

PULSES

13-18th JUNE, 2005

INTERNATIONAL HIGHLIGHTS

Better Harvest of Pulses in Pakistan This Year

Pulses harvest in Pakistan has increased sharply this year amidst higher area coverage and yield level achieved in Deshi chickpea. Total pulses production in Pakistan have projected at 1.278 million tonnes this year, increased by 34% from 0.953 million tonnes estimated the year 2004-05. The increase in production has been achieved in chickpea only and projected at 0.908 million tonnes, about 66% increased from 0.548 million tonnes in last year. Although the increased production of pulses is not expected to have any significant impact on pulses import scenario in Pakistan. Since the increase was in desi type chickpeas, Pakistan is in a position to export significant quantities to neighboring countries in competition with product from Canada and Australia.

Reduced production of other pulses likely to help sustain imports for those products at high levels. The net result is imports could decline from an estimated 320,100 tonnes last year to a forecast 314,900 tonnes this year. Pakistan's pulse exports expected to increase from around 58,300 last year to 297,600 tonnes this year. Exports of Deshi chickpea is set to increase from around 5,300 tonnes last year to around 241,000 tonnes this year. The increased export expectation of Pakistani Deshi chickpeas will increase competition for pulses from Canada, Australia, France and the United States in India, Bangladesh and Sri Lanka. Mung bean harvest is projected at 136,500 tonnes this year.

Lentil and whole yellow pea production is expected well below the Pakistan's annual domestic consumption needs. Average annual lentil usage is projected at 120,000 tonnes, while production is projected below 30,000 tonnes resulting in the country's imports need between 75,000 and 95,000 tonnes of lentils from Canada, Australia, India and Turkey. Pakistan consumes around 120,000 tonnes of yellow peas a year, covering nearly all its needs with imports. Black matpe usage is around 90,000 tonnes per year, while local crops range up to 45,000 tonnes, with the result 45,000 to 60,000 tonnes are imported.

Latest Canadian Pulses Export Progress

Canadian whole and split pea exports totaled at 143,452 tonnes during April 2005. Spain was the most important destination, which bought 47,848 tonnes followed by India (39,112 tonnes) and China (19,286 tonnes). Pea exports from Canada totaled at 1,284,992 tonnes during marketing year August-April 2004-05, improved by 19.3% from 1,076,858 tonnes during same period last year. Canadian lentil exports in April month 2005 totaled at 34,404. Algeria bought the highest quantity (8,446 tonnes) followed by

Colombia (3,313 tonnes) and Morocco (2,288 tonnes). Lentil exports during marketing year August-April 2004-05 totaled 353,637 tonnes, increased by 10.3% from 321,041 tonnes of exports during corresponding period last year.

Canadian chickpea exports totaled 4,933 tonnes in April month 2005. August-April marketing year chickpea exports have reduced by 28.9% this year at 34,949 tonnes from the 49,158 tonnes exports during same period last year.

Exports of Field Pea from France Recovered in April

Field pea exports from France has recovered in April month and totaled at 39,990 tonnes, increased slightly by 7.4% from 37,225 tonnes exports last month. But exports are down from 54,250 tonnes during corresponding month last year. Overall July-April marketing year 2004-05 exports have totaled 460,735 tonnes, increased by 6.6% from total exports of 432,150 tonnes during corresponding period last year. Belgium was the most important destination, which took about 27,265 tonnes followed by Netherlands (7,085 tonnes) and Ireland (1,500 tonnes).

Pakistan Chickpeas Demand-Supply Estimates

Year	2001	2002	2003	2004	2005
Area (hectares)	905,000	933,900	963,000	986,000	1,136,400
Yield	439	388	701	556	799
Production	397,000	362,100	675,000	548,000	908,200
Imports	106,123	182,062	123,261	73,300	50,500
Supply	606,123	613,162	873,261	716,300	991,000
Exports	4,751	2,580	8,265	5,300	241,000
Consumption	532,372	535,582	769,996	678,700	750,000
Ending Stock	69,000	75,000	95,000	32,300	0

Pakistan Lentil Demand Supply Estimates

Year	2001	2002	2003	2004	2005
Area (hectares)	46,000	46,100	49,000	51,000	45,600
Yield	585	568	596	588	597
Production	26,900	26,200	29,200	30,000	27,200
Imports	68,441	67,068	80,769	89,100	86,300
Supply	95,341	93,268	109,969	119,100	113,500
Exports	111	984	518	600	700
Consumption	95,230	92,284	109,451	118,500	112,800

Pakistan Pulses Demand-Supply Estimates ('000 tonnes]

Year	2001	2002	2003	2004	2005
Area (hectares)	1485.6	1549.8	1565.7	1607.0	1706.4
Yield	770.3	762.7	1073.3	953.0	1277.8
Production	370.8	460.4	394.0	320.1	314.9
Imports	1244.1	1292.1	1542.3	1368.1	1625.0
Supply	39.6	28.3	110.0	58.3	297.6
Exports	1135.5	1188.8	1337.2	1277.5	1327.4
Consumption	69.0	75.0	95.0	32.3	0.0
Ending Stock	1485.6	1549.8	1565.7	1607.0	1706.4

DOMESTIC SCENARIO

State-wise Procurement of Pulses during Rabi-2005

Commodity	State	MSP Rs/qt.	Qty. Procured (MT)
Gram *	Madhya Pradesh	1425	91811
	Maharashtra	1425	22
	Chhatisgarh	1425	10448
	Rajasthan	1425	4300
	Gujarat	1425	38
	Uttar Pradesh	1425	486
	Total		107105
Masoor *	Madhya Pradesh	1525	5454
	Total	1525	5454

*As on 19.05.05 Source: GOI

PRODUCTION OF PULSES IN INDIA:

Major Pulses	***Production Est. 2004-05	**Production Est. 2003-04	*Final Est. 2002-03
Chickpea	6.30	5.75	4.13
Tur	2.56	2.43	2.21
Oth. Kh. Pulses		3.90	3.10
Oth. Rb Pulses		3.13	2.89
Total	15.01	15.23	11.14

*Government of India (GOI) final estimated figures; ** GOI fourth advanced estimates *** Second advance estimates

WEATHER UPDATE

All India Medium Range Weather Forecast Valid for Next 5 Days.

A. Monsoon Outlook:

Southwest has further advanced over west central and north Bay of Bengal, entire Nagaland, Manipur, Mizoram & Tripura, Arunachal Pradesh, Assam & Meghalaya and parts of sub Himalayan West Bengal and Sikkim. Northern limit of monsoon passes through 15°N/60°E, 15°N/70°E Pamjim, Chitradurga, Anantapur, Kaveli, 17°N/85°E, 21°N/89°E, 24°N/90°E & Gangtok.

Prediction suggests that monsoon may progress further, and cover more areas of Sub-Himalayan west Bengal and Konkan & Goa leading to **onset of monsoon over Mumbai & neighbourhood during next 3 days.**

B. Heat Wave Condition:

Severe heat wave conditions prevailed over many parts of Orissa, Jharkhand, Bihar, Chhattisgarh, Vidarbha, east U.P. and east M.P. Heat wave conditions also prevailed over parts of west M.P., west Rajasthan and Marathwada. **Improvement of in heat wave condition is expected in Orissa and Jharkhand during next 2 days.**

North & North-West India [J&K, HP, Uttranchal, Punjab, Haryana, West UP]

- Mainly dry weather is likely to prevail over plains of northwest India during next 3-4 days.
- A western disturbance is likely to cause isolated to scattered rainfall/snowfall over hilly regions of NW India (J&K, H.P. and Uttranchal) during next 3 days.

East and NE India [East UP, Bihar, Jharkhand, West Bengal, Orissa, NE States]

- North-eastern states and Sub-himalayan West Bengal are likely to receive increased rainfall activity with fairly widespread to widespread rains/thundershowers over the region during next 3-4 days.
- Scattered rain/thundershowers are expected over Gangetic West Bengal and Orissa and isolated over Jharkhand and Bihar during next 2-3 days. Thereafter, rainfall activity over Gangetic West Bengal is likely to increase.

Central India [MP, Chattisgarh, Vidarbha]

- Mainly dry weather is expected over the region.
- **Prevailing Heat wave condition over Chattisgarh and South Madhya Pradesh is likely to improve during next 2-3 days.**

South India [Tamil Nadu, AP, Kerala, Karnataka, Andaman & Nicobar Islands, Lakshadweep]

- **Heat wave condition has shown improvement and is now abated from coastal A.P.**
- Fairly widespread rainfall is likely over Andaman & Nicobar Islands, and Lakshadweep. Scattered rainfall is expected over Kerala, Coastal Karnataka, South Interior Karnataka and Coastal A.P. during next 24 hours. **Rainfall activity over Lakshadweep, Kerala and Coastal Karnataka may increase subsequently for next 4 days.**

West India [Maharashtra other than Vidarbha, Gujarat, Rajasthan]

- Gujarat and Rajasthan are likely to experience mainly dry weather during next 2-3 days.
- Konkan & Goa, Madhya Maharashtra and Marathwada are likely to receive isolated to scattered rainfall activity. There may be increase in rainfall activity over Konkan & Goa after 18th June.

Source: GOI

MARKET HIGHLIGHTS

CHICKPEAS:

SUPPLY DYNAMICS: Arrivals of Deshi chickpea from the producing centres of Rajasthan and Madhya Pradesh remain lower this week also and fluctuated in the range of 30-60 motors a day at Lawrence Road market of Delhi. Chana supplies at Indore and Kanpur remain in the range of 1000-2500 bags a day. Supply of gram in markets of Maharashtra and Southern states heard limited.

MARKET OUTLOOK: Owing to the lower supplies in the market, delayed monsoon progress and below normal rainfall expectations and tight supply in consuming markets stockists and millers offering enough buying enquiries. Following the speculative buying from the stockists and sufficient demand offers from the millers Gram trade continued on bullish track this week. The prices in cash markets again touched a record level of Rs 1751-1761 per quintal, which was noticed in April-May 2003.

Though during the mid of the week, millers and stockists were refraining from buying at prevailing high prices in the market but increased short covering and speculative buying led to firm trade again at the end of the week. CNF offers also heard tight at US\$ 360-365 per tonnes this week on the high prevailing prices in Indian markets. At the secondary centres steady to firm trade noticed this week in Gram trade this week owing to continued activeness of stockists and millers and continued firm trade at Delhi. Gram trade expected to witness moderate fluctuation in the coming days amidst the monsoon concerns, speculative trade in Vayda and activeness of stockists.

Desi Chickpea Price Change in Delhi and Indore (Rs/ql.)

Date	Rajasthan (Delhi)	M.P. (Delhi)	Indore (Kantewala)
11.06.05	1631-1641	1631-1651	1671
13.06.05	1681-1685	1681-1685	Closed
14.06.05	1711-1721	1711-1721	1701-1711
15.06.05	1701-1705	1701-1705	1711-1721
16.06.05	1701-1705	1701-1705	Closed
17.06.05	1701-1711	1701-1711	1701
18.06.05	1721-1731	1721-1731	1721-1725

Prices in Mandis of Maharashtra/ UP/ Karnataka

Centres	11.06.05	18.06.05
Gulbarga New	1925-1951	2001
Latur (Gauran)	1551-1601	1601
Latur (Annagiri)	1825-1851	1851
Latur Vijay	1651-1675	1701
Jalna (Gauran)	1675	1701
Jalna (Pila)	1701-1751	1751
Akola (Mixed) motor cut	1691-1701	1721-1731
Akola new (Chapa) motor cut	1725-1735	1741-1751
Kanpur (mandi rates)	1701	1781-1791

LENTILS:

SUPPLY DYNAMICS: Lentil supply has reduced in the markets and continued at lower levels presently. Supply of Lentil has fluctuated in the range of 500-1500 bags at Indore and Kanpur markets this week.

MARKET OUTLOOK: Lentil trade this week saw sufficient demand support from the millers and exporters at Delhi as well as in the secondary centres. Following the enough buying enquiries from the exporters and millers and firm trade in other pulses, Lentil traded firm this week at Delhi and witnessed gains of about Rs 50-60/ql. this week. At the Indore and Kanpur markets also Lentil trade remain bullish on the enough activeness of exporters and millers and prices gained this week by Rs 60-80 per quintal over previous weekend offers. Lentil trade is expected to trade with firm undertone in the coming week on the persistent demand from exporters and millers of consuming centres and reduced supplies in the markets.

Prices in Delhi/ UP/ Indore (Rs/ql.)

Date	MP/Kota Line (Delhi)	UP/Sikari (Delhi)
11.06.05	1875-1911	1975-2001
13.06.05	1901-1931	1975-2025
14.06.05	1941-1951	2031-2035
15.06.05	1901-1925	2001-2025
16.06.05	1925-1951	2025-2051
17.06.05	1925-1951	2025-2051
18.06.05	1925-1971	2051-2061

Prices at Secondary Centres (Rs/ql.)

Date	Indore Masra	Indore Masoor	Indore Medium	Kanpur	Bareilly
11.06.05	1951	1941	1851	1921	1961
13.06.05	Closed	Closed	Closed	1971-1975	2021-2025
14.06.05	1981-1991	1971	1875	1981-1991	2031
15.06.05	2011	2001	1901	2001	2041
16.06.05	Closed	Closed	Closed	1991-2001	2041
17.06.05	2001	1991	1901	1981-1991	2031-2041
18.06.05	2031	2021	1901-1925	1981-1985	2031-2041

TUR:

SUPPLY DYNAMICS: Arrivals of Tur in Latur, Gulberga and Vijaywada markets fluctuated in the range of 2000 to 8,000 bags on daily basis this week. Supply of Tur is limited in the markets on tight stock position.

MARKET OUTLOOK: Tur trade this week remain steady with firm undertone in the market amidst the reduced demand support from the millers and stockists. Demand of Tur from the consuming centres remains lower this week on the high prices particularly in midst of the week. Though Tur prices witnessed marginal improvement in the start of the week on reduced supply and sufficient enquiries from millers. Overall Tur traded steady this week at Delhi and Mumbai centres. At the secondary centres also, Tur trade

remain steady with marginal firmness in the market on the reduced supplies and limited buying enquiries this week from the millers and stockists. Following the persistent activeness of millers and stockists on the tight stock position in the markets, Tur trade is expected to trade with firm undertone with mild corrections.

Tur Prices at Delhi / Mumbai (Rs/qrt.):

Date	Burma Spot Delhi	Maharashtra Line (Delhi)	Burma Spot Mumbai	Lemon (Mumbai - Jun/July)
11.06.05	1975-2075	1875-2151	1961	1975
13.06.05	2075-2101	1875-2151	1981-2001	2021
14.06.05	2101	1875-2151	1981	2011
15.06.05	2075	1875-2125	1951	1975
16.06.05	2101	1851-2151	1951-1961	1981
17.06.05	2075	1851-2125	1951-1961	1981
18.06.05	2075	1851-2125	1955-1965	1975-1985

Tur Prices in secondary markets

QUALITY AND CENTRE NAME	11.06.05	18.06.05
Gulbarga - Red Tur	2001	2001
Latur Red tur (Mh Line)	2051-2065	2075-2085
Latur White tur (Mh Line)	2025-2041	2075-2101
Jalna Red	1851-1875	1901-1951
Jalna White	1951-2001	2001-2025
Jalna BDM	2001-2025	2025-2051
Akola Red Marathwada Line (motor cut)	1991-2001	2041-2051
Akola Red Vidharbha Line (motor cut)	2001-2035	2031-2051
Suryapet Red Tur	1925-1931	1951

International Price for Tur USD/MT CNF (Mumbai) 90 Days

DATE	Burmese (faq/lemon/ shwebo)
11.06.05	375-400
13.06.05	375-405
14.06.05	380-405
15.06.05	385-410
16.06.05	385-415
17.06.05	385-420
18.06.05	385-430

URAD:

SUPPLY DYNAMICS: Loading of Urad in Burma has heard for delivery in the first week of July at Mumbai port. About 75 containers of Urad had arrived recently at Chennai Port. Contracts of about 300 containers of Urad imports for June month delivery at Chennai port heard. Urad arrivals have reduced and fluctuated in the range of 1,000-2500 bags on daily basis this week at Vijaywada market. Supply of Urad is depleting gradually in the markets.

MARKET OUTLOOK: Urad trade witnessed moderate fluctuations this week on the monsoon progress and below normal rainfall expectations. The local as well as upcountry millers and stockists continued to offer sufficient enquiries leading to slight firm trade in the start of the week. But midst of the week witnessed reduced demand from local as well as upcountry millers and stockists leading to marginal weakness. Overall Urad traded with firm undertone this week and gained by Rs 20-30 per quintal this week at Delhi and Mumbai markets. At the secondary centres Urad traded firm this week on reduced supply in the markets and sufficient buying offers from the millers. At Gulbarga, Akola and Latur centres, buyers offered sufficient buying enquiries leading to gains of Rs 25-50 per quintal this week over previous weekend level. Current CNF offers increased this week on the monsoon progress in India and Burma and placed at 385-390 per tonnes led to import parity of above 1875. Therefore, markets are likely to show some fluctuations slightly on upper side from the midst of this week and overall trade expected on higher side with gradual improvement in prices.

Urad Prices in Delhi and Mumbai (Rs/qrt.)

Date	Burma FAQ 2004 (Delhi)	Burma FAQ 2003 (Delhi)	Burma spot FAQ 2004 (Mumbai)	Burma spot FAQ 2005 (Mumbai)
11.06.05	1801	1761-1765	1801-1811	1821-1831
13.06.05	1825-1831	1785-1791	NA	1871-1881
14.06.05	1831	1801	NA	1861-1871
15.06.05	1811-1815	1781	NA	1841
16.06.05	1821	1781-1791	NA	1841-1851
17.06.05	1821-1825	1781-1785	NA	1841-1851
18.06.05	1821-1825	1781-1785	NA	1851-1861

Urad Prices in secondary markets

QUALITY	11.06.05	18.06.05
Gulbarga New	1875-1901	1925-1951
Latur loose New	1901-1951	1975
Akola New	1931-1935	1961

International Price Offer For Urad, FAQ, SQ New: \$/MT CNF (Mumbai/ Chennai) 90 Days

Date	F A Q	S Q
11.06.05	370-385	415-430
13.06.05	385-400	435-450
14.06.05	385-400	435-450
15.06.05	385-400	435-450
16.06.05	385-400	435-440
17.06.05	385-400	435-440
18.06.05	390-400	435-440

MUNG:

MARKET OUTLOOK: Supply of new crop of Mung bean from the producing centres of Uttar Pradesh, Bihar and Madhya Pradesh remain in the range of 1000-2000 bags this week and at Indore market supply heard at about 200-350 bags this week. Crop output of Summer Mung from

Uttar Pradesh and Bihar is expected very limited this year about 25-30% of normal. Stock position of Mung bean at many of the secondary centres has reduced to negligible level presently. Supply of Mung bean from Rajasthan has reduced significantly in the markets of Delhi. Demand of Mung continued good this week from millers and stockists. Following these firm fundamentals Mung Bean traded firm till mid of this week and offered at Rs 2701-2751 per quintal. But in the second half of this week Mung bean traded weak on the quality concerns and reduced demand support at the higher offers in the markets. But overall this week Mung bean prices gained by Rs 50-75 per quintal at Delhi market. Mung Bean trade expected to continue on bullish track amidst the bullish fundamentals with short-term corrections.

Latest prices in Mumbai and Delhi (Rs/qt.)

Date	Kekdi/ Kishangarh (Delhi)	Shekhawati -Bisao (Delhi)
11.06.05	2301-2525	2301-2575
18.06.05	2501-2601	2501-2625

International Price Offer for Moong USD/MT CNF (Mumbai) 90 Days

Date	Burmese Pokako	Burmese Annashewa	Burmese Pedishewa
11.06.05	470-485		530-535
18.06.05	485-500		535-550

FIELD PEAS:

MARKET OUTLOOK: Arrivals of field pea at Kanpur market fluctuated in the range of 500-1500 gags on daily basis this week. About 20,000 tonnes imported peas has delivered at Kolkata Port in the vessel 'Andros'. Following the prevailing high prices of other pulses, particularly in Gram, demand of field pea is continued well from the millers. Owing to the sufficient demand from millers, Field pea traded firm this week at Kanpur market and offered at Rs 1241-1251/qt in the midst of the week but increased supply on these higher offers led to reduced offers in the second half of the week. Field pea trade at Mumbai and Delhi also witnessed enough gains this week on sufficient demand offers in the markets. Field pea trade is expected steady with firm undertone on the high volatile prices of Gram and other pulses.

Prices at Kanpur and Mumbai

Offers	Kanpur New	Mumbai Peas
11.06.05	1151-1161	1101-1115
18.06.05	1221-1231	1131-1141

Latest Vessel Position

'Andros' is expected at the port to discharge 22,050 MT of pulses (PEAS). The vessel will be handled by B Ghose agents.

Import contracts have heard for about 250-300 containers for Mumbai port and 300-400 containers for Chennai Port containing Urad and Tur.

India's Import Matrix for Burmese Pulses (Tonnes)

Pulses	Dec, 04	Jan, 05	Feb, 05	Mar, 05	April, 05
Black Matpea	12,171	13,113	14,376	26,256	26,472
Mung beans	1,618	1,390	1,832	3,051	3,317
Black Eye Beans	-	48	477	2,336	2,382
Chickpeas	342	-	48	3,296	631
Tur whole	1,550	10,949	13,852	18,571	5,603
Kidney Beans	270	319	46	275	1,032
Total	15,951	25,819	30,849	54,785	39,720

Monthly Total Exports of Burma (qty. in tonnes)

Months	2003	2004	2005
January	43,885	59,450	37,528
February	65,471	85,062	51,171
March	70,011	131,179	71,433
April	88,772	129,001	56,153
May	51,591	139,895	
June	100,893	98,906	
July	107,520	68,992	
August	87,198	47,786	
September	100,575	30,748	
October	99,008	34,080	
November	36,638	45,107	
December	38,493	35,584	
Total	8,90,055	9,05,790	216,285

(Source: USDA)

Pulses Demand and Supply in China (1000 HA)(1000 MT)

Pulses	2003	2004	2005
China	Estimate [New]	Estimate [New]	Estimate [New]
Market Year Begin	10/2003	10/2004	10/2005
Area Harvested	3586	3300	3600
Beginning Stocks	0	0	0
Production	5882	5300	5800
Total Mkt. Yr. Imports	74	150	160
Oct-Sept Imports	74	150	160
Oct-Sept Import U.S.	0	0	0
Total SUPPLY	5956	5450	5960
Total Mkt. Yr. Exports	806	700	850
Oct-Sept Exports	806	700	850
Total Dom. Consumption	5150	4750	5110
Ending Stocks	0	0	0
Total Distribution	5956	5450	5960

Source: USDA

China Pulse Imports from the World in Metric Tons by October to September Marketing Year

Description	MY 02/03	MY 03/04	MY 03/04	MY 04/05
Pulses	58,347	74,443	30,756	81,329
Peas	48,342	47,129	23,761	65,722
Legumes	8,506	14,469	5,232	8,611
Beans, Mung	374	10,052	232	6,715
Beans, Adzuki	810	1,571	463	72
Chickpeas		999	60	199
Beans, Other	20	88	9	10
Beans, Kidney	148	100	999	0
Lentils	147	35	0	0
Beans, Broad/Horse	0			

Source of data: China Customs

China's Pulse Imports by Origin in Metric Tons (China's Dry Bean, Dry Pea, and Lentil Imports by Origin in Metric Tons)

Country	MY02/03	MY03/04	MY03/04	MY04/05
Total	58,347	74,443	30,756	81,329
Canada	43,366	45,442	23,486	64,803
India	8,040	13,190	4,730	8,260
Myanmar	485	9,351	240	4,359
United Kingdom	3,898	1,721	921	626
Vietnam	790	1,561	458	0
Pakistan	120	960	440	180
Thailand	337	583	71	120
Australia	312	466	36	46
New Zealand	269	379	141	107
United States	568	344	123	339
All Others	163	446	112	2,489

Source of data: China Customs

China Pulse Export to the World in MT by Oct-Sept. Marketing Year

Description	MY02/03	MY03/04	MY03/04	MY04/05
Pulses	1,123,558	805,806	485,157	518,455
Beans, Kidney	665,626	469,418	279,110	361,494
Beans, Mung	276,254	157,482	92,367	67,284
Beans, Adzuki	62,441	68,266	41,845	30,761
Beans, Broad/Horse	24,901	30,531	23,035	17,013
Lentils	37,283	33,520	17,128	24,842
Legumes	21,420	17,790	13,059	7,927
Beans, Others	25,014	22,344	15,536	6,382
Peas	6,671	6,391	3,075	2,705
Chickpeas	3,947	62	2	48

China's Pulse sector outlook

China's edible bean, pea and lentil production (collectively termed pulses) is forecast to reach 5.8 MMT in 2005--an increase of 8 percent over the previous year due to higher kidney bean prices. During 2004, the government's policy

changes favoring grain and oilseed production led to increased acreage of corn, wheat, rice and soybeans, while pulse acreage declined. Pulse farmers receive little direct support from the government. But growing export demand from Japan, South Africa, South Korea, Cuba and Italy has driven China's kidney bean expansion in recent years. On the import side, dry peas are the key pulse, and most are processed for vermicelli production. China's vermicelli production will continue rise as demand grows from both domestic and overseas markets for Chinese dishes.

Processed Pulse Exports Continue to Grow

China exports large amounts of adzuki bean paste to Japan and South Korea. In the past, Adzuki paste fell in the same category as other processed products. To better monitor trade of this product, China customs started to use HTS (20059092) exclusively for adzuki paste trade in 2004. According to the customs data, China's adzuki paste exports totaled 12,421 metric tons valued at \$26.4 million in 2004 with exports to Japan alone reaching \$25 million. The lack of previous data makes it difficult to judge its growth rate, however, trade sources estimate that China's Adzuki paste trade will continue to grow.

Pulse Stocks

No change from FAS Beijing's previous 2004 pulse report. As with any grain or feed in China, no official stock figures are available for pulses. Consistent with previous USDA pulse reports, post estimates stocks at zero (see the PSD table on page 7). However, trading companies reportedly store small volumes of dry pulses near port cities in northern China where it is drier and less costly. Most pulse products exit China from Qingdao or Tianjin for markets in Japan, South Korea, and most recently, South Africa. Therefore, China's pulse stocks are centered around the ports of Qingdao and Tianjin.

Dry Pea Situation

Dry pea imports account for nearly all of China's pulse imports during the past few years. Dry peas, mostly food grade yellow or non-green pea varieties from Canada, are imported by food processors in northern China, primarily in Shandong Province, for vermicelli production. The noodles, traditionally made from mung beans, are a popular food dish in China that can also be made from dry peas. China's vermicelli processing industry is concentrated in Yantai City, Shandong Province.

Currently, the dry pea industry has no industry association representing its interests in China and abroad, though there are pulse associations. However, a trade source reports that the provincial government is coordinating with processors to establish a vermicelli association this year. According to local media reports, there are 140 processors in Yantai. As a favorite ingredient in Chinese dishes such as hot pot, demand for vermicelli from both domestic and overseas markets is forecast to continue rising.

Latest Forex Rates

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.62
European Union	Euro	52.74
United Kingdom	GBP	78.92

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