

Brief comments on South Africa's soybean market – 02 August 2016

- South Africa remains a net importer of soybean oil-cake and soybean oil. However, over the past five years, the country's soybean oil-cake imports decreased by 54%, from 945 543 tons in 2011 to 432 694 tons in 2015. At the same time, soybean oil imports decreased by 37%, from 277 730 tons in 2011 to 174 636 tons in 2015 (see **Chart 1**). This decrease was partly on the back of increased domestic production, following improvements in the domestic soybean processing capacity.
- In 2013, South Africa built roughly 1.5 million tons of new soybean processing plants – placing the country's crushing or processing capacity at an estimated 2.2 million tons. This, in turn, sparked domestic soybean production, from levels of 710 000 tons in 2011 to a record level of 1.1 million tons in 2015.
- Regardless of this improvement, South Africa's soybean production is still below its crushing capacity. In fact in June 2016, South Africa utilised roughly 56% of its monthly capacity (see **Chart 2**). In the past two years, the highest monthly record was in July and October 2015, both utilizing 62% of the country's capacity.
- The notable drop in February months of the period observed coincides with lower domestic stock levels – a last month of each marketing year. Moreover, this is a period where most crushing plants close down for seasonal maintenance. It is worth noting that roughly 800 000 tons of the new crushing plants are dual, in other words, they can process either soybean or sunflowerseed.
- Overall, investments made in building new processing capacity have yielded positive results, in reducing imports. Moreover, there remains a scope to further increase domestic soybean production. That said, in the coming seasons, "profitability" will be the key determinant as to whether farmers will increase soybean hectares or will plant on other crops such as maize and sunflowerseed amongst others.

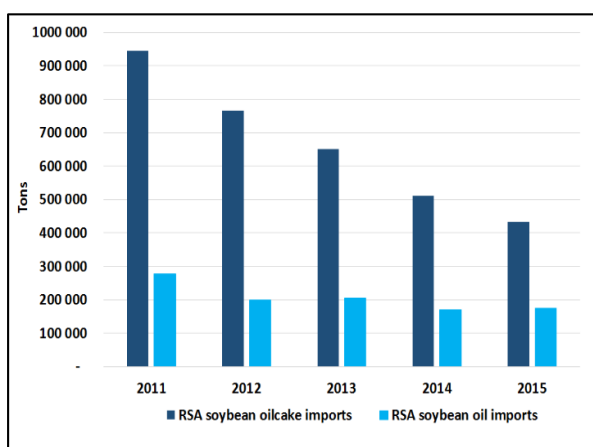


Chart 1: RSA soybean oilcake and soybean oil imports

Source: ITC, Agbiz Research

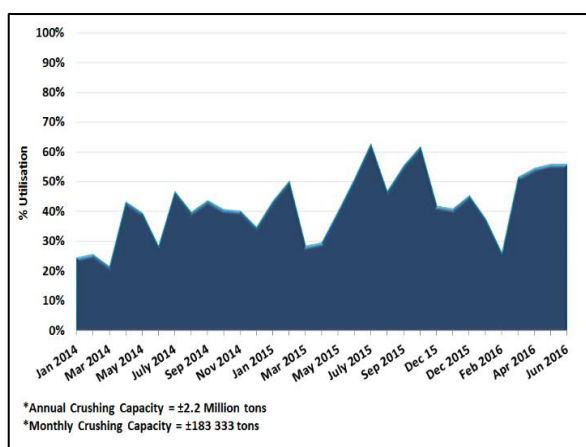


Chart 2: RSA soybean crushing plant activity

Source: Protein Research Foundation, SAGIS and Agbiz Research

Wandile Sihlobo (Tel: +2712 807 6686, Mobile: +2784 572 3485, Email: wandile@agbiz.co.za)

Disclaimer: Everything has been done to ensure the accuracy of this information, however Agbiz takes no responsibility for any losses or damage incurred due to the usage of this information.