

## 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 2021 to January 2022), the amount of soybeans imported (13 278 tons) decreased significantly compared to the 116 103 tons of the previous season, the ten year average is 66 257 tons. China remains the largest importer of soybeans worldwide, with 99.76 million metric tons during the 2020/21 season, followed by the European Union.

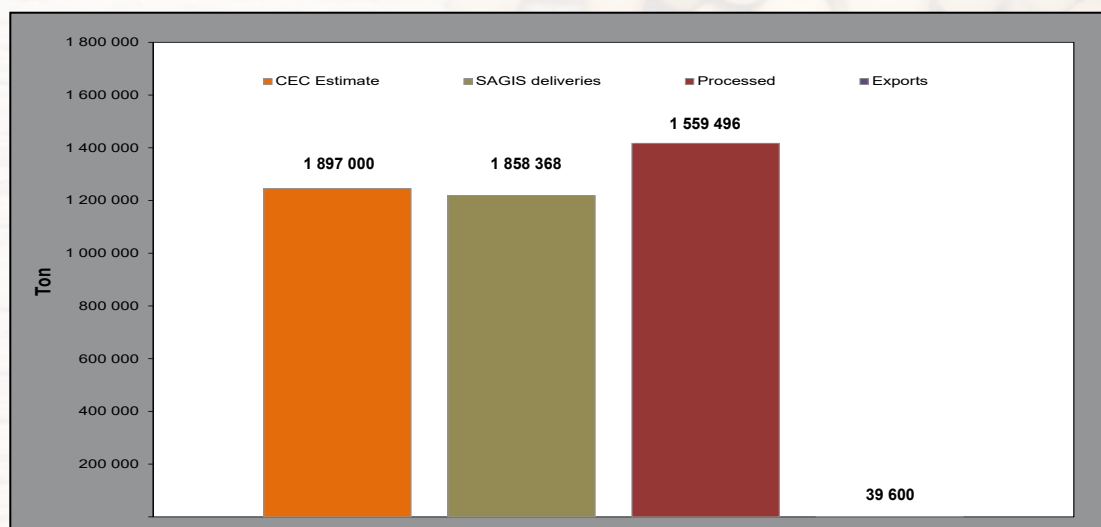
Of the 1.56 million tons of soybeans processed locally to date, 1.3% was used for human consumption, 9.8% for animal feed as full fat soya and the bulk crushed to produce oil and oilcake. Soybean oilcake demand is primarily driven by the feed industry. The quantity of soybeans crushed so far, is 11% more than the total quantity crushed during the previous season and 64% more than the 10-year average. According to *BFAP Baseline*, soybean processing volumes are projected to increase by 43% over the next 10 years.

Over the past decade, the soybean industry has been one of the most dynamic sectors in local agriculture, now becoming more mature, expansion is occurring at a much slower rate. Total soybean processing capacity (crush and full fat) in South Africa is derived from a combination of dedicated soybean processing facilities, as well as plants with the ability to switch between soybeans and sunflower. The projected production growth is expected to support increased processing over time, resulting in current capacity being utilised completely towards 2030. It is projected that net imports share of total oilcake consumption will be a mere 14% in 2030, declining from 66% in 2010.

Over the 2021 – 2030 period, soybean oilcake consumption is expected to increase by 2% per year. Despite sufficient soybean production to yield an exportable surplus by 2030, the high cost of transportation from the summer rainfall regions to particularly the Western Cape, implies that South Africa will continue to import some soybean oilcake into coastal regions. Investment in rail infrastructure to reduce this cost will enable South Africa to become self-sufficient in oilcake production. Vegetable oil consumption declined in 2020 due to pressure on consumer spending and lockdown restrictions. Growth is expected to resume in the medium term and by 2030 consumption is projected to be 16% higher than in the 2018-20 base period. Over the next ten years, soybean oil consumption is expected to increase by 15%.

39 600 tons of soybeans/products have been exported so far this season compared to the 1 060 and 5 336 tons of the previous two seasons respectively. The 10-year average is 26 682 tons. Globally, soybean exports during the 2020/21 season amounted to an estimated 164.48 million metric tons, with Brazil exporting 50% and the United States 37% of this figure. The projected world soybean exports for the 2021/22 season currently stands at 158.63 million metric tons. Argentina, followed by Brazil and the USA are the largest exporters of soybean meal and Argentina and Brazil the largest exporters of soybean oil (*WASDE - 622*).

**Graph 11: Soybean supply and demand overview for the current marketing season (Mar 2021 - Jan 2022)**



Information provided by SAGIS.