

Supply and Demand

The soybean marketing season dates from March to end of February. According to SAGIS' supply and demand figures for the current marketing season to date (March 2017 to January 2018), only 26 858 tons of soybeans have been imported compared to the 271 098 tons of the 2016/2017 season. This stands to reason given the record crop produced locally. Of the 969 052 tons of soybeans processed to date, 2.4% was used for human consumption, 13.6% for animal feed as full fat soya and the bulk crushed to produce oil and/or oilcake. Soybean oilcake demand is primarily driven by the feed industry. The quantity of soybeans crushed so far, is only 4.5% or 38 597 tons less than the total quantity crushed during the previous season.

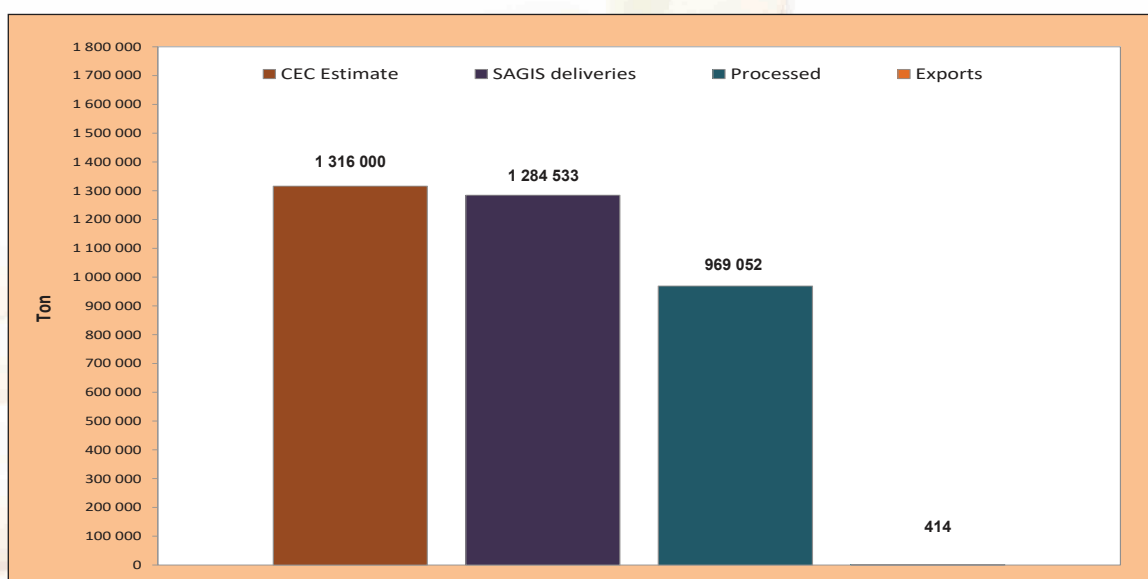
According to *BFAP Baseline*, the maximum theoretical capacity derived from dedicated soybean crushers locally, is estimated at 1.75 million tons, when dual capacity plants (plants that can crush both soybeans and sunflower) are included, this figure increases to 2.5 million tons. Imports are expected to increase slightly over the second half of the outlook period to supply sufficient raw product for crushing purposes. It is projected that by 2026, South Africa will be crushing almost 2.3 million tons of soybeans, of which 7% will be imported.

Due to the increase in the quantity of locally produced soybeans this season, domestic soybean oilcake production is expected to increase by 23% to 840 000 tons. Excluding the previous season, domestic oilcake production has exceeded imported oilcake since 2014, and production is projected to increase to over 1.8 million tons by 2026. This represents an average increase of 9% per annum, continually replacing imports so that only 250 000 tons (equating to 13% of the domestic soybean oilcake use) is projected to be imported by 2026. Product quality and consistency is expected to improve to be in line with imported products on a consistent basis, as the local crushing industry's utilization rates and soybean availability improve.

South Africa remains a net importer of vegetable oils. Domestic consumption of palm, sunflower, soybean and canola oil during 2016 was estimated at more than one million tons, with palm oil comprising approximately 41%. The share of soybean oil in domestically produced vegetable oils, is expected to increase at the expense of sunflower oil, as soybean production and crushing expands over the outlook period. Soya oil imports are projected to decrease by more than two thirds from 160 000 tons in 2017 to 50 000 tons by 2026.

414 tons of soybeans/products have been exported so far this season compared to the 6 745 tons in the previous season. Globally, soybean exports during the 2016/2017 season amounted to an estimated 147.46 million metric tons, with Brazil exporting 43% and the United States 40% of this figure. Argentina was the third largest exporter of soybeans (5% of the total). The projected world soybean exports for the 2017/2018 season currently stands at 150.60 million metric tons. China remains the largest importer of soybeans followed by the European Union and Mexico. Argentina and Brazil remain the largest exporters of soybean meal as well as soybean oil (WASDE).

Graph 11: Soybean supply and demand overview for the current marketing season (Mar 2017 - Jan 2018)



Information provided by SAGIS.