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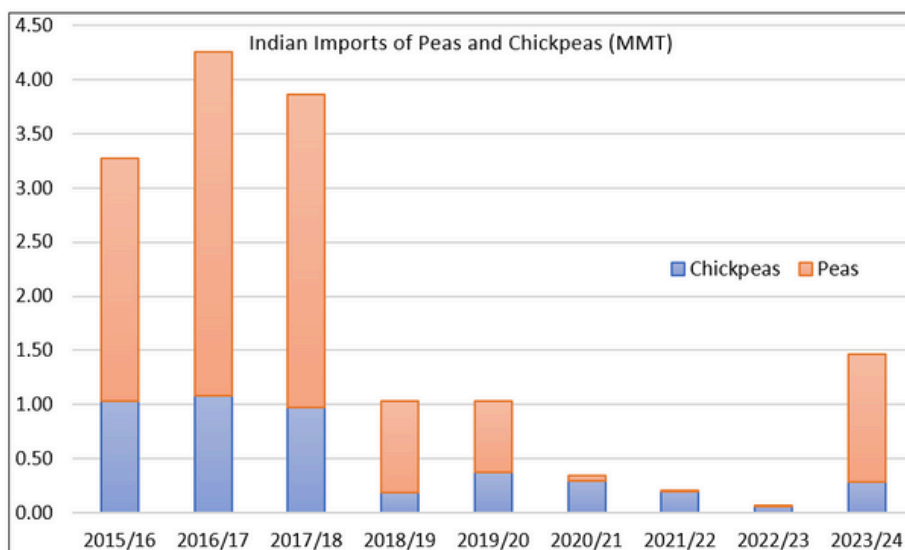
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HOW BIG IS INDIAN IMPORT DEMAND FOR DESI CHICKPEAS?

IS THE PAST AN INDICATION?

Between MY 2015/16 and MY 2017/18, Indian imports of pulses were setting new records. Over 8 MMT of peas and 3 MMT of chickpeas were imported by the country in these three marketing years. Is the country on that path again?



2024/25 SCENARIO

In the recent past, Indian government has taken multiple steps to ensure affordable access to food for its 1.4 billion people and two of the major policy changes were to allow import of yellow peas in Dec'2023 (and multiple extensions) and removing import duty on desi chickpeas in May'2024.

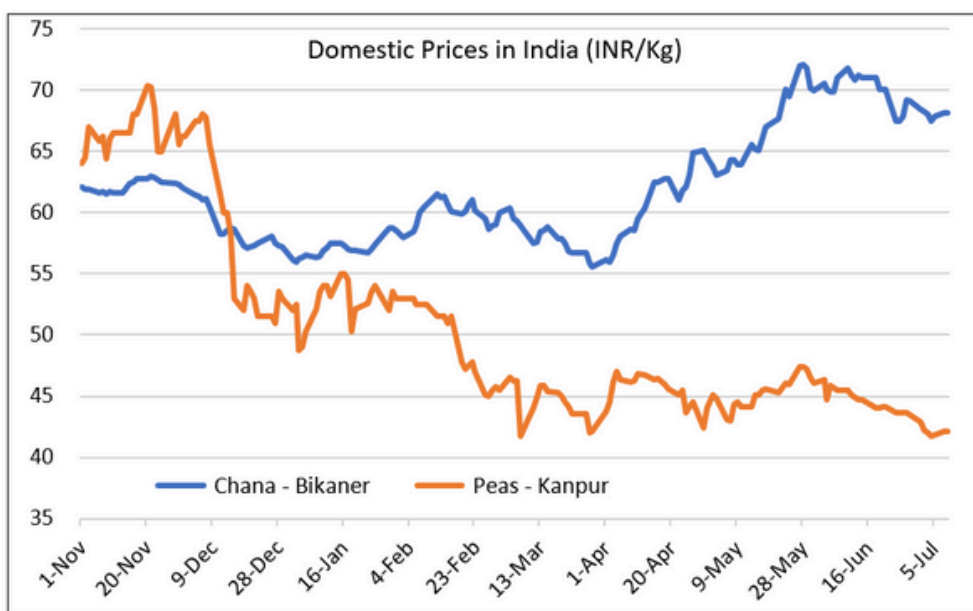
The rumour and then the fact that India will be importing Australian desis prompted an increase in acreage in QLD and NSW. As per the ABARES first estimates for the season, growers in QLD increased their chickpea planting to 380 kha (+73% yoy), while NSW growers planted chickpeas on 310 kha (+107% yoy). The final figures can spin even a larger figure. Now that Australian planting is done and weather is supportive, the big question is how big is the demand.

PEAS FILLING THE GAP

While the desi chickpea shortfall for MY 2024/25 is not less than 2 MMT in India, a large chunk of it is being filled by the incessant supply of yellow peas from Russia and Canada. It imported over 2 MMT of yellow peas in the first half of 2024 and another 2 MMT can arrive in the country, within the current policy timeframe.

This new supply of 4 MMT of the cheapest pulse have filled the supply gap in the Indian balance sheet to a great extent.

Despite continuous influx of yellow peas, domestic prices of chana continue to move up. The bullish move has been prominent since the harvest of 2024 crop started and the fears of lower supply came true.



PARITY IS KEY

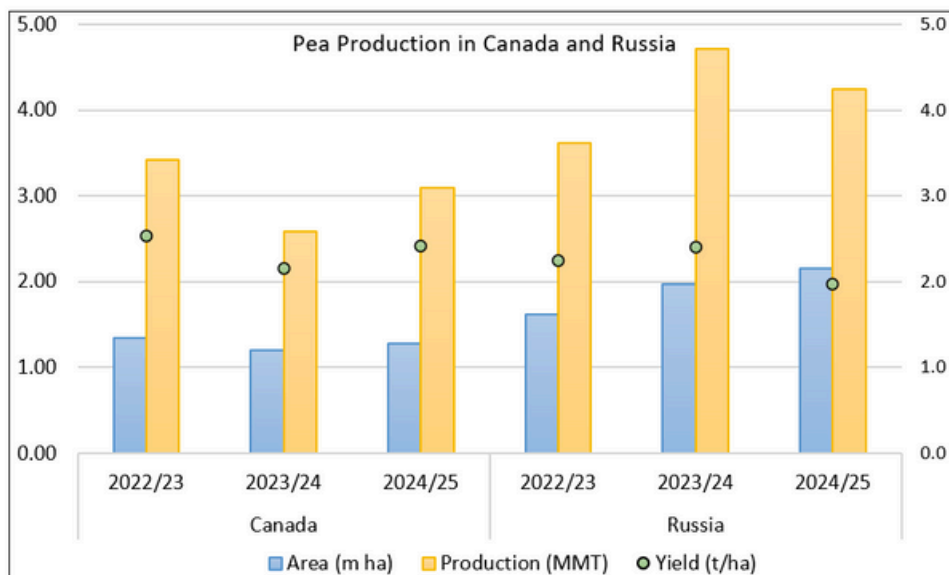
After India allowed desi chickpea imports without duty, the shipment pace from Australia has been sluggish and for the right reasons. Imports have to be viable in price terms in order to flow smoothly and current parity is not attractive. By the time our new crop is ready, Indian ports are likely to be filled with yellow peas from not just Canada and Russia, but from many other origins; and local chickpea planting will be underway. How much of Australian desis will they require from 2024 harvest? The answer lies in price parity. The Australian prices will have to be lower than the Indian domestic prices in order to get that business.

GLOBAL PEA SUPPLIES

The farmers across many origins have answered to the Indian demand in 2024. Acreage have been increased in Canada, USA, Russia, European Union and Ukraine, pushing the production figure to above **15 MMT**.

CANADA & RUSSIA

Farmers in both Russia and Canada increased pea acreage for 2024 crops. However, weather played a spoilsport in Russia; crops endured poor weather conditions throughout growing stages and the yield suffered. We expect Canadian pea production to be 3.1 MMT this season, up from 2.6 million last year. Russian pea crop is slated for a cut of nearly 10% to 4.25 MMT. The combined pea production of the two largest exporters is likely to be unchanged, however with depleted carry-in, exportable surplus will be reduced by half a million metric tonnes.



THE ROAD AHEAD

Since India started importing, elevated pea prices made it lose the demand in feed rations. Indians buy it for human consumption, while in China, Spain and Russia, its competition is with the other feed items. Currently Indian demand is subdued, for the heavy port stocks and uncertain government policy on stock holdings, but the importers will be active sooner than later and they will find the easy availability in Russia, Canada and few other places.

We estimate, that by the end of October, Indian ports will again be full with the imported peas and the demand for Australian desi chickpeas will not be as high as in 2015-2017 period. Having said that, Indian will still be a lot of chickpeas from Australia and Tanzania this season and we forecast a total import demand of 870 KMT in MY 2024/25. The key is PARITY.

OVERSUPPLY OF LENTILS?

As our lentil acreage for 2024 is going to be a new record, Canadian farmers also increased their lentil planting (more for greens, and less for reds). With access to Indian markets, Russian lentil acreage also grew this season, along with Kazakhstan. If weather permits in these territories MY 2024/25 global lentil production can surpass 8 MMT mark for the first time!

We expect Canadian crop to be 2.60 MMT, Australian 1.64 MMT and over half a million tonnes to be produced in Russia. While the supply is getting bigger, demand from Türkiye, India and Iraq will decide if it will be burdensome.

THE INARI AUSTRALIA TEAM WILL BE ATTENDING

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