

**Required Report:** Required - Public Distribution

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## **Report Name:** Barley Trade Quarterly

**Country:** Saudi Arabia

**Post:** Riyadh

**Report Category:** Grain and Feed

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### **Report Highlights:**

Saudi Arabia's barley imports for the first six months of MY2021/22 (July – Dec. 2021) is estimated at 2.8 million metric tons (MMT), a reduction of 30 percent compared to the same period last year. According to local importers, the decrease in barley imports thus far for this marketing year was caused by a shortage of vessels that are either lined up to load commodities to China or are waiting at Chinese ports to unload cargoes. The shortage has significantly affected barley imports to Saudi Arabia as well increase the overall price. In recent months, the C&F barley price increased from \$260/MT in August to \$340/MT at the end of October. As a result of several factors, Post's current projection for total Saudi barley imports for MY2021/22 is 5.5 MMT, down 21 percent compared to the USDA official estimate of 7 MMT.

## **Barley Trade:**

Saudi Arabia's barley imports for the first six months of MY2021/22 (July – Dec. 2021) is estimated at 2.8 million metric tons (MMT), a reduction of 30 percent compared to the same period last year. Exporting countries recent available data shows that the Kingdom imported 1.2 MMT of barley in July - August 2021, which was 25 percent lower compared to the same period in 2020. According to local barley importers, the decrease in barley imports thus far for this marketing year was caused by a shortage of vessels from supplying countries, particularly from Australia and other nearby countries. According to contacts, a large number of vessels are lined up at either grain exporting countries to load commodities to China or at Chinese ports waiting to unload cargoes.

Currently, Saudi barley importers report that Australia is the most competitive barley supplier. However, the country faces an acute shortage of vessels to ship barley because of its prior commitments to shipping wheat and canola to other trading partners. As a result, it was reported that Australia was lagging behind by about three months in delivering barley shipments to Saudi ports. For example, a consignment of barley purchased this month (November) from Australia is not expected to arrive at a Saudi seaport until the end of February, or early March, unless there are cancellations of wheat and canola shipments, or a Saudi importer is willing to pay a premium. According to local traders, presently, it is highly unlikely a Saudi importer is willing to pay that price considering the already high freight costs and barley import price.

In recent months, the C&F barley prices at Saudi seaports have increased from \$260 in August to \$340 per MT in early November. The high C&F prices have significantly increased the local barley price, however, some traders have indicated that the country currently does not have enough barley stocks, but expects several vessels of barley, which were purchased a few months ago, to arrive in the next few weeks. The expected arrival of the barley consignments will allow the grain to be available until the end of this year. As such, Post believes that local importers might be forced to pay premium cargo prices to import barley for arrival at the end December and early January to preserve continued availability of the grain in the market.

Total Saudi barley imports for MY2021/22 is projected at 5.5 MMT, 21 percent lower than the USDA official estimate of 7 MMT. Post's imports projection considered a few factors into consideration, including the continued shortage of vessels to transport barley at reasonable costs and the continued high C&F barley prices.

## **Price and Demand for Barley**

The extremely high barley price in the domestic market has reportedly decreased the overall demand for barley. As of November 1, the price for 50 kg of barley was \$21.33 inclusive of a 15 percent VAT (\$426.60 per MT) at packing terminals. In August 2021, the price of the same 50 kg of barley was only \$15.74 inclusive of the VAT (\$314.80 per MT).

## **Local Farmers Impact on Barley Demand**

According to various experts, there is no definitive explanation why demand for barley is slowing down; especially, during an extremely hot summer season when demand traditionally reaches its climax as no

pasturing alternatives are available. Some contacts have stated it is due to the high barley price mixed in with a low fixed government monthly cash payment to farmers, which has forced many to explore other investment options. Others say demand is low because of the continued exit of recreational farmers that usually keep a few hundred sheep or goats. Many of these farmers are exiting livestock farming due to higher farming costs. Others believe demand is down because farmers are reducing waste, thus buying less barley, while others comment that no one fully knows the actual consumption rate since traditional farmers routinely switched between barley and other products (e.g., processed feed) depending on the price difference. Basically, farmers purchase processed feed if the price is significantly lower than barley.

Currently, [ARASCO](#) (the largest processed feed producer in the country) is selling 50 kg of its processed feed (“Wafi”) at \$15.79 inclusive of a 15 percent VAT. The price is \$4.80 lower than the price of barley of the same weight. The huge price difference between wafi and barley has reportedly increased the daily sales of the processed feed by more than 28 percent in the first week of November compared to sales in October. Wafi is ARASCO’s signature produced feed and is marketed as a complete livestock (camel, sheep, and goats) feed consisting of cereals, wheat bran, soybean meal, molasses, alfalfa, minerals, and vitamins. There is also no early indication that the demand for barley will increase in the next few months, unless there is a huge decline in domestic barley prices. It remains unclear exactly how livestock farmers will respond. As a result, Post’s current projection for total Saudi barley imports for MY2021/22 is 5.5 MMT, down 21 percent compared to the USDA official estimate of 7 MMT.

#### Production, Supply and Demand Data Statistics:

Barley Market Year Begins Saudi Arabia	2019/2020		2020/2021		2021/2022	
	Jul 2019		Jul 2020		Jul 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2	2	2	2	2	2
Beginning Stocks (1000 MT)	1327	1327	1016	1016	1002	1380
Production (1000 MT)	14	14	11	14	11	14
MY Imports (1000 MT)	6700	6700	7000	6875	7000	5500
TY Imports (1000 MT)	7300	6700	6700	7000	7000	5500
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	8041	8041	8027	7905	8013	6894
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	7000	7000	7000	6500	7000	5500
FSI Consumption (1000 MT)	25	25	25	25	25	25
Total Consumption (1000 MT)	7025	7025	7025	6525	7025	5525
Ending Stocks (1000 MT)	1016	1016	1002	1380	988	1369
Total Distribution (1000 MT)	8041	8041	8027	7905	8013	6894
Yield (MT/HA)	7	7	5.5	7	5.5	7
(1000 HA) ,(1000 MT) ,(MT/HA) MY = Marketing Year, begins with the month listed at the top of each column TY = Trade Year, which for Barley begins in October for all countries. TY 2021/2022 = October 2021 - September 2022						

**Attachments:**

No Attachments