

Supply and Demand

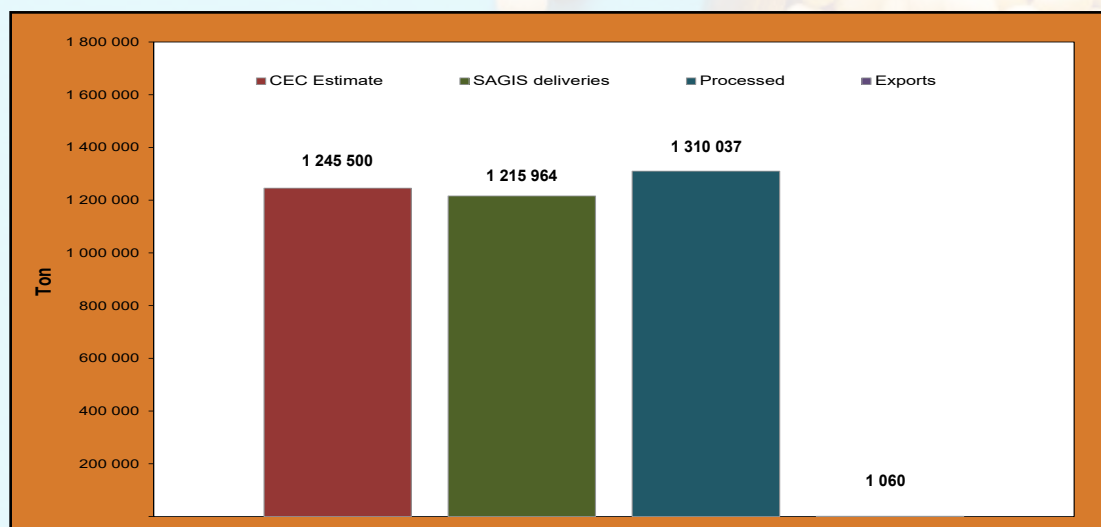
The soybean marketing season dates from March to end of February. According to SAGIS' supply and demand figures for the current marketing season to date (March 2020 to January 2021), the amount of soybeans imported (115 165 tons) increased significantly compared to the 9 098 and 6 945 tons of the previous two seasons. China remains the largest importer of soybeans worldwide, with 98.53 million metric tons during the 2019/20 season, followed by the European Union and the UK.

Of the 1.31 million tons of soybeans processed locally to date, 1.7% was used for human consumption, 10.3% 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 9% less than the total quantity crushed during the previous season and 56% more than the 10-year average. According to *BFAP Baseline*, soybean processing volumes are projected to increase by 63% over the next 10 years.

Over the past decade, the soybean industry has been one of the most dynamic sectors in local agriculture, now maturing, further expansion is expected to occur 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 sunflowers, resulting in a total combined capacity of more than 2 million tons. South Africa should therefore have ample capacity to process the projected volumes until 2026, provided that crush margins are sufficient to induce switching of dual plants into soybean crushing. Despite sufficient soybean production to supply an exportable surplus by the end of 2029, the high cost of transportation from SA's summer rainfall regions to the Western Cape in particular, implies that South Africa will continue to import soybean oilcake into the coastal regions. Reducing this cost, by investment in rail infrastructure, would enable South Africa to become self-sufficient. Vegetable oil consumption increased by 43% over the past 10 years but is however projected to increase by only 10% over the coming decade. Between 2007 and 2009 to 2019, soybean oil consumption increased by 17%. This growth is projected to slow to 9% by 2029, relative to the 2017-2019 base period.

1 060 tons of soybeans/products have been exported so far this season compared to the 5 336 and 32 810 tons of the previous two seasons respectively. The 10-year average is 38 746 tons. Globally, soybean exports during the 2019/20 season amounted to an estimated 165.18 million metric tons, with Brazil exporting 56% and the United States 28% of this figure. The projected world soybean exports for the 2020/21 season currently stands at 169.72 million metric tons. Argentina, followed by Brazil and the USA are 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 2020 - Jan 2021)



Information provided by SAGIS.