PRICES

Cycles move pulse markets

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Looking back at pea, lentil and chickpea markets in 2025/26, a person could be excused if they think prices have gone nowhere (or worse). It's true there's been very limited movement in pulse prices over the last year and that perception can shape people's expectations for 2026/27. If we look back further though, we see that these periods of flat markets are more of an exception than the norm.

It's normal for markets to move higher and lower in cycles. These include the typical seasonal cycles within a single marketing year, but larger (and sometimes longer-term) moves don't occur at regular intervals. The reasons vary for these larger cycles, and a brief history lesson will help explain the main but certainly not all of the underlying causes.

The most obvious reason for a large-scale shift in prices is a major weather event in Western Canada. The most memorable was the 2021 drought when yields for peas and lentils dropped roughly 45% from the previous year and production plummeted. Back then, Canadian pulses dominated global trade more than they do now and the reaction was extreme, with prices spiking to multi-year highs and (for peas) hitting record levels. In other years though, big yield changes can cut the other way; the high yields in 2025 are one of the main reasons for weaker prices in the past marketing year. *(See Fig. 1.)*

Shifts in Canadian acreage also drive cycles, both higher and lower. Following 2021/22, prices came down quickly as global buyers waited for supplies to rebound. For green peas and green lentils however, another higher high was still ahead in 2023/24. Canadian acreage of green peas dropped sharply, which kept supplies very low. Seeded area of green lentils also declined and yields were reduced by dry conditions in key growing areas of the southern prairies, causing supplies to tighten further.

It's worth noting that Canadian acreage of yellow peas and red lentils also declined in 2023/24 and 2024/25, but this was also when yellow pea production was ramping up in Russia and red lentils were expanding in Australia. The increased production from competing exporters partly offset the impact of smaller crops in Canada and kept a lid on those prices.

Those first two drivers of price cycles — Canadian yields and acreage — are related to the supply situation but the demand side of the equation can be just as large of a factor. The price chart shows the first major spike for pulses showed up in 2015/16, in the middle of two straight years of weak monsoon rains and low pulse production in India. This triggered a sharp rise in its pea, lentil and chickpea imports and kept prices elevated until production in Canada and elsewhere started to respond. *(See Fig. 2.)*

The extended lows of the price cycle that lasted from 2017/18 to 2019/20 were also the result of demand

factors, this time a drop-off in Indian purchases. Favourable weather allowed Indian farmers to produce larger pulse crops again, which lowered the country's import needs. The impact on prices was made worse by India's decision to restrict trade with tariffs and other measures.

The history lesson is a reminder that any or all of these factors will continue to cause prices to cycle, whether it's next year or beyond. The current environment of depressed prices will change. Canadian weather conditions, farmers' acreage decisions, crops in India and changes in trade policy will show up at some point or other. And if several of these occur at the same time, the reaction could be large.

In the short-term, there are already signs of potential problems with Indian pulse production, with a real possibility that El Niño will affect not just India's 2026/27 crop but could extend beyond that. If so, that could be the catalyst for the next upturn in price cycles for pulses.

If prices don't start to cycle higher over the winter, there's a good chance Canadian farmers will be discouraged from planting as many pulses in 2027. In that event, it would be an additional reason for the start of a turn higher for pulse prices. On the other hand, if the Indian situation causes prices to rally this winter, Prairie farmers could decide to increase acreage which would then keep a lid on potential gains.

Shifts in global production will continue to affect the size of price cycles in the future. When Canada dominated the export trade of peas and lentils a few years ago, any hiccups in the Canadian crop had an oversized impact on prices. But when pulse prices rose, especially after 2021/22, farmers in other countries took note and responded with increased acreage and production. Australia now produces more red lentils than Canada and the Russian pea crop is considerably larger than Canada's. Kazakhstan has also become an important producer of both red and green lentils in recent years. With more pulse production spread across multiple countries, the odds of a total collapse in production are reduced and the potential for extreme price peaks becomes less.

Farmers' planting decisions for the coming year can take some of these price-driving factors into consideration. If concerns about the upcoming Indian crops actually come to pass, one of the factors supporting an upturn in prices would already be in place.

When prices are depressed, like they are currently, there's a good chance seeded area will decline in Canada and elsewhere. These price signals that discourage acreage are often the start of the next cycle higher. As the old saying goes, "the best cure for low prices is low prices." Contrarians who "zig" with their acreage when others "zag" could be rewarded.

Of course, the timing of the next cycle is difficult to predict, as the multiple factors described above (and others) don't follow a precise schedule. And while history can be a useful guide, it's important not to use the rearview mirror too much. Basing next year's crop decisions on last year's situation is usually not the best strategy. Next year's conditions are almost guaranteed to be different than the current year.

FIG. 1: CANADIAN PEA & LENTIL BIDS

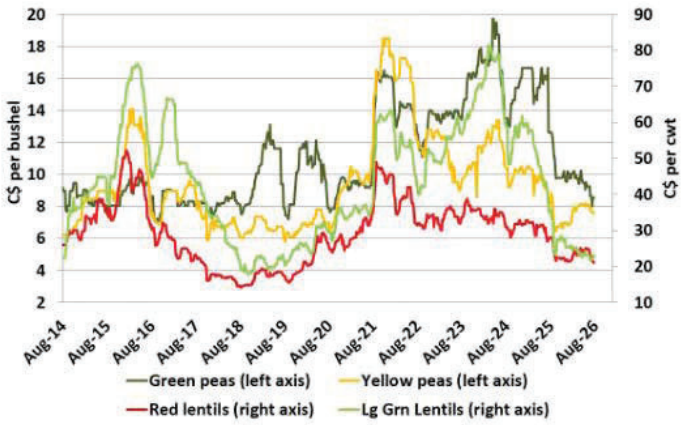
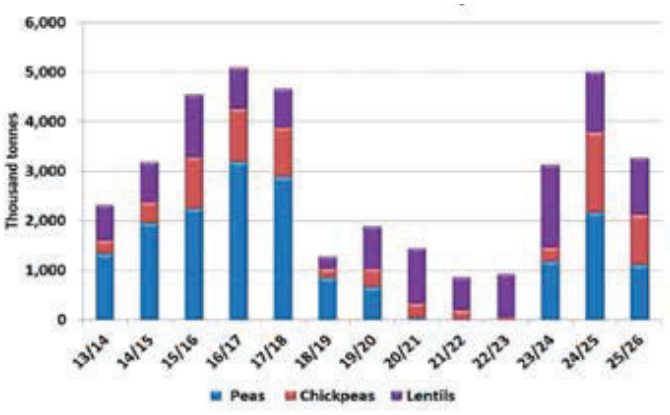
FIG. 2: SELECTED INDIAN PULSE IMPORTS