

Required Report: Required - Public Distribution

Date: November 04,2019

Report Number: SA2019-0013

Report Name: Barley Trade Quarterly

Country: Saudi Arabia

Post: Riyadh

Report Category: Grain and Feed

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Report Highlights:

Total Saudi barley imports for MY2019/20 is projected to decline by 29 percent to 6 million MT compared to the USDA's official estimate. Decreased demand by the Kingdom's livestock sector is the main reason for the forecasted significant decline in the barley imports.

Saudi Quarterly Barley Imports November 2019

SAGO signed four purchase contracts to import 3,540,000 MT of feed barley in the first eight months of MY2019/20 (Jul 2019-Feb 2020) – a reduction of 38.5 percent compared to the 5,760,000 MT purchased in the same period a year earlier. Post projects total Saudi barley imports for this marketing year at 6 million MT, a reduction of 2.5 million MT compared to USDA's official estimate.

Local animal feed experts mainly attribute the sharp decline in the Kingdom's barley imports for the first eight months of the current MY to plentiful pasture last winter - the result of sporadic and heavy rains that started at the end of October 2018 and lasted until the end of April 2019. The rains produced good pasture conditions that continued until July 2019. The free forage not only reduced demand for barley and hay, it also decreased demand for processed feed by about 20 percent. While we do not assume these for our projection, similar abundant rains are forecast for this year's winter season.

Decreased consumption by sheep, goats and camels allowed the Saudi Arabia Grains Organization (SAGO) to maintain adequate barley stocks without increasing imports – even with an average \$45 per metric ton decline in international barley prices this MY compared to the same period last year.

The Saudi government continues to refine its ideas for overhauling the entire animal feed subsidy system. Current reports from market participants are that the revised system will pay direct subsidies to producers instead of to animal feed importers. In practice this may be little different than the current system for poultry and dairy producers. However, it promises major changes for small ruminants. Currently, SAGO, a Saudi government agency, is the exclusive importer of barley. It sells barley to livestock farmers through appointed distributors at the maximum retail price of \$10.67 per 50 kg regardless of the actual import cost.

SAGO Barley Purchase Table

SAGO Purchased Barley Saudi Ports Arrival Period	Total Quantity Purchased	Average CIF Prices
Jul 2019-Feb 2020	3,540,000	\$201
Jul 2018-Feb 2019	5,760,000	\$246

Source: SAGO

Production, Supply and Demand Data Statistics:

Barley Market Begin Year Saudi Arabia	2017/2018		2018/2019		2019/2020	
	Jul 2017		Jul 2018		Jul 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2	2	2	2	2	2
Beginning Stocks	2344	2344	1829	1738	1614	1538
Production	10	10	10	10	10	10
MY Imports	8000	7894	6800	6500	8500	6000
TY Imports	7700	7700	7200	6500	8500	6000
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	10354	10248	8639	8248	10124	7548
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	8500	8500	7000	6700	8500	6000
FSI Consumption	25	10	25	10	25	10
Total Consumption	8525	8510	7025	6710	8525	6010
Ending Stocks	1829	1738	1614	1538	1599	1538
Total Distribution	10354	10248	8639	8248	10124	7548
Yield	5	5	5	5	5	5

(1000 HA) ,(1000 MT) ,(MT/HA)

Attachments:

No Attachments