Milk South Africa
Melk Suid-Afrika

QUARTERLY REVIEW OF THE PERFORMANCE OF THE DAIRY INDUSTRY[1]

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[1] A publication of Milk SA authored by Bertus van Heerden, Chief Economist MPO

Synopsis of the performance of the dairy industry: Q4 2024.

International Market

The FAO Food Price Index (FFPI) was on an increasing trend for most of 2024 and increased from January 2024 to December 2024 by 7.9% from 117.7 index points to 127.0 index points. The dairy index being the main contributor to the increased levels. Over the same time the dairy index increased by 17.0% from 118.7 index points to 138.9 index points.

The ZAR strengthened by 2.0% in December 2024 YoY, softening the USD increases that occurred in dairy product prices in December 2024 compared to December 2023. Butter is 25.8% higher, SMP 6.1%, FMP 21.6% and Cheddar 12.2%.

The December 2024 Global Dairy Trading Index is 22.0% up YoY and 26.1% higher than the April 2023 low point whereafter the index started to trade up. On average the 2024 indices are 15% higher than the average of 2023.

The future prices on the New Zealand Future Exchange for butter, anhydrous milkfat, SMP, and FMP covers the period January 2025 to September 2025. Analysing starting levels and ending levels over the period covered, only the SMP price displays an increase (marginal) while the other three product prices are declining.

Unprocessed milk production in the major exporting countries, covering the first eleven months of 2024, is once again a mixed bag of some showing improved levels of unprocessed milk production and others deteriorating production levels. The USA, Uruguay and Argentina are in negative territory. Australia showing strong growth although from a low base while both the EU-27 and New Zealand indicating only marginal growth.

In June 2024 the weighted average price of unprocessed milk in the EU27 block started to lift with the October 2024 price sitting at 51.71 Euro/100kg, up by 13.6% from the May low point 2024.

South African Market

For the first nine months of 2024 the mass of imports of dairy products in South Africa was 31.3% less compared to the same period in 2023, while exports decreased by 6.0% over the same period.

In the year which ended in September 2024:

- The retail sales quantities of two dairy products, namely fresh milk and flavoured milk, were respectively 3.2 and 0.3 percent lower than in the previous year, while the retail sales quantities of six of the dairy products increased by from 0.7 percent to 5.9 percent and

- The retail sales prices of one dairy product, UHT milk, decreased with 0.6 percent, while the prices of eight of the dairy products increase by from 1 percent to 6.2 percent and the price increase of only three of the dairy products were higher than Headline inflation rate of 5.1 percent. These price increases were much lower than in the year which ended in

September 2023, when the prices of the nine dairy products increased by from 8.6 percent to 16.8 percent.

The PPI for unprocessed milk and dairy products closed on 198 index points in November 2024 after a period of 23 months where the unprocessed milk price index increased at a faster rate than the dairy product index. The PPI for other manufactured food products increased by 4.4% in November 2024 YoY and the overall PPI for agriculture increased by 3.6% in November 2024 YoY. The PPI's for unprocessed milk and dairy products are both lower than the PPI's for other manufactured food products and agriculture in general.

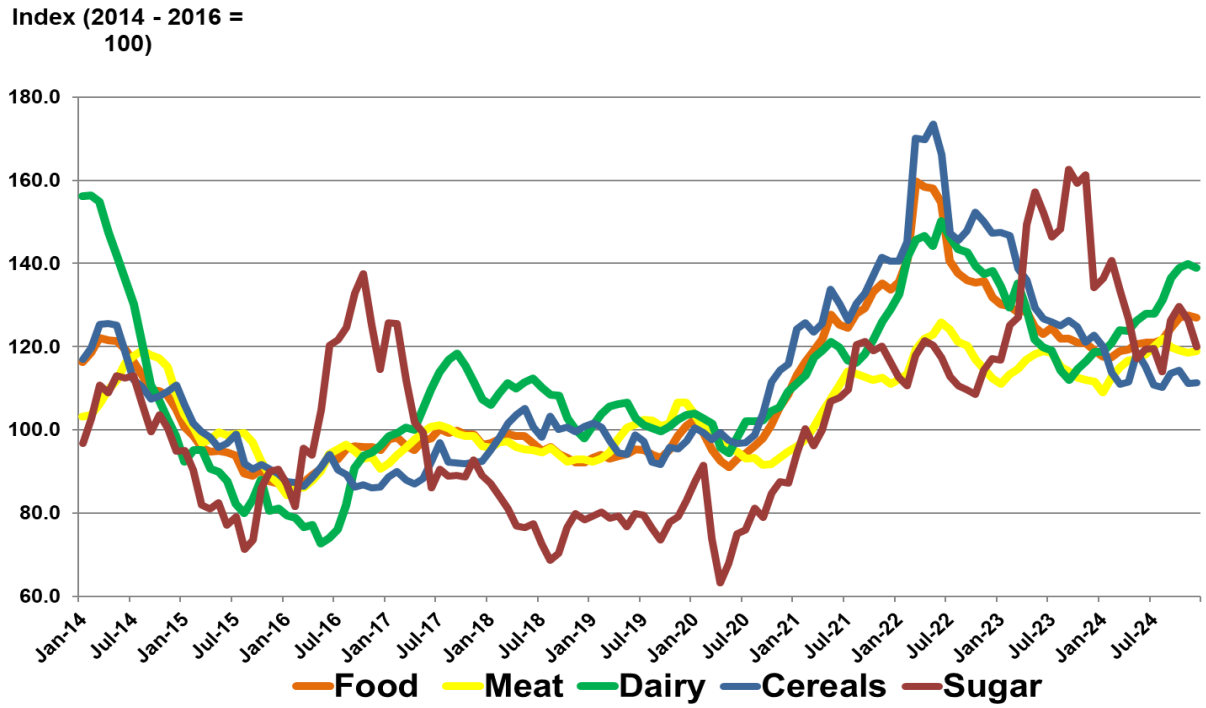
When comparing unprocessed milk purchases over the last five years, seven months in 2024 recorded record levels of daily average unprocessed milk purchases. In 2024 unprocessed milk production increased with 3.5% YoY (last two months preliminary).

The degree of variation between the mass of unprocessed milk used in the different dairy products for the years 2023 and 2024 is the highest in the manufacturing of SMP and the second highest in the category other dairy products. The lowest variation in the two years is for long life and sterilized milk.

In Figures 16 through 27, the mass of unprocessed milk used in the different dairy products for the years 2022, 2023 and 2024 are reflected.

1. INTERNATIONAL MARKET

FIGURE 1A: FOOD AND AGRICULTURAL ORGANISATION (FAO) FOOD PRICE INDICES, JANUARY 2014 – DECEMBER 2024



Source: FAO Food Price Index, January 2025

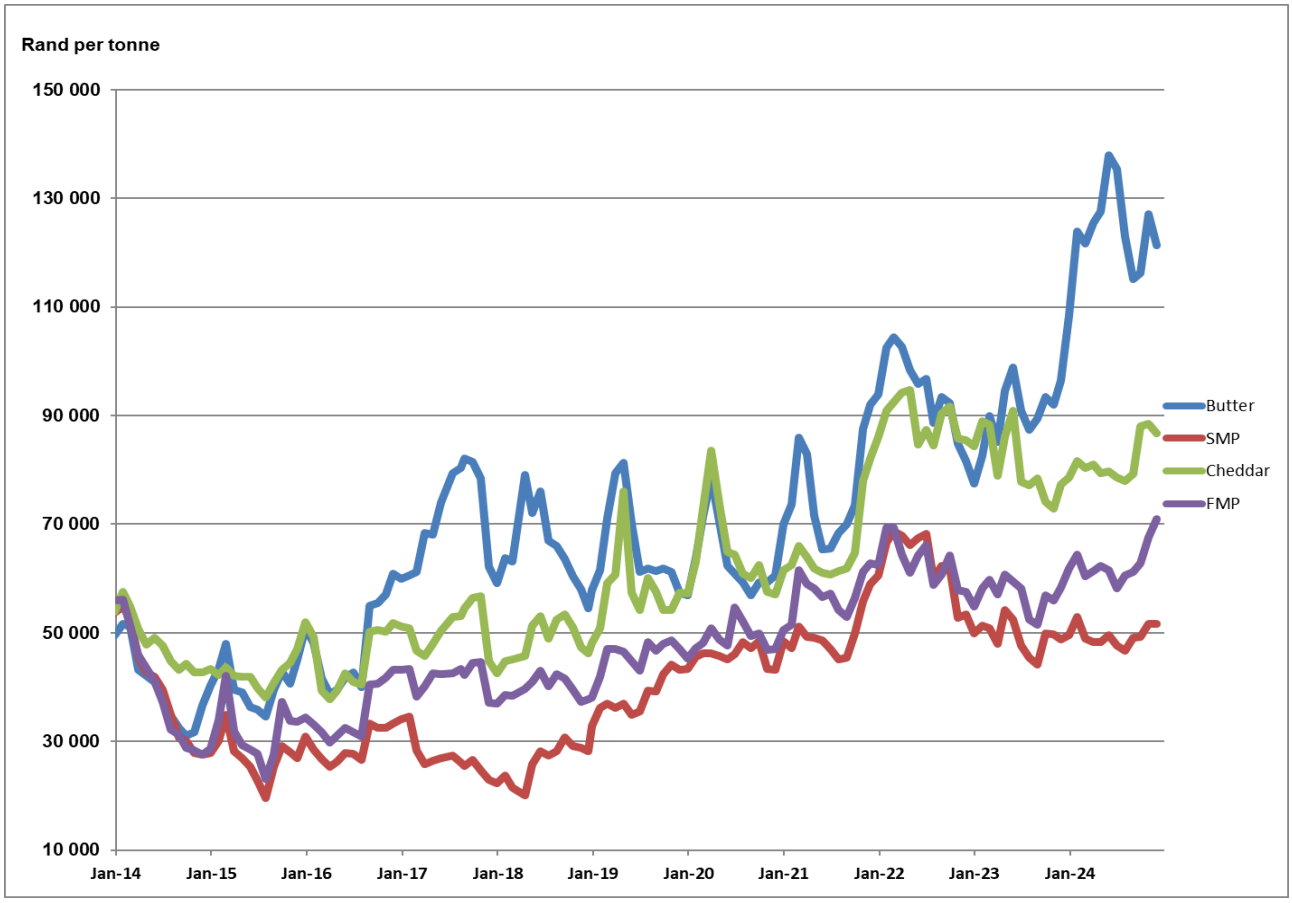
The average FAO Food Price Index (FFPI) in 2024 was 2.04% lower than the average in 2023. The distribution range of high and low indices was less than 5% indicating low volatility and limited movement between 2023 and 2024. The FFPI was on an increasing trend for most of 2024 and has increased from January 2024 to December 2024 by 7.9%. The dairy index being the main contributor to the increased levels.

The average FAO Dairy Price Index in 2024 was 6.1% higher than the average in 2023. The distribution range of high and low indices was 7.7% indicating some volatility. The Dairy Price Index was on an increasing trend in 2024 and has increased from January 2024 to December 2024 with 17.0%.

The average FAO Meat Price Index in 2024 was 2.2% higher than the average in 2023. The distribution range of high and low indices was less than 5% indicating low volatility. The Meat Price Index was on an increasing trend for most of 2024 and has increased from January 2024 to December 2024 with 9.2%.

The average FAO Cereal Price Index in 2024 was 13.3% lower than the average in 2023. The distribution range of high and low indices was less than 5% indicating low volatility. The Cereal Price Index followed a zig zag trend in 2024 with the end result being that December 2024 is 7.2% lower than the January 2024 level.

FIGURE 1B: INTERNATIONAL DAIRY PRODUCTS PRICES: FREE-ON-BOARD (FOB): JANUARY 2014 – DECEMBER 2024



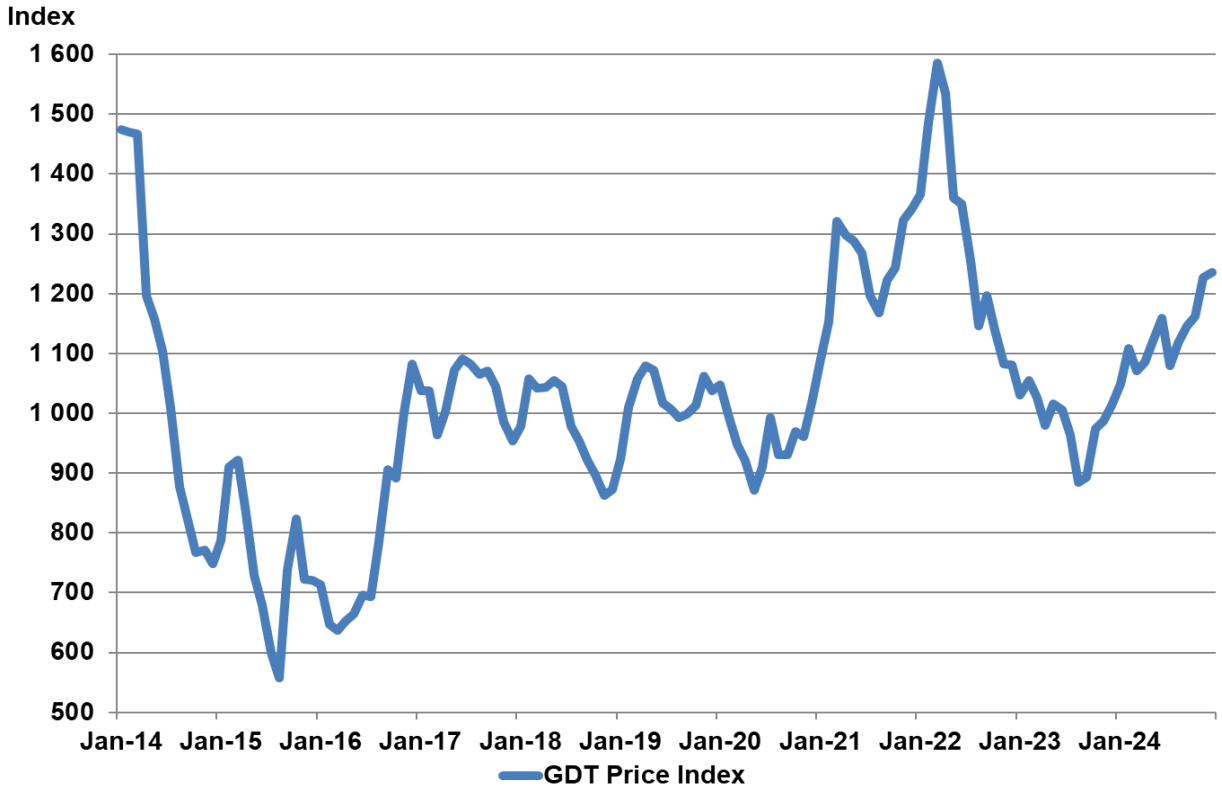
Source: United States Department of Agriculture (USDA), South African Reserve Bank (SARB) for exchange rates

The December 2024 **ZAR** prices compared to the same month of 2023 for butter is 25.8% higher and for SMP 6.1%, FMP 21.6% and for Cheddar 12.2%. The average butter price in 2024 versus 2023 was 37.6% higher, for SMP 0.2%, Cheddar 0.5% and FMP 10.3% higher.

The ZAR strengthened by 2.0% in December 2024 YoY. On average the ZAR strengthened by 0.6% in 2024 versus 2023.

The December 2024 **USD** price for butter, is up by 28.5%, SMP up by 8.3%, FMP by 24.1% and Cheddar by 14.5%. The average butter price in 2024 versus 2023 was 38.6% higher, for SMP 0.8%, Cheddar 1.0% and for FMP 10.9% higher.

FIGURE 2A: GLOBAL DAIRY TRADE-WEIGHTED PRICE INDEX. JANUARY 2014 – DECEMBER 2024



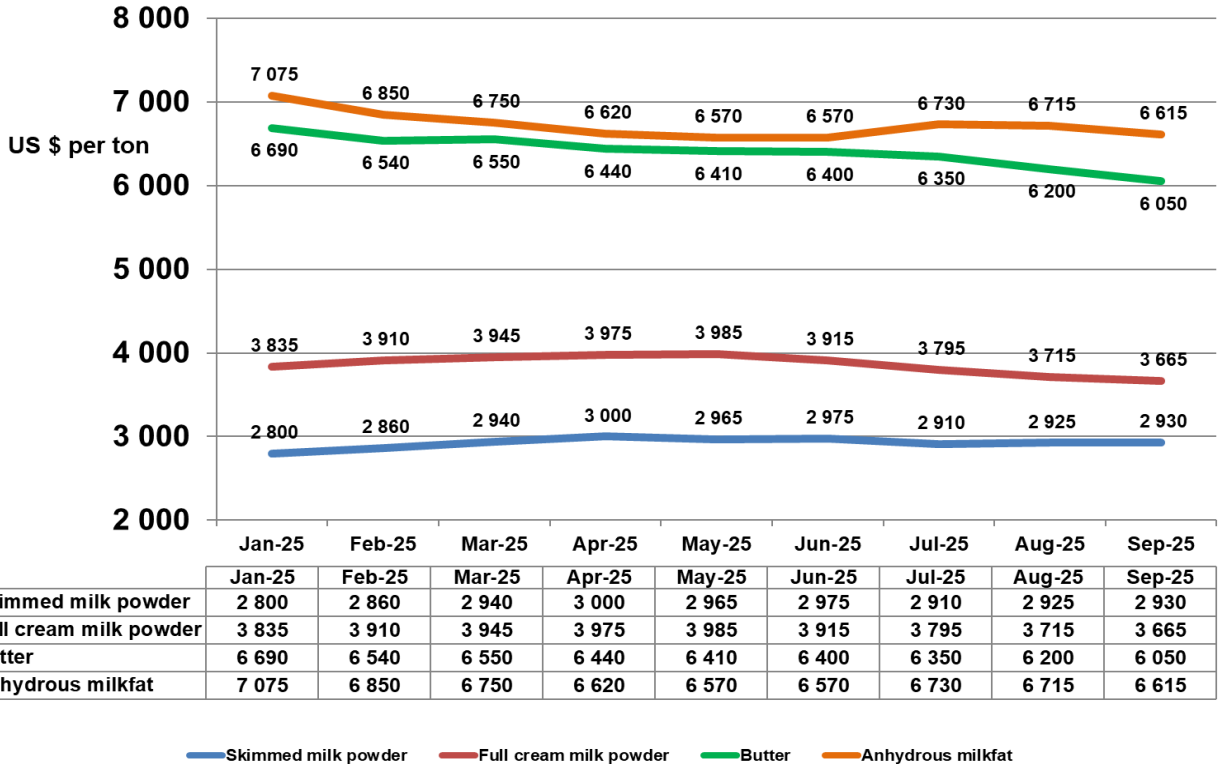
Source: Global Dairy Trade

The Global Dairy Trade platform is an online auction through which large volumes of dairy products can be sold or bought. There are two trading events per month where people across the globe can enter bids and/or offers.

Figure 2A shows the movement of the Global Dairy Trade (GDT) price index inclusive of December 2024. The December 2024 index is 22.0% up YoY and 26.1% higher than the April 2023 low point whereafter the index started to trade up. On average the 2024 indices are 15% higher than the average of 2023.

Figure 2B consists of the future prices on the New Zealand Future Exchange for butter, anhydrous milkfat, SMP, and FMP for the period January 2025 to September 2025. The price for SMP is on a steady upward slope moving from 2 800 USD/t to 2 930 USD/t over the projected period, up by 4.6%. There is an increasing trend in the price of FMP until May 2025, moving from 3 835 USD/t to 3 975 USD/t whereafter the price declined with 4.4% to 3 665USD/t, January 2025 compared to September 2025. Anhydrous milkfat future prices are for most of the time exhibiting a decreasing trend from 7 075 USD/t to 6615 USD/t, down by 6.5%. The future prices for butter are behaving similarly to the anhydrous fat price decreasing from 6 690 USD/t to 6 050, down by 9.6%.

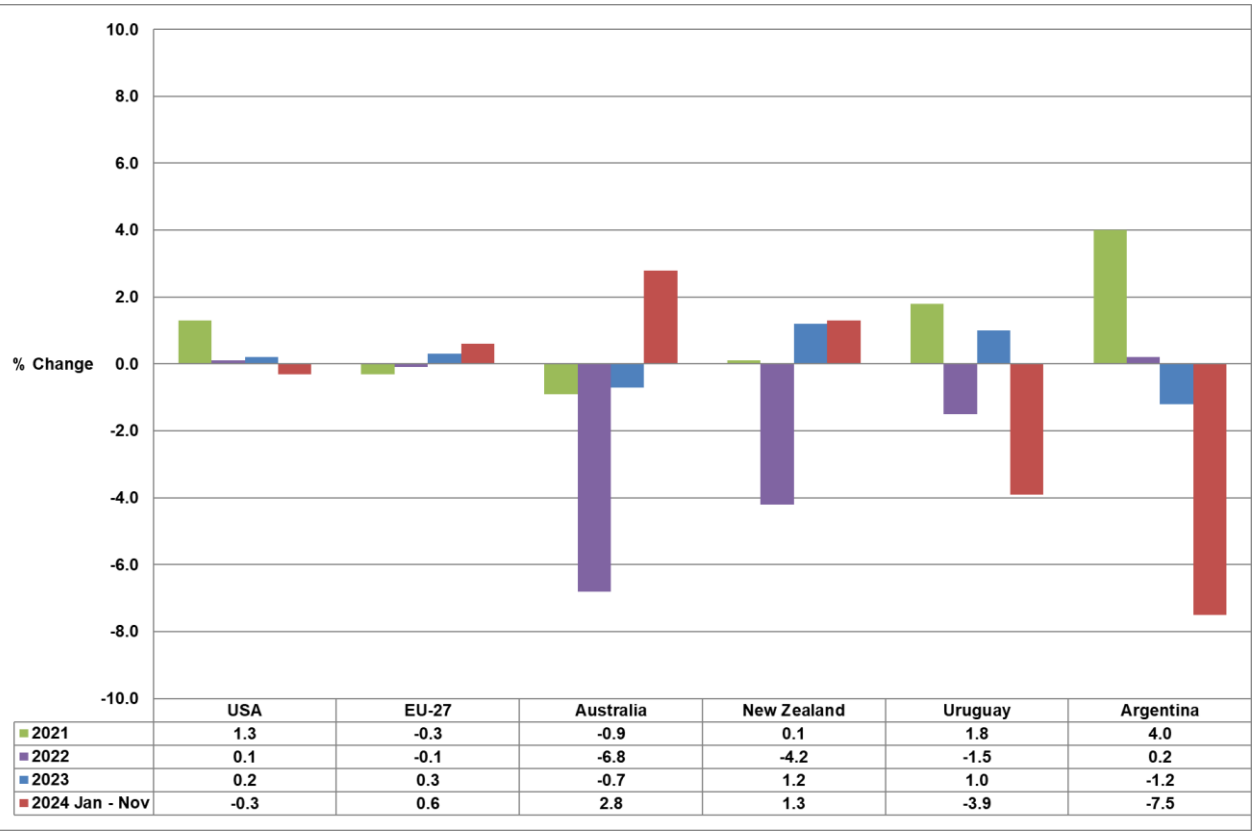
FIGURE 2B: FUTURE PRICES FOR DAIRY PRODUCTS ACHIEVED ON THE NEW ZEALAND FUTURES EXCHANGE (NZX): JANUARY 2025 – SEPTEMBER 2025



	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Skimmed milk powder	2 800	2 860	2 940	3 000	2 965	2 975	2 910	2 925	2 930
Full cream milk powder	3 835	3 910	3 945	3 975	3 985	3 915	3 795	3 715	3 665
Butter	6 690	6 540	6 550	6 440	6 410	6 400	6 350	6 200	6 050
Anhydrous milkfat	7 075	6 850	6 750	6 620	6 570	6 570	6 730	6 715	6 615

Source: NZX Futures, 17 January 2025

FIGURE 3: YEAR-ON-YEAR CHANGE IN UNPROCESSED MILK PRODUCTION IN MAJOR DAIRY EXPORTING COUNTRIES, 2021 – 2024 (Eleven months' data)

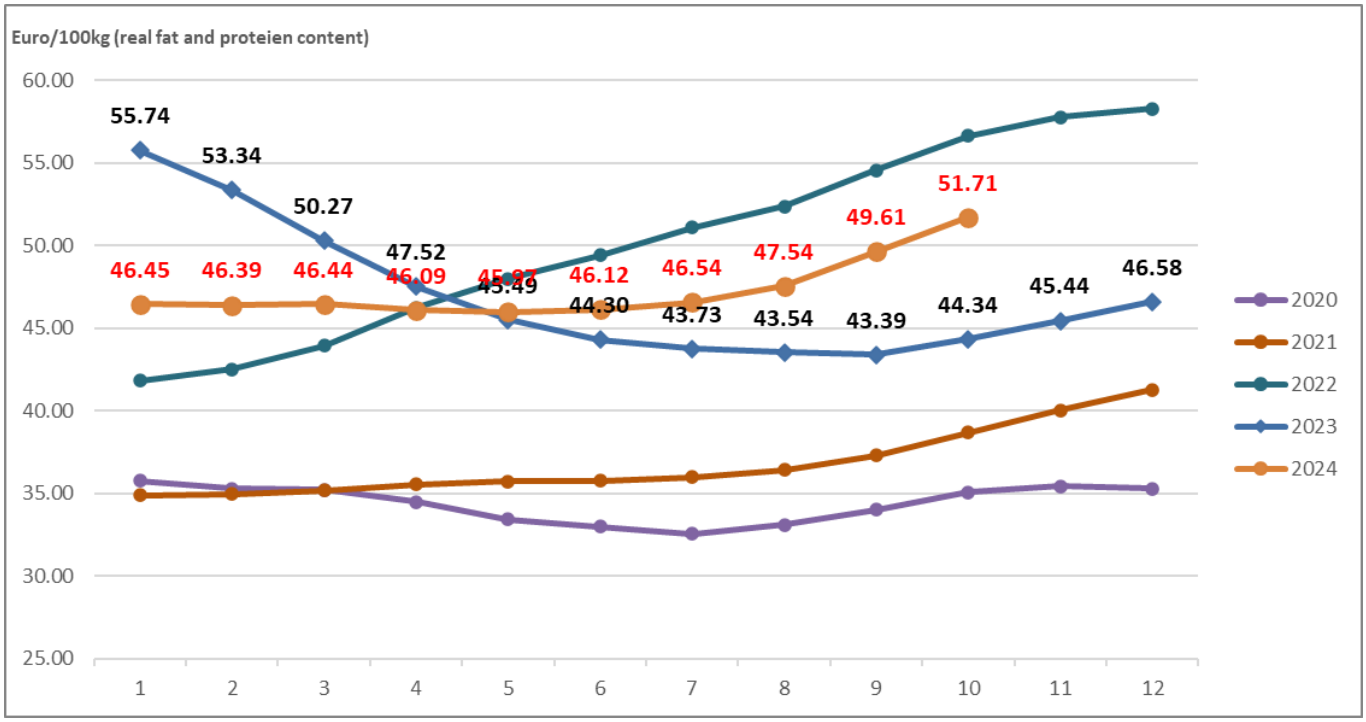


	USA	EU-27	Australia	New Zealand	Uruguay	Argentina
2021	1.3	-0.3	-0.9	0.1	1.8	4.0
2022	0.1	-0.1	-6.8	-4.2	-1.5	0.2
2023	0.2	0.3	-0.7	1.2	1.0	-1.2
2024 Jan - Nov	-0.3	0.6	2.8	1.3	-3.9	-7.5

Source: CLAL, January 2025

Unprocessed milk production in the countries monitored in Figure 3, is once again a mixed bag of some showing improved levels of unprocessed milk production and others deteriorating production levels. The USA, Uruguay and Argentina are in negative territory. Australia showing strong growth although from a low base while both the EU-27 and New Zealand indicating only marginal growth.

FIGURE 4: WEIGHTED AVERAGE PRODUCER PRICE OF UNPROCESSED MILK IN THE EU27 (excluding the UK). JANUARY 2020 – OCTOBER 2024 (Last month's estimate)



Source: European Commission, October 2024

The first five observations for 2024 are moving mostly sideways with May 2024 and May 2023 smack bang on the same level, 45.50 Euro/100kg. In June 2024 the price started to lift with the October 2024 price sitting on 51.71 Euro/100kg, up by 13.6% from May 2024.

2. THE SOUTH AFRICAN DAIRY MARKET: Imports and Exports

The next 7 figures (Figure 5 to Figure 11) contain information regarding dairy imports and exports on a mass basis and FOB prices. The following tariff headings are analysed: Milk and cream, unsweetened (04.01), Milk, concentrated (04.02), Buttermilk powder, yogurt (04.03), Whey, whey powder, etc. (04.04), Butter, butter spreads and butter oil (04.05) and Cheese, and curd (04.06).

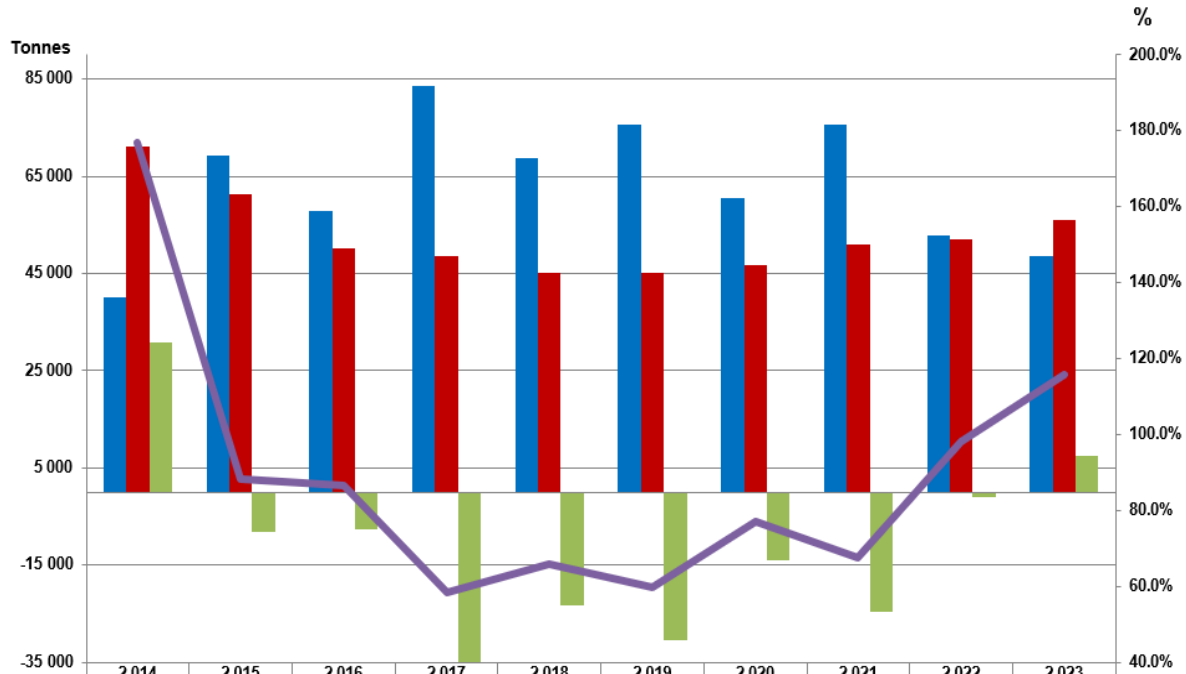
The information regarding imports and exports by South Africa of dairy products in 2023, showed that:

- South Africa was a net exporter of dairy products in 2023, the first time since 2014. The mass of imports in 2023, was 8.4% lower than in 2022 and the mass of exports in 2023, was 8.0% higher than in 2022.

• The mass of imports and exports in 2023, showed that South Africa was a net exporter of milk and cream (04.01), buttermilk and yogurt (04.03), and cheese (04.06) but a net importer of concentrated milk (04.02), whey (04.04), butter (04.05). In 2023 South Africa achieved net exporter status for cheese – for the first time since 2002.

• The mass of the total sales of dairy products by South Africa to the other members of the Southern African Customs Union (Botswana, Eswatini, Lesotho, and Namibia) in 2023, of five of the six categories was higher than the mass of South African exports of dairy products. (Exports are sales to destinations outside SACU). In recent years the mass of the total sales of dairy products by South Africa to the other members of the Southern African Customs Union were higher than exports for all six categories. However, in 2023 the mass of cheese exports outperformed cheese sales to the other SACU member countries. See Table1.

FIGURE 5: TOTAL SOUTH AFRICAN IMPORTS AND EXPORTS OF DAIRY PRODUCTS, 2014 – 2023



	2 014	2 015	2 016	2 017	2 018	2 019	2 020	2 021	2 022	2 023
Imports	40 199	69 354	58 000	83 504	68 653	75 596	60 579	75 618	52 918	48 469
Exports	71 098	61 297	50 248	48 627	45 257	45 051	46 695	50 990	51 945	56 075
Net exports/imports	30 899	-8 057	-7 752	-34 877	-23 396	-30 545	-13 884	-24 628	-973	7606
Exports as % of imports	176.9%	88.4%	86.6%	58.2%	65.9%	59.6%	77.1%	67.4%	98.2%	115.7%

Source: SARS as supplied by SAMPRO

TABLE 1: MASS OF SALES TO THE BeLN COUNTRIES COMPARED TO EXPORTS OUTSIDE OF SACU IN THE PERIOD JANUARY 2023 TO DECEMBER 2023

Heading	Description	(A) Sales To BeLN	(B) Exports to Countries Outside SACU	(A+B)=(C) Sales to BeLN plus exports outside SACU	A as % of C
		Kilogram			%
04.01	Milk and cream, unsweetened	67 876 724	23 039 401	90 916 125	74.7
04.02	Milk, concentrated	34 808 280	10 843 850	45 652 130	76.2
04.03	Buttermilk powder, yogurt	20 086 384	11 669 321	31 755 705	63.3
04.04	Whey, whey powder, etc	2 538 328	1 810 720	4 349 048	58.4
04.05	Butter, butter spreads and butter oil	2 026 290	1 049 129	3 075 419	65.9
04.06	Cheese and curd	6 278 061	7 662 210	13 940 271	45.0
Total		**133 614 066**	**56 074 632**	**189 688 698**	**70.4**

Source: SARS as supplied by SAMPRO

FIGURE 6: SOUTH AFRICAN IMPORTS AND EXPORTS OF MILK AND CREAM (04.01), 2014 – 2023

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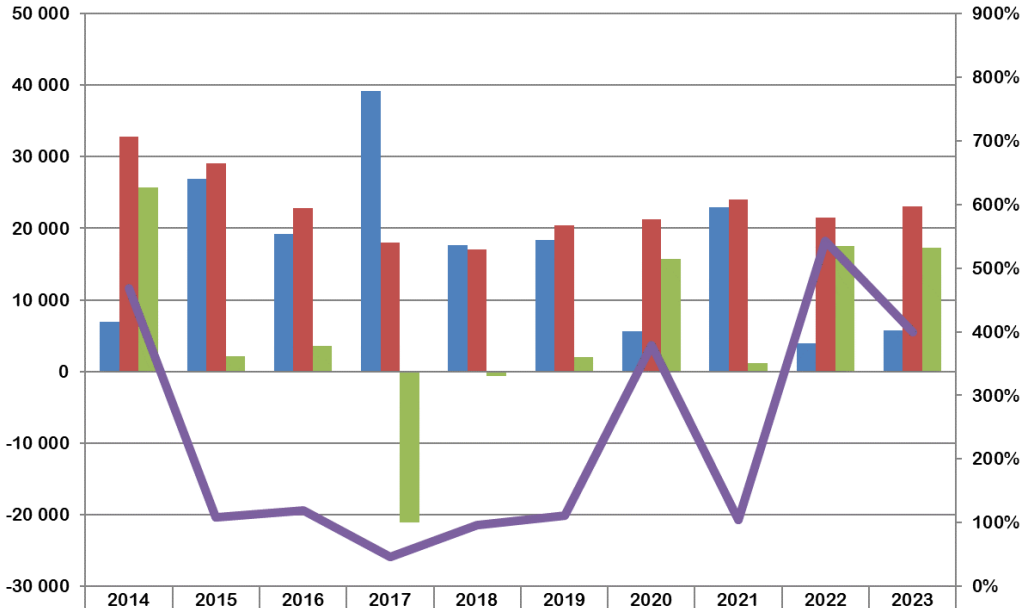
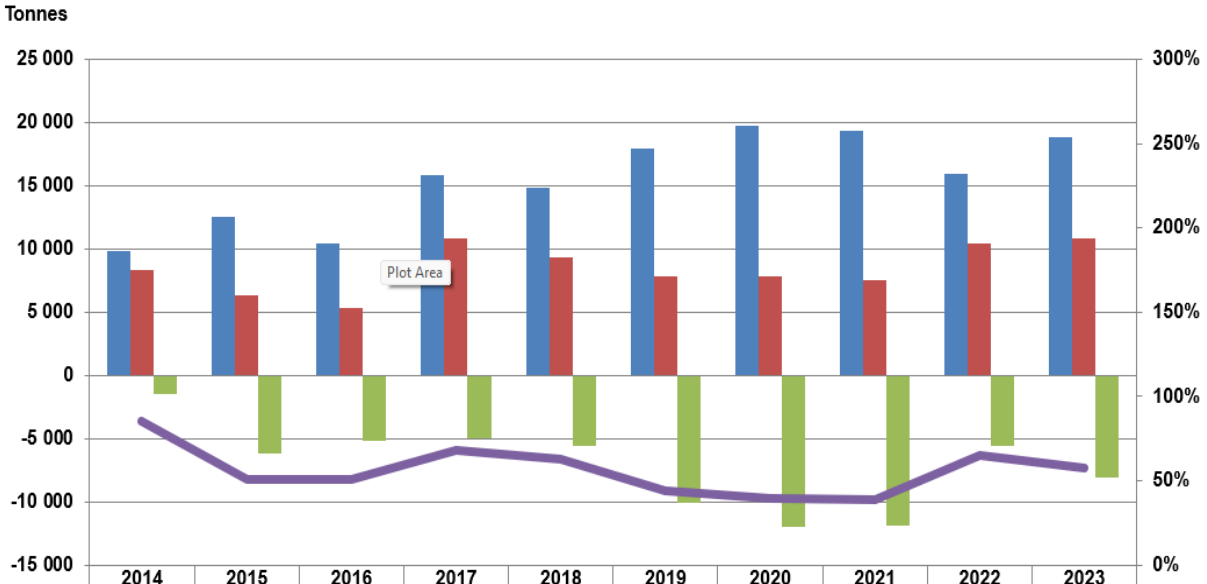


	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Imports	6 992	26 863	19 220	39 175	17 643	18 417	5 619	22 918	3 965	5 760
Exports	32 752	29 051	22 804	18 045	17 010	20 412	21 290	24 062	21 544	23 039
Net exports/imports	25 760	2 188	3 584	-21 130	-633	1 995	15 671	1 144	17 579	17 279
Exports as % of imports	468%	108%	119%	46%	96%	111%	379%	105%	543%	400%

Source: SARS as supplied by SAMPRO

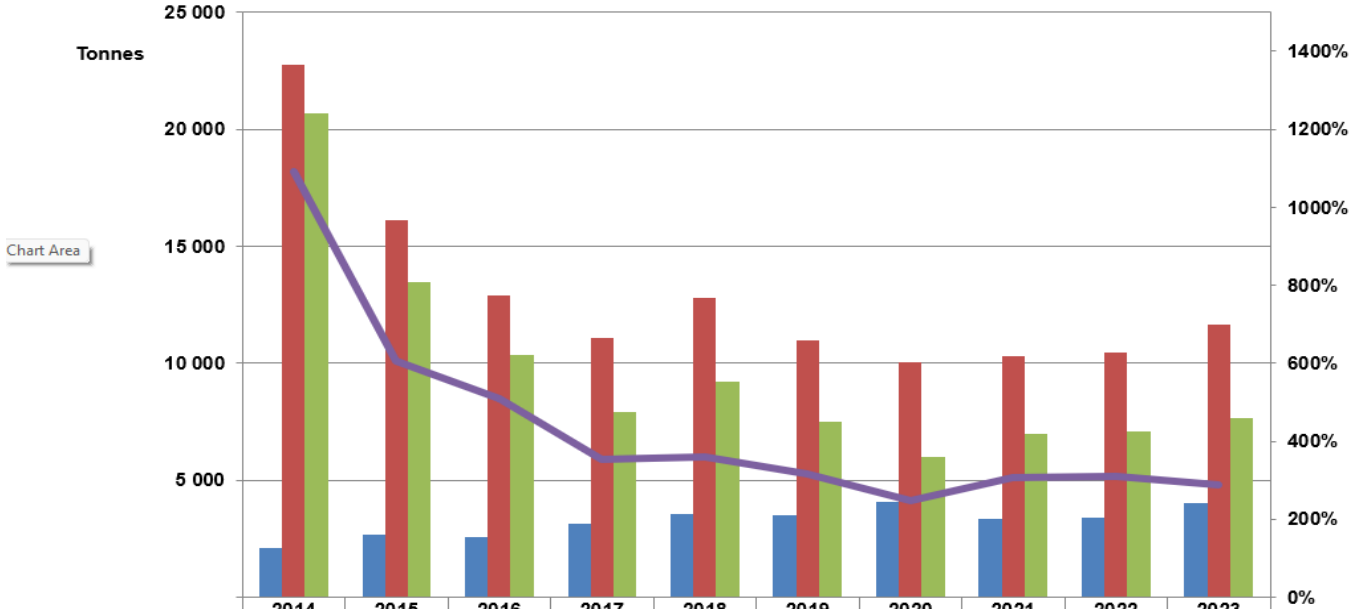
Figure 7: South African Imports and Exports of Concentrated Milk, (0402), 2014 – 2023



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Imports	9 836	12 575	10 503	15 842	14 890	17 929	19 758	19 393	15 988	18 881
Exports	8 383	6 362	5 351	10 823	9 337	7 869	7 816	7 528	10 422	10 844
Net exports/imports	-1 453	-6 213	-5 152	-5 019	-5 553	-10 060	-11 942	-11 865	-5 566	-8 037
Exports as % of imports	85%	51%	51%	68%	63%	44%	40%	39%	65%	57%

Source: SARS as supplied by SAMPRO

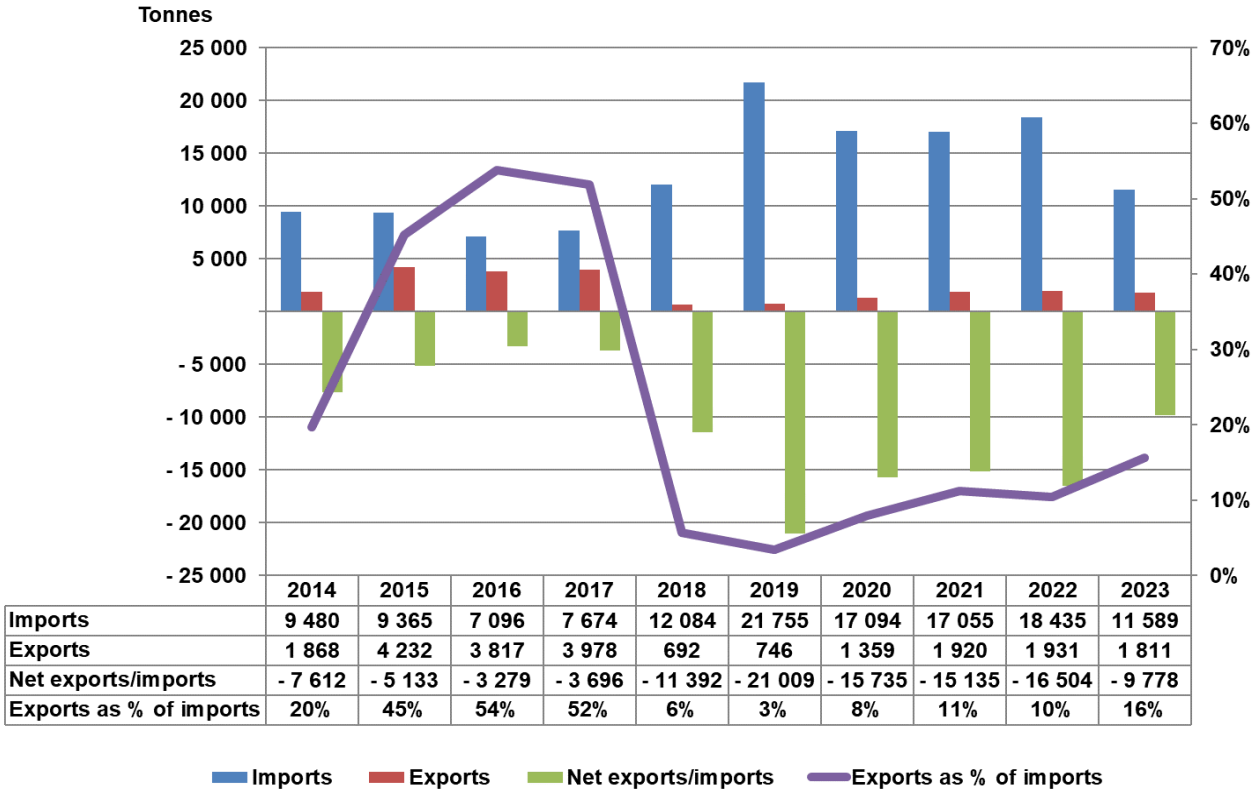
FIGURE 8: SOUTH AFRICAN IMPORTS AND EXPORTS OF BUTTERMILK AND YOGHURT, (04.03), 2014 – 2023



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Imports	2 086	2 653	2 540	3 142	3 561	3 477	4 050	3 362	3 387	4 041
Exports	22 775	16 098	12 904	11 054	12 786	10 971	10 051	10 325	10 472	11 669
Net exports	20 689	13 445	10 364	7 912	9 225	7 494	6 001	6 963	7 085	7 628
Exports as % of imports	1092%	607%	508%	352%	359%	316%	248%	307%	309%	289%

Source: SARS as supplied by SAMPRO

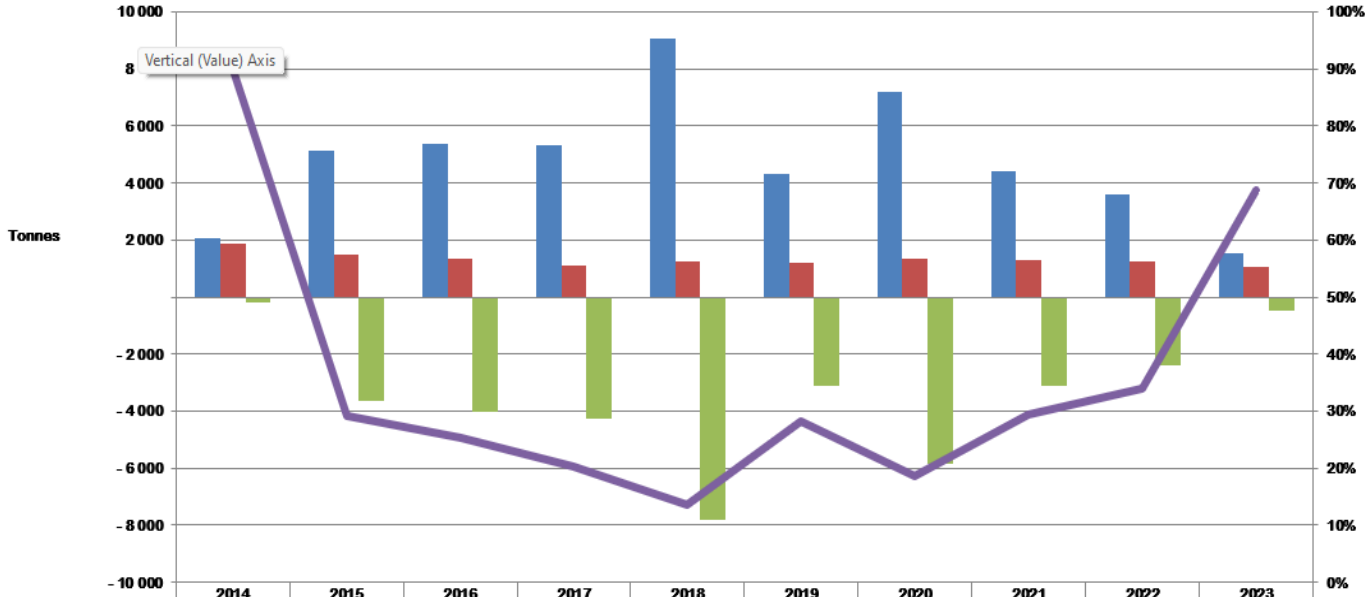
FIGURE 9: SOUTH AFRICAN IMPORTS AND EXPORTS OF WHEY AND WHEY POWDER, (04.04), 2014 – 2023



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Imports	9 480	9 365	7 096	7 674	12 084	21 755	17 094	17 055	18 435	11 589
Exports	1 868	4 232	3 817	3 978	692	746	1 359	1 920	1 931	1 811
Net exports/imports	- 7 612	- 5 133	- 3 279	- 3 696	- 11 392	- 21 009	- 15 735	- 15 135	- 16 504	- 9 778
Exports as % of imports	20%	45%	54%	52%	6%	3%	8%	11%	10%	16%

Source: As supplied by SAMPRO

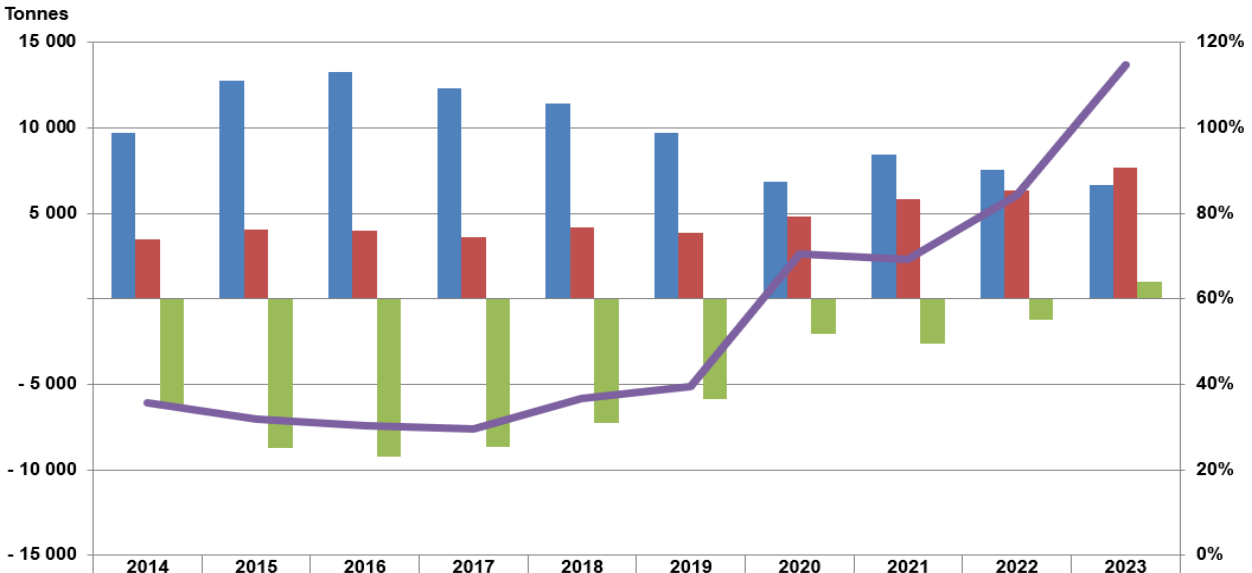
FIGURE 10: SOUTH AFRICAN IMPORTS AND EXPORTS OF BUTTER AND MILKFATS, (04.05) 2014 – 2023



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Imports	2 072	5 132	5 357	5 343	9 064	4 302	7 187	4 419	3 602	1 527
Exports	1 860	1 491	1 350	1 088	1 233	1 210	1 330	1 298	1 223	1 049
Net exports/imports	- 212	- 3 641	- 4 007	- 4 255	- 7 831	- 3 092	- 5 857	- 3 121	- 2 379	- 478
Exports as % of imports	90%	29%	25%	20%	14%	28%	19%	29%	34%	69%

Source: As supplied by SAMPRO

FIGURE 11: SOUTH AFRICAN IMPORTS AND EXPORTS OF CHEESE AND CURD, (04.06), 2014 – 2023



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Imports	9 732	12 766	13 285	12 328	11 447	9 713	6 871	8 471	7 540	6 670
Exports	3 461	4 062	4 022	3 640	4 200	3 844	4 850	5 857	6 349	7 662
Net exports/imports	- 6 271	- 8 704	- 9 263	- 8 688	- 7 247	- 5 869	- 2 021	- 2 614	- 1 191	992
Exports as % of imports	36%	32%	30%	30%	37%	40%	71%	69%	84%	115%

Source: SARS as supplied by SAMPRO

TABLE 2: AVERAGE SOUTH AFRICAN IMPORT AND EXPORT FOB PRICES FOR DAIRY PRODUCTS, 2019– 2023

Tariff heading	Description	Import price (R/kg)					Export price (R/kg)				
		2019	2020	2021	2022	2023	2019	2020	2021	2022	2023
04.01	Milk & cream	8.95	10.32	9.04	13.78	14.71	11.30	12.23	13.14	15.49	18.51
04.02	Concentrated milk	36.49	46.22	46.68	63.22	61.45	36.97	46.98	49.56	63.53	68.95
04.03	Buttermilk & yoghurt	32.27	40.32	40.13	60.42	45.07	21.02	20.28	24.25	22.54	26.25
04.04	Whey	25.77	39.68	33.53	36.14	43.90	18.03	19.50	21.71	38.93	35.59
04.05	Butter	70.17	69.25	67.01	87.18	111.67	56.89	73.57	69.04	79.38	97.15
04.06	Cheese	69.85	79.19	70.06	88.67	111.07	56.25	58.17	62.69	70.75	77.68

Source: SARS as supplied to SAMPRO

The average free-on-board (F.O.B) export prices in 2023, for five of the six different categories of dairy products, were higher than in 2022, while for import F.O.B prices in four of the six categories were higher in 2023 compared to 2022.

In Table 3, the mass of imports from January to September 2024, is compared to the mass of imports from January to September 2023. Imports were 31.3% less in 2024 compared to 2023. The mass of imports of buttermilk powder and yoghurt (04.03) was higher in 2024 than in 2023, while the mass of the other five products was lower.

TABLE 3: Imports from January to September 2024 and January to September 2023.

Heading	Description	A 2024 Kg	B 2023 Kg	A as % of B
04.01	Milk and cream, unsweetened	**245 988**	**5 693 695**	4.3
04.02	Milk, concentrated	**10 584 164**	**14 436 017**	73.3
04.03	Buttermilk powder, yogurt	**3 288 791**	**2 818 479**	116.7
04.04	Whey, whey powder, etc	**8 264 143**	**9 099 226**	90.8
04.05	Butter, butter spreads and butter oil	**795 375**	**1 019 515**	78.0
04.06	Cheese and curd	**3 317 556**	**5 511 674**	60.2
Total		**26 496 018**	**38 578 605**	**68.7**

Source: SARS as supplied by SAMPRO

In Table 4, the mass of exports from January to September 2024, is compared with the mass of exports from January to September 2023. Exports were 6.0% less in 2024 compared to 2023. On the export front, butter (04.05) and cheese and curd (04.06) were higher in 2024 compared to the same period in 2023.

Table 4: Exports from January to September 2024 and January to September 2023

Heading	Description	A 2024 Kg	B 2023 Kg	A as % van B
04.01	Milk and cream, unsweetened	**14 913 237**	**16 338 888**	91.3
04.02	Milk, concentrated	**7 369 130**	**7 865 617**	93.7
04.03	Buttermilk powder, yoghurt	**7 469 621**	**8 104 151**	92.2
04.04	Whey, whey powder. etc	**1 171 040**	**1 291 958**	90.6
04.05	Butter, butter spreads and butter oil	**844 284**	**805 156**	104.9
04.06	Cheese and curd	**5 958 165**	**5 742 766**	103.8
Total		**37 725 476**	**40 148 537**	**94.0**

Source: SARS as supplied by SAMPRO

In Table 5 the average retail prices of eight of the nine products were higher in September 2024, than in September 2023; with the exception being UHT milk with a marginal decrease of 0.6%. Only three product prices (flavoured milk, yoghurt and cream) increased with more than the Headline inflation rate of 5.1%. The differential between price increases for some of the products and Headline inflation bodes well for some dairy product regarding demand, although on a limited basis.

For the period October 2022 to September 2023 compared to the period October 2023 to September 2024, only the sale quantities of two products (fresh milk and flavoured milk) declined. This is a marked improvement if compared to the period April 2022 to March 2023 and April 2023 to March 2024 where eight of the nine products experienced reduced sales. The improved sales quantities are notably more significant compared the previous cycle.

The percentage changes in retail sales quantities and the percentage changes in the average retail prices indicated in Table 5, do not mean that the retail sales quantities and the prices changed continuously at the same rate, during the period concerned. This situation is illustrated in Tables 6 and 7.

TABLE 5: CHANGES IN THE RETAIL SALES QUANTITIES FROM THE YEAR OCTOBER 2022 TO SEPTEMBER 2023, COMPARED TO THE YEAR OCTOBER 2023 TO SEPTEMBER 2024 AND CHANGES IN THE RETAIL PRICES FROM SEPTEMBER 2023 TO SEPTEMBER 2024 OF SPECIFIC DAIRY PRODUCTS

PRODUCT	CHANGE IN RETAIL SALES QUANTITIES PERCENT	CHANGE IN RETAIL PRICES PERCENT
FRESH MILK	-3.2	1.2
LONG LIFE MILK (UHT MILK)	3.2	-0.6
FLAVOURED MILK	-0.3	4.3
YOGHURT	0.7	6.2
MAAS	4.4	2.5
PRE-PACKAGED CHEESE	2.4	1.9
CREAM CHEESE	5.9	3.1
BUTTER	4.4	1.0
CREAM	1.4	4.0

Source: Nielsen figures supplied by SAMPRO

TABLE 6: CHANGES IN THE QUANTITIES OF RETAIL SALES OF SPECIFIC DAIRY PRODUCTS OVER DIFFERENT TIME FRAMES

PRODUCT	Sales in the month of September 2024 versus the sales in the month of September 2023	Sales in the 3 months from July 2024 to September 2024 versus the sales in the 3 months from July 2023 to September 2023	Sales in the 6 months from April 2024 to September 2024 versus the sales in the 6 months from April 2023 to September 2023	Sales in the 9 months from January 2024 to September 2024 versus the sales in the 9 months from January 2023 to September 2023	Sales in the 12 months from October 2023 to September 2024 versus the sales in the 12 months from October 2022 to September 2023
	percent	percent	percent	percent	percent
Fresh Milk	-0.3	-0.6	-0.9	-2.3	-3.2
UHT milk	7.2	5.4	7.0	5.2	3.2
Flavoured milk	-0.8	-0.1	3.7	1.0	-0.3
Yoghurt	-2.3	2.7	3.6	2.0	0.7
Maas	2.3	5.5	8.4	6.1	4.4
Pre-packaged cheese	6.7	6.5	4.9	3.2	2.4
Cream cheese	7.1	5.0	4.2	5.5	5.9
Butter	9.6	9.1	6.6	5.4	4.4
Cream	2.4	3.4	2.0	2.1	1.4

Source: Nielsen as supplied by SAMPRO

In all five cycle periods the sales quantities of fresh milk reduced. Flavoured milk sales reduced in the 12 months, 3 months cycle and the YoY September cycle. These percentages are however marginal. Yoghurt also experienced reduced sales quantities but only for the September YoY cycle. This is an improved situation compared to the previous report ending June 2024.

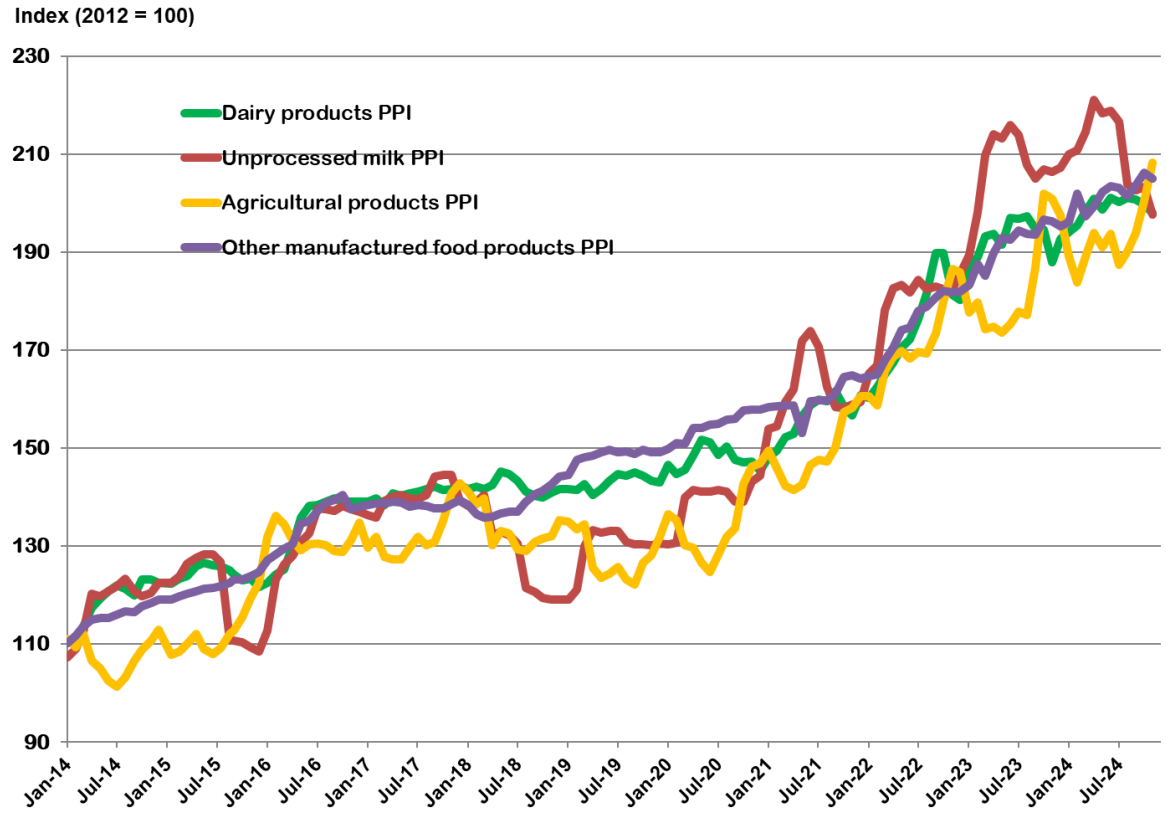
TABLE 7: THE AVERAGE RETAIL PRICES OF SPECIFIC DAIRY PRODUCTS IN SEPTEMBER 2024, COMPARED TO THE AVERAGE RETAIL PRICES OF THE PRODUCTS CONCERNED IN SPECIFIC PREVIOUS MONTHS OF 2024, 2023 AND 2022

PRODUCT	September 2024 versus August 2024 (1 month ago)	September 2024 versus June 2024 (3 months ago)	September 2024 versus March 2023 (6 months ago)	September 2024 versus December 2023 (9 months ago)	September 2024 versus September 2023 (12 months ago)	September 2024 versus March 2022 (18 months ago)	September 2024 versus September 2022 (24 months ago)
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
FRESH MILK	-1.1	-0.9	0.06	0.06	1.2	1.8	14.2
UHT MILK	-0.6	-0.1	1.8	-1.0	-0.6	4.6	14.3
FLAVOURED MILK	0.2	4.3	4.6	9.2	4.3	6.0	13.7
YOGHURT	0.03	2.0	3.9	6.6	6.2	8.7	17.0
MAAS	-0.6	0.2	1.6	1.1	2.5	4.9	19.6
PRE-PACKAGED CHEESE	-1.9	-0.2	-1.7	-4.4	1.9	7.2	15.8
CREAM CHEESE	-1.4	-2.4	3.8	-2.3	3.1	7.2	12.0
BUTTER	5.7	0.9	3.8	2.4	1.0	7.5	13.5
CREAM	-0.8	0.3	1.5	0.8	4.0	6.0	12.8

Source: Nielsen as supplied by SAMPRO

Comparing prices in September 2024 with August 2024, six of the nine products monitored in the NielsenIQ report reduced.

FIGURE 12: PRODUCER PRICE INDICES OF SOUTH AFRICAN AGRICULTURAL AND FOOD PRODUCTS, JANUARY 2014 – NOVEMBER 2024



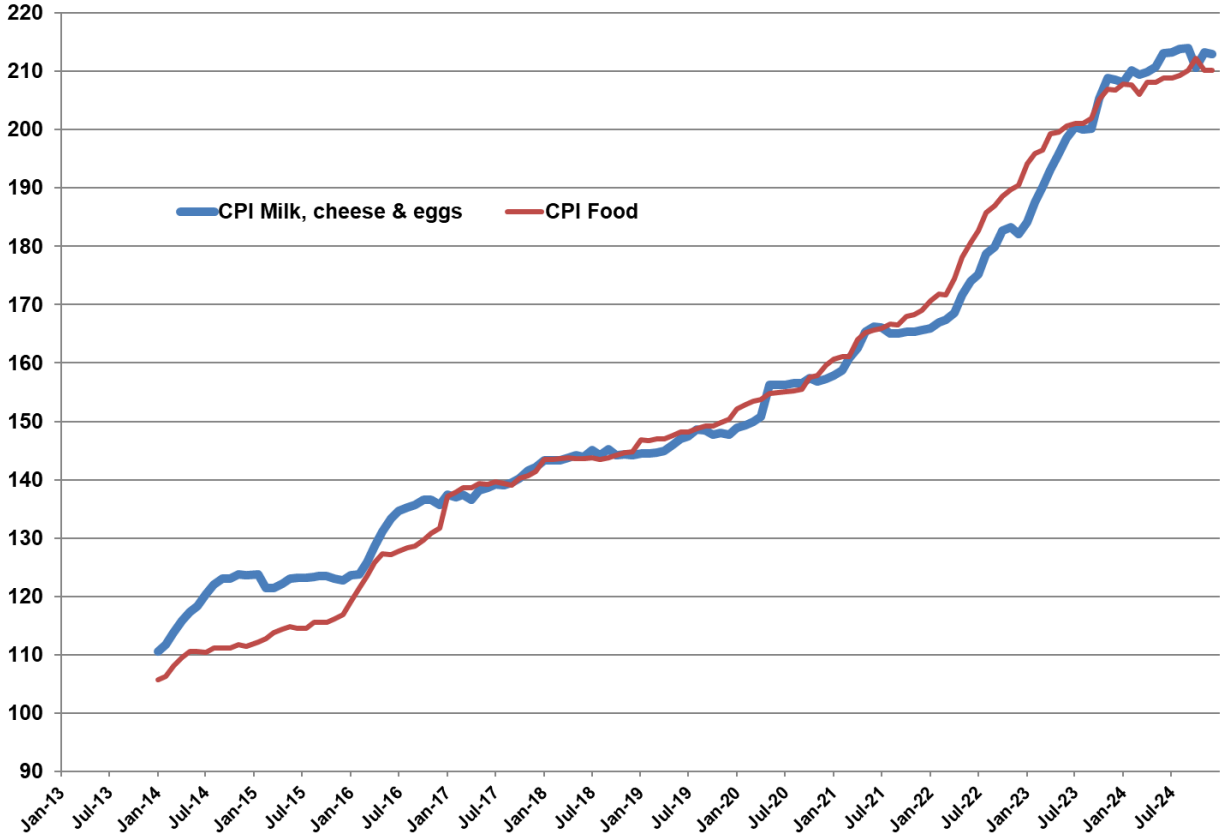
Source: Stats SA

The PPI for unprocessed milk experienced negative growth in August 2024 of 1.9%. This was the first negative growth in unprocessed milk prices since May 2019. In September through November 2024 negative growth continued, resulting in cumulative negative growth of 9.0% with the PPI Index of unprocessed milk closing on 198 points. The PPI for dairy products Increased by 3.1% in September 2024 YoY, 2.6% in October and 5.4% in November with the index also closing on 198 points.

The rate of increase in the PPI for dairy products started to slow down earlier compared to the PPI for unprocessed milk. Closing at the same index point level indicates that differential between the rate of change for the two PPI' is now in balance.

The PPI for other manufactured food products increased by 4.4% in November 2024 YoY and the overall PPI for agriculture increased by 3.6% in November 2024 YoY. The PPI's for unprocessed milk and dairy products is both lower than the PPI's for other manufactured food products and agriculture in general.

FIGURE 13: CONSUMER PRICE INDICES OF SOUTH AFRICAN FOOD AND DAIRY PRODUCTS, JANUARY 2014 – DECEMBER 2024

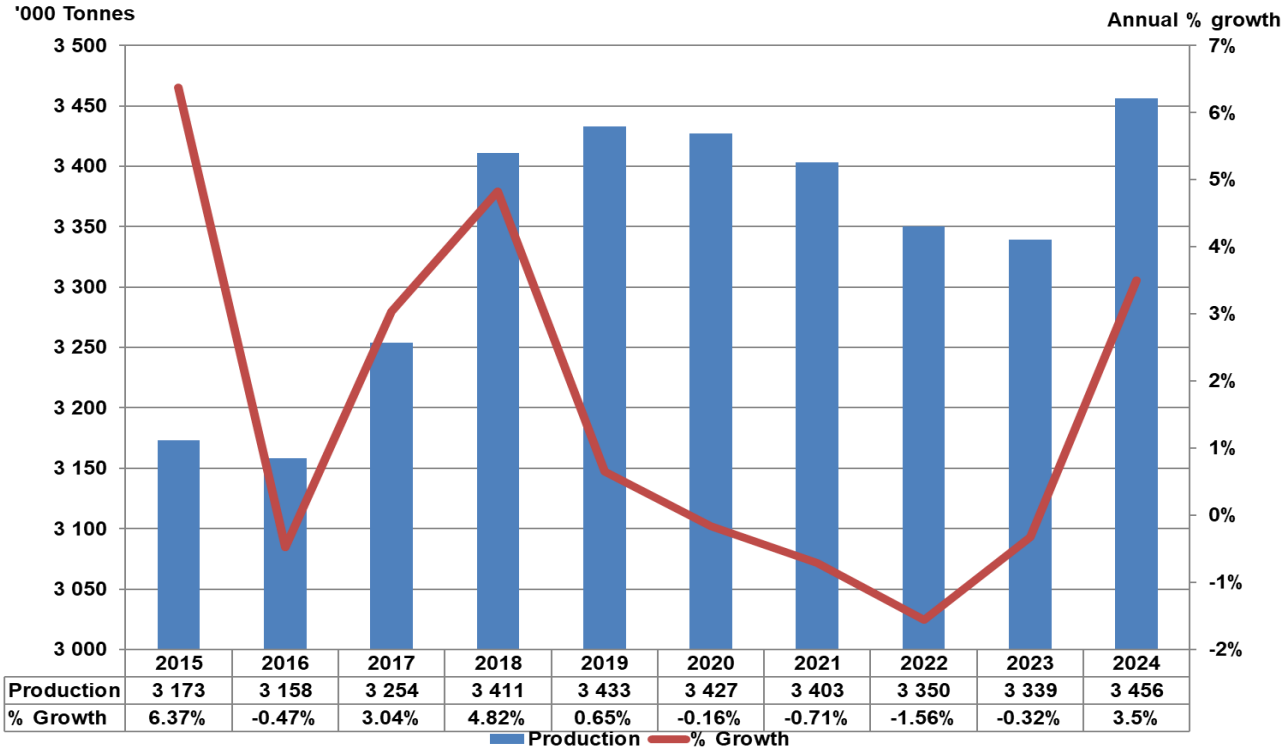


Source: Stats SA

In January 2022 the change to a steeper upward slope for the two indices is visible. Up until that time, increased costs that built up in the primary and secondary industries as a whole were largely absorbed by the value chain due to a high resistance level to higher prices in the retail market. The situation could not be sustained and therefore, the costs eventually had to spill over to consumer products which resulted in higher product prices. This situation was mainly created by the aftermath of the COVID-19 pandemic, the unstable situation in Europe and the eventual attack by Russia on Ukraine putting pressure on many basic raw materials and was exacerbated by domestic problems in South Africa such as erratic electricity supply, dilapidated infrastructure, poor service delivery and high energy costs.

Some of the basic raw material prices softened over time with the result that the cost pressure in the value chain decreased to enable the rate of change in the CPI for milk, cheese, and eggs to reduce. However, feed costs have since started to increase in South Africa. In December 2024 YoY the CPI for milk, cheese and eggs increased with 2.1% down from the December 2023 level of 14.5%. The CPI for food increased by 1.7% in December 2024 YoY, down from the December 2023 level of 8.5%.

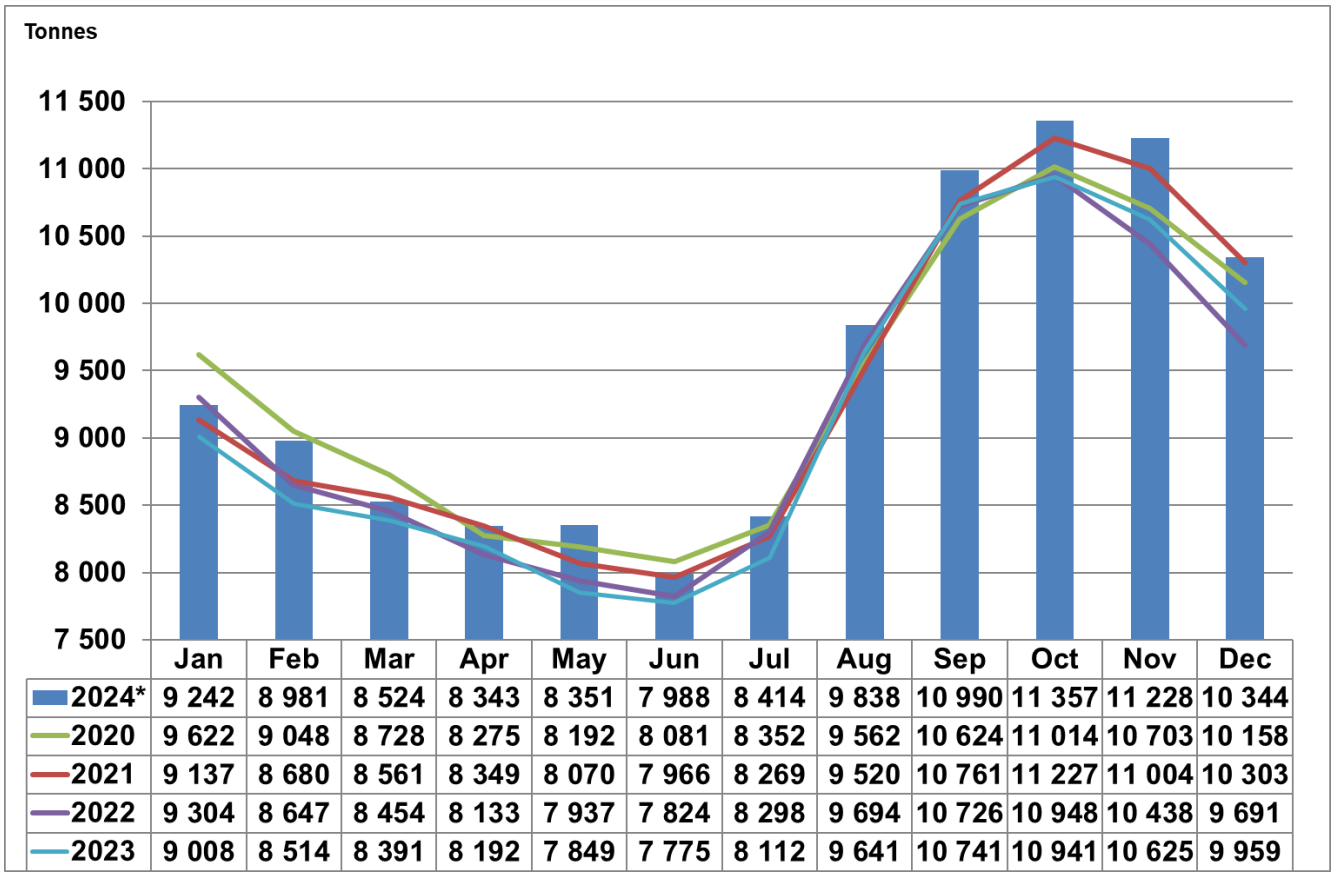
FIGURE 14: ANNUAL SOUTH AFRICAN UNPROCESSED MILK PURCHASES, 2015 – 2024



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Production	3 173	3 158	3 254	3 411	3 433	3 427	3 403	3 350	3 339	3 456
% Growth	6.37%	-0.47%	3.04%	4.82%	0.65%	-0.16%	-0.71%	-1.56%	-0.32%	3.5%

Source: Milk SA, Last two months of 2024 preliminary.

FIGURE 15: SOUTH AFRICAN UNPROCESSED MILK PURCHASES DAILY AVERAGE PER MONTH, JANUARY 2020 – DECEMBER 2024



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2024*	9 242	8 981	8 524	8 343	8 351	7 988	8 414	9 838	10 990	11 357	11 228	10 344
2020	9 622	9 048	8 728	8 275	8 192	8 081	8 352	9 562	10 624	11 014	10 703	10 158
2021	9 137	8 680	8 561	8 349	8 070	7 966	8 269	9 520	10 761	11 227	11 004	10 303
2022	9 304	8 647	8 454	8 133	7 937	7 824	8 298	9 694	10 726	10 948	10 438	9 691
2023	9 008	8 514	8 391	8 192	7 849	7 775	8 112	9 641	10 741	10 941	10 625	9 959

Source: Milk SA. The last two months are preliminary.

In Figure 15, when comparing unprocessed milk purchases over the last five years, seven months in 2024 recorded record levels of daily average unprocessed milk purchases.

TABLE 8: CUMULATIVE UNPROCESSED MILK PURCHASES (Tonnes), 2020 – 2024

Month	2020	2021	2022	2023	2024
January	298 287	283 260	288 433	279 249	286 500
February	560 678	526 286	530 550	517 630	537 963*
March	831 233	791 682	792 617	777 739	802 206
April	1 079 473	1 042 152	1 036 592	1 023 494	1 052 488
May	1 333 417	1 292 311	1 282 647	1 266 826	1 311 354
June	1 575 855	1 531 293	1 517 370	1 500 075	1 550 988
July	1 834 773	1 787 625	1 774 605	1 751 534	1 811 831
August	2 131 205	2 082 757	2 075 131	2 050 399	2 116 812
September	2 449 933	2 405 584	2 396 918	2 372 636	2 446 498
October	2 791 371	2 753 615	2 736 299	2 711 793	2 798 563
November	3 112 446	3 083 722	3 049 429	3 030 555	3 135 400
December	3 427 335	3 403 100	3 349 861	3 339 272	3 456 051

Source: Milk SA. The last two months are preliminary. * February 2024 = 29 days (leap February)

During 2024, 3 456 051 tonnes of unprocessed milk were purchased, which is 3.50% more than in 2023.

In Table 9, the degree of variation between the different mass of unprocessed milk used in dairy products for the years 2023 and 2024 is the highest in the manufacturing of SMP and the second highest in the category other dairy products. The lowest variation in the two years is long life and sterilized milk.

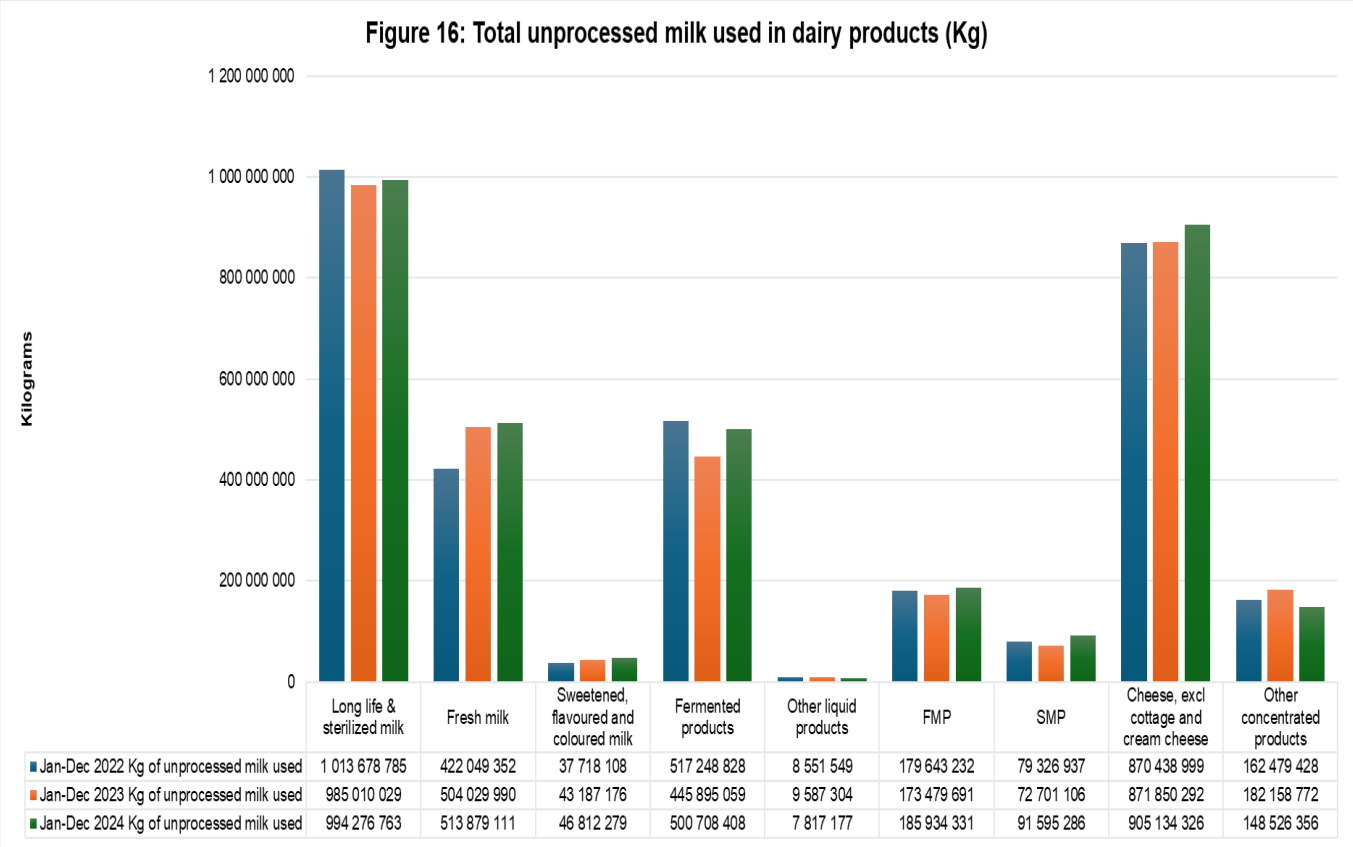
TABLE 9: Kilograms of unprocessed milk used in the manufacturing or processing of dairy products during the years 2022, 2023, and 2024.

Product/Period	Jan-Dec 2022 Kg of unprocessed milk used	Jan-Dec 2023 Kg of unprocessed milk used	Jan-Dec 2024 Kg of unprocessed milk used	% Change 2024 to 2023	Change in milk allocation in mass. 2024 to 2023
Long life & sterilized milk	1 013 678 785	985 010 029	994 276 763	0.94%	9 266 734
Fresh milk	422 049 352	504 029 990	513 879 111	1.95%	9 849 120
Sweetened, flavoured and coloured milk	37 718 108	43 187 176	46 812 279	8.39%	3 625 103
Fermented products	517 248 828	445 895 059	500 708 408	12.29%	54 813 349
Other liquid products	8 551 549	9 587 304	7 817 177	-18.46%	-1 770 127
FMP	179 643 232	173 479 691	185 934 331	7.18%	12 454 641
SMP	79 326 937	72 701 106	91 595 286	25.99%	18 894 181
Cheese, excl cottage and cream cheese	870 438 999	871 850 292	905 134 326	3.82%	33 284 034
Other concentrated products	162 479 428	182 158 772	148 526 356	-18.46%	-33 632 416
Total kg unprocessed milk used in dairy products	3 291 135 217	3 287 899 418	3 394 684 035	3.25%	106 784 617
Whey powder	19 234 215	21 606 293	24 572 533	13.73%	
Butter	19 786 048	21 218 952	24 815 672	16.95%	

Source: Milk SA. Last two months of the latest year is preliminary.

Figure 16: Total unprocessed milk used in dairy products for each year.

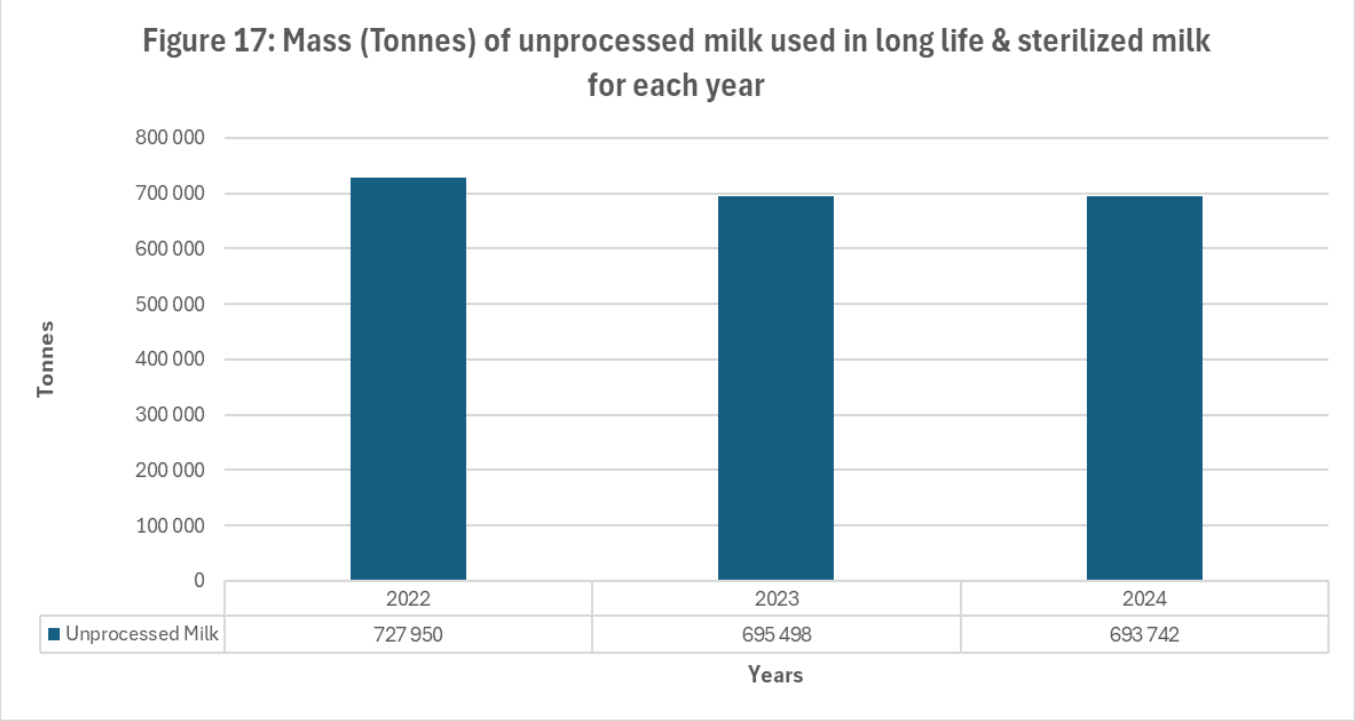
Figure 16 is a schematic representation of Table 9 regarding the mass of unprocessed milk used in dairy products for the years 2022 to 2024.



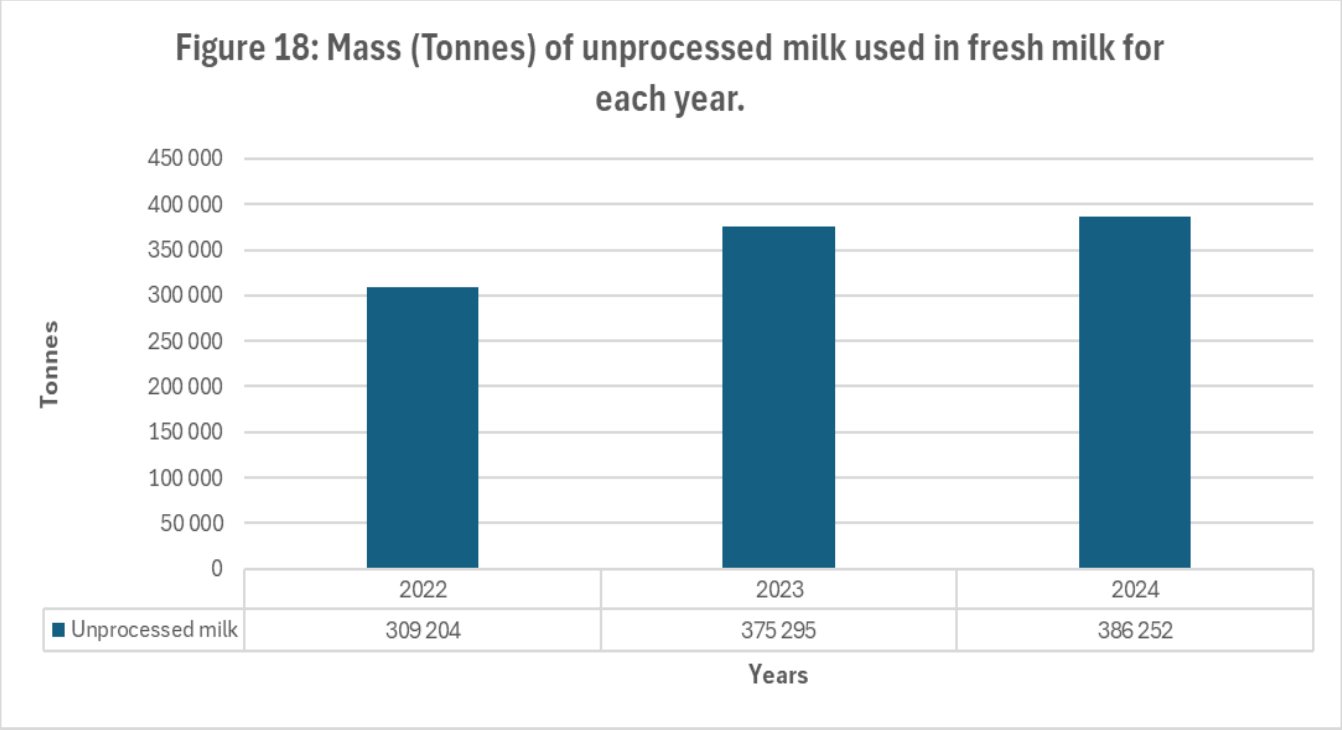
	Long life & sterilized milk	Fresh milk	Sweetened, flavoured and coloured milk	Fermented products	Other liquid products	FMP	SMP	Cheese, excl cottage and cream cheese	Other concentrated products
Jan-Dec 2022 Kg of unprocessed milk used	1 013 678 785	422 049 352	37 718 108	517 248 828	8 551 549	179 643 232	79 326 937	870 438 999	162 479 428
Jan-Dec 2023 Kg of unprocessed milk used	985 010 029	504 029 990	43 187 176	445 895 059	9 587 304	173 479 691	72 701 106	871 850 292	182 158 772
Jan-Dec 2024 Kg of unprocessed milk used	994 276 763	513 879 111	46 812 279	500 708 408	7 817 177	185 934 331	91 595 286	905 134 326	148 526 356

Source: Milk SA. Last two months of the latest year preliminary.

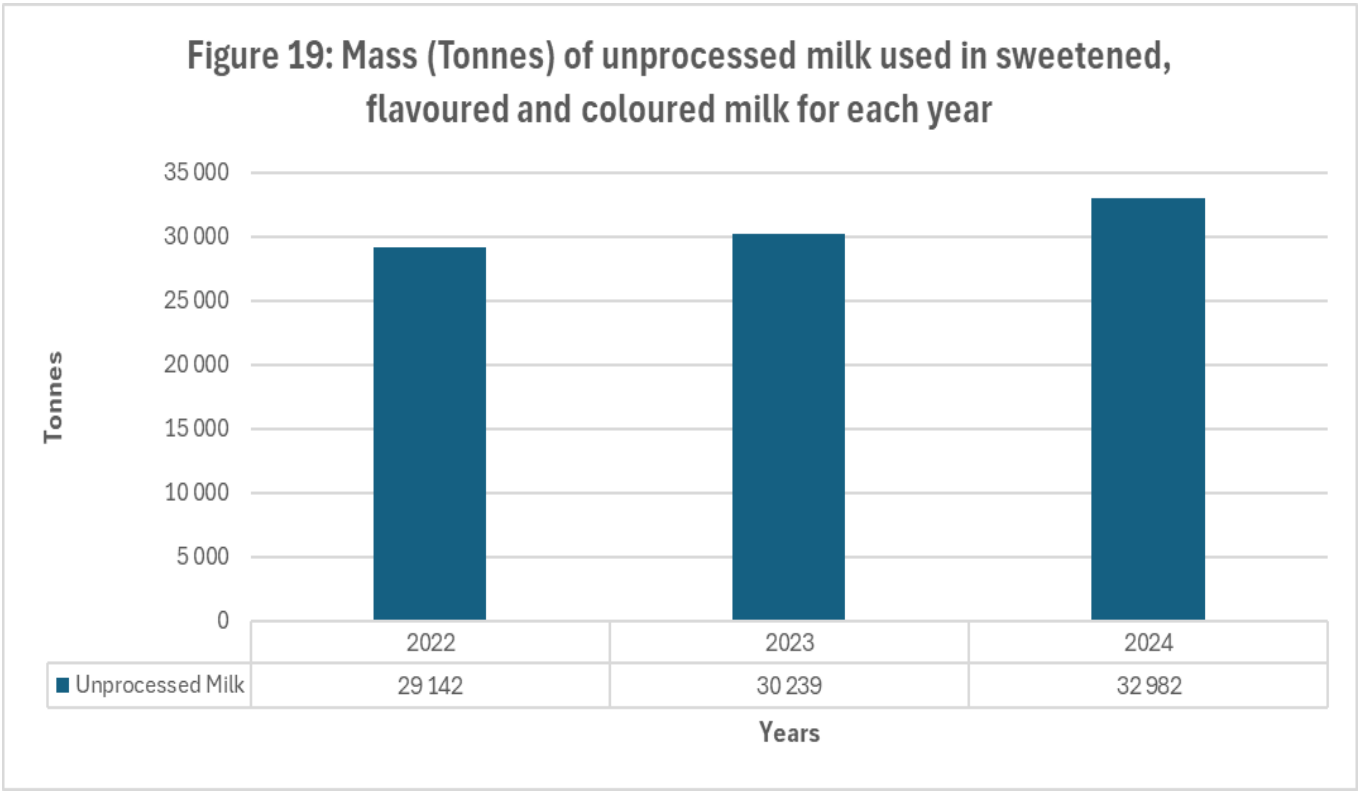
Figures 17 through 27, reflect the mass of unprocessed milk used in the different dairy products manufactured/processed for the three years: 2022, 2023 and 2024.



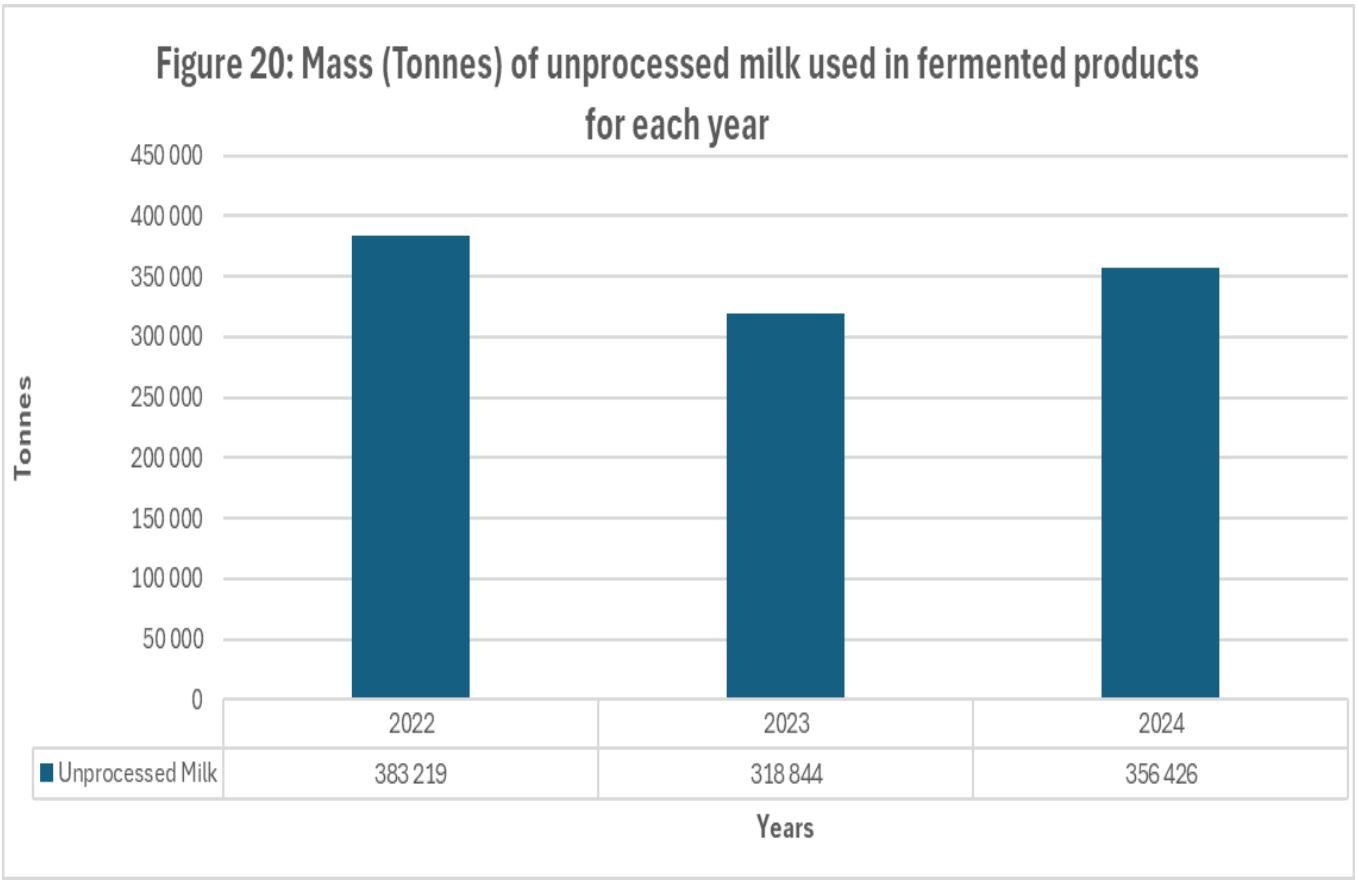
Source: Milk SA



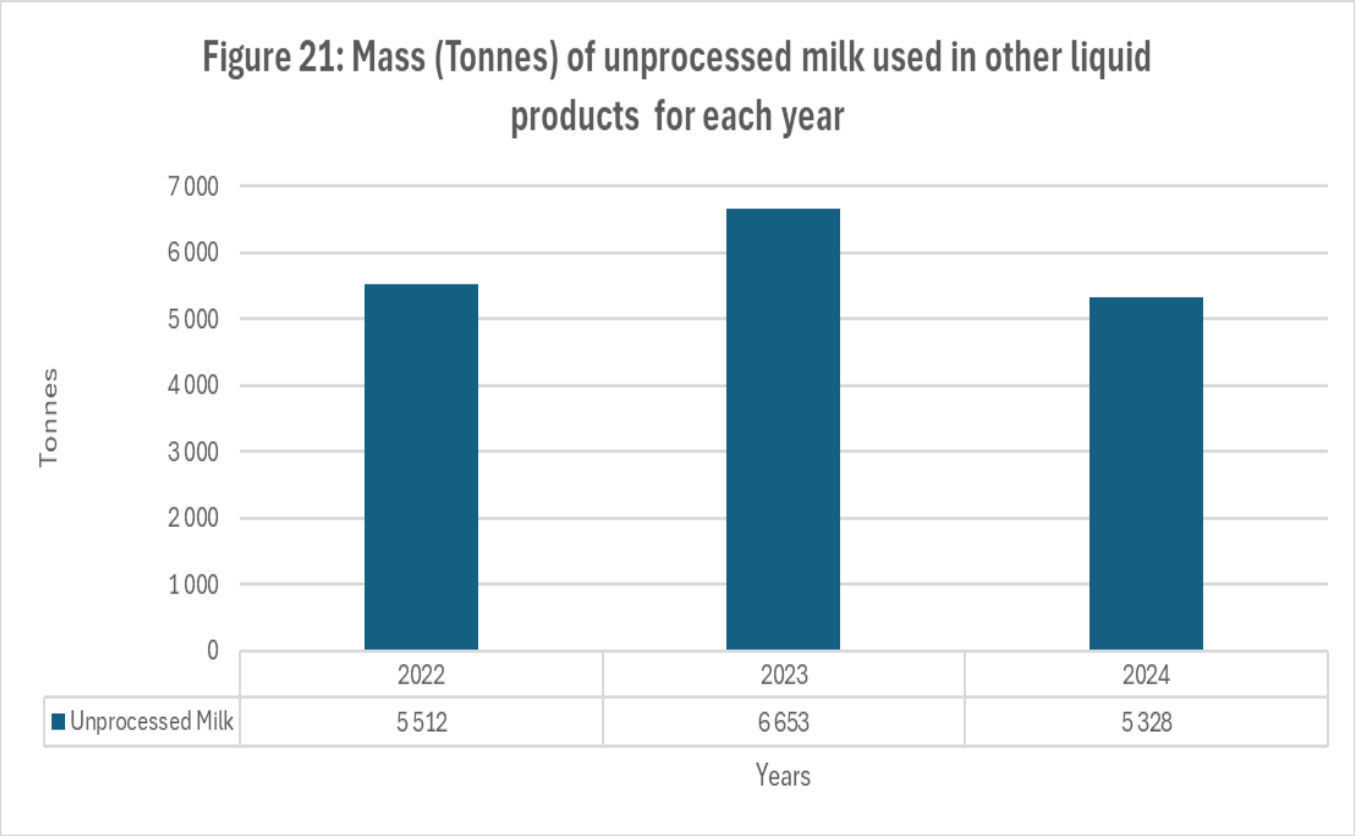
Source: Milk SA



Source: Milk SA



Source: Milk SA



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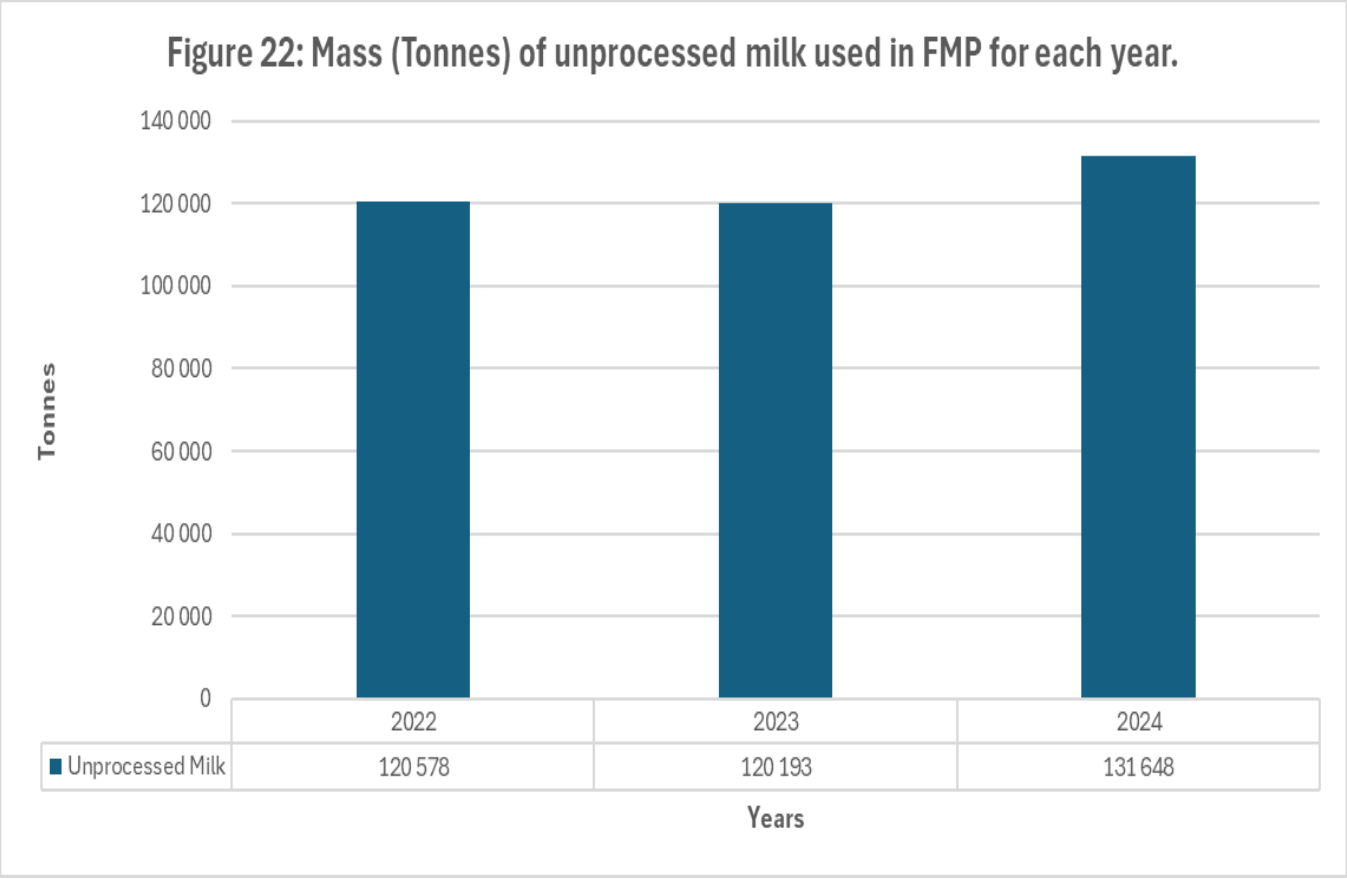

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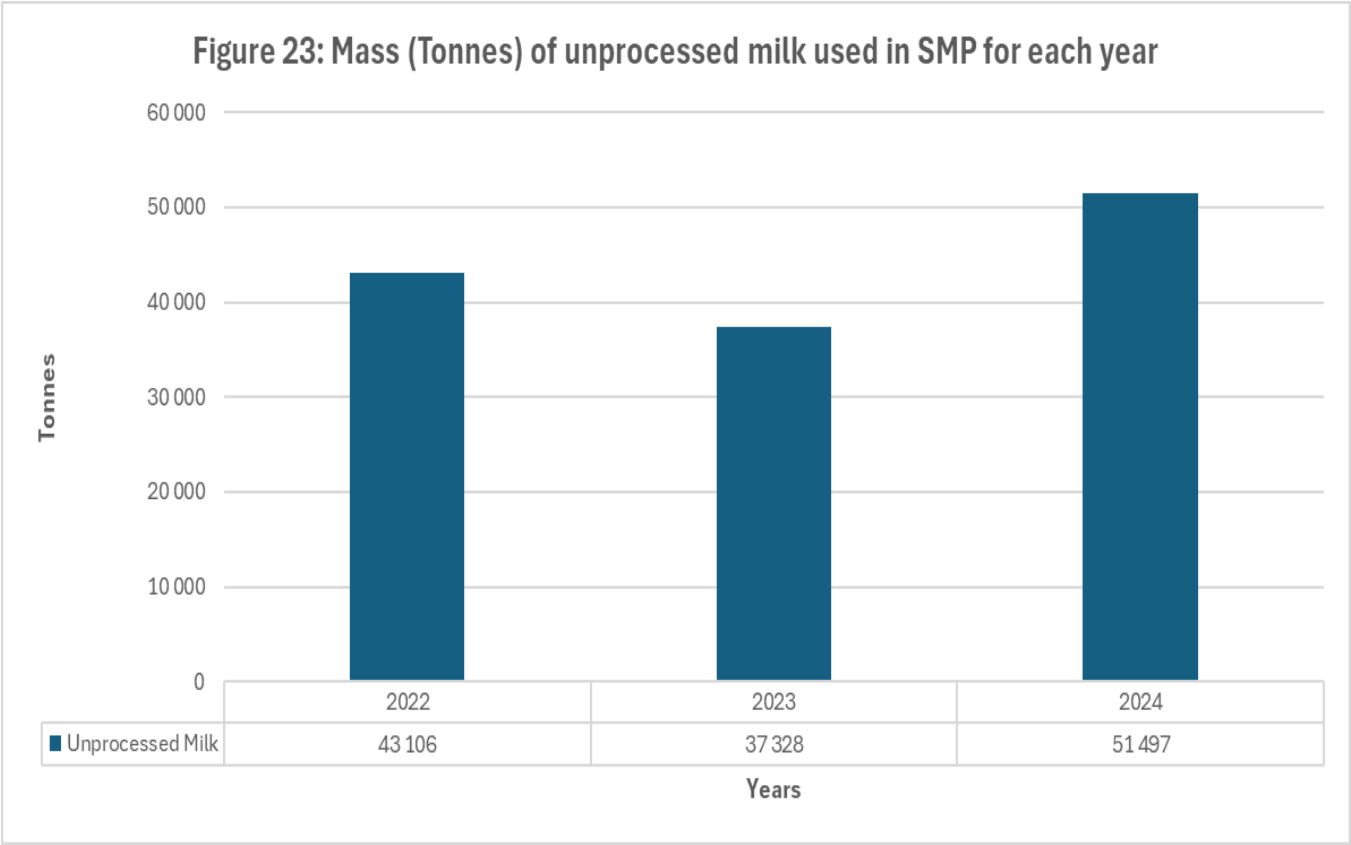

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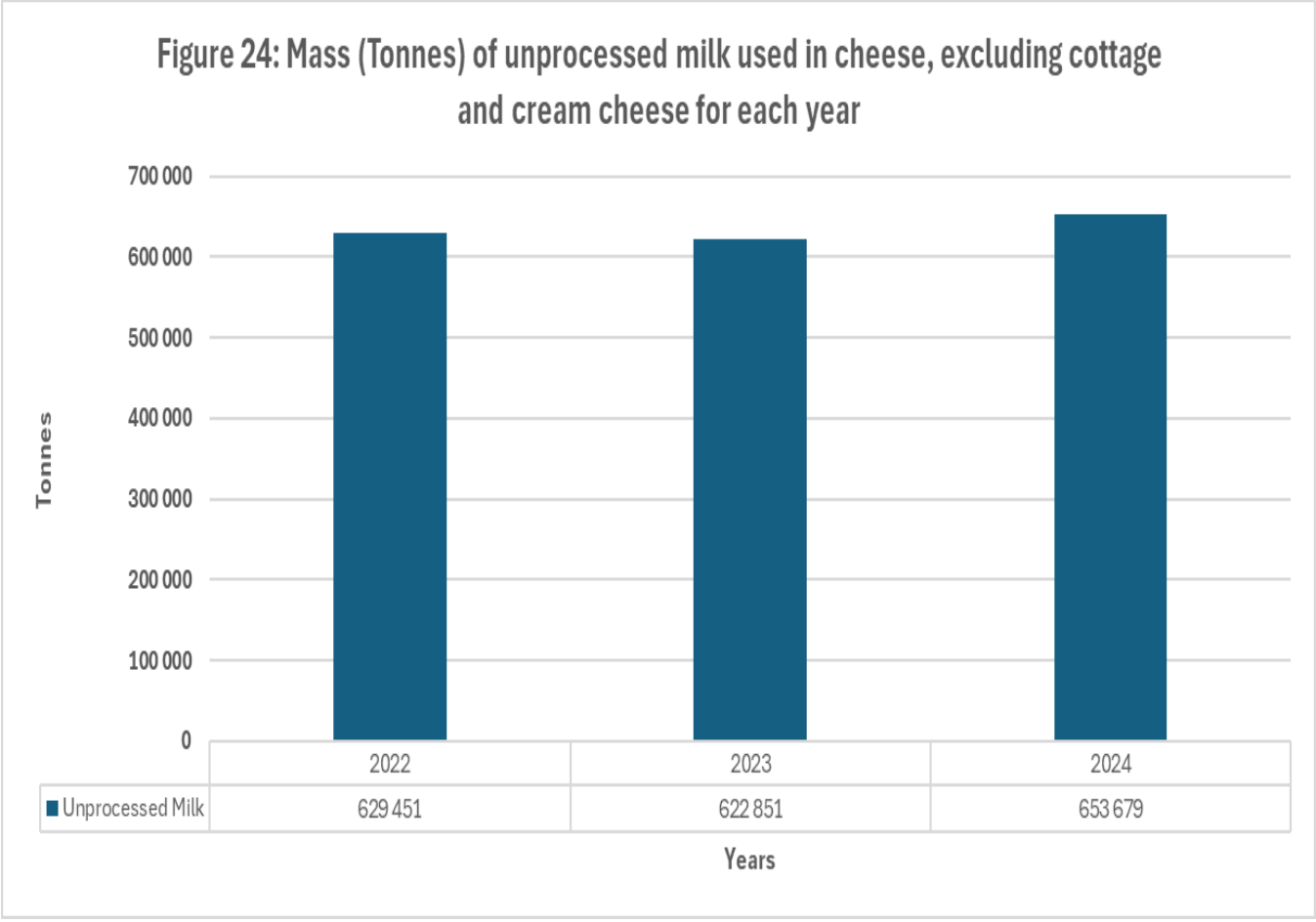

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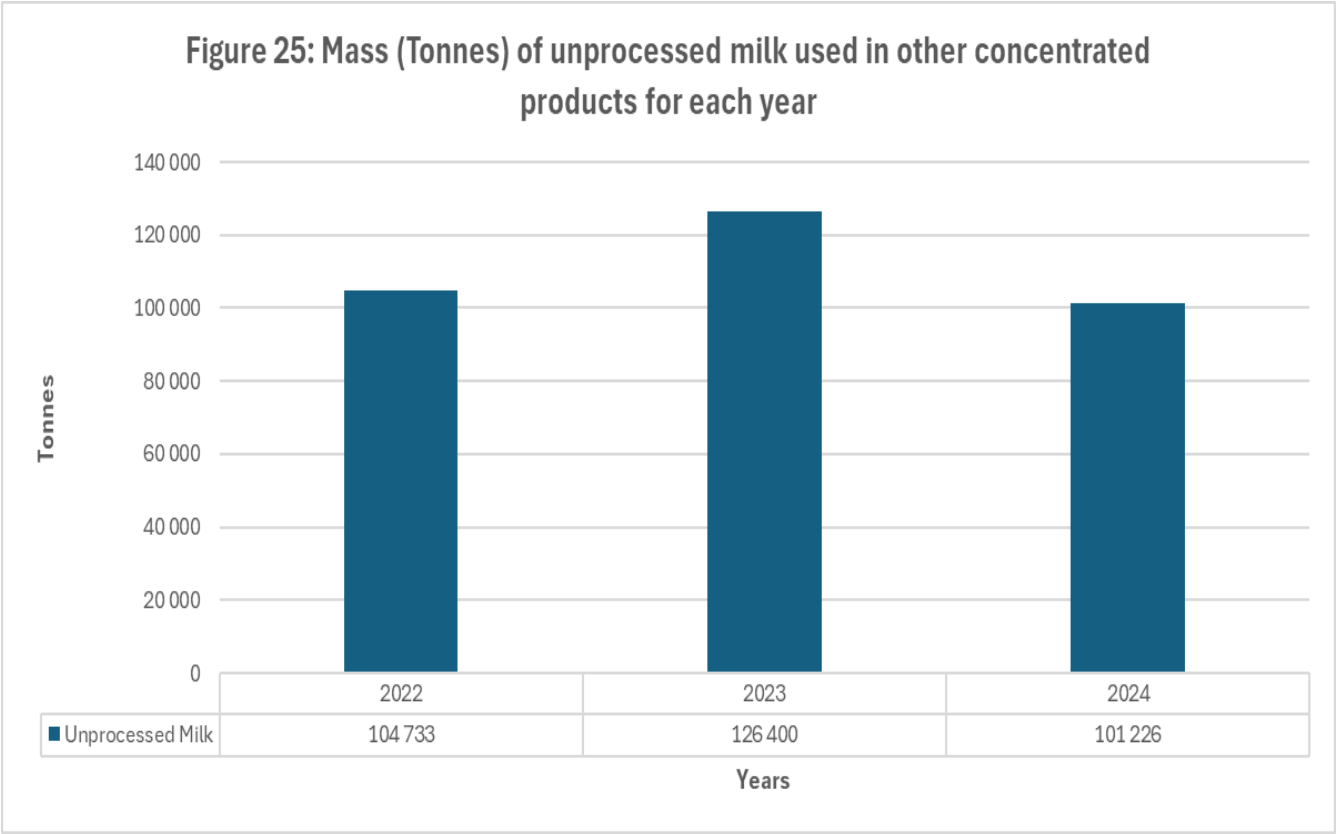

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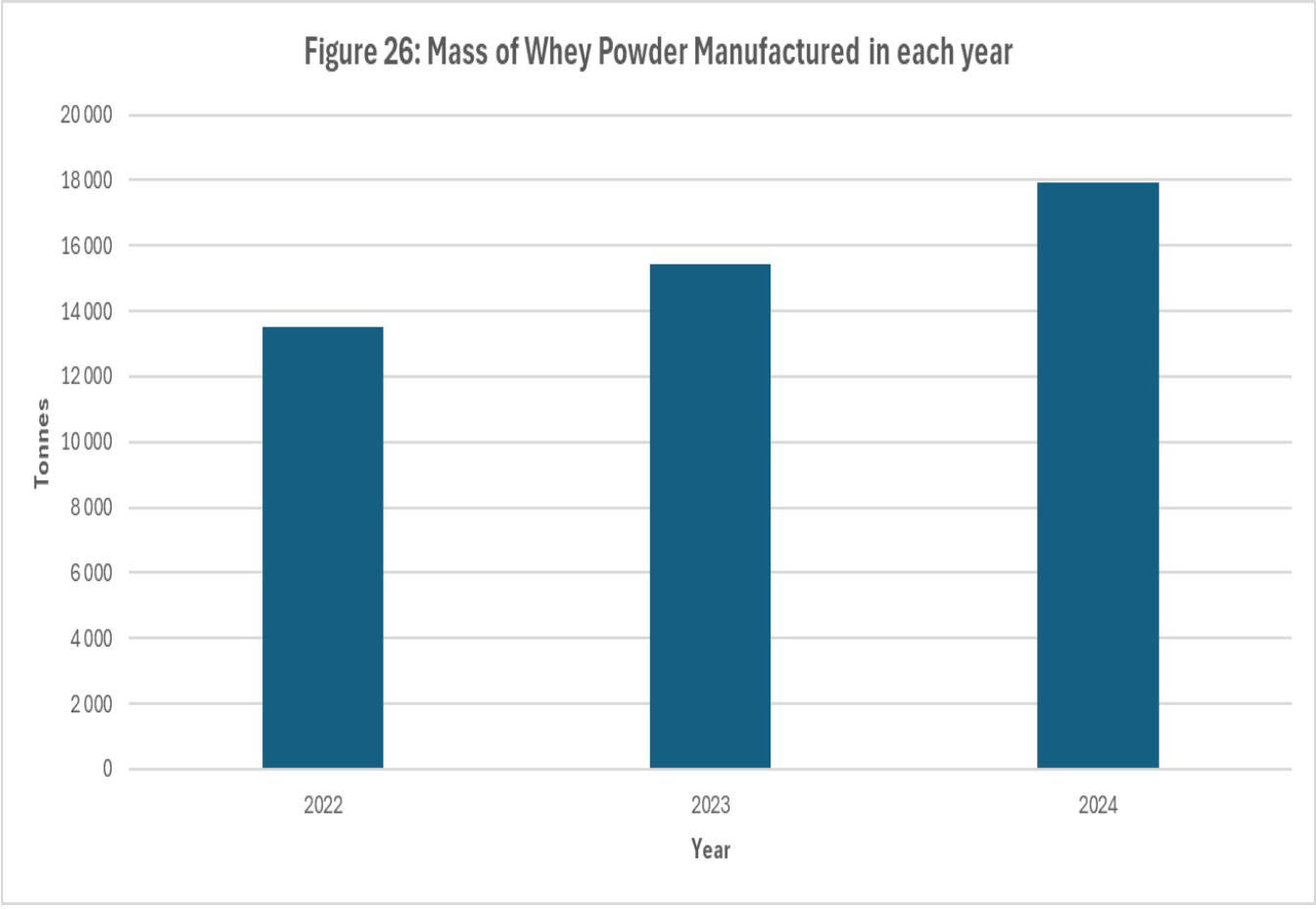

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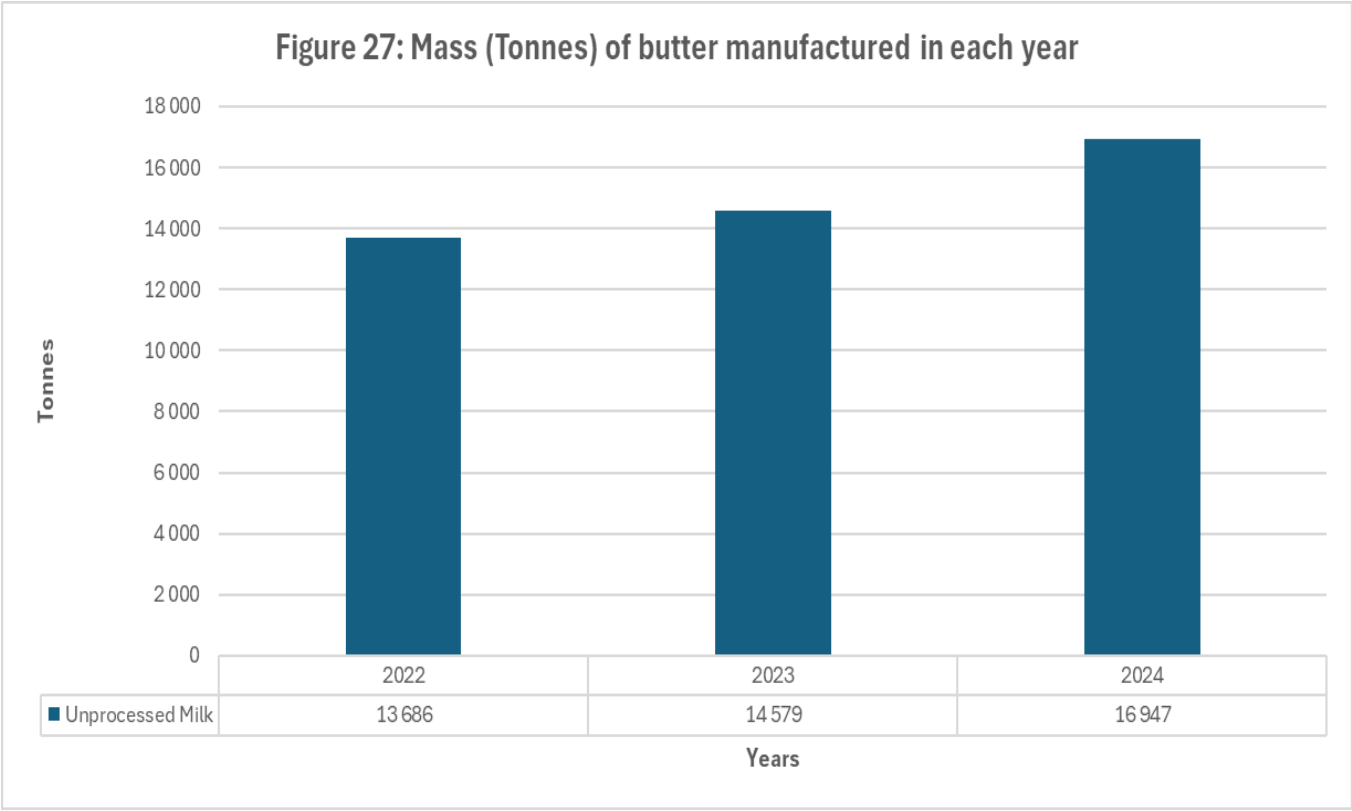

Source: Milk SA

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