

# stata

How long can this bull market last?

# **Why prices are strong**

**Biofuel competing for land use**

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**Indian subcontinent demand**

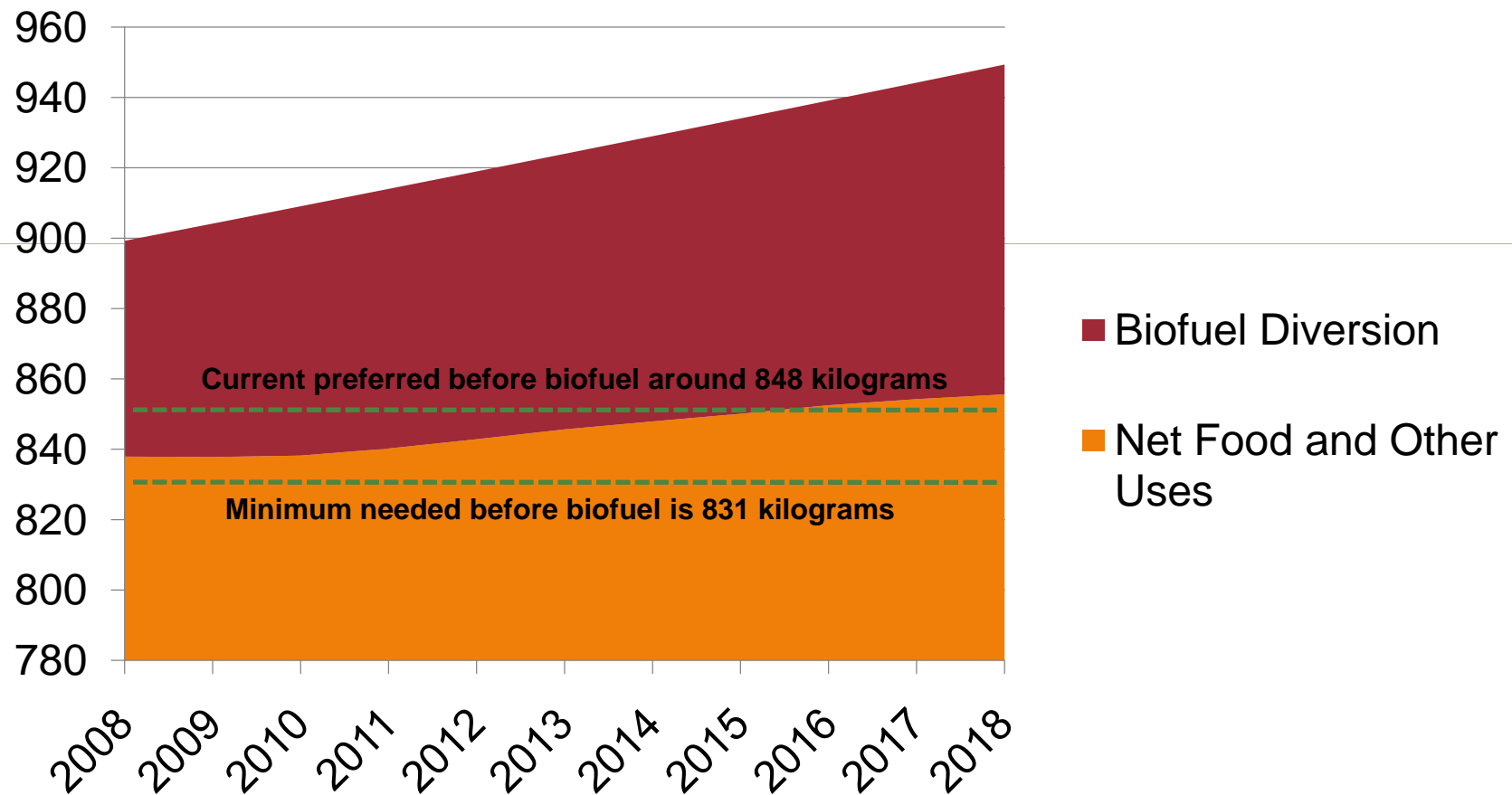
**Farmers do not need to sell**

# Simplified View of Effect of Price on Production and Demand



# World Production Outlook

(kilograms per human being)



# **Human Beings Eat Too Much**

**Average Woman Needs 2000 Calories**

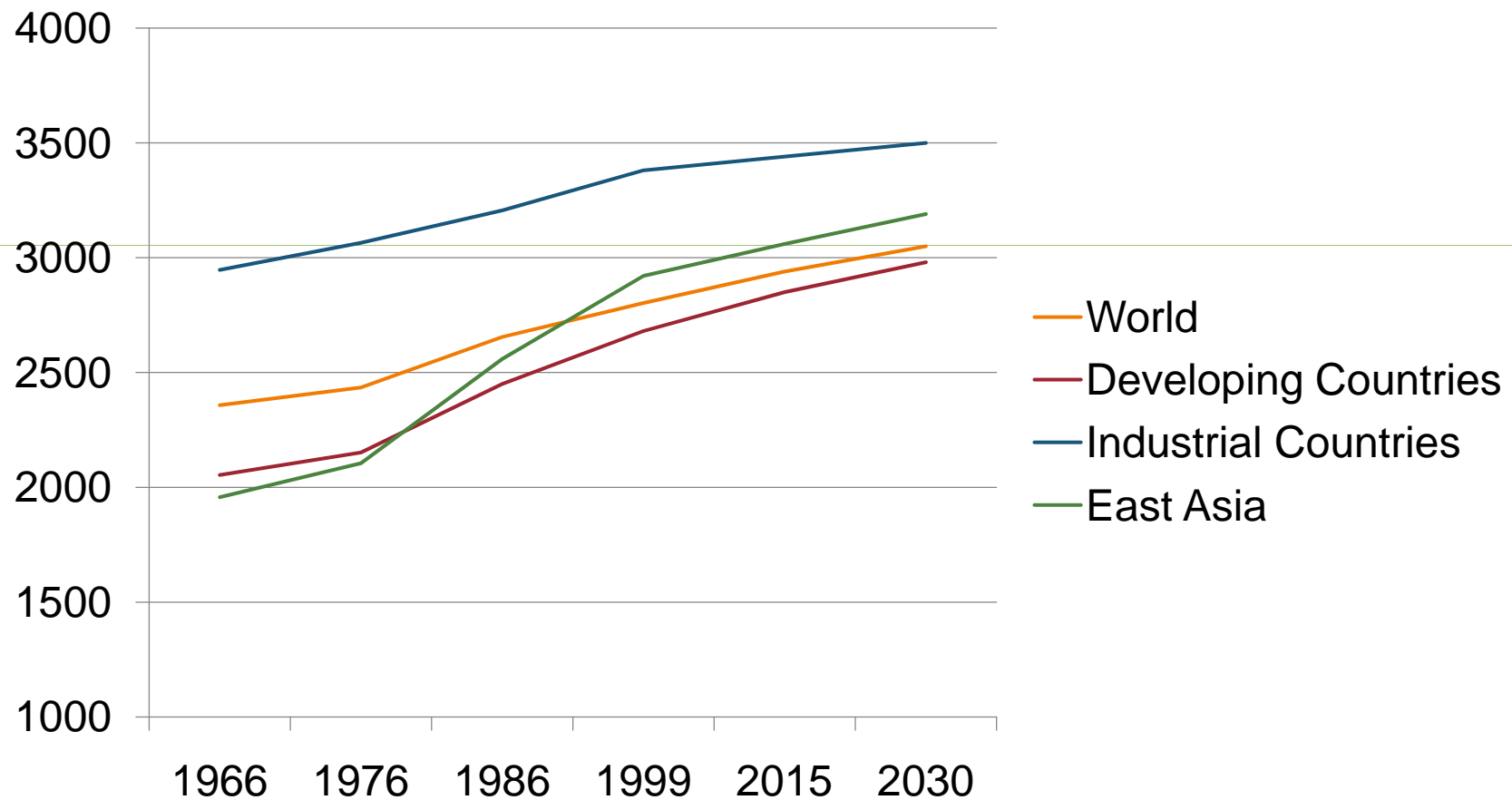
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**Average Man Needs 2700 Calories**

**Average Human Eats 19% Too Much**

# More Food = Fatter People

(average daily calories consumed)



# **Pulses Lag Population Growth**

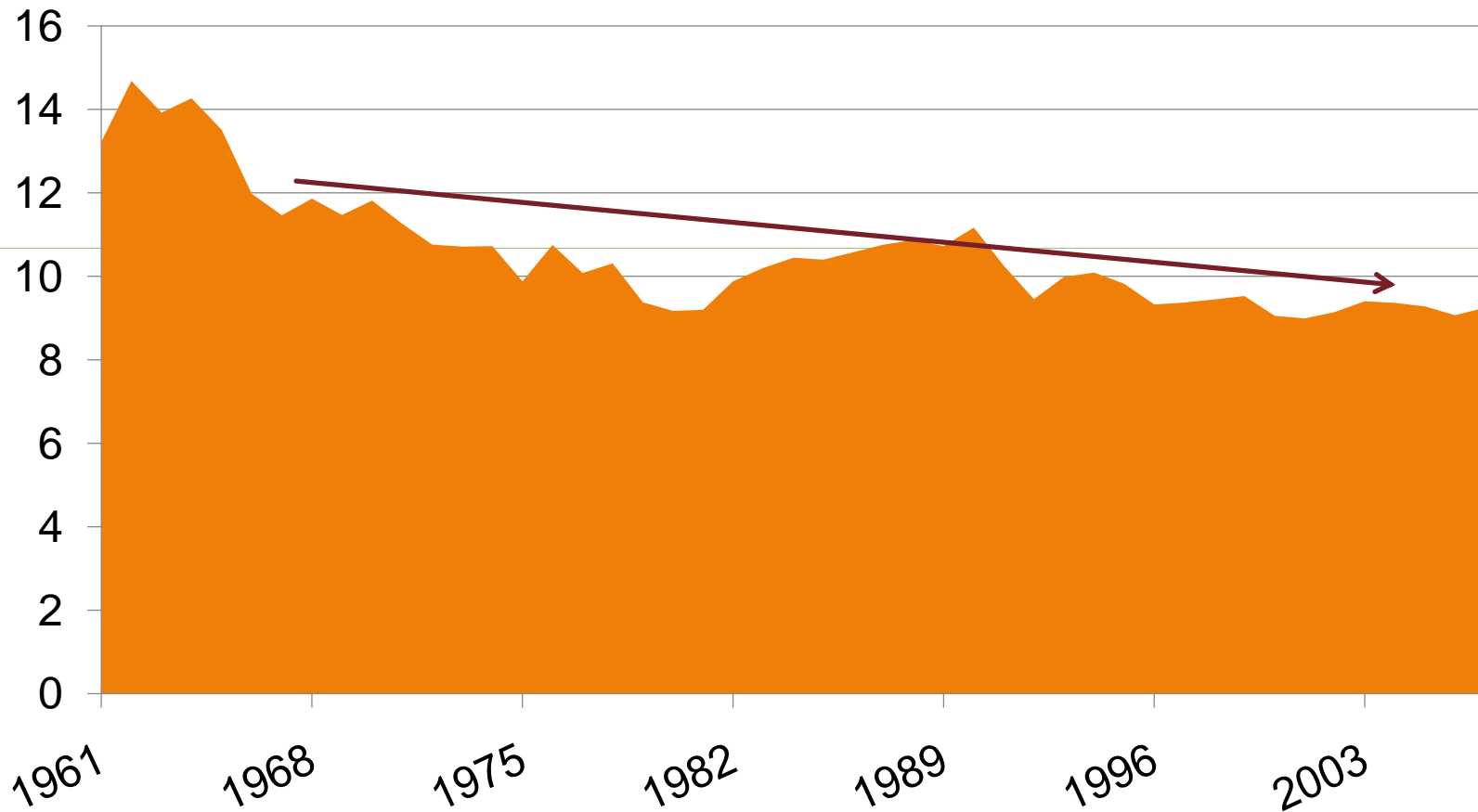
**World Population Up 108%**

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**Pulse Production up 38%**

**Per Capita Production down 34%**

# Per Capita Pulse Output Falling (kilograms per human being)



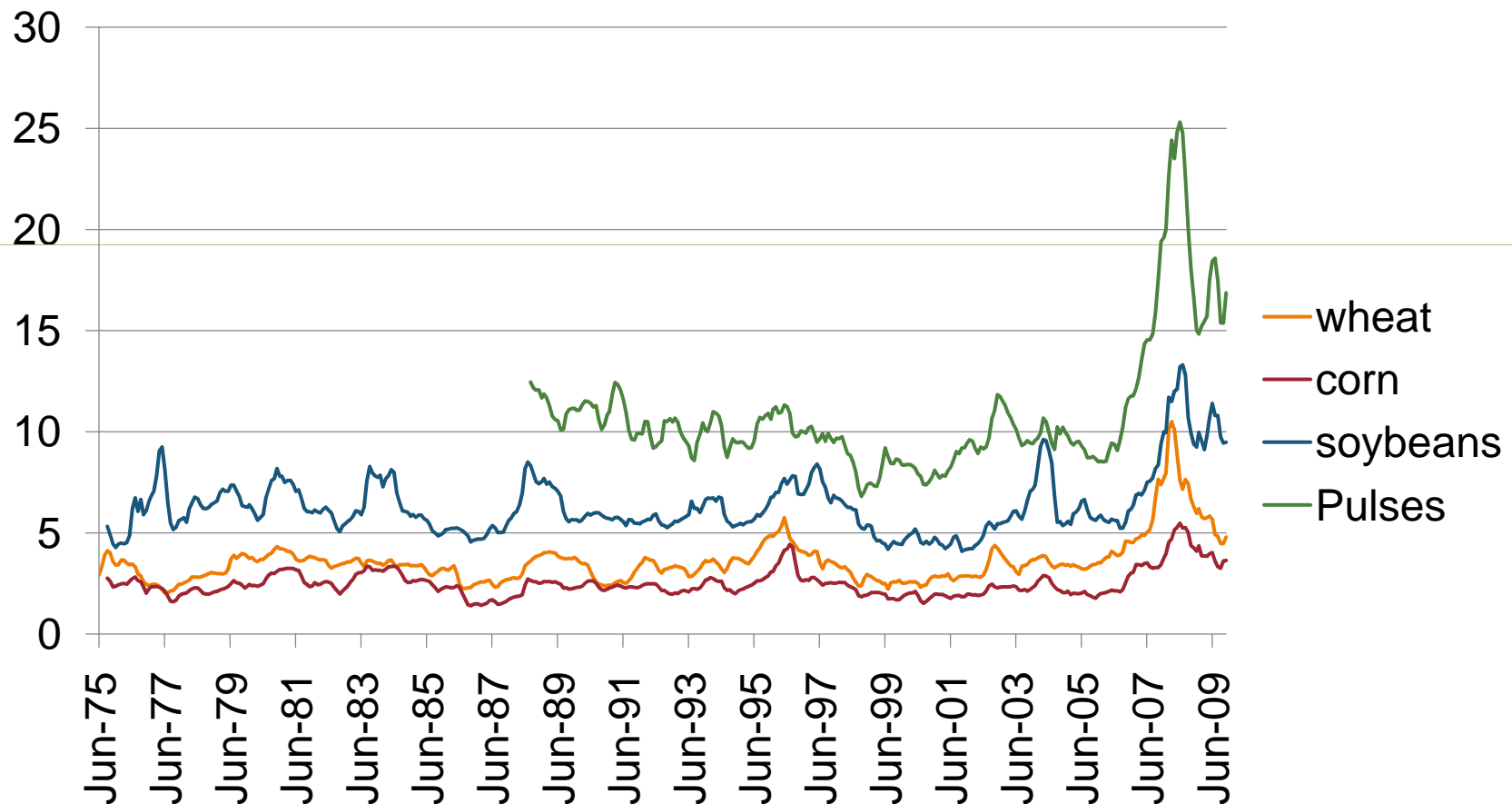
# **The Real Competition**

**Lentils compete for land based on potential gross returns to farmers**

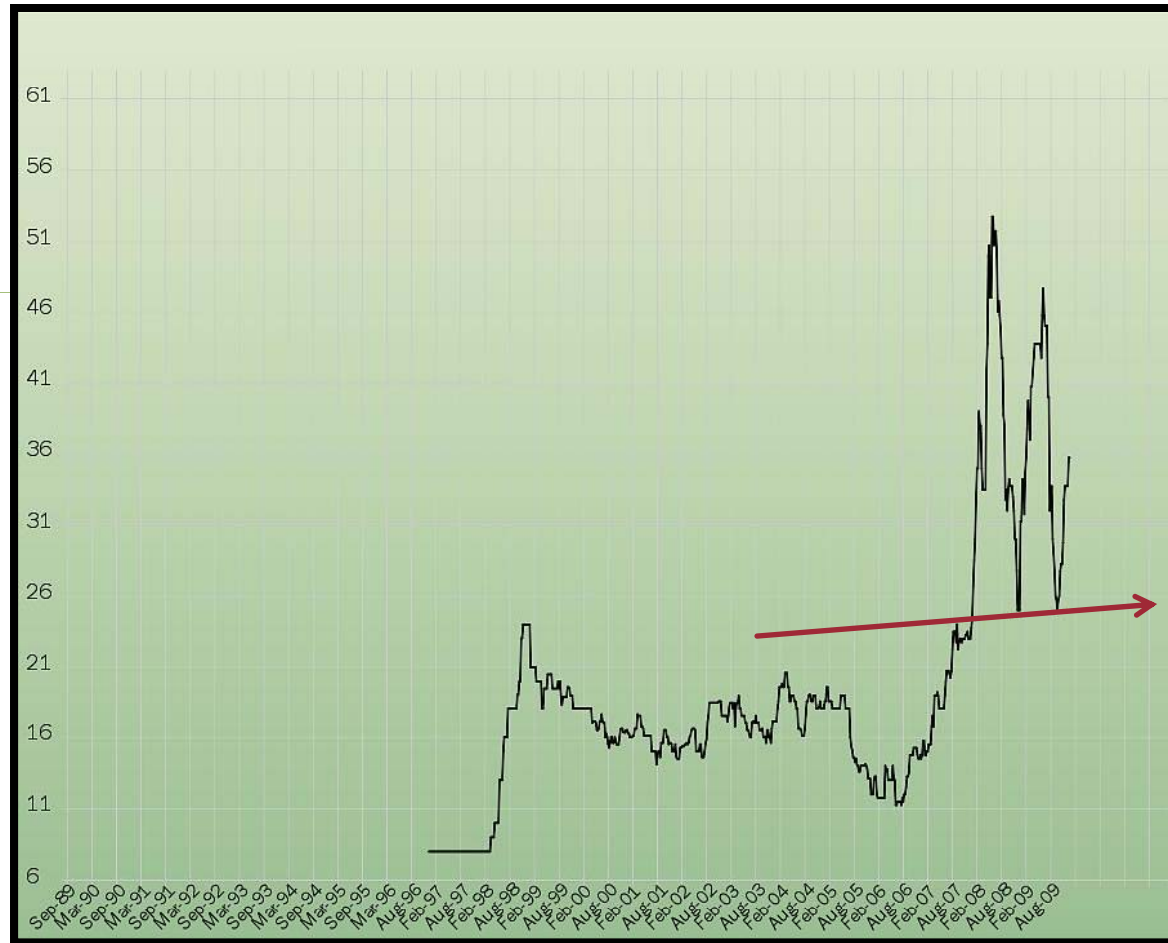
**Lentils compete for consumer demand based on relative cost to other foods**

# U.S. Farm Prices 1975-2009

(U.S. dollars per bushel – pulses are points)



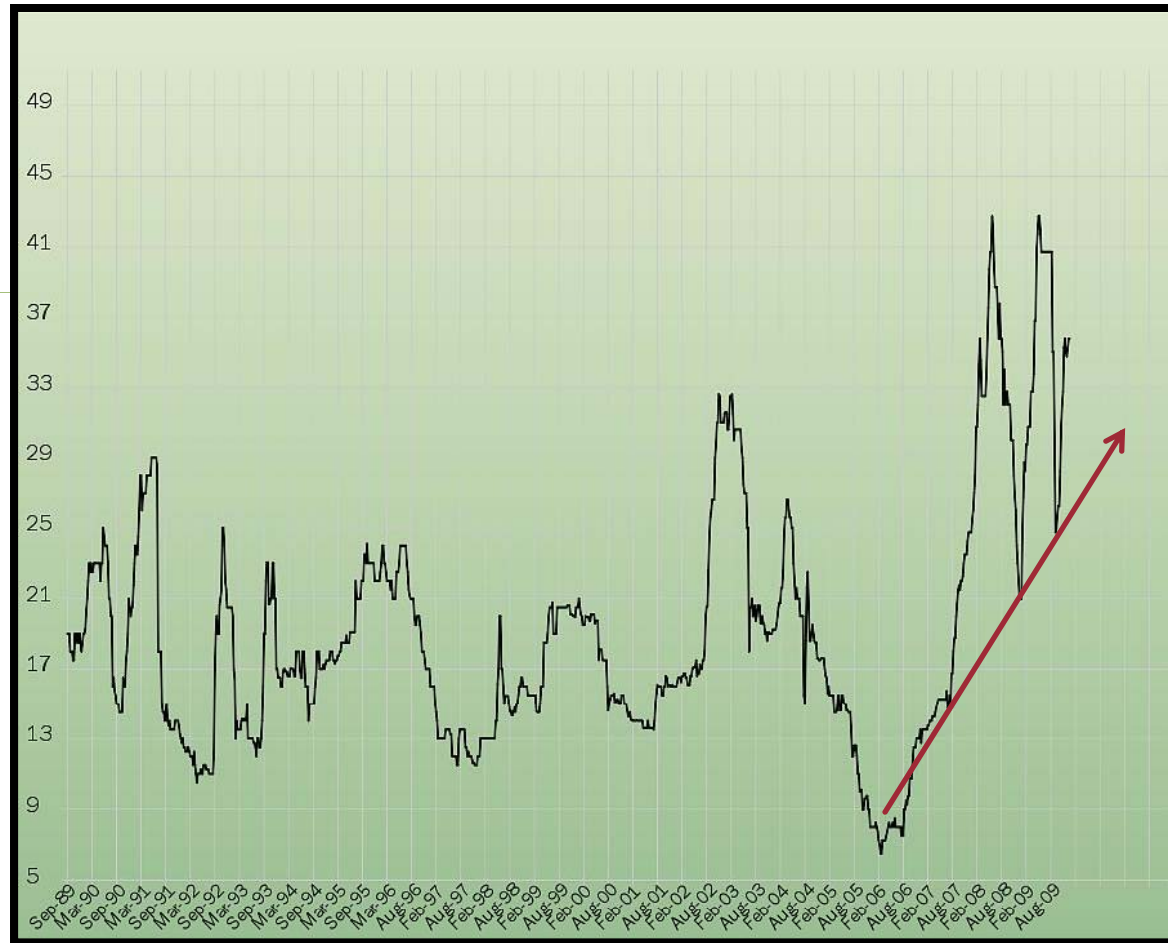
# No 2 Red Lentil Bids (cents per pound)



# Red Supply-Demand

	2009-10	2010-11
Acreage	1,260,000	1,486,000
Production	784,100	883,900
Carry In	9,200	231,000
Supply	<b>793,300</b>	<b>1,114,900</b>
Exports	492,600	553,800
Domestic	69,700	117,100
Carry Out	<b>231,000</b>	<b>444,000</b>
Supply/Use	41%	66%

# No 2 Large Green Lentil (cents per pound)



# Large Green Supply-Demand

	2009-10	2010-11
Acreage	830,000	1,299,000
Production	516,900	703,500
Carry In	14,500	65,000
<b>Supply</b>	<b>531,400</b>	<b>768,500</b>
Exports	396,700	381,800
Domestic	69,700	95,700
Carry Out	<b>65,000</b>	<b>291,000</b>
Supply/Use	14%	61%

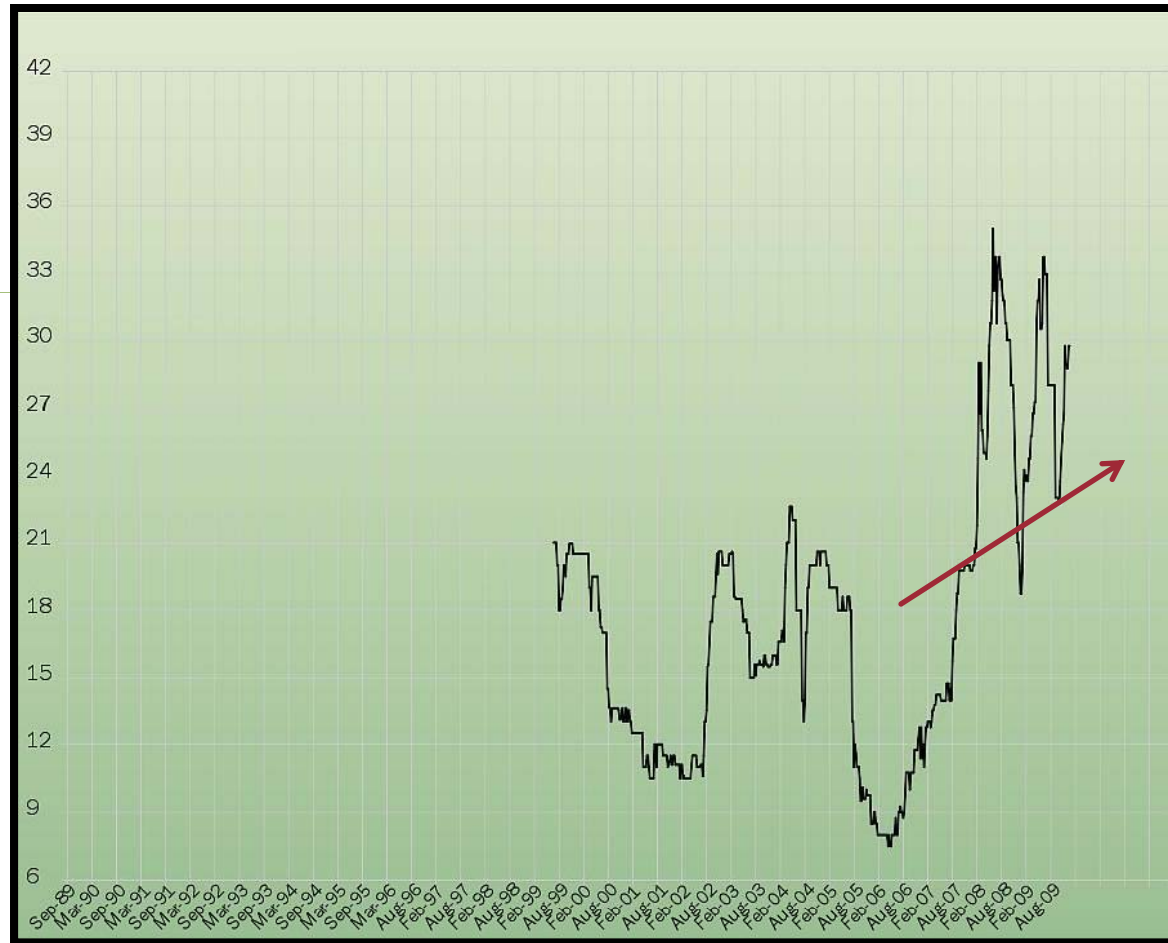
# No 2 Medium Green Lentil (cents per pound)



# Medium Green Supply-Demand

	2009-10	2010-11
Acreage	49,000	54,000
Production	32,000	34,600
Carry In	2,200	8,000
Supply	<b>34,200</b>	<b>42,600</b>
Exports	23,000	21,200
Domestic	3,200	4,400
Carry Out	<b>8,000</b>	<b>17,000</b>
Supply/Use	31%	66%

# No 2 Small Green Lentil (cents per pound)

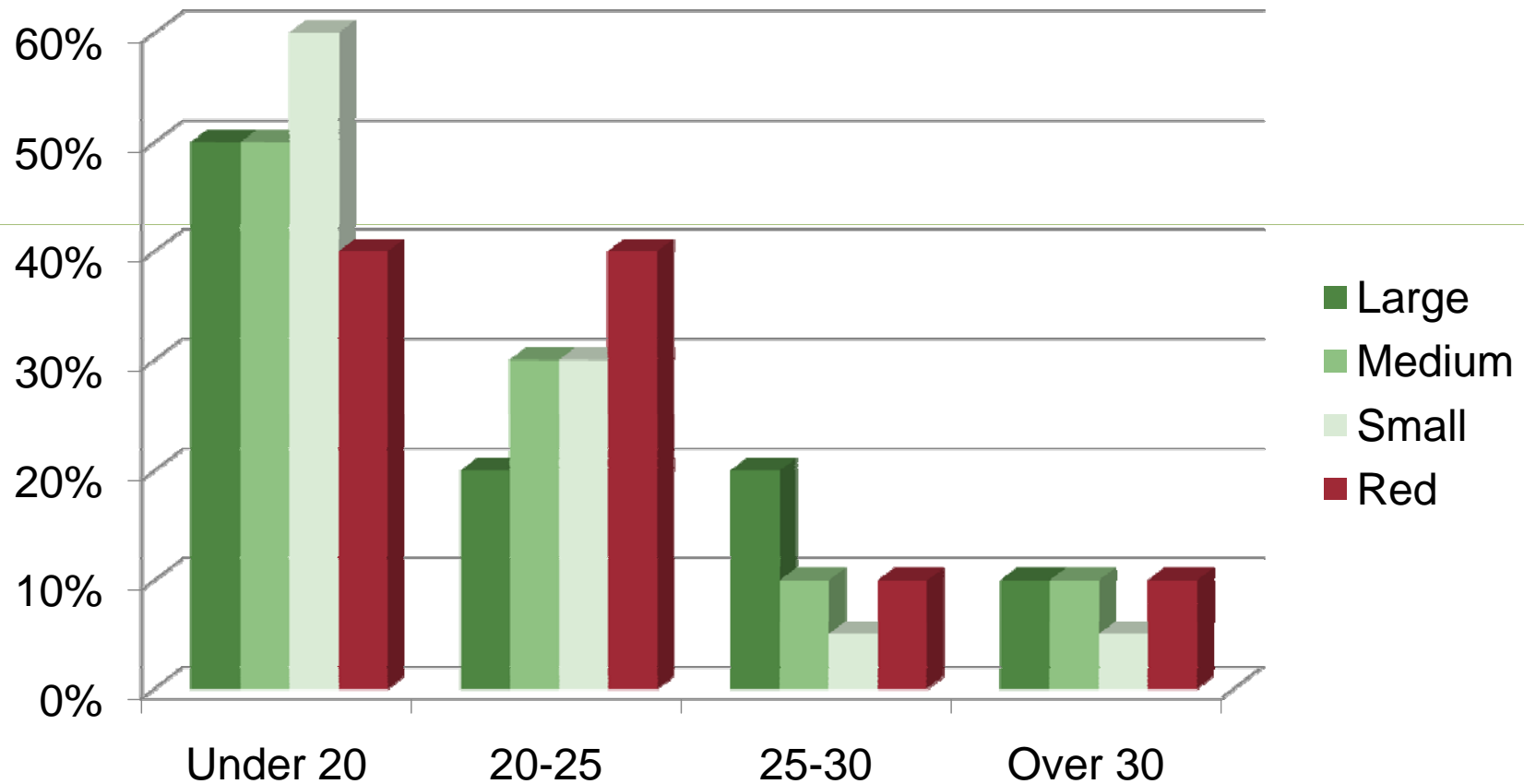


# Small Green Supply-Demand

	2009-10	2010-11
Acreage	250,000	328,000
Production	171,200	194,600
Carry In	5,900	45,000
Supply	<b>177,100</b>	<b>239,600</b>
Exports	118,900	119,000
Domestic	13,200	24,600
Carry Out	<b>45,000</b>	<b>96,000</b>
Supply/Use	34%	67%

# Price Range Probability 2010-11

(cents per pound)



# **What Does it Mean**

**Today's high prices will boost seeded area in the spring**

**Prices will decline unless there is a supply or demand shock**

**Underlying firmness in agriculture markets through 2014-16**