FINGER ON THE MARKET PULSE

Ron Storey
Tamworth, 13 Sep 2016
IYP Pulse Conference
4 points.....

1) Noise vs Trend
2) Pulses in context
3) The opportunity – a new “story”
4) Pulse marketing – brand or bulk?
NOISE?
(is temporary)
Chickpeas – “normal range” $400-800?
Lentils - $450-900?

Port Adelaide Lentils

[Graph showing price fluctuations from 1996 to 2016, with red dashed lines indicating price ranges and red circles highlighting specific years with high prices.]
Field Peas - $250-350?

Port Adelaide Field Peas

[Graph showing price trends from 1996 to 2016 with highlighted peaks in 2008 and 2015.]
FACTS?
(Know who the gorillas are)
CHICK PEAS – India dominates; Aust largest exporter

World Chickpea Production (Mt)

- India
- Australia
- Pakistan
- Turkey
- Other
LENTILS – Canada dominates

World Lentil Production (Mt)

- 2010
- 2011
- 2012
- 2013
- 2014
- 2015

Canada | India | Turkey | United States | Australia | Other

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FIELD PEAS – Canada dominates + Russia

World Fieldpea Production (Mt)
Separate the noise from the real trends
2. Pulses in context ….. are small

<table>
<thead>
<tr>
<th>Crop</th>
<th>Global</th>
<th>Aust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>900 mmt</td>
<td>8 mmt (barley)</td>
</tr>
<tr>
<td>Wheat</td>
<td>700 mmt</td>
<td>25 mmt</td>
</tr>
<tr>
<td>Soybeans</td>
<td>250 mmt</td>
<td>2-3 mmt (canola)</td>
</tr>
<tr>
<td>Pulses</td>
<td>60 mmt</td>
<td>1-2 mmt</td>
</tr>
</tbody>
</table>
Pulses – ?
Last 50 years…World production (mn tonnes)

<table>
<thead>
<tr>
<th></th>
<th>1961</th>
<th>2012</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>200</td>
<td>900</td>
<td>+330%</td>
</tr>
<tr>
<td>Rice</td>
<td>220</td>
<td>700</td>
<td>+230%</td>
</tr>
<tr>
<td>Wheat</td>
<td>230</td>
<td>700</td>
<td>+210%</td>
</tr>
<tr>
<td>Soybeans</td>
<td>25</td>
<td>260</td>
<td>+850%</td>
</tr>
<tr>
<td>Pulses</td>
<td>35</td>
<td>60</td>
<td>+70%</td>
</tr>
</tbody>
</table>
Australian Pulse Production (Mt)

Chickpeas, Lupins, Lentils, Fabas, Field Peas

2006 to 2016
2. Summary – Pulses in context

• Global and Australian production has been largely stagnant

• Starting to rise …. Chickpeas, Lentils?

• Have not received the science attributed to cereals, oilseeds… so far

• Indian sub-continent – feast or famine? (weather and politics)
3. The Opportunity – a new “story”

• We know the “protein story” – extraordinary demand growth (animal protein = grain demand)
3…. A new story…. 

• We know the “protein story” – extraordinary demand growth (animal protein = grain demand)

• Now, the “health story” - in 3 dimensions

- Human … diseases of affluence (diabetes, obesity)
- Environment…sustainability of animal vs plant protein
- Animal … welfare issues.

>>> Attitude of “now” generation to food sources
<table>
<thead>
<tr>
<th>1kg Red Meat</th>
<th>Footprint</th>
<th>1kg Pulses</th>
</tr>
</thead>
<tbody>
<tr>
<td>26 KG CO2</td>
<td>CARBON</td>
<td>1.55 KG CO2</td>
</tr>
<tr>
<td>15,500 LITRES</td>
<td>WATER</td>
<td>2,900 LITRES</td>
</tr>
<tr>
<td>109 GLOBAL SQ M</td>
<td>ECOLOGICAL</td>
<td>19 GLOBAL SQ M</td>
</tr>
</tbody>
</table>
“Millennial” generation demands...

- Info on origin & quality of food
- The impact of what we eat
- No longer a “leftie, hippie fringe”
- The attitude of “Big Food” is changing

- And pulse is a stellar converter of water to protein
There is a shift occurring....

<table>
<thead>
<tr>
<th>Traditional</th>
<th>Novel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whole pulses</td>
<td>Flours &amp; fractions</td>
</tr>
<tr>
<td>Soups</td>
<td>Batter &amp; breading</td>
</tr>
<tr>
<td>Sauces</td>
<td>Bakery</td>
</tr>
<tr>
<td>Dips, spreads</td>
<td>Beverages</td>
</tr>
<tr>
<td>Ready to eat</td>
<td>Meat analogues</td>
</tr>
<tr>
<td></td>
<td>Snacks</td>
</tr>
<tr>
<td>PRODUCTION</td>
<td>CONSUMPTION</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>GROWTH IN CHICK PEAS AND LENTILS</td>
<td>HUGE CATEGORY GROWTH!!</td>
</tr>
</tbody>
</table>
3. Opportunity? - The PULSE is strong!!!
4. OK, how do I market pulses?

- $200-$400 intra-season volatility
Fabas - $250-450?

Port Adelaide Faba Beans

Profarmer AUSTRALIA


150 200 250 300 350 400 450 500 550 600 650

Profarmer Grain Exchange Crop Forecasters
Port Adelaide Lentils Decile
Pulses – Brand or Bulk?

• Value add, don’t cost add
• The value belongs to the “brand manager”
• Pulses, unlike cereals, are directly consumed and are a chance…. but do your sums….
• AND…..what about market access for BULK protein source for stockfeed (Lupins: dairy, pork)

• For now……BULK + BRAND
E.g., ......@ $7.50/kg!!
SUMMARY

• Globally, pulses are a niche crop
• Opportunity, measured by the pulse beat, is VERY STRONG
• The HEALTH story is much bigger than the PROTEIN story
• Pulse marketing principles – Brand AND Bulk

• IYP 2016 - Eat more Pulses for People and the Planet!
THANKS – QUESTIONS??

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