an increase of one million tons from 18 million tons of 2012-13). Usually about a third of the annual pulses production is harvested in September called the Kharif season (the rest in February/March called Rabi season). In 2012, the Kharif or September harvest aggregated 6 million tons.

Although monsoon has broken out, the government is yet to announce the minimum support price for various kharif season crops including pulses. Demand for many food products including pulses usually peaks during the festival months from August to October. This year, with Ramadan festival beginning in early July, demand is set to advance by a month or so.



Given the record chana (gram) production of 8.5 million tons this year (last year 7.7 million tons), local prices have softened considerably. Chana futures prices have declined to a tad less than Rs 34,000 a ton from well over Rs 36,500 a ton earlier in May. India continues to import about 200,000 - 250,000 tons of pulses a month. The recent weakening of the rupee has pushed the landed cost of all imports including pulses higher.

A big debate going on in India relates to the Food Security Bill which seeks to assure nearly 70 percent of the population 5-7 kilograms of grains (rice, wheat and coarse grains) per person per month at highly subsidised rates. The government will have to handle as much as 75 million tons of grains. It is going to be a huge challenge in terms of crop production, procurement, distribution logistics and fiscal burden.

LENTILS CHARGE FORWARD

ARTICLE PUBLISHED IN THE LAND (AUSTRALIA) ON MAY 13, 2013, BY GREGOR HEARD

WITH most grain prices sliding down after harvest, lentils have bucked the trend and have shot up 50 per cent this year. Prices hit \$650 a tonne before there was a \$50 a tonne correction earlier in the month, although in the last week much of these losses have been made up, with prices back around \$630/t. Pulse market analyst Peter Semmler, managing director of Agrisemmn, said the rally had been driven primarily by subcontinental demand. "The Indian market, in particular, underestimated their shortage of lentils and have been very active in buying this year."

Mr Semmler said the correction had been created by technical, rather than fundamental factors, with buyers profit taking and exiting positions. "Buyers who had positions were reselling them to consumers, and even if the top end of the prices came off they still had a good profit."

"All of a sudden that meant there were temporarily a lot of lentils on the market, but that has eased off in the past week and prices are going up once again."

Director at pulse exporter GrainTrend, Sanjiv Dubey, said the rally had been variety specific, reflecting the fact most demand was coming from India. "The smaller lentils, which are generally the Northfield and Nipper varieties in Australia, which are popular in Bangladesh, were firm even prior to harvest."

"Since then the larger lentils, which include the Nugget and Aldinga varieties in Australia and the popular Crimson variety in Canada have gone up this year on the back of Indian demand." Mr Dubey said the price rally was due to a lack of Indian production and the all-important Canadian market holding supplies back.

"...PRICE RALLY WAS DUE TO A LACK OF INDIAN PRODUCTION AND THE ALL-IMPORTANT CANADIAN MARKET HOLDING SUPPLIES BACK"

Looking forward, Mr Semmler said there was still significant uncertainty surrounding the new season Canadian crop, with cold weather and snow delaying planting. "They like to have their crop in reasonably early so they don't run into trouble with snow falling at harvest time. "As you get into May, you run into more production risks in the Canadian environment."

While Pulse Australia's preliminary forecasts predict a drop in Australian lentil production, Mr Semmler believes it is likely to go up this year. "It's all a bit weather dependent of course, but given where the prices are for lentils and for other crops, I can see farmers trying to put in an extra paddock of lentils."

"Those with a suitable risk profile will be looking to grow more lentils if they can, because at \$600/t plus they really stack up in terms of profitability, and if we ever get any relief in the dollar there is potential for further upside. Agronomically, there are new, less risky varieties that are shorter season and earlier maturing which helps farmers manage production risk."

Mr Dubey agreed a continuation of the bad weather in Canada could easily cut lentil tonnages there. He also added that there was a concern with quality if there was late season bad weather. Mr Dubey pointed out the current price, while good, was well within the range traded for lentils. "They can get up to \$1000/t, so these prices at present aren't anything out of the ordinary."





Canadian Special Crops association (CSCA)

The annual Pulse and Special Crops Convention 2013 will be held on June 23-25, 2013 at The Westin, Calgary, Canada. Theme this year: Innovation through Partnerships

China Chamber of Commerce of Foodstuffs and Native Produce (CFNA)

The annual China Pulse Import & Export Industry Conference 2013 will be held on August 26-28, 2013 in Harbin Heilongjiang Province. (Venue: Hotel Shangri-La, Harbin).

The conference will focus on China pulse industry situation and global pulse production and markets. More than 200 delegates from China and overseas are likely to attend.

Global Summit on "Into Myanmar AgriTrade, Investments & Technology" from 19 to 20 June 2013, at Inya Lake Hotel in Yangon, Myanmar.

This is the premier gathering for all industry market players with an interest in establishing trading and business linkages with the emerging agricultural sector of Myanmar. Myanmar's Pulses, Beans and Seed sector will be one of the highlights at this Summit. The summit will discuss:

- Price, Demand and Production Trends
- Bean, pea, lentil, chickpea, sesame, cashew-nut sub-sectors:
- Investment Incentives & Challenges
- New market developments
- Post-harvest quality control
- Pulses processing new investment opportunities

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CHANA TECHNICAL ANALYSIS

Chana technical analysis: Prices in Indian Rupees per 100 kilogram trading lot

In the above Chana June chart, prices are seen moving in lower top lower bottom formation in downtrend channel. As long as 3300 is capped on upsides we remain bearish and expect prices to drift lower near 3050-2950. Breach of 3300 would attempt a rise towards 3375-3380, but a cluster of resistance will force prices to halt there and start the next leg down. An unexpected rise above 3380 would negate our short term bearish stance.

(The author T. Gnanasekar, Director, CommTrendz Research, Mumbai (India) is a well-known technical analyst. This analysis is based on historical price movements. There is risk of loss in trading. The author can be contacted at: gnanasekar_thiagarajan@yahoo.com)



CICILS 2013 SINGAPORE CONVENTION





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For the time being the spots will be limited to a maximum of:

- * One only Full page USD 500 (including a mention on front page as being sponsor of the issue)
- * Two only half page USD 250 each

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