

# Dairy industry review



MILK SOUTH AFRICA / MELK SUID-AFRIKA

November 2013

## Industry Information

### Milk production

Annual milk production from 2009-2012 and monthly milk production for 2013 are provided in Table 1. The long-term trend in milk production is clear from Figure 1, denoting annual milk production from 2004-2012 and Figure 3, denoting monthly milk production from January 2004 to October 2013. Milk production shows an increasing long-term trend.

Monthly milk production from January 2009 to October 2013 is shown in Figure 2. The application of milk from January 2006 to October 2013 is shown in Figure 4.

## Bedryfsinligting

### Melkproduksie

*Jaarlikse melkproduksie vanaf 2009-2012 en maandelikse melkproduksie vir 2013 word in Tabel 1 verskaf. Die langtermyn tendens in melkproduksie blyk uit Figuur 1, wat jaarlikse melkproduksie vir 2004-2012 aandui en Figuur 3 wat maandelikse melkproduksie vanaf Januarie 2004 tot Oktober 2013 aandui. Melkproduksie vertoon 'n stygende langtermyn tendens.*

*Maandelikse melkproduksie vanaf Januarie 2009 tot Junie 2013 word in Figuur 2 aangedui. Die aanwending van melk vanaf Januarie 2006 tot Oktober 2013 word in Figuur 4 getoon.*

**Table 1 :** Commercial milk production and application, 2009-2013

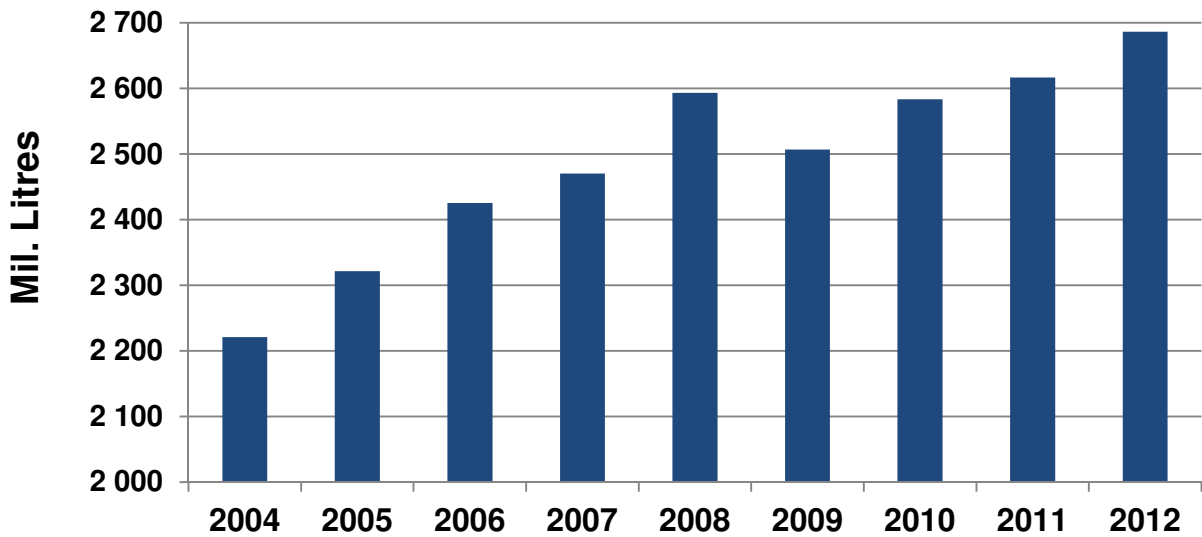
**Tabel 1 :** *Kommersiële melkproduksie en aanwending daarvan, 2009-2013*

| Date   | Production<br>000 L | % Change<br>Y-o-y* |
|--------|---------------------|--------------------|
| 2009   | 2 519 970           | -3.3               |
| 2010   | 2 637 658           | 4.6                |
| 2011   | 2 616 429           | -0.3               |
| 2012   | 2 757 226           | 4.5                |
| Jan-13 | 232 900             | -0.1               |
| Feb-13 | 204 336             | -1.5               |
| Mar-13 | 216 562             | 0.7                |
| Apr-13 | 204 269             | 1.1                |
| May-13 | 211 891             | 0.3                |
| Jun-13 | 205 307             | -0.1               |
| Jul-13 | 216 747             | 1.1                |
| Aug-13 | 241 774             | 2.2                |
| Sep-13 | 258 035             | 2.1                |
| Oct-13 | 273 627             | 1.6                |
|        |                     |                    |

\* Year on year/ *Jaar op jaar*

Jan 13 – Aug 13 Milk SA statutory information/*Melk SA statutere inligting*

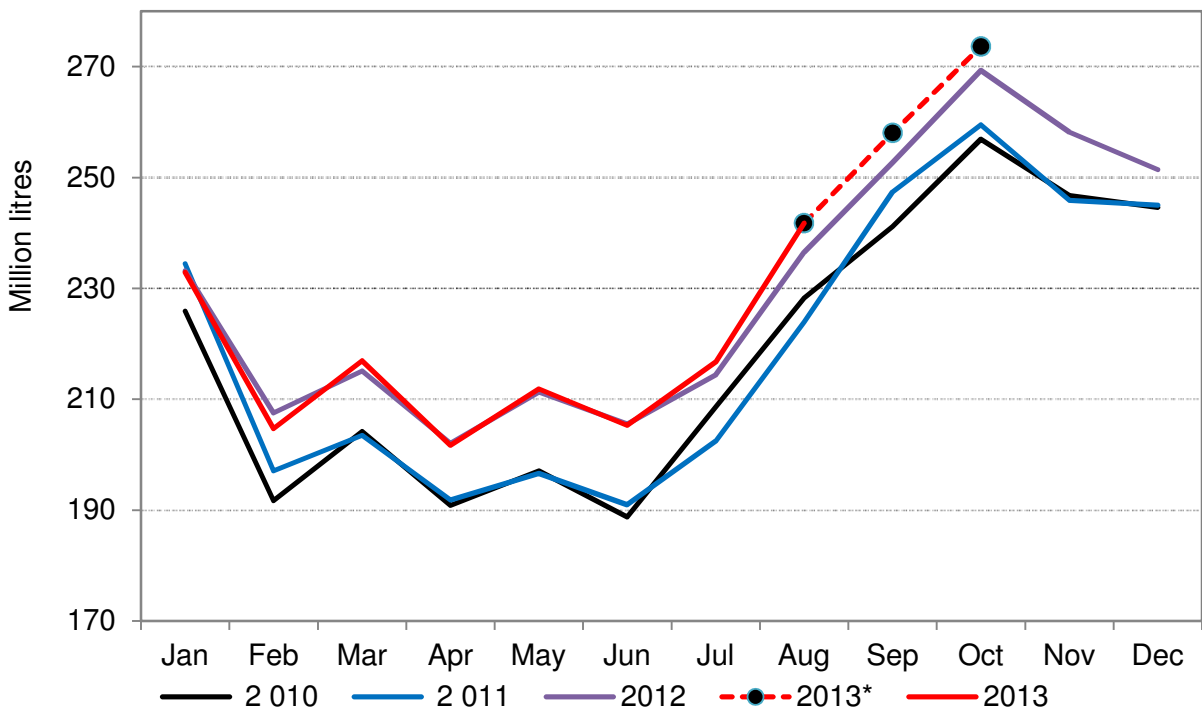
Sep 13 – Oct 13 Milk SA estimate based on sample of levy payers/ *Melk SA beraming gebaseer op 'n monster van heffingsbetalers*



**Figure 1 :** Annual milk production, 2004-2012

**Figuur 1 :** Jaarlikse melkproduksie, 2004-2012

Source / Bron : 2004-2005 MPO, SAMO, Milk Board / Melkraad, Abstract / Kortbegrip; 2006-2012 Milk SA / Melk SA



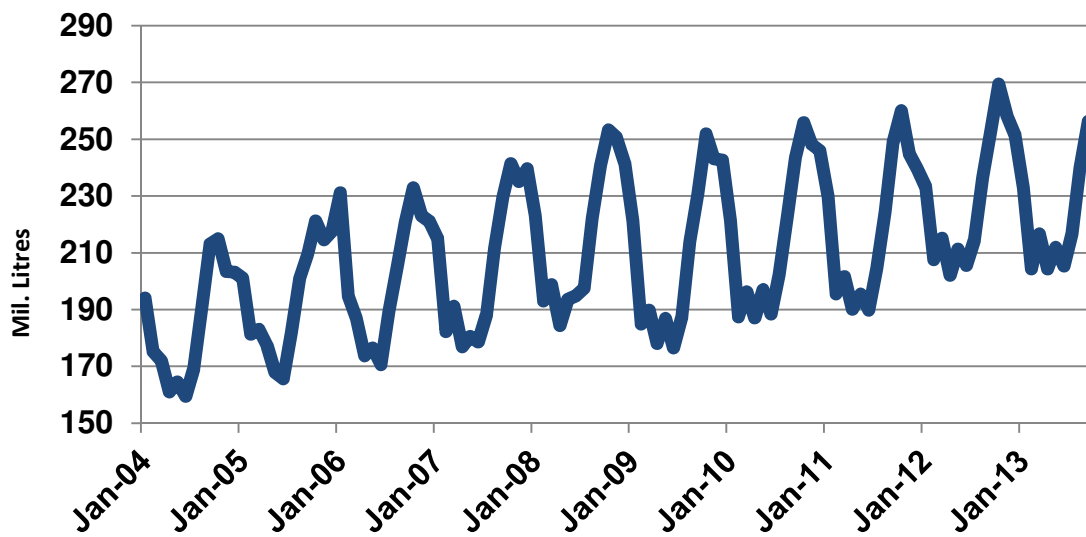
**Figure 2 :** Monthly milk production, 2010 - 2013

**Figuur 2 :** Maandelikse melkproduksie, 2010 - 2013

Source / Bron : Milk SA/ Melk SA

\* Estimate based on Milk SA sample

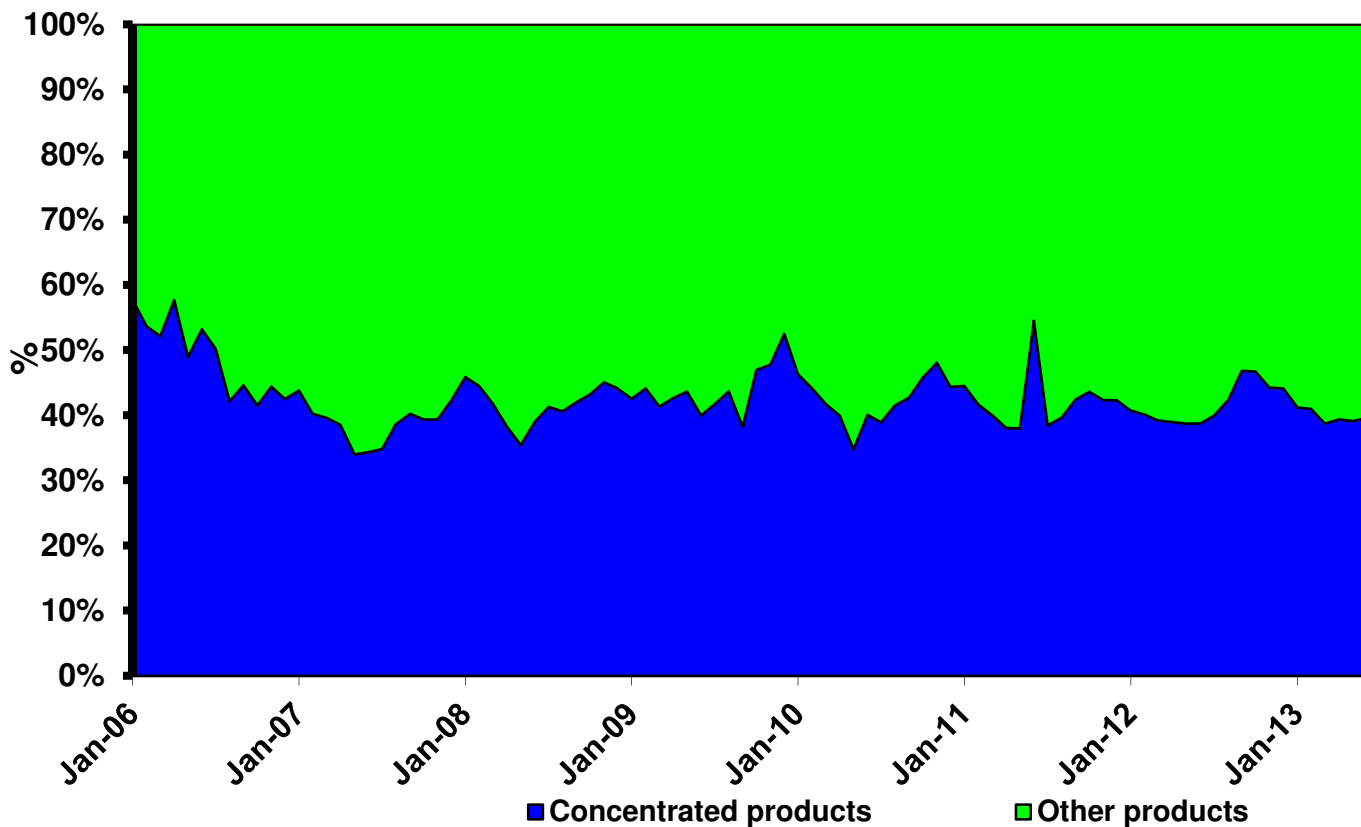
\*Beraming gebaseer op Melk SA steekproef



**Figure 3 :** Long-term trend in milk production, 2004-2013

**Figuur 3 :** Langtermyn tendens in melkproduksie, 2004-2013

Source / Bron : See Figure 1 / Sien Figuur 1



**Figure 4 :** Application of locally produced milk in concentrated and other products, 2006-2013

**Figuur 4 :** Aanwending van plaaslik geproduseerde melk in gekonsentreerde en ander produkte, 2006-2013

**Import statistics**

Import statistics for the years from 2008-2013 are summarized in Table 2.

Annual imports from 1995-2012 are shown in Figure 5 and monthly imports, on a milk equivalent base from January 1995 to August 2013 in Figure 6.

Figure 7 shows the composition of imports for 2007-2012.

**Invoerstatistiek**

*Invoerstatistiek vir die jare van 2008-2013 word in Tabel 2 weergegee.*

*Jaarlikse invoere vanaf 1995-2012 word in Figuur 5 aangedui en maandelikse invoere op 'n melkekwalivalent basis vanaf Januarie 1995 tot Augustus 2013 in Figuur 6.*

*Die samestelling van invoere vir 2007-2012 word in Figuur 7 aangedui.*

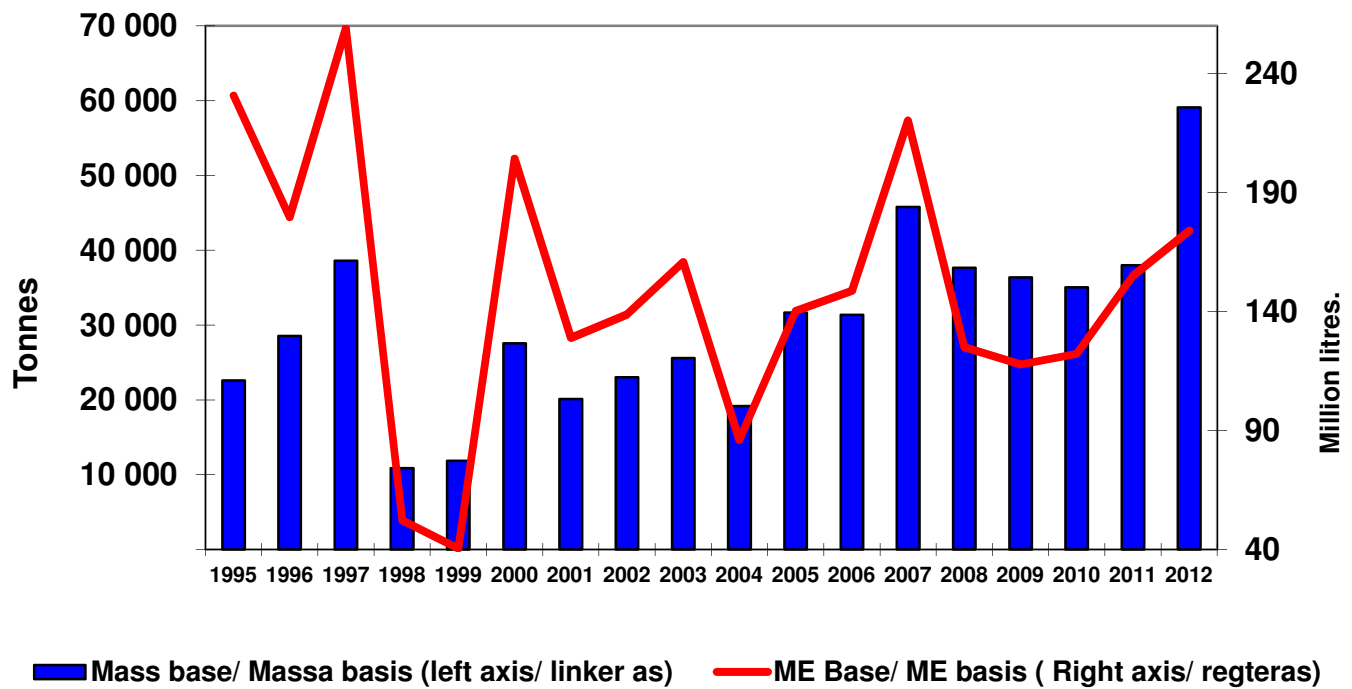
**Table 2 :** Annual imports 2008-2013\* (Tonnes)

**Tabel 2 :** Jaarlikse invoere 2008-2013\* (Ton)

| Tariff Heading<br>Tariefpos     | Description<br>Beskrywing                                      | 2008          | 2009          | 2010          | 2011          | 2012          | 2013*         |
|---------------------------------|--|---------------|---------------|---------------|---------------|---------------|---------------|
| 04.01                           | Milk and Cream / <i>Melk en room</i>                           | 12 799        | 10 902        | 11 119        | 8 324         | 15 240        | 3 410         |
| 04.02                           | Milk, concentrated /<br><i>Melk, gekonsentreerd</i>            | 5 852         | 5 385         | 6 771         | 7 895         | 13 257        | 5 340         |
| 04.03                           | Buttermilk & yogurt /<br><i>Karringmelk &amp; joghurt</i>      | 669           | 1 381         | 1 379         | 2 131         | 2 146         | 901           |
| 04.04                           | Whey & modified whey /<br><i>Wei &amp; gemodifiseerde wei</i>  | 7 539         | 6 260         | 7 268         | 9 445         | 9 266         | 712           |
| 04.05                           | Butter & other milk fats /<br><i>Botter en ander melkvette</i> | 2 812         | 3 201         | 2 192         | 3 153         | 6 107         | 328           |
| 04.06                           | Cheese and curd /<br><i>Kaas en wrongel</i>                    | 4 337         | 5 245         | 6 331         | 6 765         | 13 084        | 5 713         |
| <b>Grand Total / Groototaal</b> |  | <b>34 009</b> | <b>32 373</b> | <b>35 061</b> | <b>37 714</b> | <b>59 103</b> | <b>24 133</b> |

Source / Bron : Customs & Excise import statistics supplied by SAMPRO / *Doeane en aksyns invoerstatistiek voorsien deur SAMPRO*

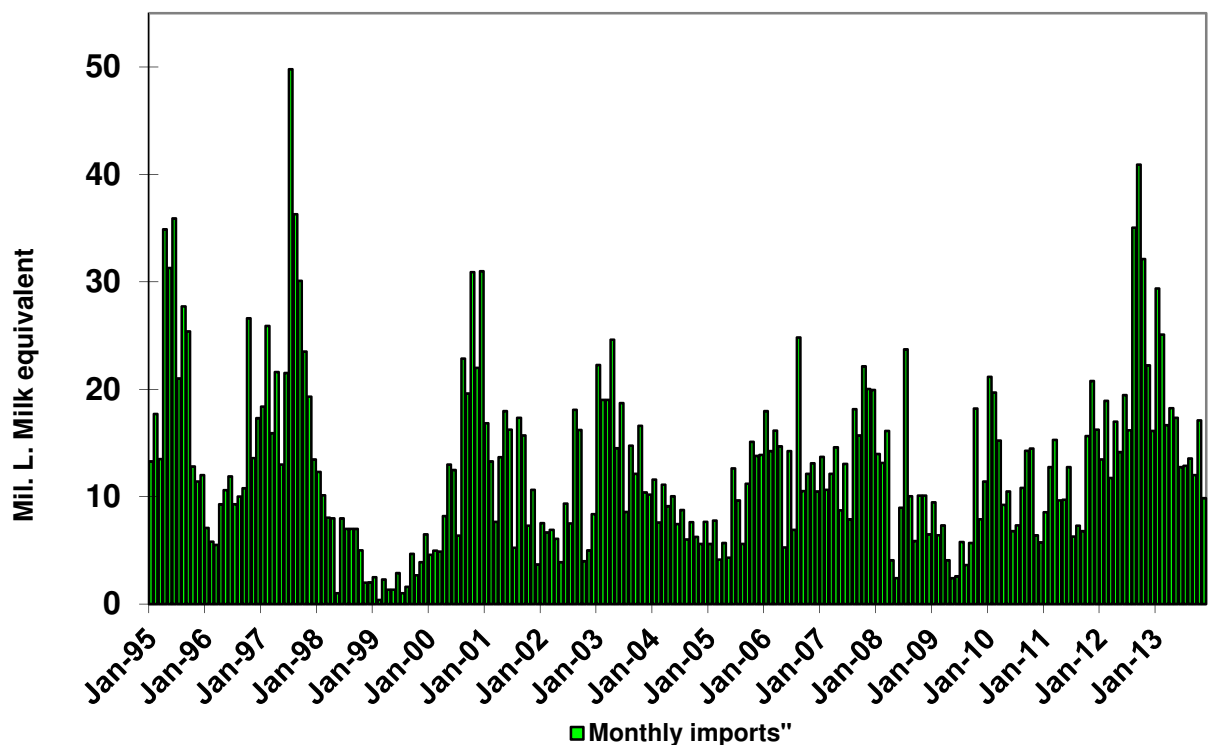
2013 = January – August/ 2013 = *Januarie - Augustus*



**Figure 5 :** Annual imports of dairy products, 1995 – 2012

**Figuur 5 :** Jaarlikse invoere van suiwelprodukte, 1995 – 2012

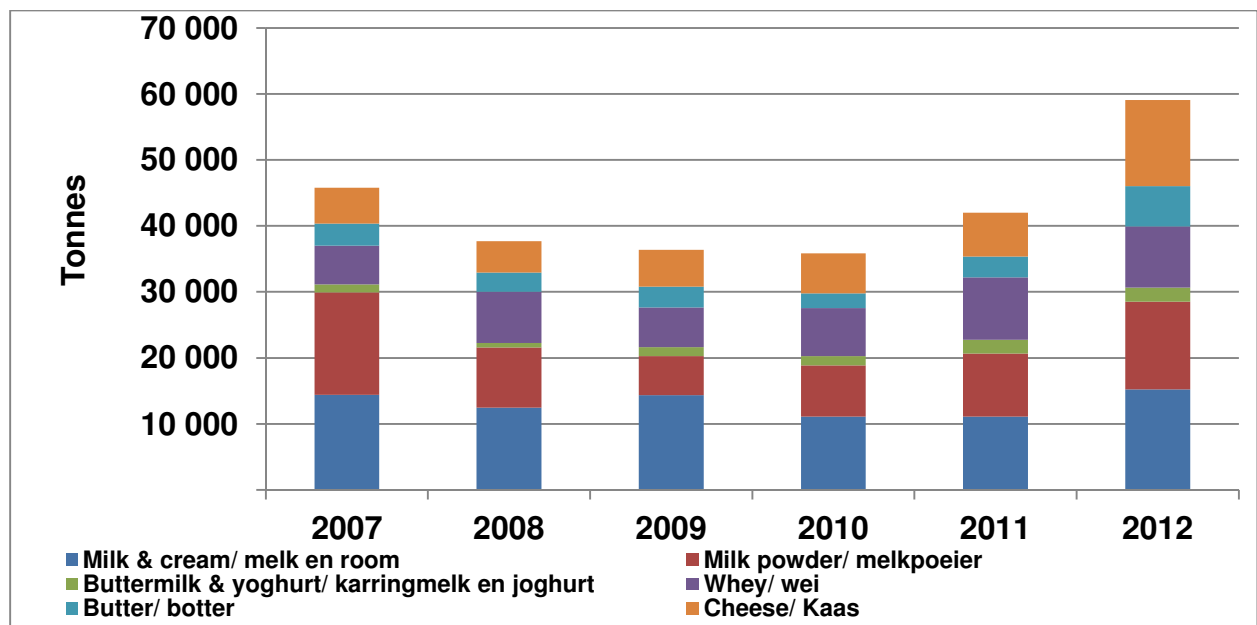
Source / Bron : Customs & Excise import statistics supplied by SAMPRO / Doeane en akyns invoerstatistiek voorsien deur SAMPRO



**Figure 6 :** Monthly imports, milk equivalent base, January 1995 to August 2013

**Figuur 6 :** Maandelikse invoer, melkekwiwalent basis, Januarie 1995 tot Augustus 2013

Source / Bron : Customs & Excise import statistics supplied by SAMPRO / Doeane en akyns invoerstatistiek voorsien deur SAMPRO



**Figure 7 :** Composition of imports, 2007-2012

**Figuur 7 :** Samestelling van invoere, 2007-2012

Source / Bron : Customs & Excise import statistics supplied by SAMPRO / Doeane en akyns invoerstatistiek voorsien deur SAMPRO

### Export statistics

Export statistics for 2008-2012 are shown in Table 3. The composition of annual exports is shown in Figure 8.

### Net Exports

Net exports, on a milk equivalent basis, are shown in Figure 9.

### Uitvoerstatistiek

Uitvoerstatistiek vanaf 2008-2012 word in Tabel 3 aangedui. Die samestelling van jaarlikse uitvoere word in Figuur 8 aangedui.

### Netto Uitvoere

Jaarlikse netto uitvoere op 'n melkekivalent basis word in Figuur 9 aangedui.

**Table 3 :** Annual exports (ton), 2008-2013\***Tabel 3 :** Jaarlikse uitvoere (tonnes) 2008-2013\*

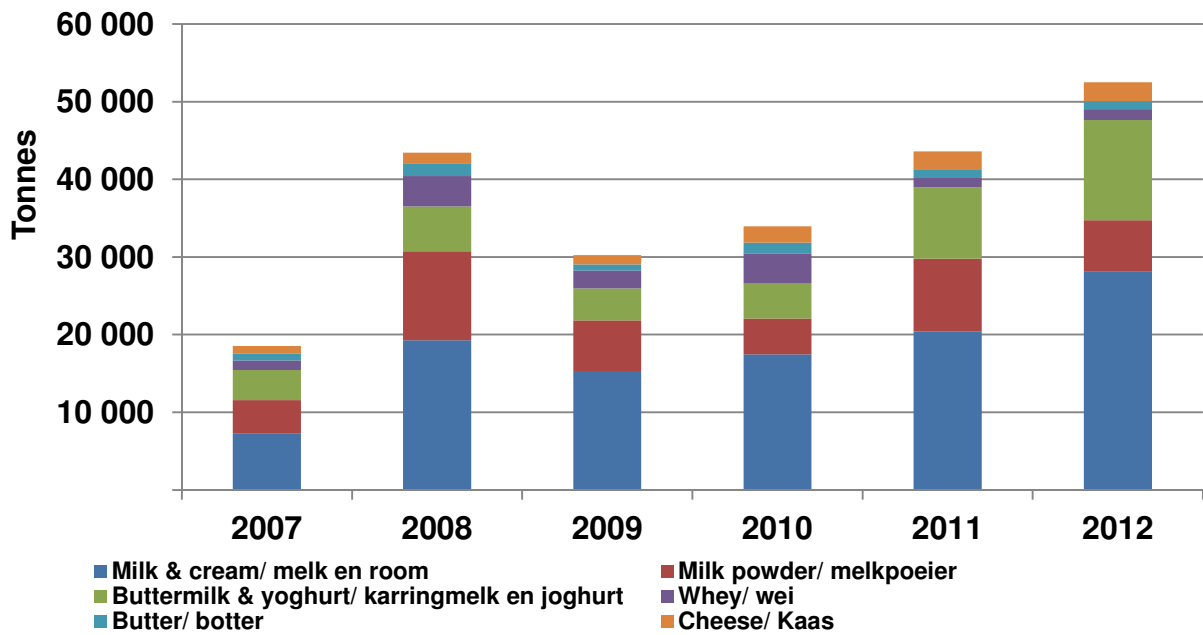
| Tariff<br>Heading<br>Tariefpos | Description<br>Beskrywing                                      | 2008          | 2009          | 2010          | 2011          | 2012          | 2013*         |
|--------------------------------|--|---------------|---------------|---------------|---------------|---------------|---------------|
| 04.01                          | Milk and Cream / <i>Melk en room</i>                           | 19 294        | 21 293        | 17 451        | 20 802        | 28 077        | 16 933        |
| 04.02                          | Milk, concentrated /<br><i>Melk, gekonsentreerd</i>            | 11 446        | 7 864         | 4 612         | 7 245         | 6 653         | 7 606         |
| 04.03                          | Buttermilk & Yogurt /<br><i>Karringmelk &amp; Joghurt</i>      | 5 743         | 5 709         | 4 527         | 9 215         | 12 914        | 12 891        |
| 04.04                          | Whey & modified whey /<br><i>Wei &amp; gemodifiseerde wei</i>  | 3 928         | 3 853         | 3 805         | 1 256         | 1 384         | 1 369         |
| 04.05                          | Butter & other milk fats /<br><i>Botter en ander melkvette</i> | 1 565         | 1 309         | 1 471         | 992           | 1 033         | 718           |
| 04.06                          | Cheese and curd /<br><i>Kaas en wrongel</i>                    | 1 434         | 1 741         | 2 083         | 2 307         | 2 438         | 1 796         |
|                                | <b>Grand Total / Groototaal</b>                                | <b>42 781</b> | <b>41 771</b> | <b>33 950</b> | <b>41 817</b> | <b>59 103</b> | <b>41 313</b> |

Source / Bron : Customs & Excise export statistics supplied by SAMPRO / *Doeane en aksyns uitvoerstatistiek voorsien deur SAMPRO*

\* 2013 = January – August

2013 = Januarie - Augustus

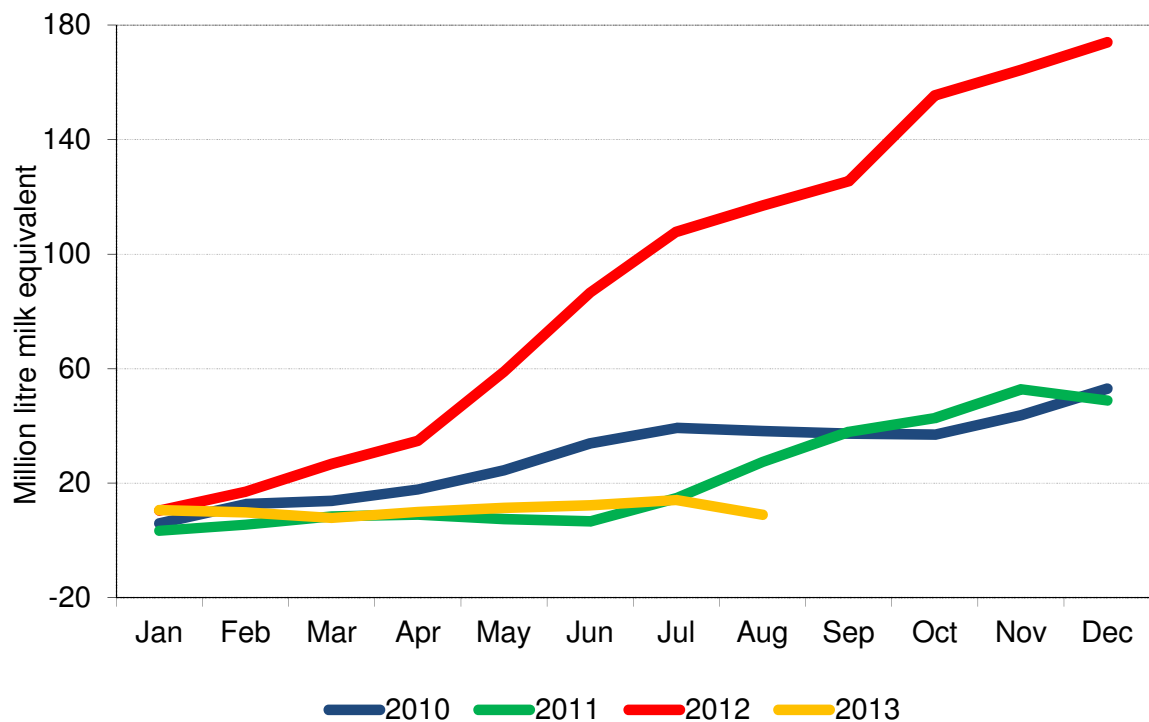




**Figure 8 :** Composition of annual exports, 2007-2012

**Figuur 8 :** Samestelling van jaarlikse uitvoere, 2007-2012

Source / Bron : Customs & Excise export statistics supplied by SAMPRO / Doeane en aksyns uitvoerstatistiek voorsien deur SAMPRO



**Figure 9 :** Cumulative net imports, milk equivalent basis, January 2010 – August 2013

**Figuur 9 :** Kumulatiewe netto invoere, melkekwivalent basis, Januarie 2010 - Augustus 2013

Source / Bron : MPO Calculations from import and export data supplied by SAMPRO / MPO berekening vanaf invoer- en uitvoerdata verskaf deur SAMPRO

## Prices

Price indices for raw milk on farm level, processed dairy products on factory level and milk, cheese and eggs on retail level are shown in Table 4 and Figure 10.

## Pryse

Prysindekse van roumelk op plaasvlak, verwerkte suiwelprodukte op fabrieksvlak en van melk, kaas en eiers op kleinhandelsvlak word in Tabel 4 en Figuur 10 aangedui.

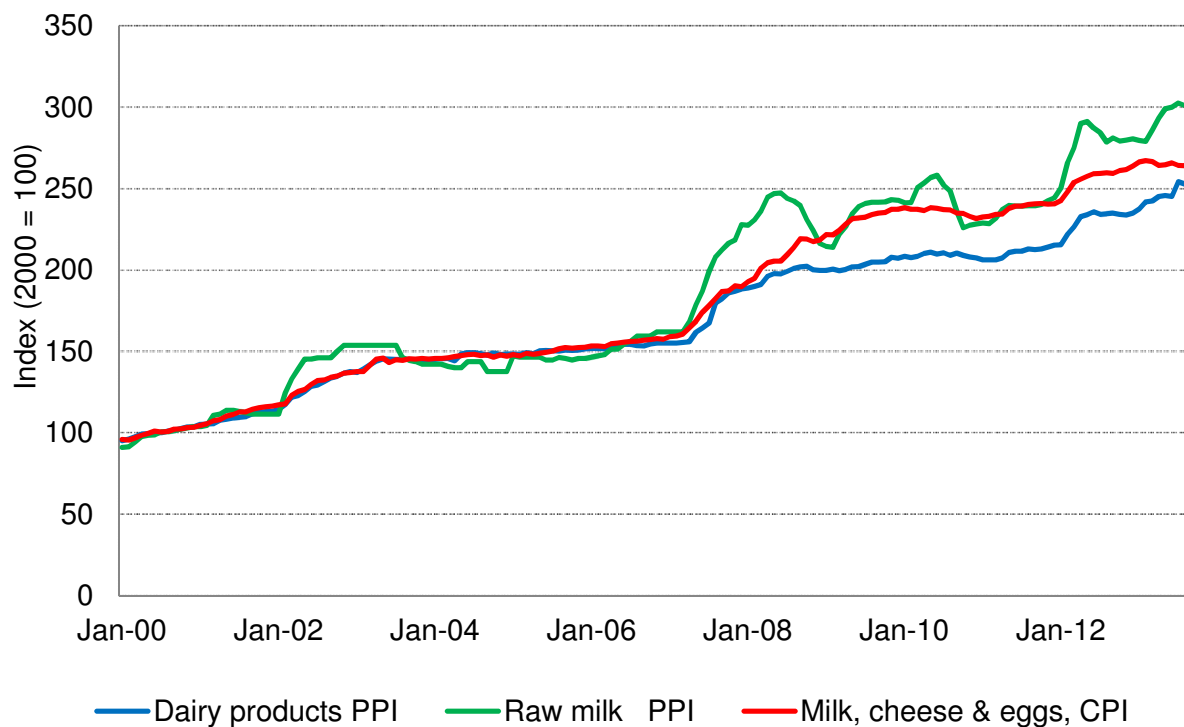
**Table 4 :** Price indices of raw milk on farm, processed dairy products on factory and milk, cheese and eggs on retail level

**Tabel 4 :** Prysindekse van roumelk op plaas-, geprosesseerde suiwelprodukte op fabrieks- en melk, kaas en eiers op kleinhandelsvlak

(2000 = 100)

| Month  | Dairy products PPI | Raw milk PPI* | Milk, cheese & eggs, CPI |
|--------|--------------------|---------------|--------------------------|
| Jan-12 | 215.5              | 250.4         | 242.6                    |
| Feb-12 | 222.0              | 266.0         | 248.2                    |
| Mar-12 | 226.6              | 275.0         | 253.9                    |
| Apr-12 | 232.9              | 290.0         | 255.7                    |
| May-12 | 233.9              | 291.1         | 257.6                    |
| Jun-12 | 235.8              | 287.4         | 259.1                    |
| Jul-12 | 234.1              | 284.3         | 259.3                    |
| Aug-12 | 234.5              | 278.6         | 259.7                    |
| Sep-12 | 235.0              | 281.1         | 259.3                    |
| Oct-12 | 234.1              | 279.3         | 261.1                    |
| Nov-12 | 233.7              | 279.7         | 261.8                    |
| Dec-12 | 235.0              | 280.5         | 263.9                    |
| Jan-13 | 237.6              | 279.6         | 266.5                    |
| Feb-13 | 242.0              | 279.1         | 267.3                    |
| Mar-13 | 242.4              | 286.1         | 266.7                    |
| Apr-13 | 245.2              | 293.4         | 264.4                    |
| May-13 | 245.9              | 299.1         | 264.6                    |
| Jun-13 | 245.2              | 300.1         | 265.9                    |
| Jul-13 | 254.2              | 302.6         | 264.4                    |
| Aug-13 | 252.8              | 301.0         | 264.1                    |
| Sep-13 | 251.4              | 300.4         | 266.9                    |
| Oct-13 | 253.7              | 302.6         | 265.1                    |

\* Adjusted to same base period/ Aangepas na ooreenstemmende basisperiode



**Figure 10 :** Price indices of raw milk on farm, processed dairy products on factory and milk, cheese and eggs on retail level, Jan 2000-Sept 2013

**Figuur 10 :** Prysindexse van roumelk op plaas-, geprosesseerde suiwelprodukte op fabrieks- en melk, kaas en eiers op kleinhandelvlak, Jan 2000-Sept 2013

**International situation****Internasionale omgewing**

World dairy product prices are shown in Table 5 and in Figure 11.

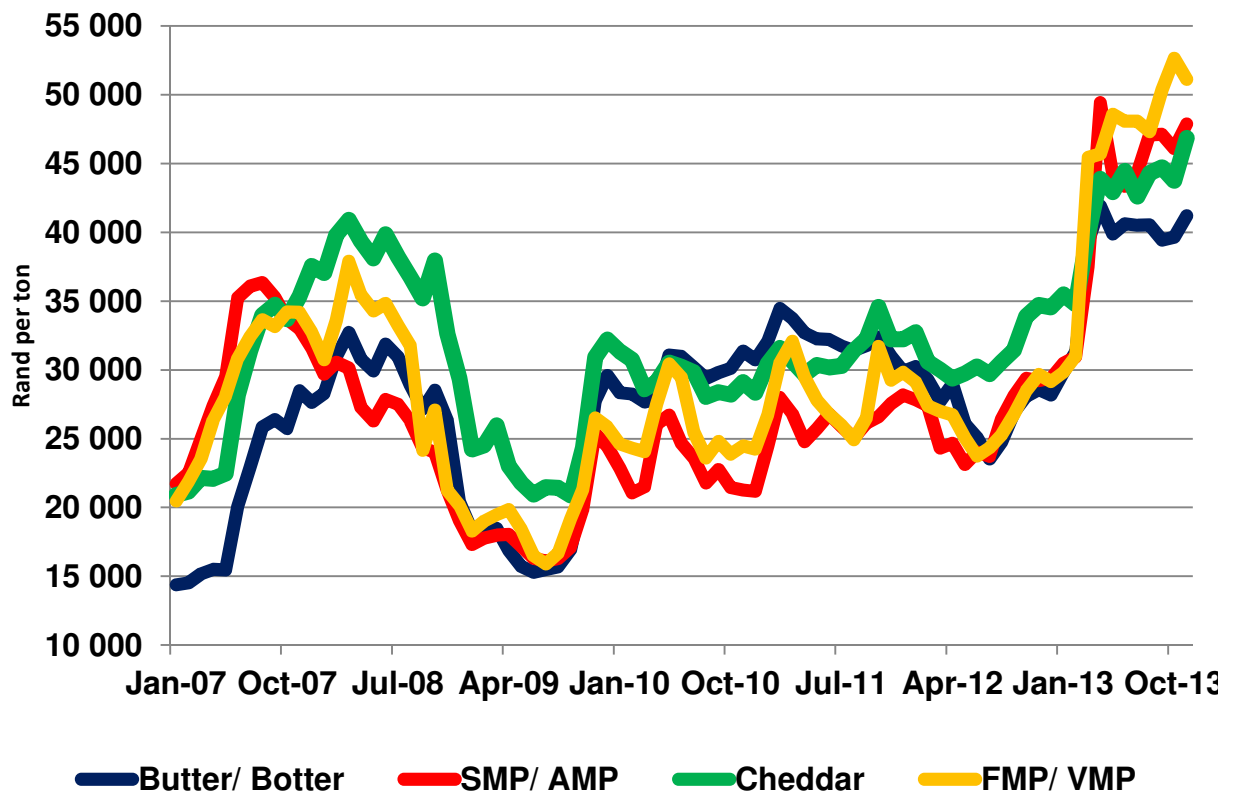
Wêreld suiwelprodukpryse word in Tabel 5 en Figuur 11 aangedui.

**Table 5 :** Monthly international FOB prices for New Zealand dairy products, July 2010 to January 2013

**Tabel 5 :** Maandelikse internasionale VAB pryse vir Nieu Seelandse suiwelprodukte, Julie 2010 tot Januarie 2013

| Month /<br>Maand | Price US\$ / ton<br>Prys VSA\$ per ton |       |         | SA cent / US\$<br>SA sent / VSA\$ | Price Rand / ton<br>Prys Rand per ton |        |         |
|------------------|--|-------|---------|-----------------------------------|---------------------------------------|--------|---------|
|                  | Butter                                 | SMP   | Cheddar |                                   | Butter                                | SMP    | Cheddar |
| Jan-12           | 3 775                                  | 3 475 | 4 088   | <b>763</b>                        | 29 185                                | 27 289 | 30 470  |
| Feb-12           | 3 825                                  | 3 577 | 3 994   | <b>765</b>                        | 27 923                                | 24 480 | 30 218  |
| Mar-12           | 3 650                                  | 3 200 | 3 950   | <b>790</b>                        | 29 230                                | 24 885 | 29 625  |
| Apr-12           | 3 700                                  | 3 150 | 3 750   | <b>783</b>                        | 28 971                                | 24 665 | 29 363  |
| May-12           | 3 200                                  | 2 838 | 3 650   | <b>815</b>                        | 26 080                                | 23 130 | 29 748  |
| Jun-12           | 2 987                                  | 2 863 | 3 600   | <b>840</b>                        | 25 091                                | 24 045 | 30 240  |
| Jul-12           | 2 850                                  | 2 875 | 3 600   | <b>825</b>                        | 23 513                                | 23 719 | 29 700  |
| Aug-12           | 2 996                                  | 3 200 | 3 700   | <b>827</b>                        | 24 777                                | 26 464 | 30 599  |
| Sep-12           | 3 250                                  | 3 400 | 3 800   | <b>827</b>                        | 26 878                                | 28 118 | 31 426  |
| Oct-12           | 3 250                                  | 3 400 | 3 925   | <b>867</b>                        | 28 178                                | 29 478 | 34 030  |
| Nov-12           | 3 250                                  | 3 400 | 3 925   | <b>880</b>                        | 28 600                                | 29 260 | 34 760  |
| Dec-12           | 3 250                                  | 3 325 | 3 950   | <b>880</b>                        | 28 706                                | 29 920 | 35 200  |
| Jan-13           | 3 262                                  | 3 400 | 4 000   | <b>890</b>                        | 29 921                                | 30 589 | 35 600  |
| Feb-13           | 3 625                                  | 3 582 | 4 025   | <b>864</b>                        | 31 320                                | 30 948 | 34 776  |
| Mar-13           | 4 275                                  | 4 087 | 4350    | <b>918</b>                        | 39 245                                | 37 519 | 39 933  |
| Apr-13           | 4 588                                  | 5 406 | 4 800   | <b>914</b>                        | 41 930                                | 49 413 | 43 872  |
| May-13           | 4 275                                  | 4 737 | 4 600   | <b>933</b>                        | 39 886                                | 44 196 | 42 918  |
| Jun-13           | 4 100                                  | 4 375 | 4 487   | <b>991</b>                        | 40 631                                | 43 356 | 44 466  |
| Jul-13           | 4 088                                  | 4 475 | 4 300   | <b>991</b>                        | 40 507                                | 44 347 | 42 613  |
| Aug-13           | 4 025                                  | 4 675 | 4 400   | <b>1007</b>                       | 40 532                                | 47 077 | 44 308  |
| Sep-13           | 3 925                                  | 4 688 | 4 450   | <b>1005</b>                       | 39 446                                | 47 109 | 44 723  |
| Oct-13           | 3 965                                  | 4 610 | 4 375   | <b>1000</b>                       | 39 650                                | 46 100 | 43 750  |

Source / Bron : USDA, SA Reserve Bank / USDA, SA Reserwebank



**Figure 11 :** World dairy product prices (Rand per ton), January 2007 to October 2013

**Figuur 11 :** Wêreld suiwelprodukpryse (Rand per ton), Januarie 2007 tot Oktober 2013

Source / Bron: USDA; SA Reserve Bank / USDA. SA Reserwebank

### Price indices of farm requisites

Price indexes of farm requisites are shown in Table 6.

### Prysindekse van boerderybenodigdhede

Prysindekse van boerderybenodigdhede word in Tabel 6 aangedui.

**Table 6 :** Price indexes of farm requisites, 2009-2013**Tabel 6 :** Prysindexe van boerderybenodigdhede 2009-2013

| <b>Period<br/>Periode</b>        | <b>Machinery &amp;<br/>implements<br/><i>Masjinerie en<br/>implemente</i></b> | <b>Material for<br/>fixed<br/>improvements<br/><i>Materiaal vir vaste<br/>verbeteringe</i></b> | <b>Intermediate<br/>goods and<br/>services<br/><i>Intermediêre<br/>goedere en<br/>dienst</i></b> | <b>All farming<br/>requisites<br/><i>Alle<br/>boederybenodigd<br/>-hede</i></b> |
|----------------------------------|---|--|--|---|
| 2009                             | 133.0   | 141.6  | 172.8  | 166.6   |
| 2010                             | 154.9   | 145.1  | 193.4  | 186.6   |
| 2011                             | 174.6   | 153.6  | 217.8  | 209.7   |
| 2012                             | 187.7   | 167.5  | 250.7  | 239.4   |
| <b>CAGR<br/>2009 - 2012*</b>     | <b>12.1%</b>  | <b>5.7 %</b>   | <b>13.1 %</b>  | <b>12.8 %</b>   |
| Jul-09                           | 135.9   | 139.1  | 172.1  | 166.2   |
| Oct-09                           | 139.7   | 141.9  | 177.8  | 171.6   |
| Jan-10                           | 146.2   | 142.7  | 185.0  | 178.5   |
| Apr-10                           | 152.9   | 145.5  | 191.3  | 184.6   |
| Jul-10                           | 157.9   | 145.4  | 196.6  | 189.4   |
| Oct-10                           | 162.4   | 146.8  | 201.0  | 194.0   |
| Jan-11                           | 169.4   | 150.3  | 208.3  | 201.0   |
| Apr-11                           | 171.2   | 152.5  | 215.8  | 207.5   |
| Jul-11                           | 175.8   | 154.2  | 220.5  | 212.1   |
| Oct-11                           | 182.6   | 157.4  | 226.8  | 218.3   |
| Jan-12                           | 190.8   | 160.3  | 241.7  | 232.1   |
| Apr-12                           | 196.0   | 159.1  | 249.5  | 239.0   |
| Jul-12                           | 194,2   | 169,4  | 258,1  | 246,4   |
| Oct-12                           | 190.2   | 169.9  | 253.4  | 242.0   |
| Jan-13                           | 196.2   | 176.6  | 263.1  | 251.2   |
| Apr-13                           | 200.9   | 179.8  | 267.1  | 255.2   |
| <b>CAGR<br/>Jul-09 - Apr-13*</b> | <b>10.9%</b>  | <b>7.0%</b>  | <b>12.4%</b>   | <b>12.1%</b>  |

\*CAGR = Computed annual growth rate / *Berekende jaarlikse groeikoers*

Source / *Bron* : DAFF, Crops and Markets/ *DAFF, Crops and markets*

**Import and export prices****In- en uitvoerpryse**

Free on board prices for imported and exported dairy products are shown in Table 7.

Vry aan boord in- en uitvoerpryse van suiwelprodukte word in Tabel 7 aangedui.

**Table 7 :** FOB Import and export prices per tariff heading, 2011-2013\*

**Tabel 7 :** VAB In- en uitvoerpryse per tariefpos, 2011-2013\*

| Tariff heading /<br>Tariefpos | Description /<br>Beskrywing                                     | Import price /<br>Invoerprys<br>(R/kg) |       |       | Export price /<br>Uitvoerprys<br>(R/kg) |       |       |
|-------------------------------|---|--|-------|-------|---|-------|-------|
|                               |   | 2011                                   | 2012  | 2013* | 2011                                    | 2012  | 2013* |
| <b>04.01</b>                  | <b>Milk &amp; cream /<br/>Melk &amp; room</b>                   | 5.79                                   | 5.55  | 5.01  | 7.61                                    | 8.39  | 8.57  |
| <b>04.02</b>                  | <b>Concentrated milk /<br/>Gekonsentreerde melk</b>             | 26.17                                  | 26.85 | 34.81 | 23.56                                   | 24.37 | 23.70 |
| 0402.10                       | Skimmed milk powder /<br>Afgeroomde melkpoeier                  | 26.17                                  | 23.96 | 32.80 | 18.80                                   | 22.11 | 22.43 |
| 0402.21                       | Full cream milk powder /<br>Volroom melkpoeier                  | 30.87                                  | 32.15 | 37.91 | 37.24                                   | 34.91 | 30.48 |
| 0402.99                       | Condensed milk, sweetened<br>/Gekondenseerde melk,<br>versoet   | 31.23                                  | 30.10 | 50.15 | 18.86                                   | 15.26 | 16.67 |
| <b>04.03</b>                  | <b>Buttermilk &amp; yoghurt /<br/>Karringmelk &amp; joghurt</b> | 22.78                                  | 23.03 | 31.99 | 14.07                                   | 16.97 | 17.73 |
| 0403.10                       | Yoghurt / Joghurt   | 16.03                                  | 23.98 | 35.43 | 14.43                                   | 16.99 | 17.32 |
| 0403.90                       | Buttermilk / Karringmelk  | 22.95                                  | 22.94 | 31.09 | 11.24                                   | 16.38 | 21.90 |
| <b>04.04</b>                  | <b>Whey / Wei</b>   | 29.46                                  | 22.43 | 30.54 | 9.85                                    | 9.43  | 11.41 |
| <b>04.05</b>                  | <b>Butter / Botter</b>  | 32.50                                  | 29.99 | 33.50 | 31.11                                   | 37.06 | 34.66 |
| <b>04.06</b>                  | <b>Cheese / Kaas</b>  | 43.41                                  | 40.02 | 49.37 | 35.43                                   | 40.44 | 40.80 |
| 0406.30                       | Processed cheese /<br>Proseskaas                                | 41.82                                  | 40.27 | 43.72 | 34.16                                   | 36.32 | 36.72 |
| 0406.40                       | Blue veined cheese /<br>Blou geaarde kaas                       | 63.12                                  | 63.83 | 75.55 | 80.08                                   | 38.18 | 53.28 |
| 0406.90                       | Hard cheese / harde kaas  | 43.15                                  | 39.10 | 51.96 | 37.99                                   | 44.84 | 43.08 |

\* 2013 : January-August / Januarie - Augustus

Source / Bron : Customs & Excise statistics supplied by SAMPRO / Doeane en aksyns statistiek voorsien deur SAMPRO