Australia exports 955,751t barley, 60,604t Feb sorghum, reports Grain Central

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Of the 41,896t of malting barley shipped in February, Mexico with 63,000t was the destination for almost half, with Vietnam on 4762t the second-biggest market and Singapore on 3370t the third.

Australia shipped 913,855t of feed barley in February, with 277,500t of it bound for Saudi Arabia, and Japan on 150,305t the second-biggest market, followed by Thailand on 129,379t.

China on sorghum was the largest market for February-shipped sorghum with 56,549t, with Taiwan on 2790t the second-biggest market, and The Philippines with 1100t the third.

â??As expected, barley exports saw a good recovery on volumes month on month, notching up our second-largest month for the year. Volumes were supported by a recovery in Saudi shipments, along with a big month for Japan, Vietnam, Jordan and Kuwait. Thailand was probably the most notable, with the around 130,000t being its largest month of shipments in years. This showed barleyâ??s relative value has dropped to the level where it is promoting marginal demand versus both corn and feed wheat in Asia. This goes against the notion that barley has been lacking in demand; barley shipments are well on track to meet our targets for the season with the current scenario" said Flexi Grain pool managerÂ Sam Roache.

He further explains that, on malting, the market was likely to see significant change in the near term. The China tariff issue on the way to resolution and Australian access to the largest barley-consumption market in the world likely to re open at some stage. A tariff free re-entry into the China market would Australia able to sell feed barley into a significantly higher-priced market, which would lead to higher local prices and a spike in export margins. The Chinese feed barley market is currently trading at a premium of around $30/t to both other Asian markets and Saudi/Middle East demand.

â??Importantly, China already has a large forward purchase book on for feed barley imports and on much of this business Australia is able to be shipped, so once the tariff is removed, Australian barley is very likely to be shipped on current barley sales contracts. Opportunities for full-spec malt and FAQ off-spec malt are also expected to re-emerge, as will the significant container demand for barley into China.

â??There is some technicality to China execution and we will likely see some new management and segregation requirements, especially for in-crop glyphosate treatment. The price increases should make the extra work worth it. Locally we will see barley price move higher as positive news continues and more certainty is there. It is likely that feed barley will become less competitive into local feed rations in favour of more exports, switching more domestic activity to wheat. Over time, we should see Australian barley acres start to grow again due to better relative pricing. European prices for barley have dropped in expectation of Australian access. This will continue, with their highest-priced market in China sure to revert to Australia with a favourable ruling.

â??The huge premiums should also come out of Canadian and Argentinian barley as they roll into their new-crop periods and find Chinese demand has dropped in favour of Australia.

â??Outside Australia, barley acres should fall over time due to lower relative prices and it is likely that barley drops to relative prices that increase domestic demand and reduces exports, especially in Europe.