PROJECTING INTERNATIONAL DEMAND & SUPPLY OF PROTEIN FEED

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South Africa is currently a net importer of protein meal with annual imports exceeding R1 billion. Sean M. McGuigan1 developed a spreadsheet model to estimate the future demand and supply of protein feed in South Africa. By utilizing estimated supply and demand elasticities, the model project equilibrium consumption and price until 2020. The model incorporates as growth parameters: income growth, population growth, and income elasticity of demand. The model further allows for income elasticities to decline as income rise.

Base scenario forecasts real price for protein meal remaining constant to 2010 and increasing by 16% by 2020. Developing China, accounts for most demand growth and projections are sensitive to growth assumptions for China. These growth projections for China are based on increasing per capita incomes and high population base.