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 2016 to January 2017), imports more than doubled compared to the 124 981 tons of the 2015/2016 season. Of the 928 664 tons of soybeans processed to date, 2.3% was used for human consumption, 10.0% 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 17.6% or 174 082 tons less than the previous season.

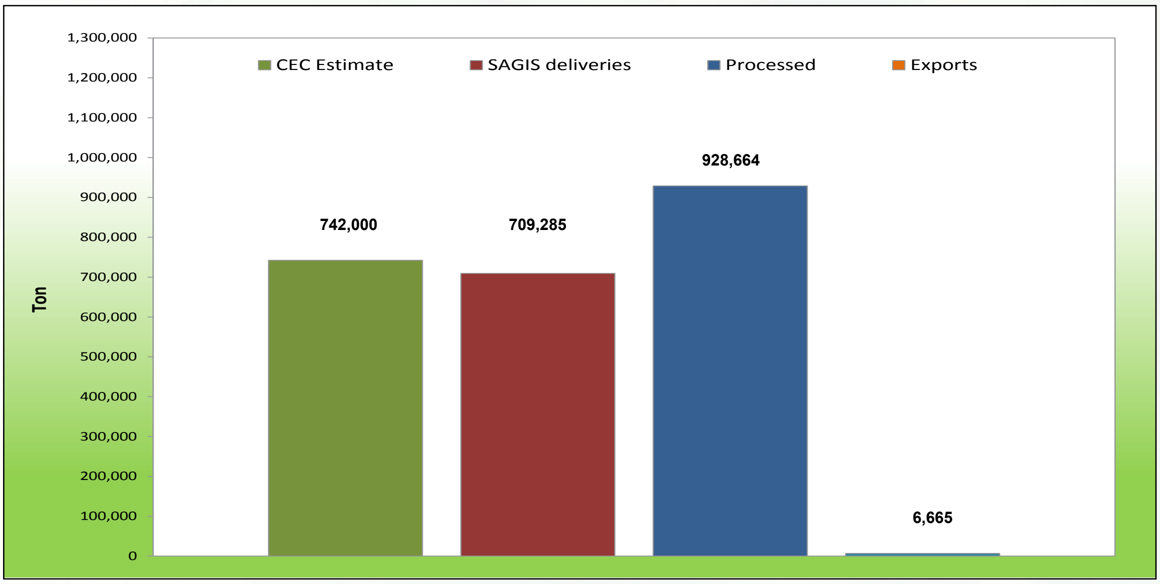
According to *BFAP* Baseline, the total crushing capacity derived from dedicated soybean crushers locally is estimated at 1.75 million tons, when dual capacity plants (plants that can crush both are soybeans and sunflower) are included, this figure increases to 2.5 million tons. Locally produced soybeans were supplemented with imports over the last three seasons since South African producers have been unable to supply sufficient raw product for crushing purposes. It is projected that by 2025 South Africa will be crushing more than 2.1 million tons of soybeans of which only 3% will be imported. By 2025, it is estimated that 90% of the world's soybean production and 84% of other oilseed production will be crushed.

The reduction in the quantity of locally produced soybeans in 2016 due to the drought, is expected to cause a decline in oilcake production, to just under 700 000 tons. Production is however expected to recover to more than 900 000 tons in 2017. Over the period 2016 to 2025, oilcake production is projected to expand rapidly, exceeding 1.6 million tons by 2025, continuously replacing imported products. Imported soybean oilcake is expected to decrease to less than 200 000 tons by the end of this period.

South Africa remains a net importer of vegetable oils. Domestic consumption of palm, sunflower, soya and canola oil during 2015 was estimated at more than one million tons, with palm oil comprising approximately 39%. Soya oil imports are projected to decrease to a mere 36 000 tons by 2025 from 187 000 tons in 2015.

6 665 tons of soybeans/products have been exported so far this season compared to the 4 677 tons in the previous season. Globally, soybean exports during the 2015/2016 season amounted to an estimated 132.13 million metric tons, with the United States and Brazil each exporting approximately 40% of this figure. Argentina was the third largest exporter of soybeans (8% of the total). The projected world soybean exports for the 2016/2017 season currently stands at 141.10 million metric tons. China remains the largest importer of soybeans followed by the European Union and Japan. 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 2016 - Jan 2017)



Information provided by SAGIS.