

LACTO DATA

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Statistics

A Milk SA publication compiled by the Milk Producers' Organisation



MELK SUID-AFRIKA/MILK SOUTH AFRICA



MELKPRODUSENTE-ORGANISASIE
MILK PRODUCERS' ORGANISATION



MELK SUID-AFRIKA/MILK SOUTH AFRICA



MILK SOUTH AFRICA IS THE INSTRUMENT THROUGH WHICH ITS MEMBERS, THE MPO AND SAMPRO, DEAL WITH COMMON CHALLENGES.

VISION

To promote a healthy South African dairy community.

MISSION

- To promote the image and consumption of South African dairy products among consumers and the broader population.
- To develop the dairy industry through rendering value-added services to industry participants, consumers and the broader South African population.

STRATEGIC DIRECTION

- Broaden the market for milk and other dairy products.
- Improve the international competitiveness of the dairy industry.
- Empower previously disadvantaged individuals.

STRATEGIC OBJECTIVES

The strategic direction of Milk SA resulted in strategies that are financed by the levies implemented in terms of regulations promulgated in terms of the Marketing of Agricultural Products Act, as well as other strategies that are not financed from levy income, which include:

- Consumer education.
- Improvement of the quality of milk and other dairy products.
- Empowerment of previously disadvantaged individuals through actions that improve knowledge and skills.
- Promotion/facilitation of research and development.
- Collection and publication of industry information.
- Promotion of South Africa's trade dispensation regarding milk and other dairy products.
- Constructive cooperation with the industry role players and government.

Milk SA foreword

The purpose of this publication is to make information available regarding the structure and performance of the dairy industry, with a view to promote the optimal development of the industry to the benefit of the South African dairy industry and consumers.

Milk SA is proud to present this publication, which was made possible through the contributions of especially the persons or entities sharing their information via the statutory regulations, the SA Milk Processors' Organisation (SAMPRO), the Milk Producers' Organisation (MPO) and the Milk SA Advisory Committee.

A special word of thanks to the MPO for the compilation of the information contained in *Lacto Data*.

Executive summary

International dairy product prices recovered during the second half of 2012 and the first quarter of 2013. Drought in New Zealand and adverse production conditions in other countries have resulted in a sharp slowdown in expected production growth in 2013. International prices increased sharply to record levels due to devaluation of the Rand. Since June, prices have settled at levels slightly below the April record levels but are still substantially above the 2008 peak. The international outlook remains positive for higher prices and Fonterra again recently increased their expected pay out to farmers.

In South Africa, milk production increased from 2011 to 2012. Production during the first half of 2013 is practically at the same level as the previous year. Imports during the first six months are 41% down on the same period last year while exports increased by 26%. Retail sales continued to grow during the first half of 2013, with the exception of fresh milk, which decreased.

Lacto Data is also available on www.milk.co.za and www.dairyconnect.co.za

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Compiled by Dr Koos Coetzee for Milk SA
Milk Producers' Organisation

PO Box 1284 | Pretoria | 0001 | Tel + 27 (0)12 843 5600 | Fax + 27 (0)12 804 4811

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World economic situation

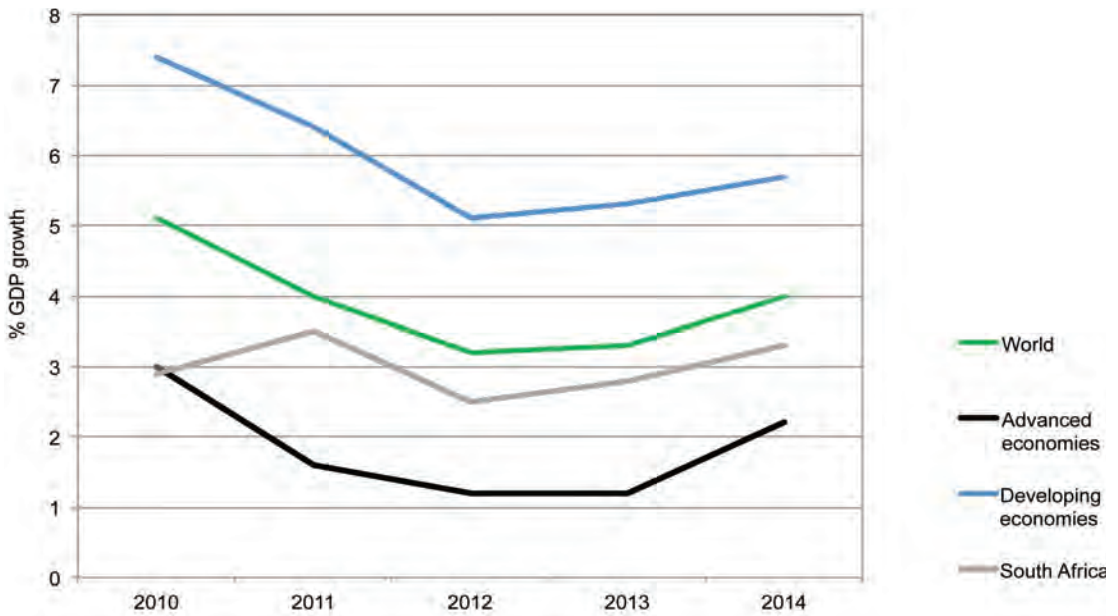
Global economic growth

International economic prospects have weakened since July 2012. Economic growth slowed down in the first half of 2012 and remained sluggish during the third quarter. Global manufacturing growth has decreased sharply and there was a marked decline in economic activity in non-EU European countries and disappointing growth in the USA. The slowdown in developed economies spilled over to developing economies. New monetary interventions in the USA and EU will aid economic recovery. However, recovery will be slow and uncertain. The International Monetary Fund (IMF) expects a moderate recovery in global growth in 2014 (Figure 1). IMF global economic modelling estimates a

90% confidence interval for economic growth in 2013 of between 1 and 6%.

Despite many adverse factors, such as a huge imbalance in current account balances and deficits between industrialised and developing countries, national government debt at unsustainable levels and geopolitical risks in many regions, positive economic growth is estimated for 2013. Huge volatility makes predictions uncertain. Fundamental factors point towards higher food demand. Chances are that the global economy may pick up towards the end of 2013, early 2014. However, moderate economic growth at about 3% will probably remain constant for the next few years. Downside risk to economic growth will remain high. At present, the Syrian issue has added to this uncertainty.

Figure 1: International economic growth and expected growth, 2010 – 2014



Source: IMF, 2013

“ International food prices have decreased from record levels in 2008 to bottom out in 2009. Since then prices have recovered to peak in 2011 but moved erratically downwards ever since.”

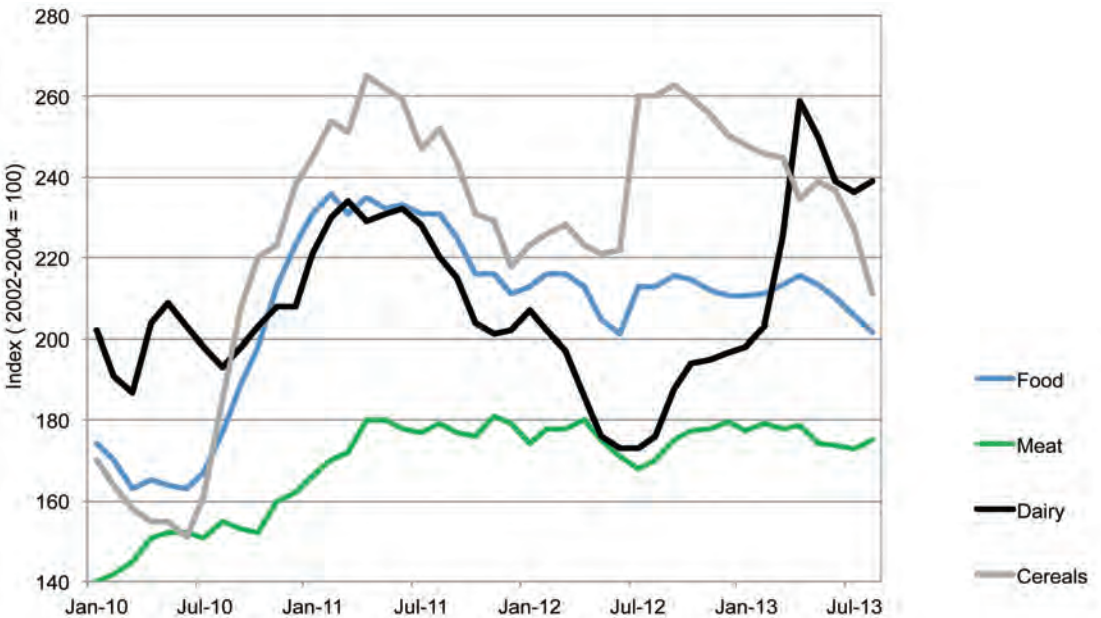
Global food prices

International food prices have decreased from record levels in 2008 to bottom out in 2009. Since then prices have recovered to peak in 2011 but moved erratically downwards ever since. However, food products did not react in the same way. As was the case in 2007/08, dairy product prices once again were an early indicator of higher prices when they peaked during April 2013 at the highest level ever. The Food and Agricultural Organisation (FAO)’s food price indices for food, meat, dairy products and cereals are shown in Figure 2.

Food price outlook

Recently published baseline studies show moderate growth in food prices in the period to 2022. Both the Food and Agricultural Products Institute (Fapri) and the US Department of Agriculture (USDA) predict a slow and moderate increase in food prices in the next decade. While livestock product prices are expected to increase already from 2013, in the short term, grain prices will decrease as good crops push prices down to export parity levels. A more favourable outlook is provided for livestock farmers than for grain producers.

Figure 2: FAO food price indices, 2010 – 2013



Source: FAO Food price index, 2013

“ Cow’s milk production remains the most important part of total milk production and comprises 83% of the total global milk production.”

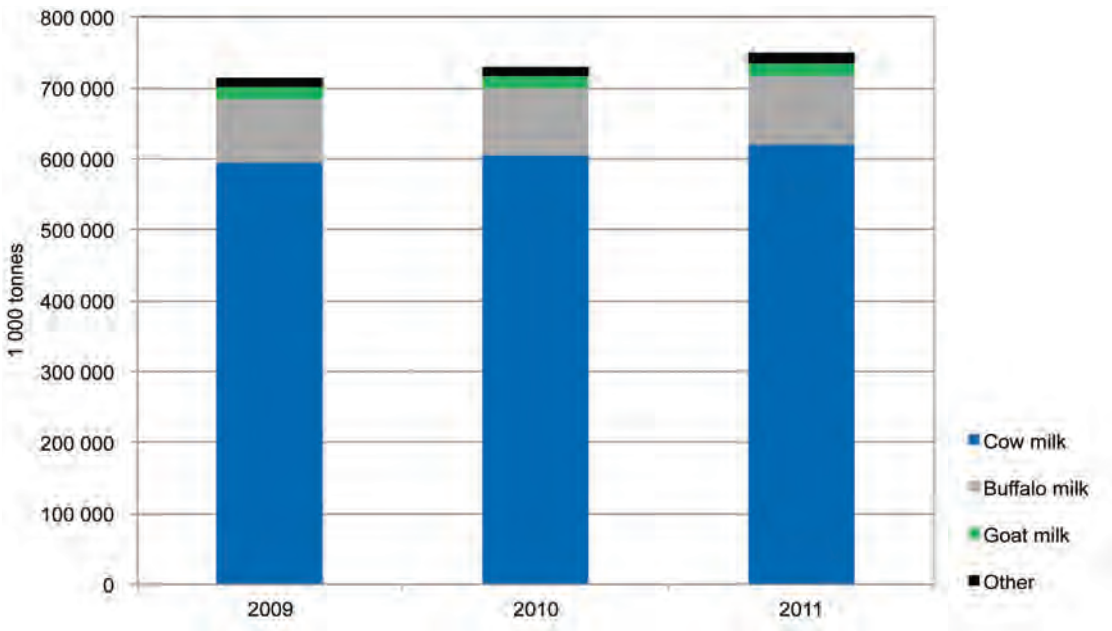
World dairy situation

World milk production

World cow milk production has increased by 2,5% in 2011, up from the 2010 growth of 2,4%. Main factors driving high production growth were higher producer prices and favourable climatic conditions. This trend continued during the first half of 2012. Lower prices and less favourable production conditions resulted in a slowdown in production growth in

the second half of 2012. A devastating drought in New Zealand at the beginning of 2013 and a slow start to the 2013 European production season resulted in a decrease in production growth in 2013. Cow’s milk production remains the most important part of total milk production and comprises 83% of the total global milk production. Global milk production per species is shown in Figure 3.

Figure 3: Global milk production per species, 2009 to 2011



Source: IDF Bull.458/2012

Asia is the most important producer of milk followed by the European Union (EU-27) and North and Central America. The geographical distribution of milk production is shown in Figure 4.

Production outlook

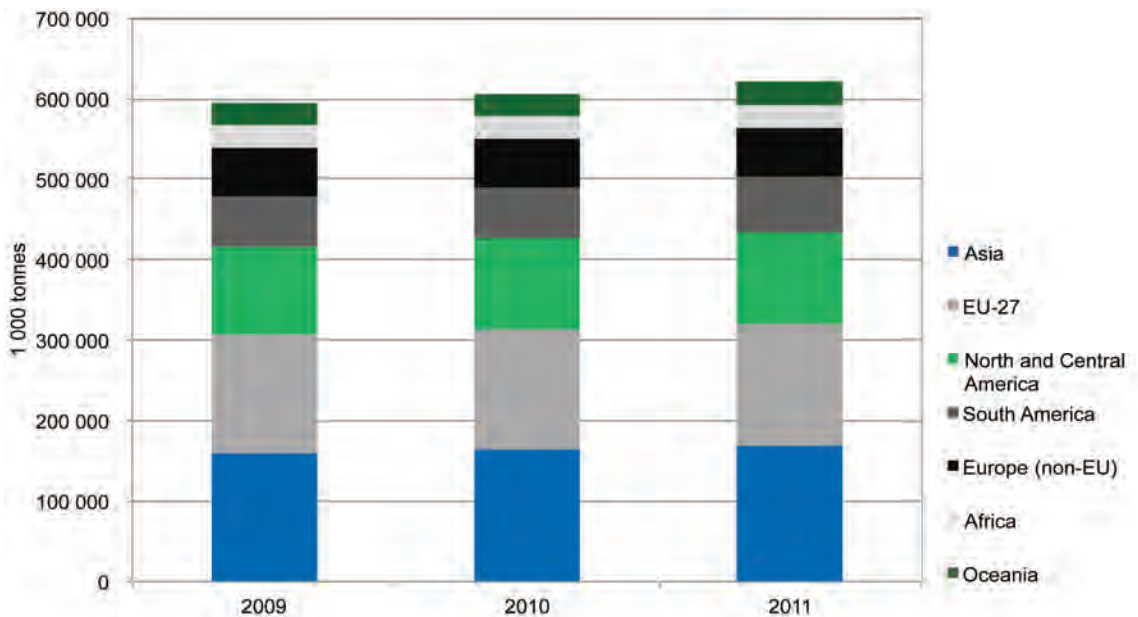
Milk production for the first half of 2013 in major exporting countries was generally lower than in the first half of 2012. Total production growth for the first part of 2013 in major dairy trading countries is shown in Table 1.

Table 1: Milk production growth 2013 compared to 2012, selected countries

Country	Period	% Growth 2013/2012
Australia	Jan – July 2013	-6,5%
European Union	Jan – July 2013	-0,9%
New Zealand	Jan – Aug 2013	-9,7%
United States	Jan – July 2013	+0,5%

Source: CNIEL, 2013

Figure 4: Cow’s milk production per region, 2009 – 2011



Source: IDF Bull458/2012

“ Total global butter production is estimated at 10 million tonnes. Output increased by 4,6% during 2011. Global cheese production equals 20 million tonnes. Of this, more than 80% is manufactured from cow’s milk. Europe and the USA dominate more than 70% of the global natural cheese market. ”

All major production regions experienced adverse production conditions since mid-2012. EU milk production is expected to grow by 0,4% in 2013. This is based on the assumption that production growth will accelerate in the second half of 2013. In the USA, lower feed prices will create growth opportunities for farmers. The USDA predicts growth of 0,7% in 2013, compared to 2012. New Zealand milk production is forecasted to end the 2013/14 season within 1% of the previous season with a high probability of ending the season below the previous one.

Milk processing

Milk deliveries to dairy processors increased by 2,9% during 2011, compared to average growth of 1,9% during the last decade. Milk deliveries grew at a faster rate in the Southern Hemisphere with double-digit growth in New Zealand, Argentina and Uruguay. Milk deliveries also grew at high rates in China (+4,9%), Iran (+5,7%), Israel (+6,8%) and Turkey (+4,9%). Milk deliveries decreased in Japan, South Korea and Ukraine.

While production of all dairy products increased, the highest growth was recorded for butter and milk powder. World liquid milk production increased by 0,8% in 2011 to 126 million tonnes. High growth rates were recorded in China, the Ukraine and Belarus while production

decreased by 0,2% in Russia and grew by 0,3% in the EU. Fermented products continued to grow at high rates.

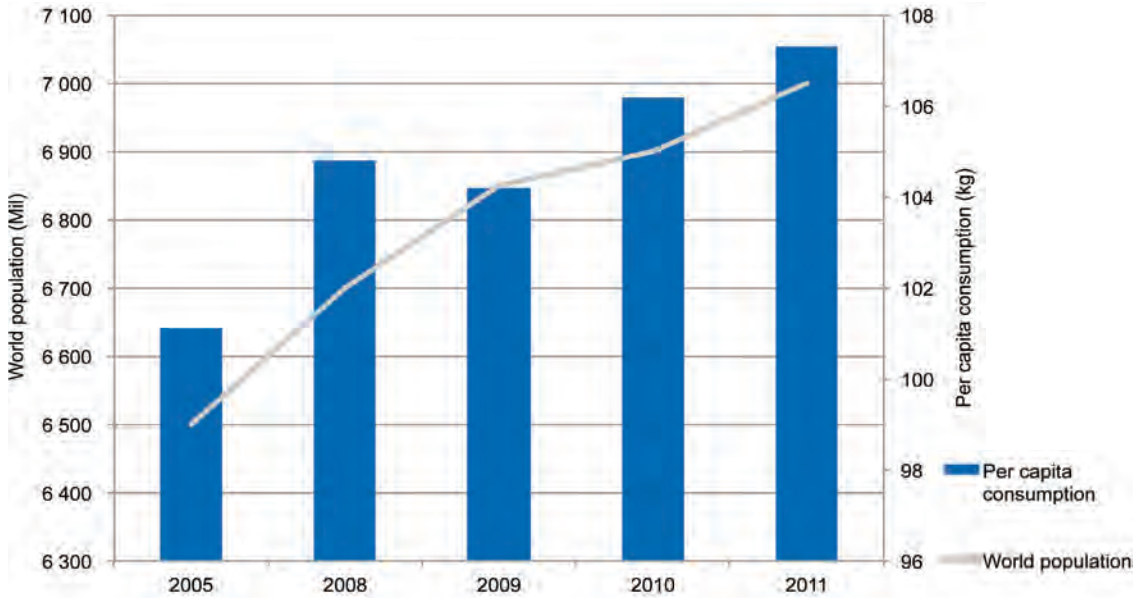
Total global butter production is estimated at 10 million tonnes. Output increased by 4,6% during 2011. Global cheese production equals 20 million tonnes. Of this, more than 80% is manufactured from cow’s milk. Europe and the USA dominate more than 70% of the global natural cheese market.

World milk powder production is estimated at 9 million tonnes, about evenly distributed between full-cream and skimmed milk powder. Argentina, China and New Zealand increased their production of full-cream milk powder (FMP) in 2011. European FMP production continues to decrease. Firm demand resulted in growth of skimmed milk production.

Dairy consumption

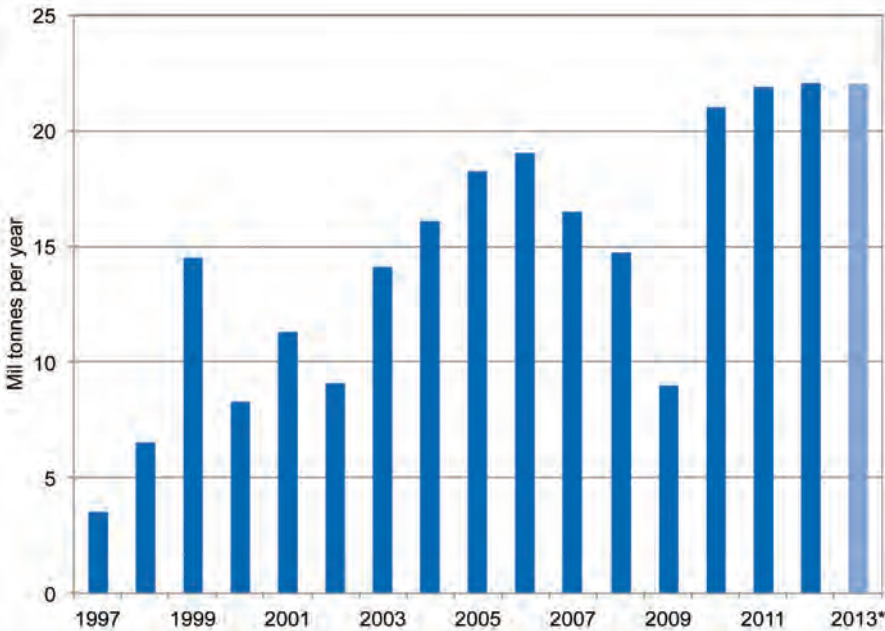
Dairy consumption is driven by global population growth and growth in per capita consumption. World population and per capita consumption of dairy products are shown in Figure 5. Recent analysis by the International Farm Comparison Network (IFCN) indicates that global dairy demand will grow by 20 million tonnes per year, 8 million tonnes as result of population growth and 12 million tonnes resulting from increased per capita consumption. Actual and estimated dairy demand growth is shown in Figure 6.

Figure 5: World population and per capita dairy consumption, 2005, 2008 – 2011



Source: IDF Bull 458/2012

Figure 6: Annual increase in dairy demand, 1997 – 2013*



Source: IFCN Conference, 2013

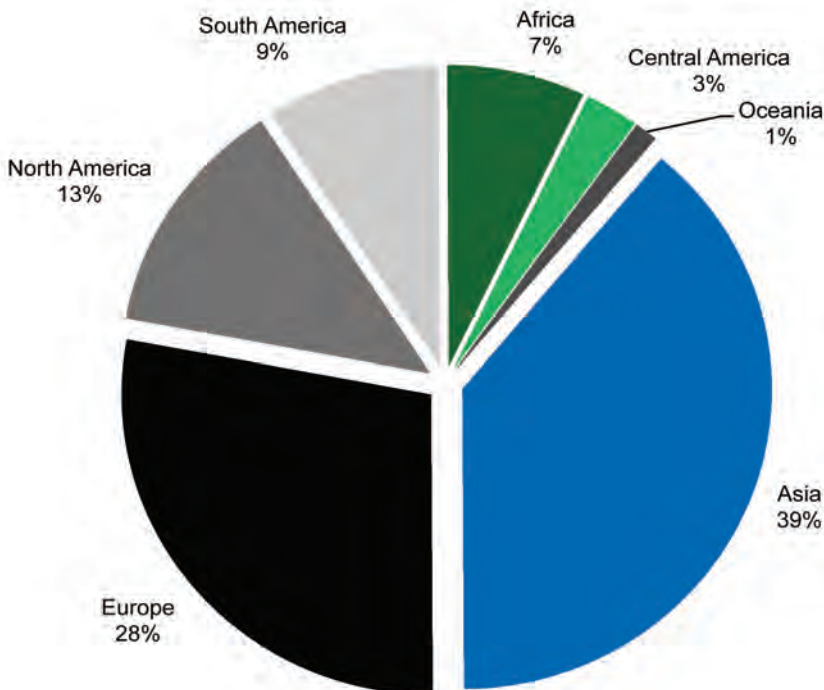
“ Cheese consumption largely follows the same pattern as butter with high consumption in Western Europe and low consumption in Africa and Asia. ”

Consumption of individual products varies greatly between countries. Liquid milk consumption is high in Europe and Oceania and low in Asia and Africa. Northern European countries have the largest per capita consumption of liquid milk. Butter consumption is high in European countries and low in Asia and Africa. France has the highest

butter consumption at 7,5 kg per capita per year. Cheese consumption largely follows the same pattern as butter with high consumption in Western Europe and low consumption in Africa and Asia.

The regional distribution of total dairy consumption is shown in Figure 7. Asia accounts for 39% of total dairy demand.

Figure 7: Regional distribution of total dairy demand, 2011



Source: IDF Bull 458/2012

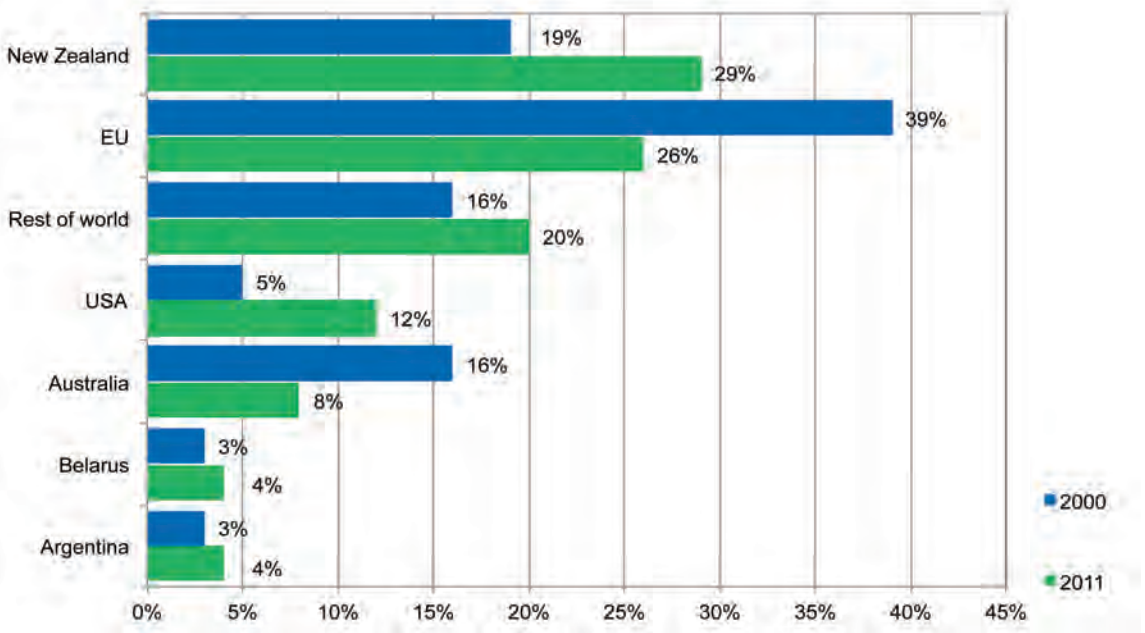
“ Only about 59 million tonnes or 8% of total world production is traded internationally, excluding intra-EU trade. ”

International dairy trade

Only about 59 million tonnes or 8% of total world production is traded internationally, excluding intra-EU trade. Dairy trade volumes increased by 10% from 2010 to 2011. Solid economic development in various areas resulted in the increase in demand. The share of key exporting countries in the total global dairy trade is shown

in Figure 8. New Zealand and the European Union are the main exporters of dairy products at 26% share each. New Zealand’s share of total exports increased while the EU’s share decreased. The top four exporting countries had a share of 80% in total trade in 2000. While the top fours’ total exports increased, their share of total exports decreased to 72%.

Figure 8: Share of key exporting countries in total dairy trade, 2000 – 2011



Source: IDF Bull. 458/2012

Major dairy companies

The secondary dairy industry consists of many smaller local dairy companies and a few larger multinationals active in many countries. Major international dairy companies are shown in Table 2. Fonterra is the largest dairy company

with a 3% share in total milk production and a turnover of more than US\$16 billion in 2012. Since 2011, two Chinese and one Indian company joined the top 20 group. Mergers and acquisitions remain a property of the international dairy scene.

Table 2: Major dairy companies, 2012

Rank	Company	Country	Market share (%)	Milk intake (Mt)	Dairy turnover US\$ billion
1	Fonterra	New Zealand	3,0	21,6	16,4
2	Dairy Farmers of America	USA	2,4	17,1	13,0
3	Groupe Lactalis	France	2,1	15,0	16,9
4	Nestlé	Switzerland	1,7	14,9	19,1
5	Dean Foods	USA	1,7	12,0	13,1
6	Arla/MUH/Milk Link	Denmark/Sweden	1,4	12,0	12,0
7	Friesland/Campina	Netherlands	1,1	10,1	13,4
8	Danone	France	1,1	8,2	15,6
9	Kraft Food	USA	1,0	7,8	7,5
10	DMK	Germany	0,9	6,9	6,4
11	Saputo Inc	Canada/USA	0,8	6,3	7,0
12	Glanbia Group	Ireland	0,8	5,9	3,9
13	Land O' Lakes	USA	0,6	1,6	4,3
14	California Dairies	USA	0,6	4,4	3,0
15	Muller	Germany	0,6	4,1	6,5
16	Sodiaal	France	0,6	4,1	5,7
17	Mengniu	China	0,6	4,0	5,8
18	GCNMF	India	0,6	4,0	2,5
19	Yili Group	China	0,6	4,0	5,8
20	Bongrain SA	France	0,5	3,6	5,5
Sum of top 20			22,7	167,6	183,4

Source: IFCN, 2013

“ Currently there are an estimated 145 million dairy farms and between 0,7 billion and 1 billion people live on dairy farms. The average dairy farmer keeps 2,8 cows. The largest average herds are found in Saudi Arabia with 8 125 cows, followed by New Zealand (393), South Africa (248) and Australia (241). ”

International primary sector

Number and size of dairy farms

Currently there are an estimated 145 million dairy farms and between 0,7 billion and 1 billion people live on dairy farms. The average dairy farmer keeps 2,8 cows. The largest average herds are found in Saudi Arabia with 8 125 cows, followed by New Zealand (393), South Africa (248) and Australia (241). The average farm size increased by 838 cows from 2009 to 2012 in Saudi Arabia, by 25 in South Africa and by 10 in Australia. There are only 13 countries with herd sizes over 100.

The largest number of dairy farms are in India (77 million), while the original 15 EU member countries had 325 000 dairy farms. The entry of the 12 new Central and Eastern European

countries added another 1,26 million dairy farms. In the Near and Middle East there are 4,6 million dairy farms and 13,4 million in Africa. Nearly 95% of all dairy farms are described as household farms with only own labour and producing mainly for own use. These farmers own 58% of all dairy cows. Six per cent of dairy farms are family farms with own and some hired labour but with family members doing the bulk of the farm work. They own 26% of all dairy cows. Business farms with professional management and hired labour own 16% of all cows and comprises only 0,4% of all farms. The number of dairy farms, average herd size and change in herd size from 2009 to 2012 is shown in Table 3.



Table 3: Dairy farm numbers 2012, average farm size 2012 and annual change in average farm size, 2009 – 2012

Rank	Dairy farm numbers	Mil.	Average farm size	Cows	Annual change in average farm size	
1	India	76,94	Saudi Arabia	8 125	Saudi Arabia	+838
2	Pakistan	7,20	New Zealand	393	South Africa	+25
3	Russian Federation	3,15	Australia	241	Australia	+10
4	Tanzania	2,30	South Africa	238	New Zealand	+9
5	Ethiopia	2,14	Czech Republic	175	USA	+6
6	Uganda	1,98	USA	160	Denmark	+6
7	Uzbekistan	1,96	Argentina	147	Uruguay	+6
8	Afghanistan	1,84	Denmark	147	United Kingdom	+5
9	China	1,79	Israel	134	Israel	+5
10	Kenya	1,69	United Kingdom	128	Spain	+4

Source: IFCN Conference, 2013

The distribution of farmer per country per herd size shows that smaller herds predominate in countries in the former USSR, Asia, the Middle East and Brazil. Larger herds are the norm in the USA, Argentina, South Africa, Australia and New Zealand.

In developed countries milk production is intensifying as average farm size increases. The quantity of milk produced per farm also increases as result of higher cow numbers but also because of the increase in yield per cow.

The opposite is true for developing countries. The number of farms and number of cows and buffaloes increase while farm size and production per farm remains constant.



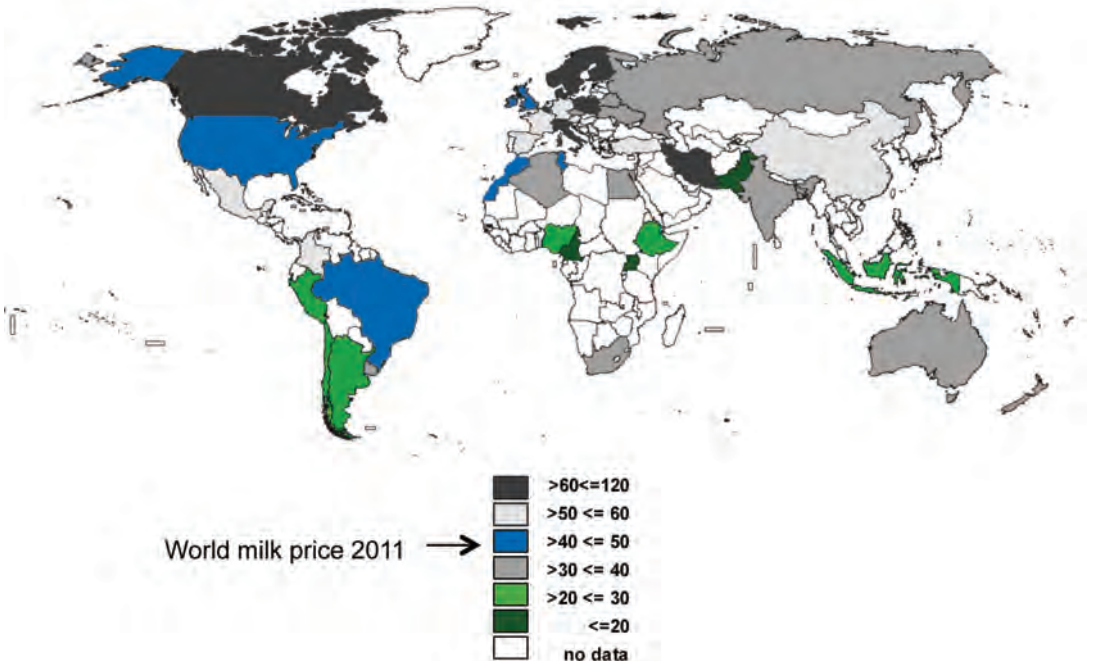
“ South African production cost lies slightly above \$35 per 100 kg while production cost in Western Europe ranges between \$40 and \$55. The highest production cost in the world is found in Japan (\$100 per 100 kg). ”

Cost of milk production

The cost of milk production varies from US\$0,40 to \$1 per litre. Regionally, farmers in Western Europe have the highest cost of production (\$58/100 kg of milk) followed by the Middle East, North America and Asia. South America produces milk at the lowest cost, closely followed by New Zealand, Australia and South Africa. There are only a few countries that produce milk at less than

\$35 per 100 litres such as Argentina and Uruguay. Milk production cost in Oceania is at \$35 per 100 litres. South African production cost lies slightly above \$35 per 100 kg while production cost in Western Europe ranges between \$40 and \$55. The highest production cost in the world is found in Japan (\$100 per 100 kg). Milk production cost for average farms in countries participating in the IFCN analysis is shown in Figure 9.

Figure 9: Milk production cost (US\$/100 kg) per average farm in participating countries, 2012

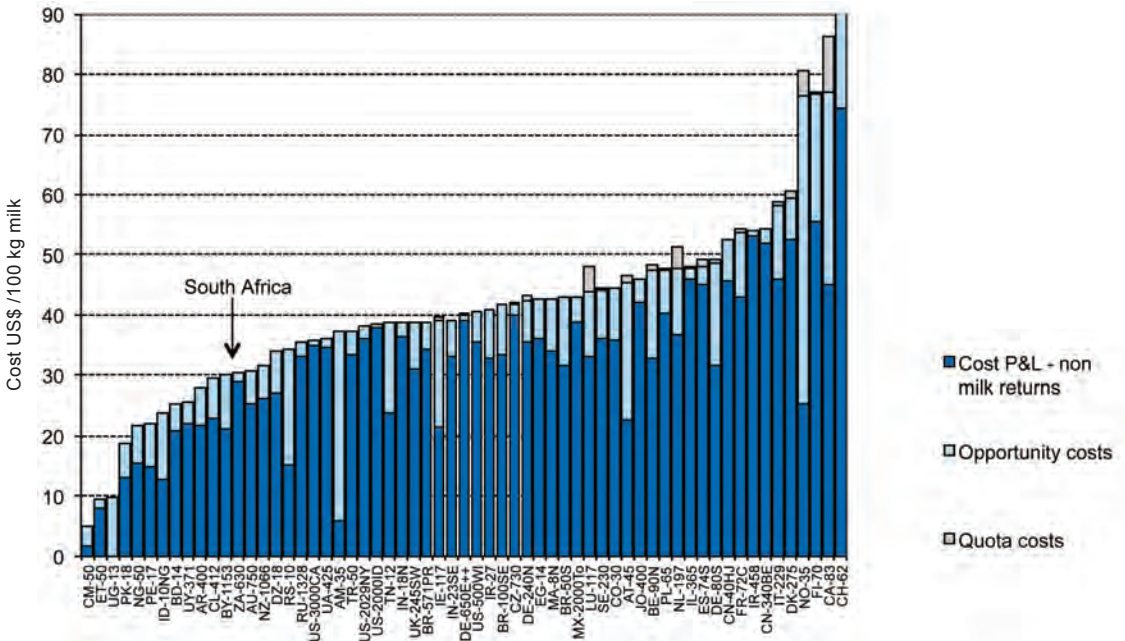


Source: IFCN 2012

In most cases countries with very low milk production cost such as Uruguay do not produce milk for commercial use but only for home consumption or direct sales to neighbours. South African dairy farms compare well with dairy farms in recognised dairy producing countries such as New Zealand and Australia. South African production cost is higher than in Argentina and other South American countries mainly because of lower grain prices in these countries. The very high production cost in Europe is evident from the figure. Milk production cost per average farm for the countries participating in the IFCN analysis in 2012 is shown in Figure 10.



Figure 10: Cost of milk production per farm (US\$ per 100 kg), average farms in IFCN analysis, 2012



Country by international country code and herd size, ZA 470 = ZA 470 cow herds.

Source: IFCN, 2012

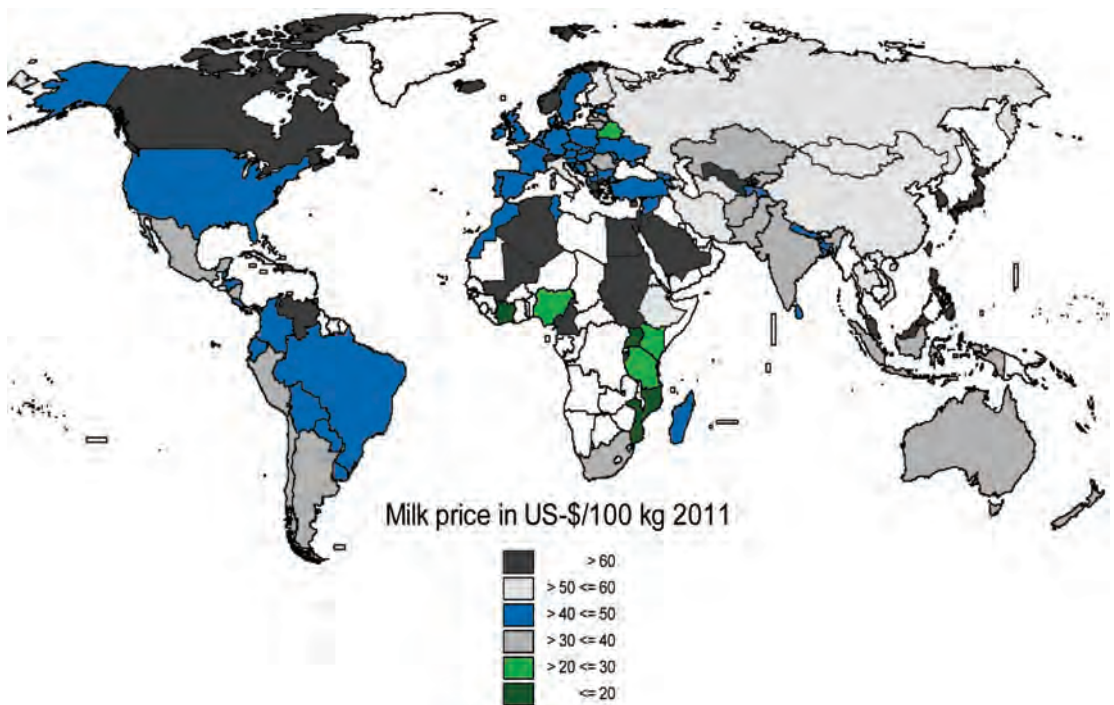
“ In most of the low-priced regions milk volumes per farm are low and quality is not comparable to countries where a high percentage of total milk production is delivered to the market. ”

Milk prices

Producer prices for milk varies from very high (US\$1 per litre) in subsidising countries to below \$0,20 in developing countries where the bulk of milk is consumed on farm and very little is sold to the market. Milk prices per

world region are shown in Figure 11. In most of the low-priced regions milk volumes per farm are low and quality is not comparable to countries where a high percentage of total milk production is delivered to the market.

Figure 11: Producer milk prices in various regions (US\$/100 kg milk), 2012



Source: IFCN, 2012

South African dairy industry

The primary sector

Industry structure

The number of milk producers has decreased from 3 899 in January 2007 to 2083 in September 2013. The number of producers per province is

shown in Table 4. Since 2007, the number of producers has decreased by 47%. The biggest decrease in producer numbers occurred in Mpumalanga (67%).

Table 4: Number of milk producers per province, 2006 – 2013

Province	Jan '06	Jan '07	Jan '08	Jan '09	Jan '11	Jan '12	Sept '13	% Change 07-13
Western Cape	878	827	815	795	683	647	573	-31
Eastern Cape	422	420	407	387	314	283	271	-35
Northern Cape	39	37	34	37	28	21	20	-46
KwaZulu-Natal	402	385	373	373	323	322	294	-24
Free State	1 067	987	919	884	601	535	423	-57
North West	649	596	549	540	386	352	253	-58
Gauteng	275	245	228	217	127	126	109	-56
Mpumalanga	407	357	302	286	201	164	119	-67
Limpopo	45	45	38	32	23	24	21	-53
TOTAL	4 184	3 899	3 665	3 551	2 686	2 474	2 083	-50

Source: MPO estimates (September 2012 statutory survey)

Table 5: Milk production per province and cows per producer, specific years

Province	% Distribution of milk production		Number of cows in milk per producer, 2012	
	Dec 1997	Feb 2012	Mean	Median **
Western Cape	22,9	27,4	246	180
Eastern Cape	13,8	24,3	536	365
Northern Cape	1,2	1,0	188	112
KwaZulu-Natal	15,7	23,5	425	315
Free State	18,0	10,5	111	79
North West	12,6	3,5	78	52
Gauteng	4,4	5,5	248	151
Mpumalanga	11,0	3,6	116	75
Limpopo	0,4	0,7	207*	105
TOTAL	100	100	293	167

Source: MPO estimates (September 2012 statutory survey)

* Limpopo samples not representative

** Value separating lower half from top half

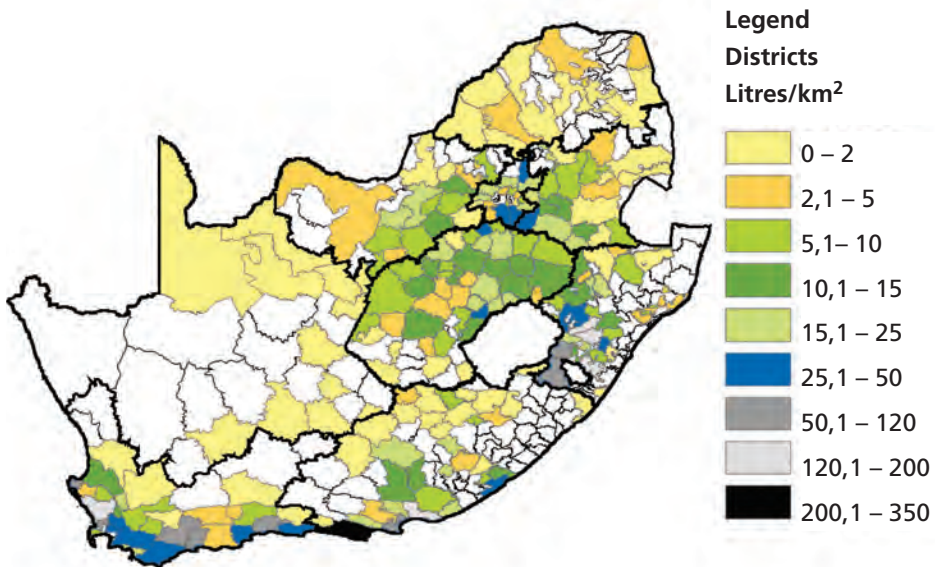
“ The number of milk producers has decreased from 3 899 in January 2007 to 2 083 in September 2013. Since 1997, the number of producers has decreased by 47%. ”

The trend towards higher production in the pasture-based areas continued. The concentration of milk production per district is shown in Figure 12. Milk production per province, according to MPO estimates taking into account the results of the September 2012 statutory survey, is shown in Table 5. The number of cows varies widely among producers. The percentage distribution of herd size is shown in Figure 13.

The average herd size per producer in the different provinces is shown in Table 5 and the concentration of cows per district in Figure 14.

Average milk production per cow per day was 20,1 litres in 2012. A total of 98% of milk was sold in the formal market and 2% informally. The rest was used for own consumption and calves. The distribution of herds on a production basis is shown in Figure 15.

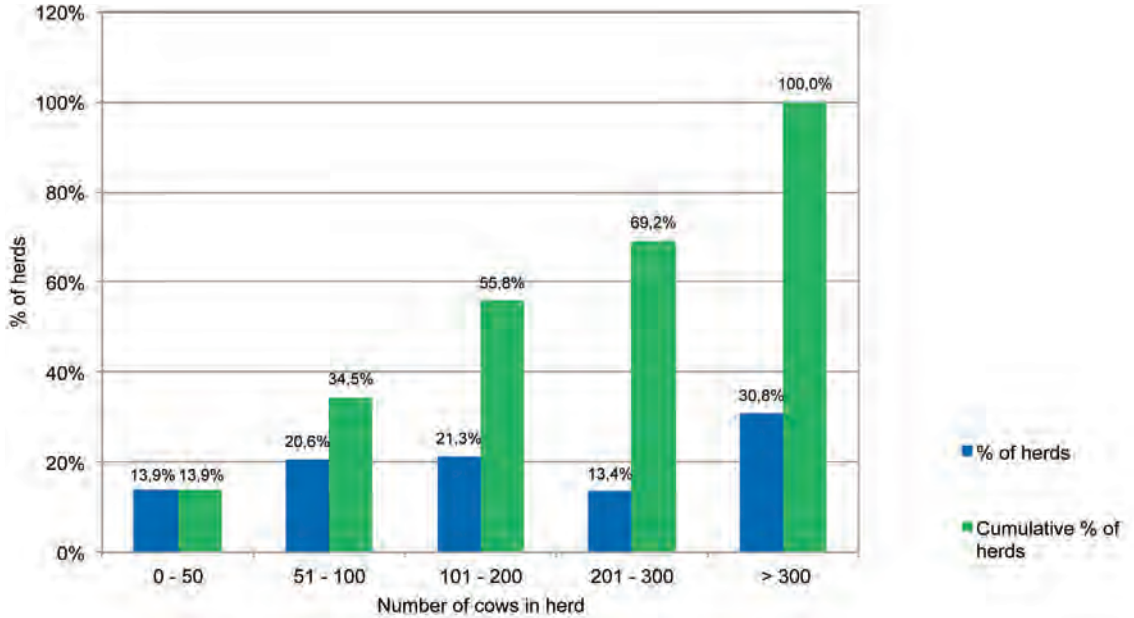
Figure 12: Milk production density (litres/km²) per district, 2012



Source: MPO estimates (September 2012 statutory survey)

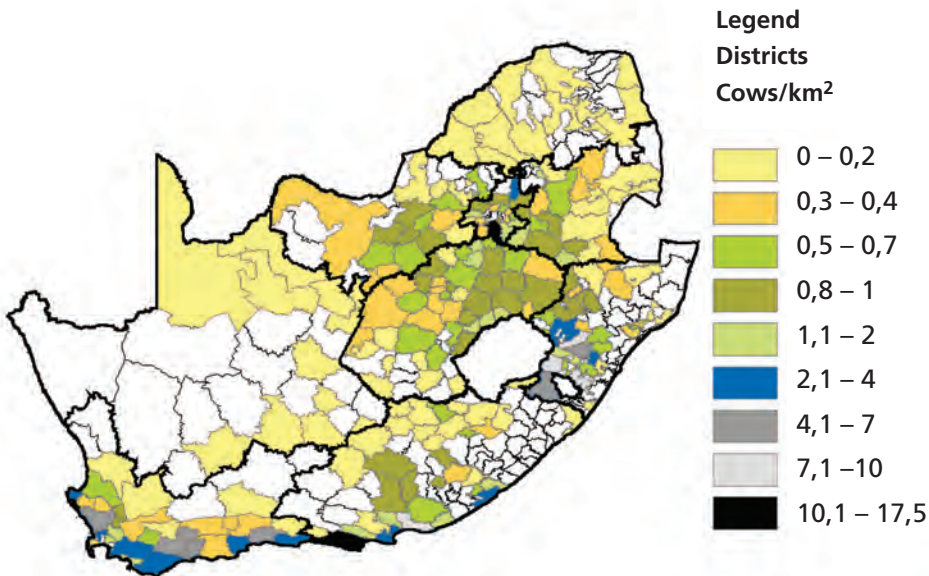


Figure 13: Size distribution of dairy herds, 2012



Source: MPO estimates (September 2012 statutory survey)

Figure 14: Cow density per district (cows/km²), 2012



Source: MPO estimates (September 2012 statutory survey)

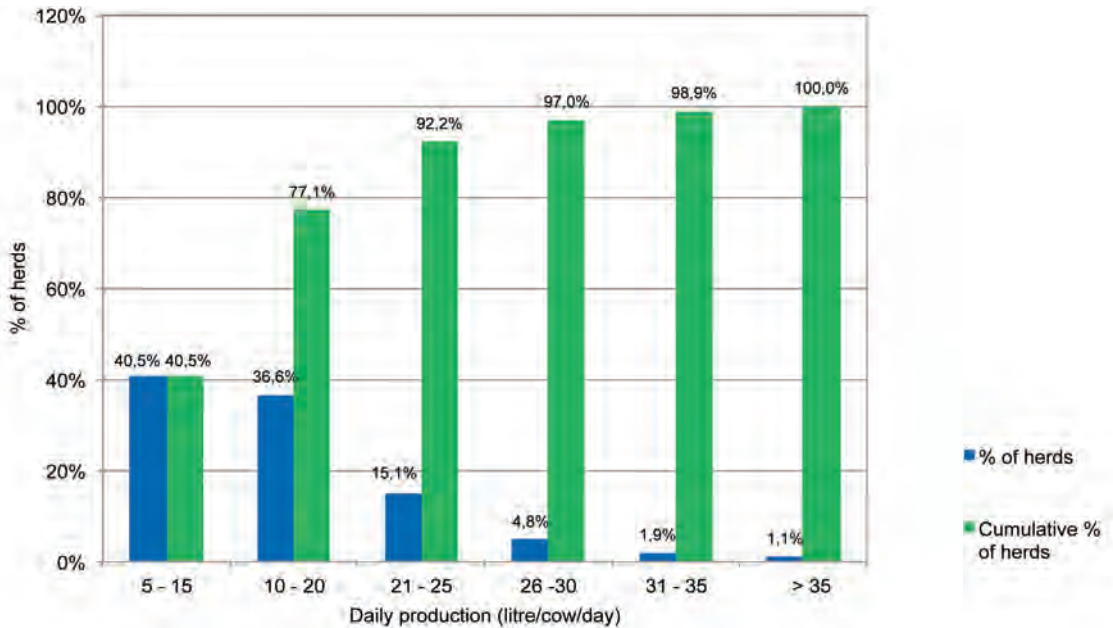
“ Average milk production per cow per day was 20,1 litres in 2012. A total of 96% of milk was sold in the formal market and 2% informally. The rest was used for own consumption and calves. ”

Milk production

Annual milk production shows a steady linear upward trend over time. Total milk to market for 2012 is 2,757 bil-

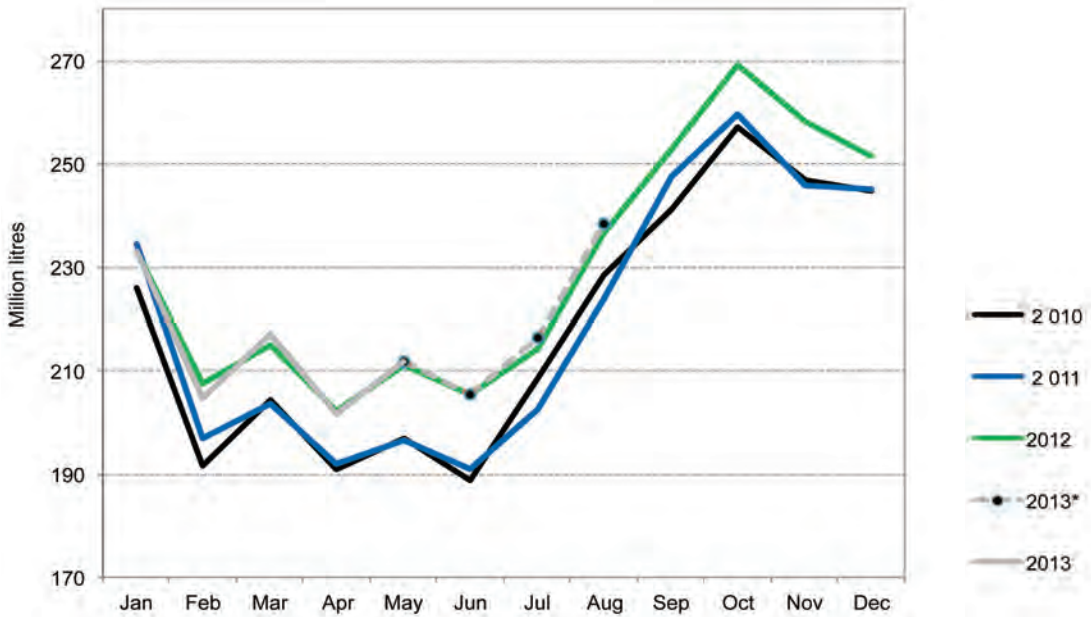
lion litres, up 4,5% on the previous year. Milk production for 2009 to 2013 is shown in Figure 16.

Figure 15: Distribution of herds based on daily production per cow in herd, 2012



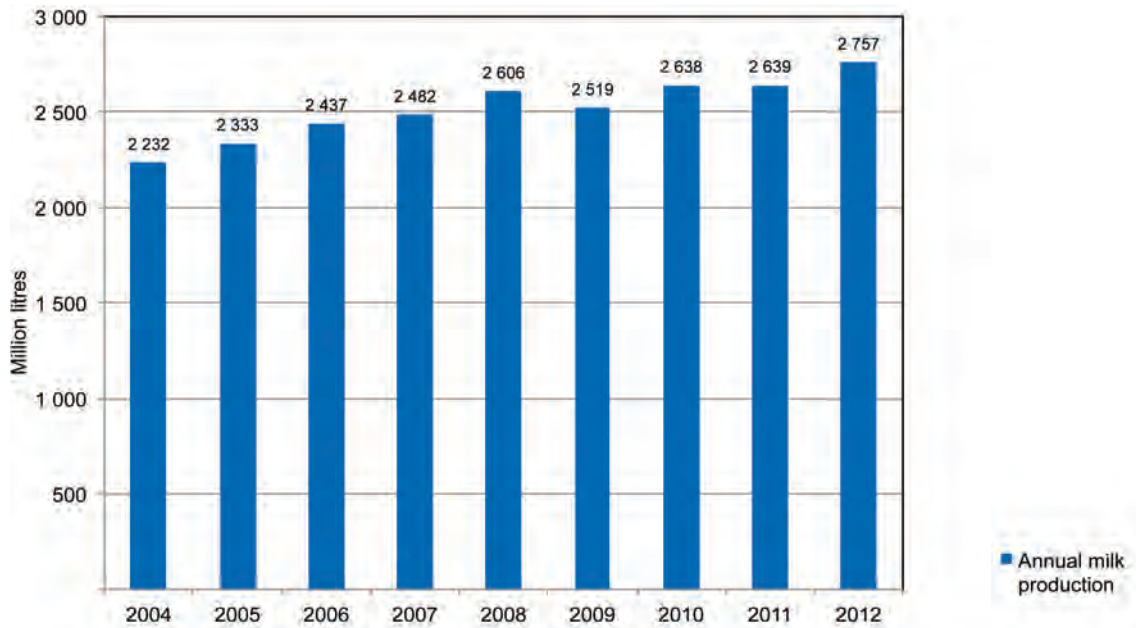
Source: MPO estimates (September 2012 statutory survey)

Figure 16: South African monthly milk production, Jan 2009 - Aug 2013



Source: Milk SA statistics, *2013 estimate based on Milk SA sample.

Figure 17: Annual milk production, 2004 – 2012



Source: 2004 - 2005 MPO, SAMO, Milk Board
2006 - 2012 Milk SA.

“ The South African secondary industry consists of a few larger processors operating nationally, a large number of smaller processors who operate in specific areas and a number of producers who sell their own produce directly to retailers and consumers – known as producer-distributors (PDs). ”

The secondary sector

Industry structure

The South African secondary industry consists of a few larger processors operating nationally, a number of processors who each operate in different regions of South Africa, a large number of smaller processors in specific areas, and a number of producers who sell their own produce directly to retailers and consumers – known as producer-distributors (PDs). The number of PDs and milk buyers per province is shown in Table 6.

Production and consumption

The South African dairy market is divided into 58% liquid and 42% concentrated products. Pasteurised liquid milk and UHT milk are the major liquid products, while hard cheese is the major concentrated product. The estimated composition of the markets for liquid and concentrated products is shown in Figures 18 and 19.

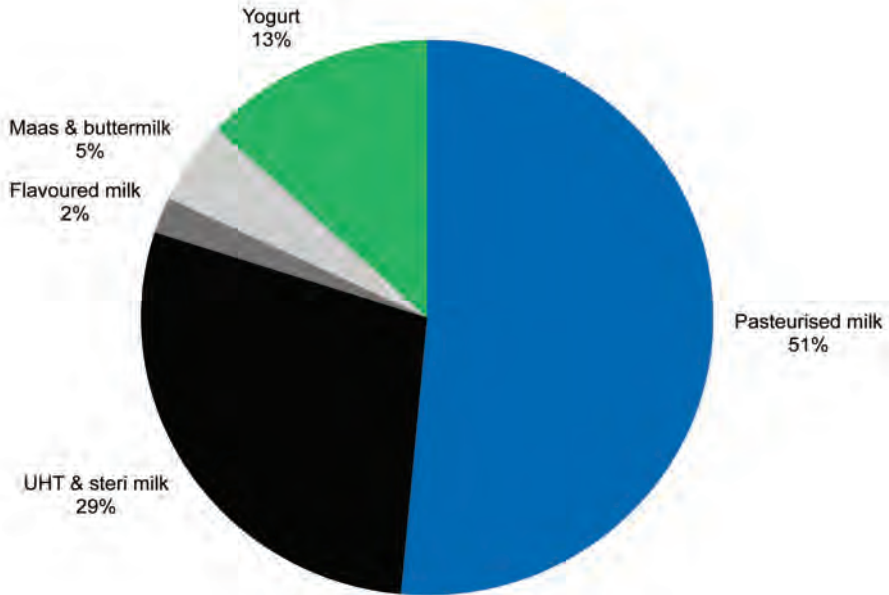
Table 6: Number of producer-distributors (PDs) and milk buyers per province, as registered with Milk SA, October 2013

Province	Number of PDs	Number of milk buyers
Western Cape	23	39
Eastern Cape	17	12
Northern Cape	10	3
KwaZulu-Natal	13	15
Free State	12	12
North West	9	16
Gauteng	24	48
Mpumalanga	10	10
Limpopo	9	4
Total	127	159

Note: Milk buyers indicated according to position of registered head office.

Source: Milk SA

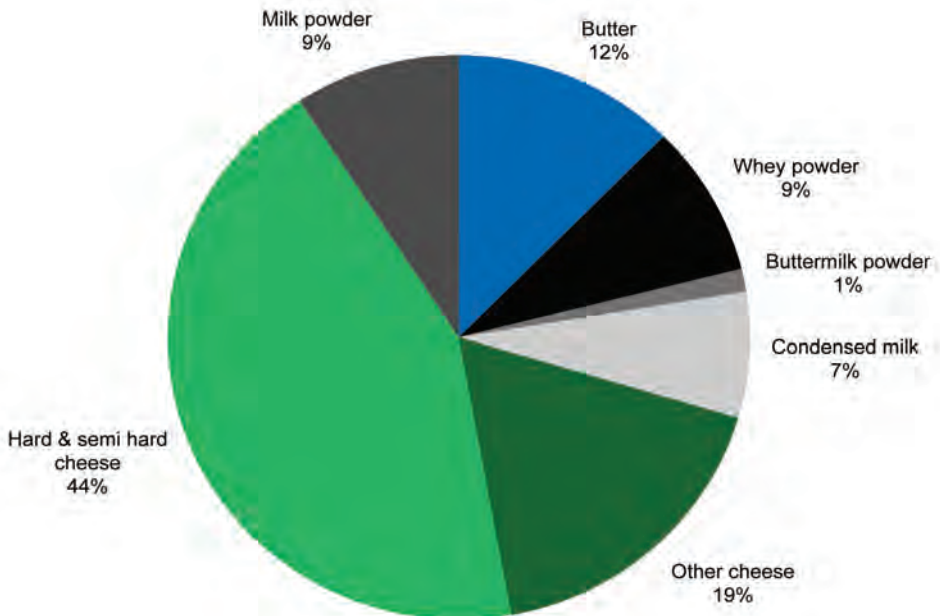
Figure 18: Composition of the South African liquid products* market, 2011



Source: Industry estimate

* Milk equivalent basis

Figure 19: Composition of the South African concentrated products** market, 2011



Source: Industry estimate

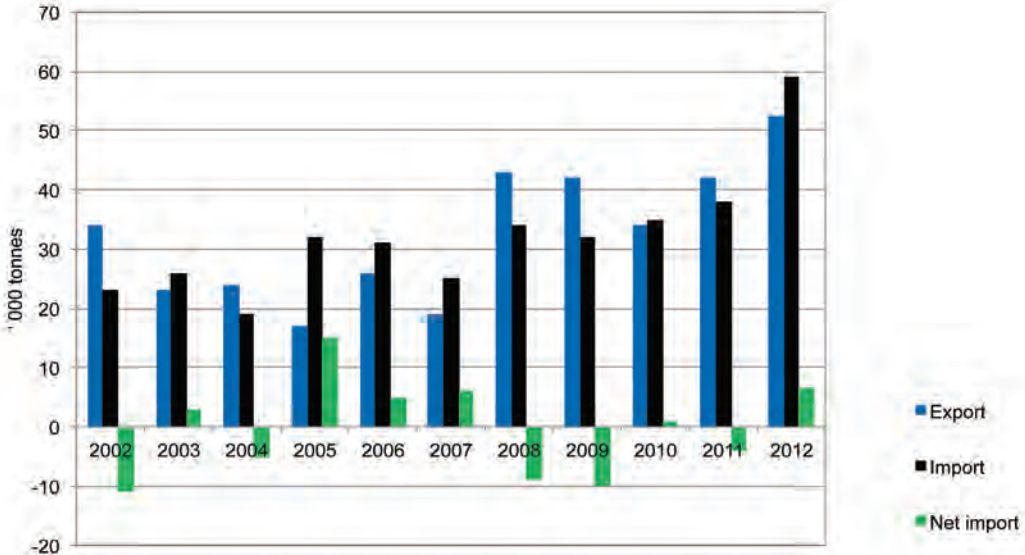
** Mass basis

Imports and exports

Total dairy product imports and exports are shown in Figure 20. During 2012, 59 100 tonnes of products were imported. On a

milk-equivalent basis, the positive growth of exports since 2008 resulted in a decrease in net imports. Total exports during 2012 were 52 500 tonnes.

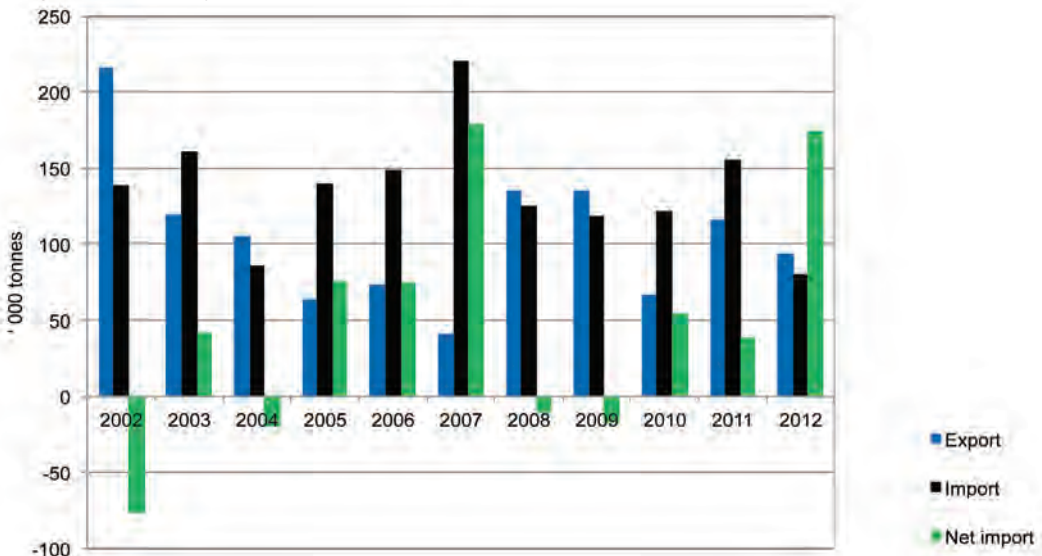
Figure 20: Dairy product imports and exports ('000 tonnes), 2002 – 2012*



Source: SARS data, supplied by SAMPRO

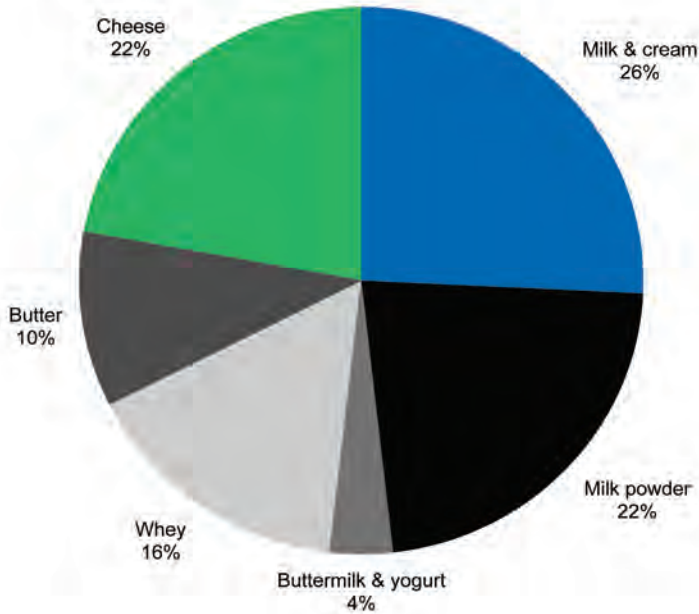
*2012 = January - November

Figure 21: Dairy product imports and exports, milk-equivalent base, 2002 – 2012*



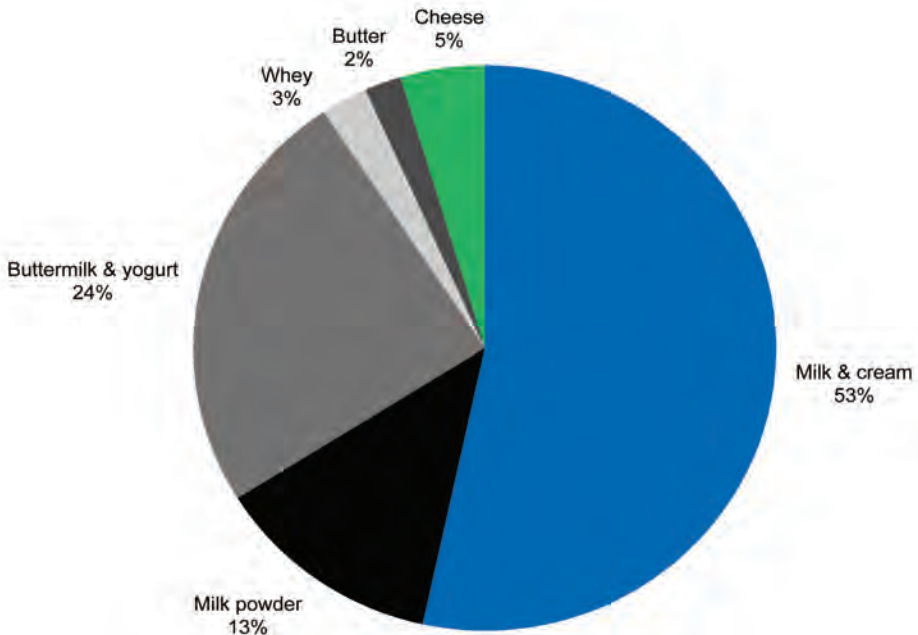
Source: SARS data, supplied by SAMPRO

Figure 22: Percentage composition of imports (mass base), 2012



Source: SARS data, supplied by SAMPRO

Figure 23: Percentage composition of exports (mass base), 2012



Source: SARS data, supplied by SAMPRO

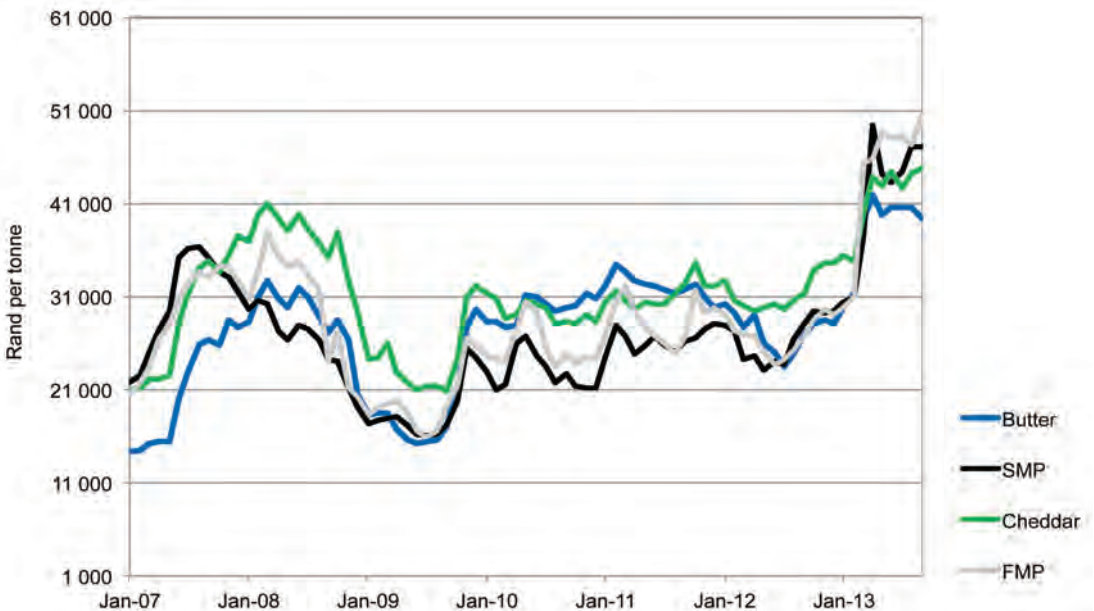
“ International prices decreased from mid-2011 to mid-2012. Since then prices recovered and reached new record levels in March 2013. ”

Dairy price trends

International product prices

International product prices peaked in March/April 2008. Since then to late 2009 prices decreased sharply. Prices recovered during 2009 and 2010. Prices decreased from mid-2011 to mid-2012. Since then prices have recovered and have reached new record levels in March 2013 due to devaluation of the Rand. High volatility is still present in the market.

Figure 24: International FOB dairy product prices, rand/tonne, Jan 2007 – September 2013



Source: USDA, Reserve Bank

Table 7: International calculated standardised raw milk producer prices, 2011 – 2013 (R/litre)

Country	Jan '11	Jan '12	Jan '13	Jul '13
Belgium	3,06	3,23	3,94	4,71
Germany	2,96	3,35	3,84	4,77
Denmark	2,90	3,35	3,73	4,65
Finland	3,54	4,14	4,67	5,38
France	3,01	3,58	3,90	4,88
Great Britain	2,69	3,47	4,07	4,59
Ireland	3,16	3,40	3,75	4,77
Netherlands	3,05	3,55	3,92	4,89
New Zealand	3,03	3,22	3,15	4,69
USA	2,27	3,25	3,78	4,11
* South Africa	2,97	3,10	3,60	3,89

Source: LTO Nederland

Based on 4% fat-corrected milk

See www.milkprices.nl for detailed definition of LTO standardised calculated price.

Exchange rates: Reserve Bank monthly middle rates

* Based on MPO price survey



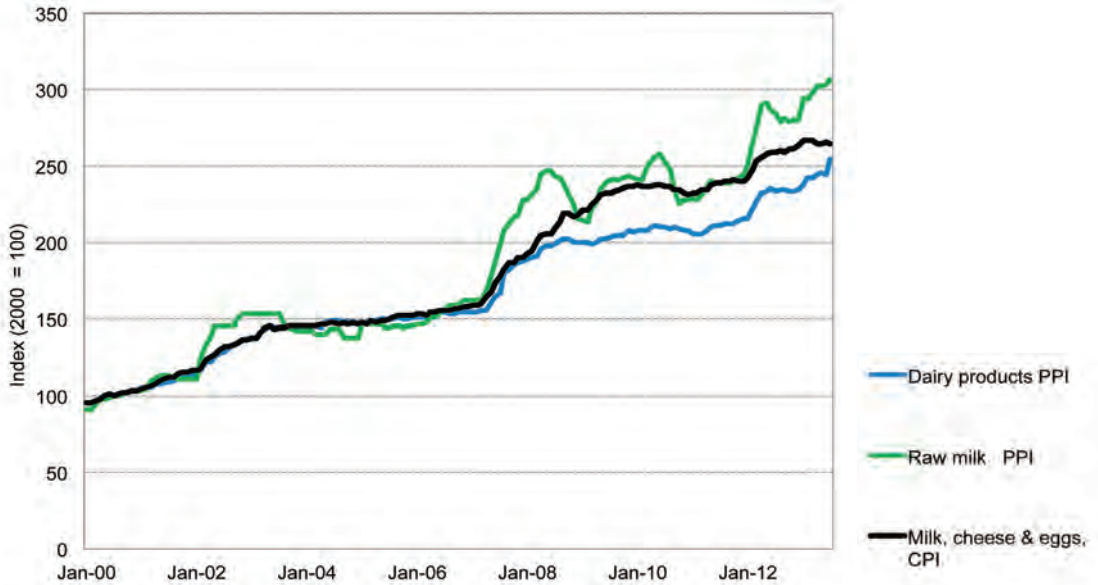
International raw milk producer prices

International producer prices largely followed the decrease in product prices during 2009 and the recovery in 2010. Prices increased in the last half of 2011, weakened to mid-2012 and have slowly since recovered.

South African producer prices did not increase as sharply as international prices during 2008 and were more stable during 2009. South African producer prices decreased from June 2010 to October 2011 and recovered to June 2012. After a steep decrease in June 2012, SA producer prices only recovered marginally.

“Prices increased in the last half of 2011, weakened to mid-2012 and have slowly since recovered.”

Figure 25: Price index of raw milk on farm level, dairy products at processor level and milk and eggs at consumer level, Jan 2000 – Jan 2013



Source: Department of Agriculture, Forestry and Fisheries (DAFF and Stats SA data, raw milk PPI from January 2013 includes eggs)

Table 8: Farm requisite price indices, base 2005 = 100

Period	Machinery & implements	Material for fixed improvements	Intermediate goods and services	All farming requisites
2009	133,1	141,6	172,9	166,6
2010	154,9	145,1	193,6	186,8
2011	174,8	153,6	218,6	210,4
2012	187,3	167,5	250,7	239,4
CAGR 09/12	12,0%	5,8%	13,2%	12,8%
Apr-09	131,8	144,6	168,5	163,1
Jul-09	135,9	139,1	172,1	166,3
Oct-09	139,8	141,9	177,8	171,7
Jan-10	146,3	139,6	185,1	178,4
Apr-10	152,9	142,4	191,3	184,5
Jul-10	158,0	142,3	196,7	189,5
Oct-10	162,4	143,7	201,6	194,2
Jan-11	169,4	147,3	209,2	201,6
Apr-11	171,2	152,5	216,7	208,3
Jul-11	175,9	154,2	221,2	212,7
Oct-11	182,6	157,4	227,5	218,9
Jan-12	190,8	160,3	241,7	232,1
Apr-12	196,0	159,1	249,5	239,0
Jul-12	192,8	169,4	258,1	246,3
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
CAGR 09/13	12,7%	10,7%	16,6%	16,1%

Source: Department of Agriculture, Forestry and Fisheries

* Computed annual growth rate

South African dairy market

The South African dairy market is a growing one. Table 9 indicates the changes in the size of the formal market for South African products and changes in retail prices as reported by Nielsen SA and collated by Sampro.

Table 9: Year-on-year change in demand and prices of dairy products, 12 months to June 2013 compared to same period 2012.

Product	Change in demand (quantity) per cent	Change in retail prices per cent
Fresh milk	-6,2	6,2
Long-life milk (UHT milk)	15,4	4,1
Flavoured milk	3,3	4,7
Yogurt	2,4	1,7
Maas	3,5	1,6
Pre-packaged cheese	13,5	1,5
Cream cheese	6,8	4,8
Butter	14,3	1,1
Cream	4,2	5,2

Source: Nielsen as supplied by SAMPRO





LACTO DATA Statistics

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