



QUARTERLY REVIEW OF THE PERFORMANCE OF THE DAIRY INDUSTRY¹

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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: Q2 2025.

International Market

Indications are that international dairy product prices are taking a breather and, in some cases, starting to reduce. The Free On-Board (FOB) dairy product prices (butter, SMP, FMP and cheddar in ZAR terms) turned south in May 2025 and that continued into June. In US\$ terms the rate of increase in the price of butter in June 2025 slowed down but still continued to increase while the other three product prices turned south. It seems that international FOB prices are cooling down and that the appreciation of the average ZAR/US\$ exchange rate in May and June 2025 assisted prices in ZAR terms to turn south even before the US\$ based prices started to reduce.

However, prices in ZAR terms are still at record levels for butter and FMP taking the last ten years into consideration. The cheddar price is remaining at high levels, up 12.08% in June 2025 compared to June 2024 while SMP over the same period increased with only 1.13% (source United States Department of Agriculture, USDA).

The Global Dairy Trade-Weighted Price Index (GDT) also registered a decrease for June confirming the data from the USDA.

On the New Zealand Futures Exchange the price of only SMP is on an increasing trend, up by 6.54% from August 2025 to April 2026. The other three product future prices are declining with butter down by 5.02%, anhydrous fat by 2.08% and FMP by 1.53%. Although the lower prices for FMP and anhydrous fat are not material, it is a possible further signal that international prices are cooling down.

Despite an average increase of 15% in the first five months of 2025 for farmgate prices in the EU unprocessed milk production is still not firing. In the EU production for the first five months are down by 1.0%. Unprocessed milk production in Australia decreased by 2.2% over the same period, in the USA production increased by 0.6% and New Zealand by 1%.

South African Market

The mass of imports in the first quarter of 2025 reduced with 44.8% while exports increased with 20.6%. Cheese and curd exports increased significantly by 82.3%.

The CPI for milk, other dairy products and eggs trended mostly sideways from the beginning of 2025 and is now well below the CPI for food. Comparing March 2025 with March 2024, the average retail prices of six of the nine major dairy products increased with three of the products that increased, increasing at a slower rate than the March 2025 headline inflation rate of 2.7%. The other three product prices decreased with a range from 0.3% to 1.4%. For the period April 2023 to March 2024 compared to April 2024 to March 2025 the retail sales quantities of seven of the nine dairy products were from 0.4% to 8.0% higher in 2025 compared to 2024. Fresh milk sales quantities reduced over the same period with 0.8% and butter with 1.7%. Overall, a positive picture regarding sales quantities of dairy products in 2025, despite a South African economy that keeps on misfiring.

When comparing unprocessed milk purchases over the last five years, four of the six months of 2025 recorded record levels of daily average unprocessed milk purchases. The cumulative growth of unprocessed milk purchases in the first two quarters of 2025 is 0.01% compared to 2024 and 2.91% compared to 2023.

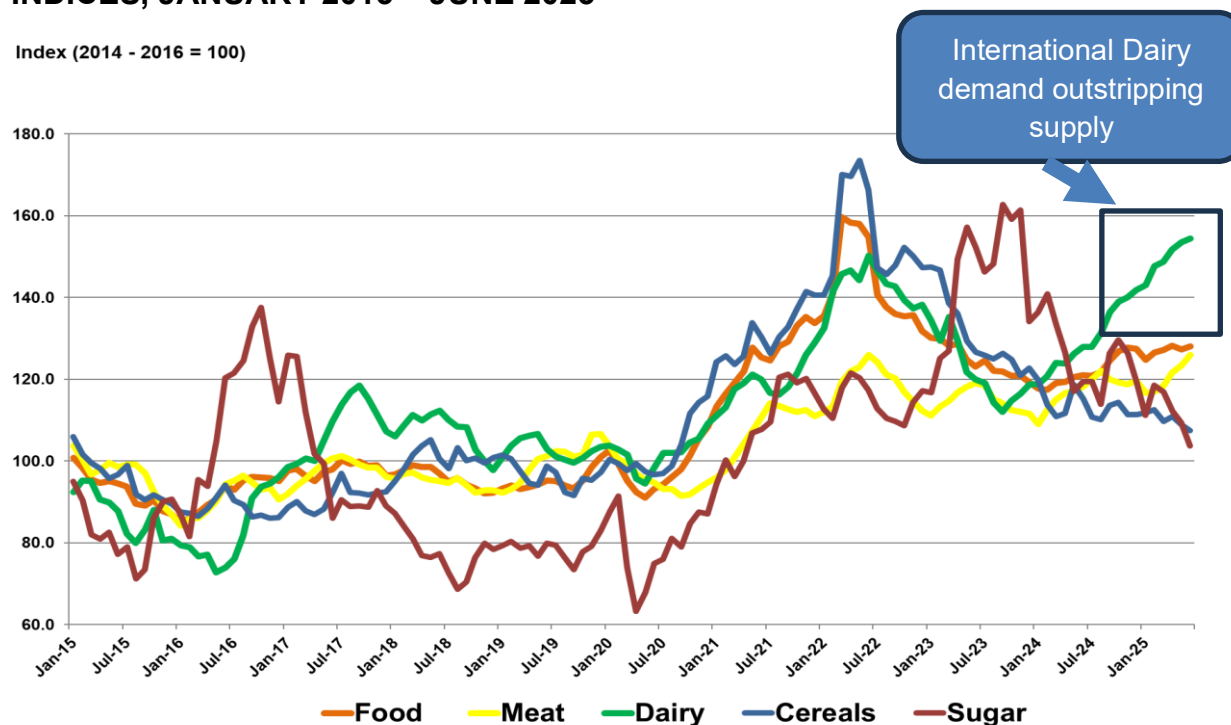
The percentage difference in the mass of unprocessed milk used in dairy products for the first six months of 2025 compared to the same period in 2024 is the highest for sweetened, flavoured and coloured milk and the second highest for SMP. The lowest percentage variation occurred for long life and sterilized milk.

In terms of the volume of unprocessed milk allocated to fresh milk, it reduced the most, while the volume allocated to fermented products increased the most.

1. INTERNATIONAL MARKET

FIGURE 1A: FOOD AND AGRICULTURAL ORGANISATION (FAO) FOOD PRICE INDICES, JANUARY 2015 – JUNE 2025

Index (2014 - 2016 = 100)

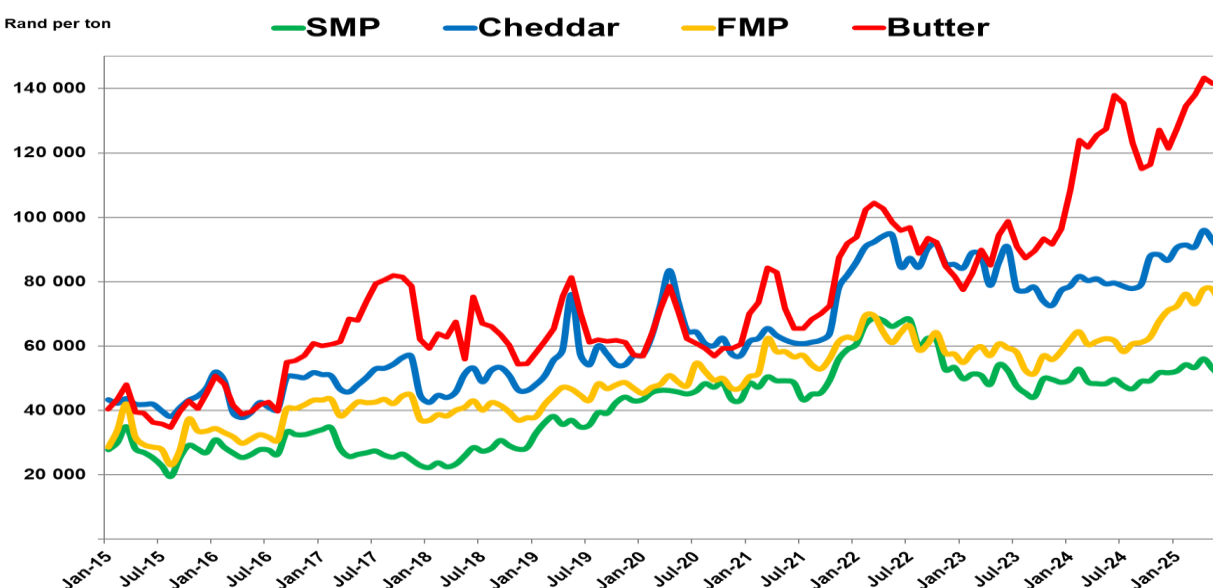


Source: FAO Food Price Index, July 2025

The FAO Food Price Index (FFPI) in June 2025 increased by 5.79% YoY, the FAO Dairy Price Index with 20.72% and the FAO Meat Price Index by 6.69%. The June 2025 FAO Cereal Price Index decreased by 6.77% YoY and the FAO Sugar Price Index by 13.15%.

FIGURE 1B: INTERNATIONAL DAIRY PRODUCTS PRICES: FREE-ON-BOARD (FOB): JANUARY 2015 – JUNE 2025

Rand per ton

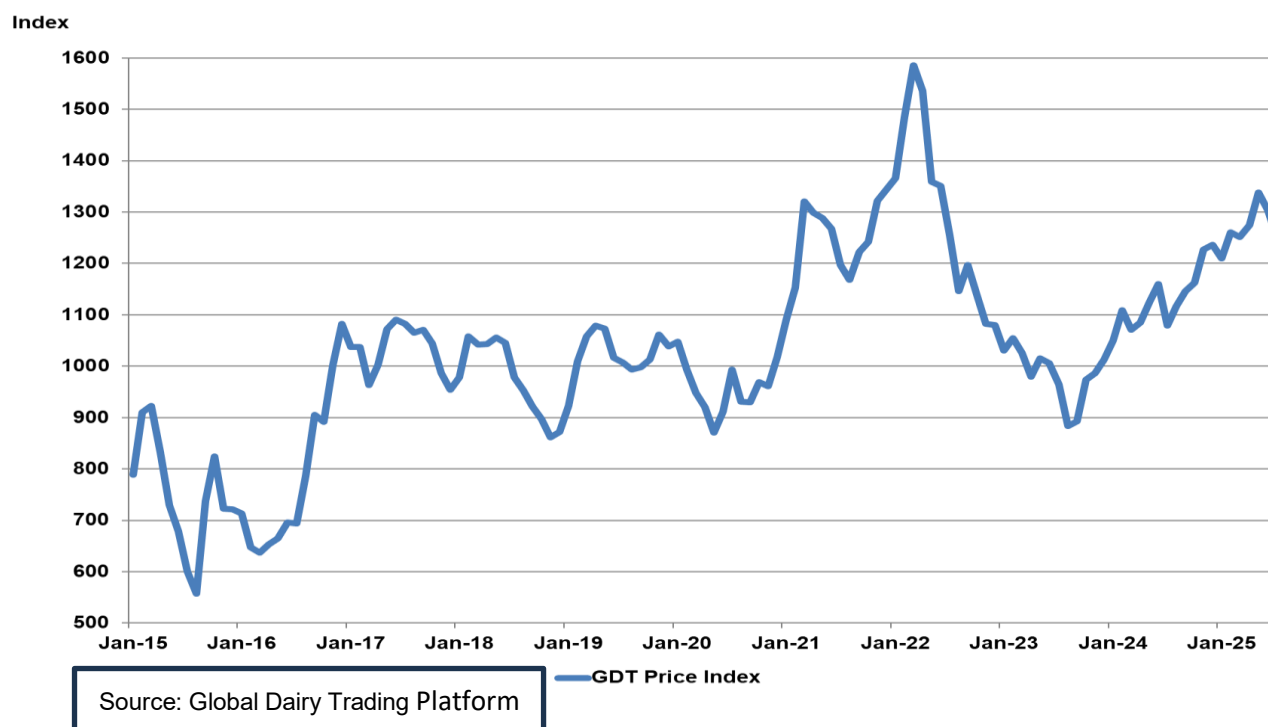


Source: United States Department of Agriculture (USDA), South African Reserve Bank (SARB) for exchange rates

The June 2025 **ZAR** prices compared to the same month of 2024 for butter is 2.41% higher, SMP 1.13%, for FMP 17.14% and for Cheddar 12.08%. The ZAR appreciated with 2.94% over the same period. The average butter price for the 12-month period July 2024 to June 2025 versus the 12-month period July 2023 to June 2024 was 20.88% higher, for SMP 5.49%, Cheddar 11.92% and FMP 17.73% higher. The ZAR appreciated with 2.83% over the same period.

The June 2025 **USD** price for butter, is up by 5.51%, SMP up by 4.19%, FMP by 20.69% and Cheddar by 15.47%. The average butter price for the 12-month period July 2024 to June 2025 versus the 12-month period July 2023 to June 2024 was 24.31% higher, for SMP 8.51%, Cheddar 15.14% and FMP 21.03% higher.

FIGURE 2A: GLOBAL DAIRY TRADE-WEIGHTED PRICE INDEX. JANUARY 2015 – JULY 2025.



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.

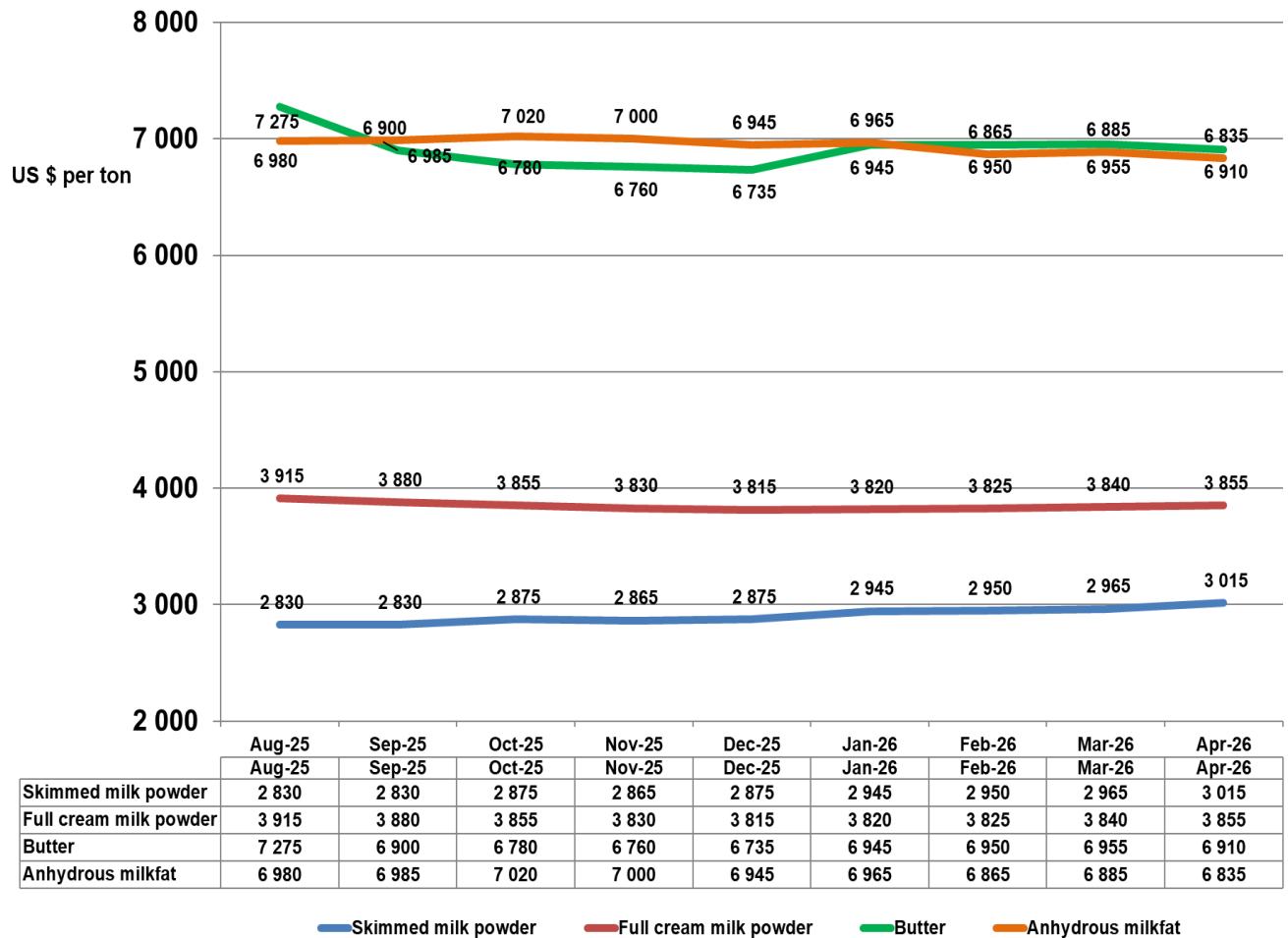
Figure 2A shows the movement of the Global Dairy Trade (GDT) price index inclusive of July 2025. Although July falls outside the second quarter of 2025, it is prudent to include the most recent statistics when available, especially if a possible trend change is developing. The April 2025 index is 17.51% up YoY and 5.37% higher than the beginning of the year. The index has been steaming up since August 2023 and has increased with 44.23% inclusive of April 2025. However, in June and July the index started to trade down with July 2025 6.43% down from the May 2025 index level.

In May 2025 the index breached the 1300 resistance level but started to trade down the very next months. Over the past 10 years, only in November 2021 was the 1300 resistance level breached with success. In March 2021 the level was also breached but fell back the next month.

Figure 2B consists of the future prices on the New Zealand Future Exchange for butter, anhydrous milkfat, SMP, and FMP for the period August 2025 to April 2026. The SMP future price is the only

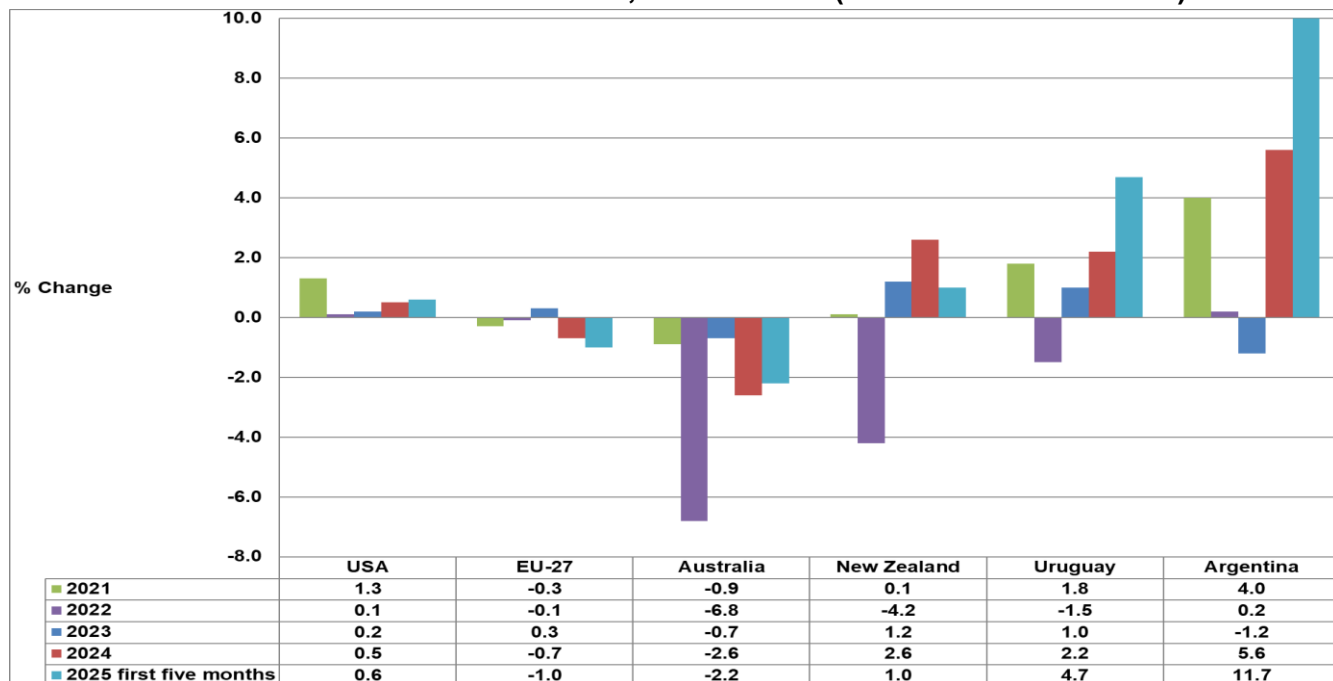
price with an increasing trend, up by 6.54%. The other three product future prices are declining with butter down by 5.02%, anhydrous fat by 2.08% and FMP by 1.53%. Although the lower prices for FMP and anhydrous fat are not material, it is a possible signal that prices are cooling down.

FIGURE 2B: FUTURE PRICES FOR DAIRY PRODUCTS ACHIEVED ON THE NEW ZEALAND FUTURES EXCHANGE (NZX): AUGUST 2025 – APRIL 2026



Source: NZX Futures, 24 July 2025

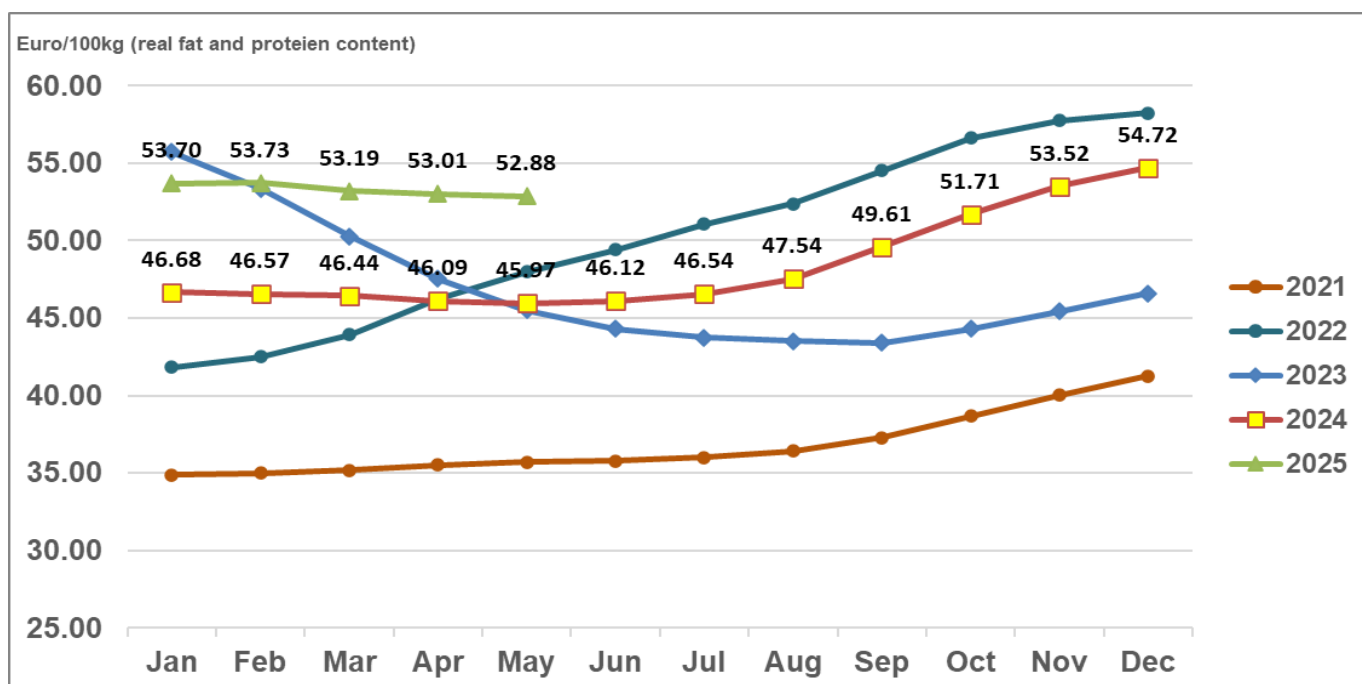
FIGURE 3: YEAR-ON-YEAR CHANGE IN UNPROCESSED MILK PRODUCTION IN MAJOR DAIRY EXPORTING COUNTRIES, 2021 – 2025 (first five months' data)



Source: CLAL, July 2025

Unprocessed milk production in the countries monitored in Figure 3, is once again a mixed bag. The EU-27 and Australia now entering the fifth consecutive year of negative growth in unprocessed milk production and the USA registering growth of less than one percent over the last four years. New Zealand is sitting at 1% growth for the first five months of 2025 while Uruguay and Argentina are exhibiting strong growth over the same period.

FIGURE 4: WEIGHTED AVERAGE PRODUCER PRICE OF UNPROCESSED MILK IN THE EU27 (excluding the UK). JANUARY 2021 – MAY 2025 (Last month's estimate)



Source: European Commission, July 2025

The first five price levels for 2025 are moving mostly sideways. This pattern is mimicking the first five months of 2024, only at an average price of 15% higher than in 2024.

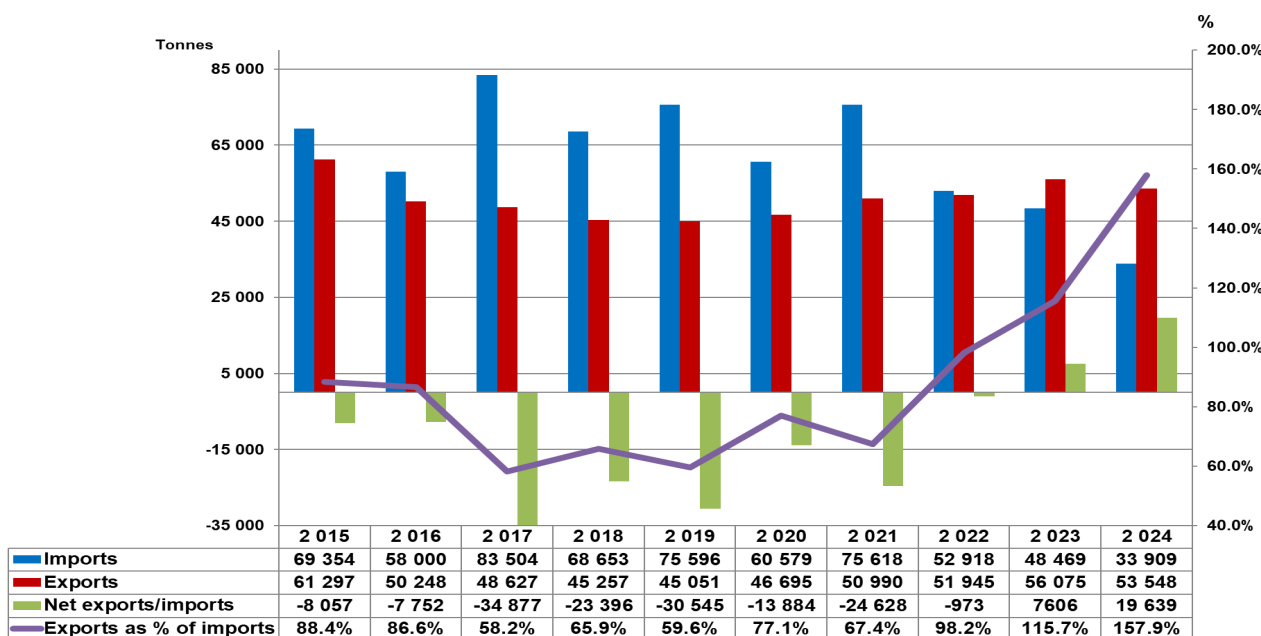
2. THE SOUTH AFRICAN DAIRY MARKET: Imports and Exports

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 2024, showed that:

- South Africa was a net exporter of dairy products in 2024, for the second year in a row. The mass of imports in 2024, was 30.0% lower than in 2023 and the mass of exports in 2024, was 4.51% lower than in 2023. The mass of net exports in 2023 was 7 606 tonnes and in 2024 it was 16 693 tonnes, a growth rate of 119%.
- The mass of imports and exports in 2024, showed that South Africa was a net exporter of milk and cream (04.01), buttermilk powder and yogurt (04.03), butter, butter spreads and butter oil (04.05) and cheese (04.06) but a net importer of concentrated milk (04.02) and whey and whey powder (04.04). In 2024 South Africa achieved net exporter status for butter (04.05) – 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 2024, of the five of the six categories was higher than the mass of South African exports of dairy products. (Exports are sales to destinations outside SACU). However, in 2023 a breakthrough occurred when the mass of cheese exports outperformed cheese sales to the other SACU member countries and this performance was repeated in 2024. For many years before 2023 the mass of sales for all six tariff headings to the other SACU member countries was higher than the mass of South African dairy exports. See Table1.

FIGURE 5: TOTAL SOUTH AFRICAN IMPORTS AND EXPORTS OF DAIRY PRODUCTS, 2015 – 2024



Source: SARS as supplied by SAMPRO

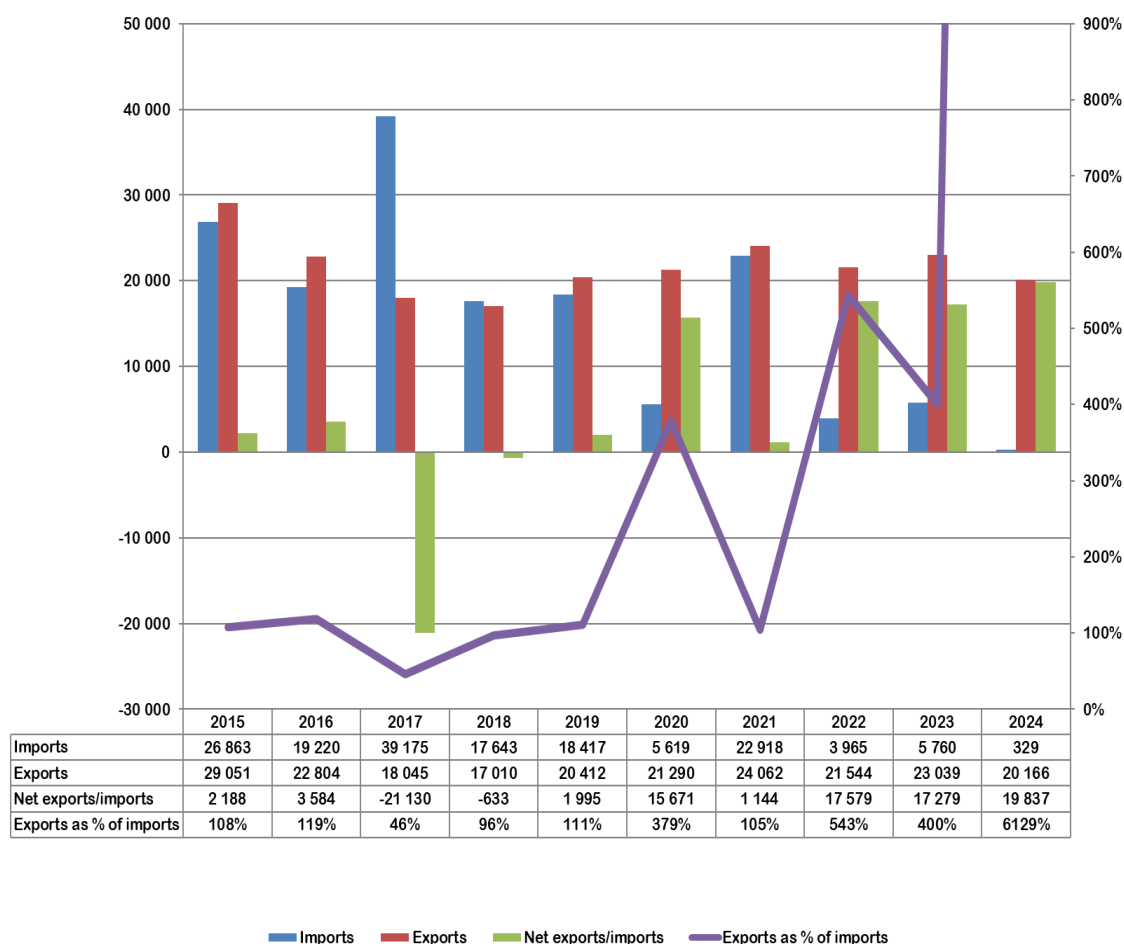
TABLE 1: MASS OF SALES TO THE BeLN COUNTRIES COMPARED TO EXPORTS OUTSIDE OF SACU IN THE PERIOD JANUARY 2024 TO DECEMBER 2024

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	78 589 397	20 165 840	98 755 237	79.6
04.02	Milk, concentrated	21 967 874	11 736 477	33 704 351	65.2
04.03	Buttermilk powder, yogurt	21 267 991	9 725 651	30 993 642	68.6
04.04	Whey, whey powder, etc	4 141 294	1 752 036	5 893 330	70.3
04.05	Butter, butter spreads and butter oil	1 582 084	1 395 406	2 977 490	53.1
04.06	Cheese and curd	7 114 897	8 772 508	15 887 405	44.8
Total		134 663 538	53 547 918	188 211 456	71.5

Source: SARS as supplied by SAMPRO

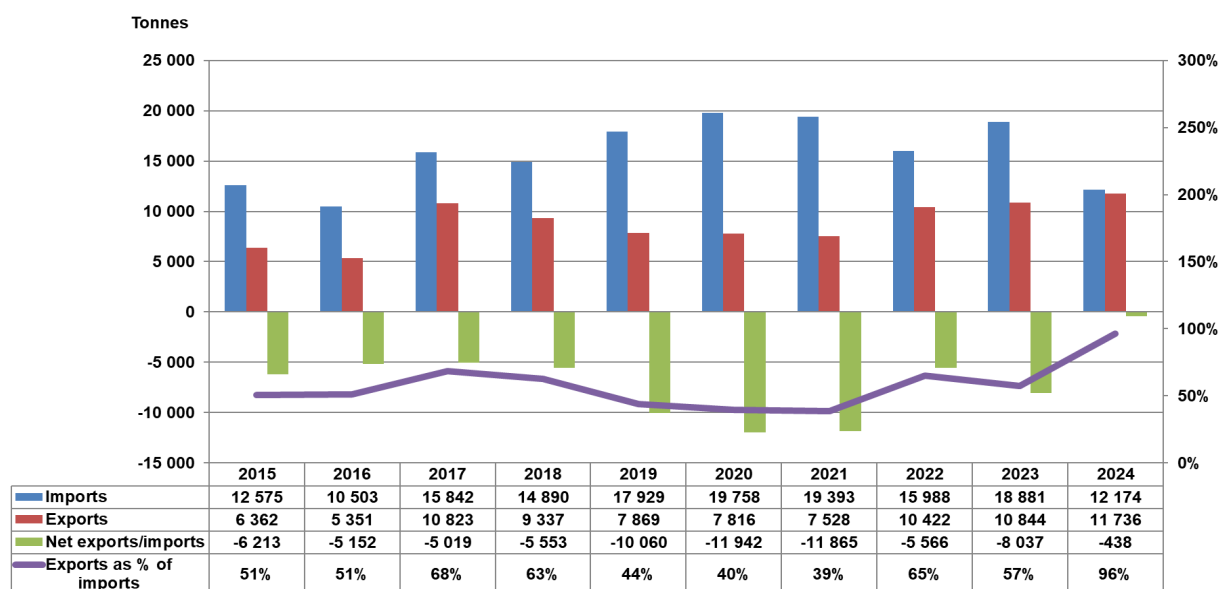
FIGURE 6: SOUTH AFRICAN IMPORTS AND EXPORTS OF MILK AND CREAM (04.01), 2015 – 2024

Tonnes



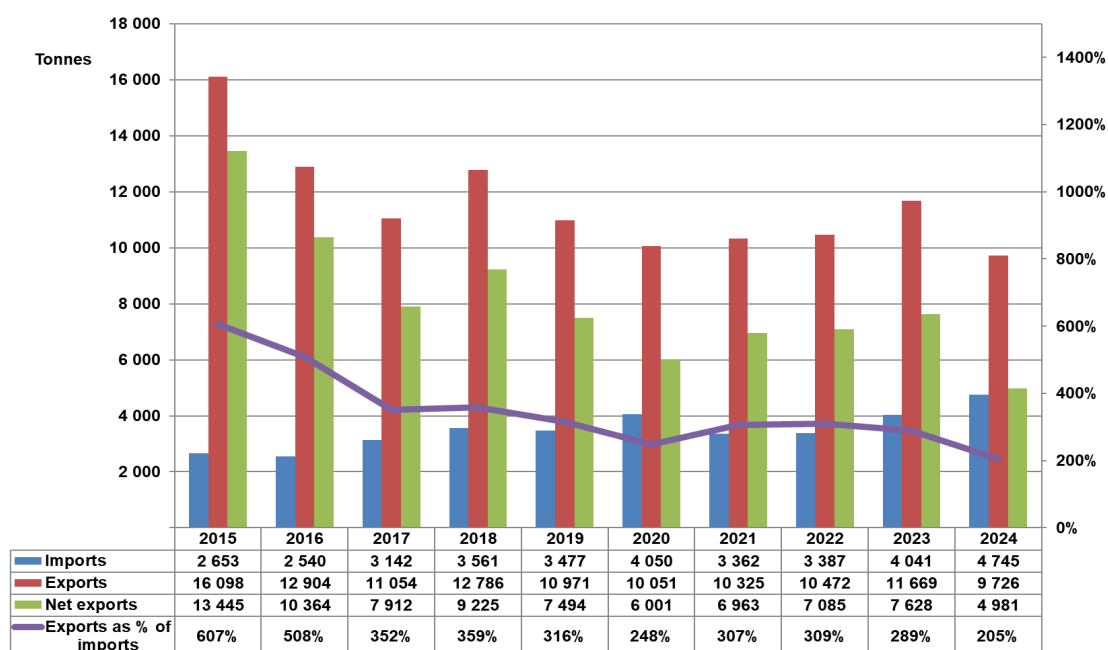
Source: SARS as supplied by SAMPRO

Figure 7: South African Imports and Exports of Concentrated Milk, (0402), 2015 – 2024



Source: SARS as supplied by SAMPRO

FIGURE 8: SOUTH AFRICAN IMPORTS AND EXPORTS OF BUTTERMILK AND YOGHURT, (04.03), 2015 – 2024



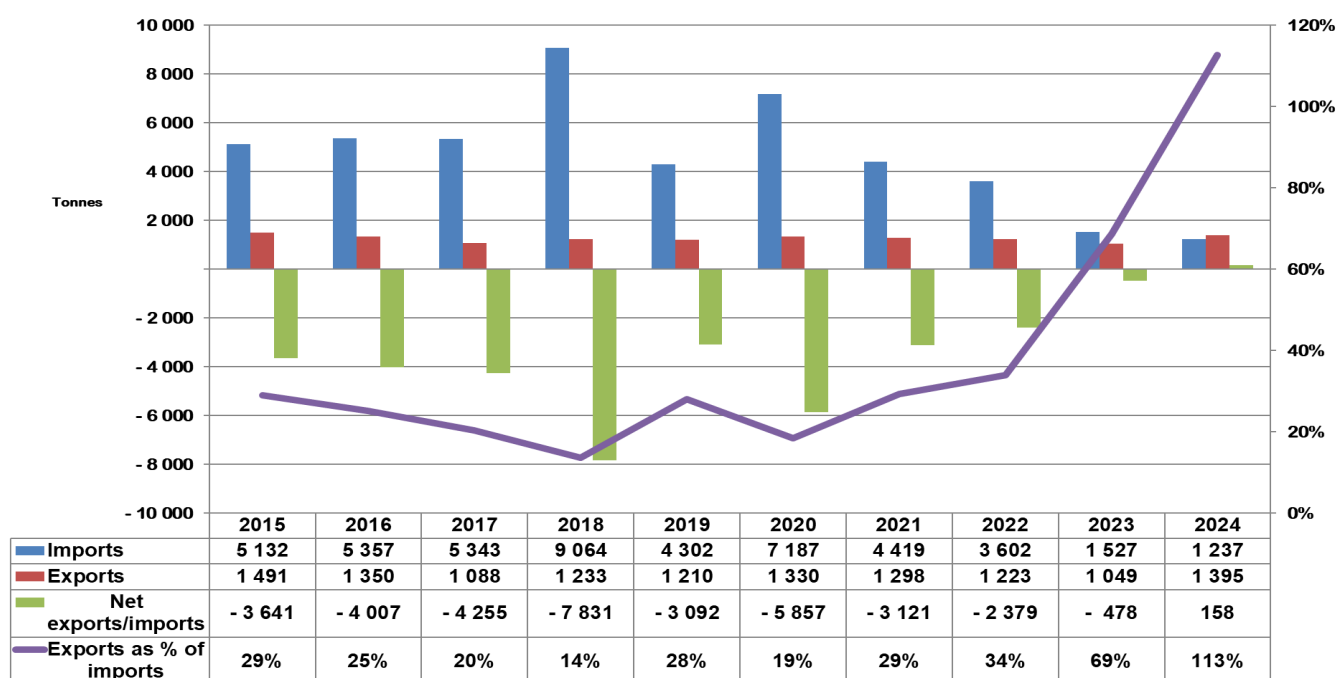
Source: SARS as supplied by SAMPRO

FIGURE 9: SOUTH AFRICAN IMPORTS AND EXPORTS OF WHEY AND WHEY POWDER, (04.04), 2015 – 2024



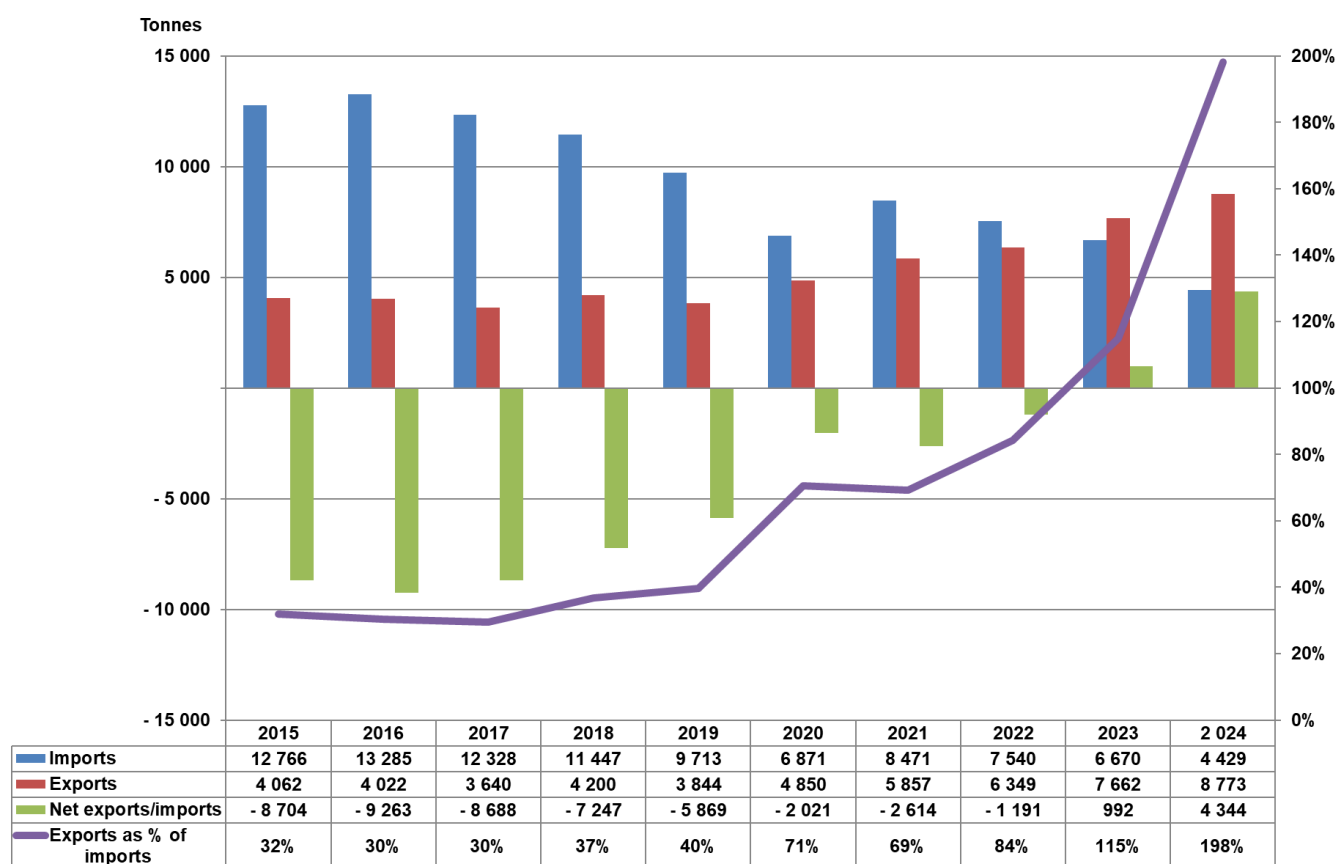
Source: As supplied by SAMPRO

FIGURE 10: SOUTH AFRICAN IMPORTS AND EXPORTS OF BUTTER AND MILKFATS, (04.05) 2015 – 2024



Source: As supplied by SAMPRO

FIGURE 11: SOUTH AFRICAN IMPORTS AND EXPORTS OF CHEESE AND CURD, (04.06), 2015 – 2024



Source: SARS as supplied by SAMPRO

TABLE 2: AVERAGE SOUTH AFRICAN IMPORT AND EXPORT FOB PRICES FOR DAIRY PRODUCTS, 2020– 2024

Tariff heading	Description	Import price (R/kg)					Export price (R/kg)				
		2020	2021	2022	2023	2024	2020	2021	2022	2023	2024
04.01	Milk & cream	10.32	9.04	13.78	14.71	48.22	12.23	13.14	15.49	18.51	18.42
04.02	Concentrated milk	46.22	46.68	63.22	61.45	55.25	46.98	49.56	63.53	68.95	66.69
04.03	Buttermilk & yoghurt	40.32	40.13	60.42	45.07	43.81	20.28	24.25	22.54	26.25	29.27
04.04	Whey	39.68	33.53	36.14	43.90	34.42	19.50	21.71	38.93	35.59	24.25
04.05	Butter	69.25	67.01	87.18	111.67	115.25	73.57	69.04	79.38	97.15	96.97
04.06	Cheese	79.19	70.06	88.67	111.07	129.17	58.17	62.69	70.75	77.68	78.31

Source: SARS as supplied to SAMPRO

The average free-on-board (F.O.B) export prices in 2024, for four of the six different categories of dairy products, were lower than in 2023, while for import F.O.B prices were split with three of the six categories higher and the other three lower in 2024 compared to 2023.

In Table 3, the mass of imports from January to March 2025, is compared to the mass of imports from January to March 2024. Imports were 44.8% less in 2025 compared to 2024. The mass of imports for all the tariff headings was lower in 2025 if compared to 2024 with buttermilk powder (04.03) decreasing the least.

Table 3: Imports from January to March 2025 and January to March 2024

Heading	Description	A 2025 Kg	B 2024 Kg	A as % of B
04.01	Milk and cream, unsweetened	32 326	168 194	19.2
04.02	Milk, concentrated	2 207 084	5 219 040	42.3
04.03	Buttermilk powder, yogurt	900 008	931 326	96.6
04.04	Whey, whey powder, etc	1 525 509	2 425 631	62.9
04.05	Butter, butter spreads and butter oil	96 268	352 857	27.3
04.06	Cheese and curd	769 974	920 083	83.7
Total		5 531 169	10 017 131	55.2

Source: SARS as supplied by SAMPRO

In Table 4, the mass of exports from January to March 2025, is compared with the mass of exports from January to March 2024. Exports were 20.6% higher in 2025 compared to 2024. On the export front, concentrated milk (04.02), butter (04.05) and cheese and curd (04.06) exports increased significantly with cheese and curd up the most at 82.3%.

Table 4: Exports from January to March 2025 and January to March 2024

Heading	Description	A 2025 Kg	B 2024 Kg	A as % van B
04.01	Milk and cream, unsweetened	5 122 087	5 517 370	92.8
04.02	Milk, concentrated	3 433 173	2 316 258	148.2
04.03	Buttermilk powder, yoghurt	2 436 721	2 224 809	109.5
04.04	Whey, whey powder, etc	377 101	280 881	134.3
04.05	Butter, butter spreads and butter oil	396 644	272 176	145.7
04.06	Cheese and curd	3 049 133	1 672 468	182.3
Total		14 814 859	12 283 962	120.6

Source: SARS as supplied by SAMPRO

In Table 5, the average retail prices of six of the nine dairy products increased with three of the products that increased, increasing at a slower rate than the headline inflation rate of 2.7% of March 2025. The other three product prices decreased with a range from 0.3% to 1.4%. The retail sales quantities of seven of the nine products were from 0.4% to 8.0% higher in 2025 compared to 2024. Fresh milk sales quantities reduced over the same period with 0.8% and butter with 1.7%.

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 FOR APRIL 2023 TO MARCH 2024, COMPARED TO APRIL 2024 TO MARCH 2025 AND CHANGES IN THE RETAIL PRICES FROM MARCH 2024 TO MARCH 2025 OF SPECIFIC DAIRY PRODUCTS

PRODUCT	CHANGE IN RETAIL SALES QUANTITIES PERCENT	CHANGE IN RETAIL PRICES PERCENT
FRESH MILK	-0.8	-0.9
LONG LIFE MILK (UHT MILK)	6.9	-0.3
FLAVOURED MILK	1.7	5.6
YOGHURT	3.8	4.2
MAAS	8.0	1.1
PRE-PACKAGED CHEESE	4.1	2.0
CREAM CHEESE	0.4	3.2
BUTTER	-1.7	-1.4
CREAM	3.9	1.5

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 March 2025 versus the sales in the month of March 2024	Sales in the 3 months from January 2025 to March 2025 versus the sales in the 3 months from January 2024 to March 2024	Sales in the 6 months from October 2024 to March 2025 versus the sales in the 6 months from October 2023 to March 2024	Sales in the 9 months from July 2024 to March 2025 versus the sales in the 9 months from July 2023 to March 2024	Sales in the 12 months from April 2024 to March 2025 versus the sales in the 12 months from April 2023 to March 2024
	percent	percent	percent	percent	percent
Fresh Milk	1.2	0.3	-0.5	-0.7	-0.8
UHT milk	10.3	6.7	6.6	6.3	6.9
Flavoured milk	1.8	0.8	-0.2	-0.1	1.7
Yoghurt	5.0	3.1	3.7	3.6	3.8
Maas	6.1	7.6	7.9	7.1	8.0
Pre-packaged cheese	5.6	3.6	4.2	4.7	4.1
Cream cheese	10.9	3.5	1.3	0.7	0.4
Butter	-13.6	-17.4	-9.5	-3.6	-1.7
Cream	5.6	8.3	5.9	5.1	3.9

Source: Nielsen as supplied by SAMPRO

In all five cycle periods the sales quantities of butter reduced. Overall, a positive picture regarding sales quantities of dairy products in 2025, despite a South African economy that keeps on misfiring.

TABLE 7: CHANGES IN THE AVERAGE RETAIL PRICES OF SPECIFIC DAIRY PRODUCTS OVER DIFFERENT TIME FRAMES

PRODUCT	March 2025 versus February 2025 (1 month ago)	March 2025 versus December 2024 (3 months ago)	March 2025 versus September 2024 (6 months ago)	March 2025 versus June 2024 (9 months ago)	March 2025 versus March 2024 (12 months ago)	March 2025 versus September 2023 (18 months ago)	March 2025 versus March 2023 (24 months ago)
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
FRESH MILK	-1.1	-1.1	-1.1	-1.8	-0.9	0.3	0.8
UHT MILK	-1.7	0.8	-2.1	-1.7	-0.3	-2.2	3.0
FLAVOURED MILK	-2.8	4.2	1.0	5.4	5.6	5.3	6.9
YOGHURT	-2.3	2.8	0.4	2.3	4.2	6.5	9.0
MAAS	-1.0	1.0	-0.6	-0.3	1.1	2.0	4.4
PRE-PACKAGED CHEESE	-0.04	1.7	3.5	3.3	2.0	5.9	11.4
CREAM CHEESE	0.1	-5.9	-0.3	-0.8	3.2	-0.3	3.3
BUTTER	-4.7	-0.7	-4.9	-4.0	-1.4	-4.0	2.1
CREAM	-0.5	-0.04	0.02	0.3	1.5	3.9	5.5

Source: Nielsen as supplied by SAMPRO

In the one-month timeframe (March compared to February 2025) eight of the nine product prices decreased. In the six-month timeframe, five of the nine product prices decreased while in the 12-month timeframe three of the nine product prices decreased.

This is an indication that prices started to decrease at a time and rate that affected the nearer months more, in other words in the beginning of the period under reference. If price level changes can be prolonged, the slowdown of prices will work through more months and be more visible at the 12-month timeframe.

TABLE 8: CHANGES IN THE RETAIL SALES QUANTITIES FOR APRIL 2023 TO MARCH 2024, COMPARED TO APRIL 2024 TO MARCH 2025 AND CHANGES IN THE RETAIL PRICES FROM MARCH 2024 TO MARCH 2025 OF SPECIFIC FOOD PRODUCTS.

FOOD PRODUCTS	CHANGE IN RETAIL SALES QUANTITY	CHANGE IN RETAIL PRICES
	PERCENT	PERCENT
INSTANT CEREALS	3.2	4.1
BREAD	1.3	4.6
RICE	2.4	-4.8
MAIZE MEAL	-1.7	28.9
MARGARINE	1.2	6.6
TEA	-2.3	13.6
COFFEE	-4.8	18.9
SHORT LIFE JUICE	-0.9	5.7

Source: Nielsen as supplied by SAMPRO

In Table 8 the average retail prices of seven of the eight specific food products increased, and all of the increases were at a faster rate than the headline inflation rate of 2.7% for March 2025. It is important to observe that despite a very high price increase for maize meal among the different products, maize meal recorded a low decrease in sales quantities exhibiting the inelastic demand for maize meal as a staple food in South Africa.

The retail sales quantities of four of the eight products decreased over the above 12-month timeframe with coffee being the second hardest hit with a price increase of 18.9%

TABLE 9: CHANGES IN THE QUANTITIES OF RETAIL SALES OF SPECIFIC FOOD PRODUCTS OVER DIFFERENT TIME FRAMES.

PRODUCT	Sales in the month of March 2025 versus the sales in the month of March 2024	Sales in the 3 months from January 2025 to March 2025 versus the sales in the 3 months from January 2024 to March 2024	Sales in the 6 months from October 2024 to March 2025 versus the sales in the 6 months from October 2023 to March 2024	Sales in the 9 months from July 2024 to March 2025 versus the sales in the 9 months from July 2023 to March 2024	Sales in the 12 months from April 2024 to March 2025 versus the sales in the 12 months from April 2023 to March 2024
	percent	percent	percent	percent	percent
INSTANT CEREALS	6.1	2.7	2.8	2.9	3.2
BREAD	2.4	0.8	1.2	1.1	1.3
RICE	5.9	3.3	3.9	2.7	2.4
MAIZE MEAL	-8.6	-8.7	-6.7	-5.2	-1.7
MARGARINE	3.7	0.7	1.6	1.6	1.2
TEA	2.2	-0.9	-2.1	-2.1	-2.3
COFFEE	1.1	-4.5	-2.2	-3.7	-4.8
SHORT LIFE JUICE	-2.2	-1.0	-1.0	-1.3	-0.9

SOURCE: Nielsen as supplied by SAMPRO

In all five cycle periods the sales quantities of instant cereals, bread, rice and margarine increased, while the sales quantities of maize meal and short life juice decreased in all the cycle periods.

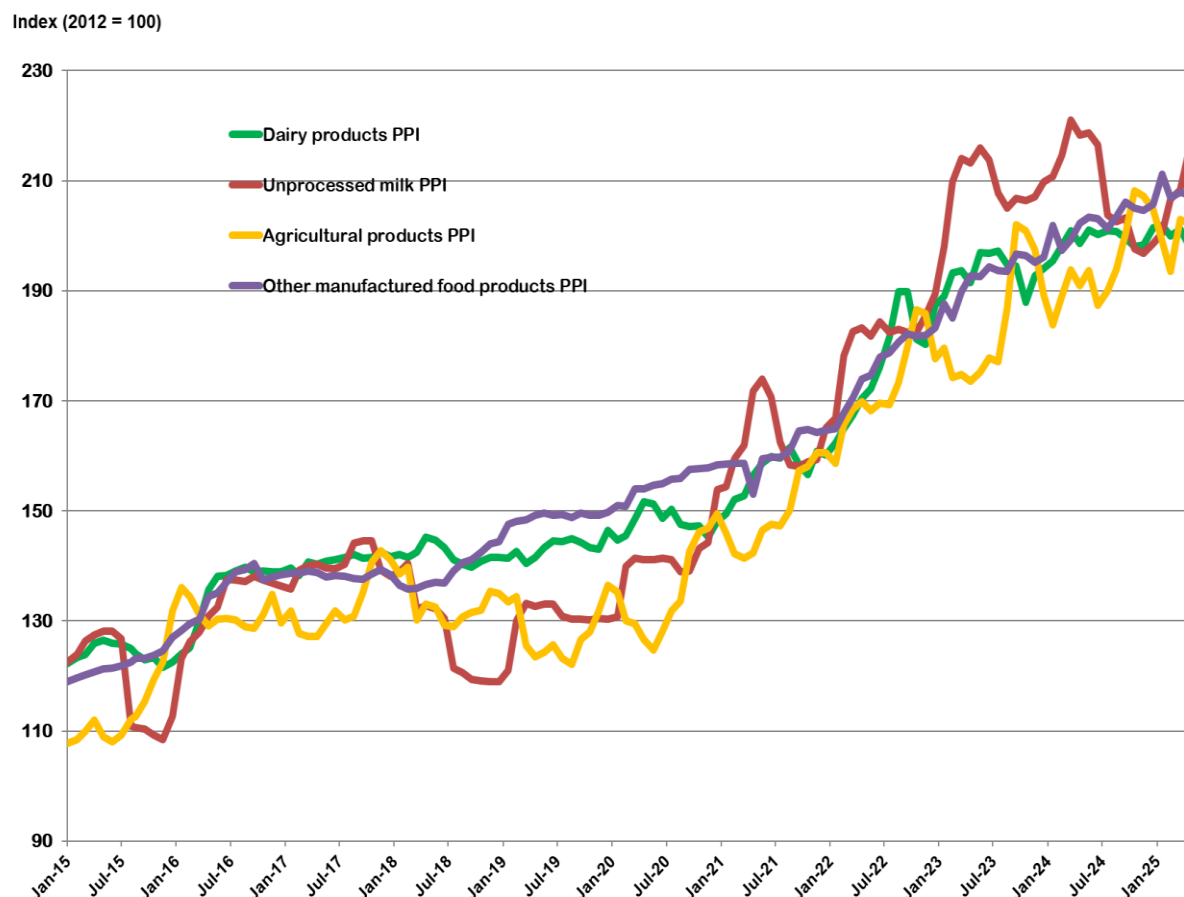
TABLE 10: CHANGES IN THE AVERAGE RETAIL PRICES OF SPECIFIC FOOD PRODUCTS OVER DIFFERENT TIMEFRAMES

PRODUCT	March 2025 versus February 2025 (1 month ago)	March 2025 versus December 2024 (3 months ago)	March 2025 versus September 2024 (6 months ago)	March 2025 versus June 2024 (9 months ago)	March 2025 versus March 2024 (12 months ago)	March 2025 versus September 2023 (18 months ago)	March 2025 versus March 2023 (24 months ago)
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
INSTANT CEREALS	-0.6	4.1	3.3	6.4	4.1	5.9	7.1
BREAD	-0.3	-0.6	0.2	3.1	4.6	4.7	7.2
RICE	-2.4	-3.2	-5.7	-6.3	-4.8	4.1	30.1
MAIZE MEAL	3.9	9.7	14.3	20.2	28.9	25.9	20.0
MARGARINE	-0.4	3.1	8.0	6.3	6.6	9.6	9.8
TEA	-0.4	9.6	5.3	11.1	13.6	21.0	27.8
COFFEE	0.8	14.3	11.5	20.3	18.9	33.1	31.7
SHORT LIFE JUICE	-1.6	5.0	-1.2	1.9	5.9	8.7	14.2

SOURCE: Nielsen as supplied by SAMPRO

Both maize meal and coffee experienced price increases in all the timeframes, with the longer timeframes registering noteworthy high price increases if compared to the other products. In the one-month timeframe (March compared to February 2025) six of the eight product prices decreased. In the six-month timeframe, two of the eight product prices decreased indicative of price being sticky at the top.

FIGURE 12: PRODUCER PRICE INDICES OF SOUTH AFRICAN AGRICULTURAL AND FOOD PRODUCTS, JANUARY 2015 – MAY 2025



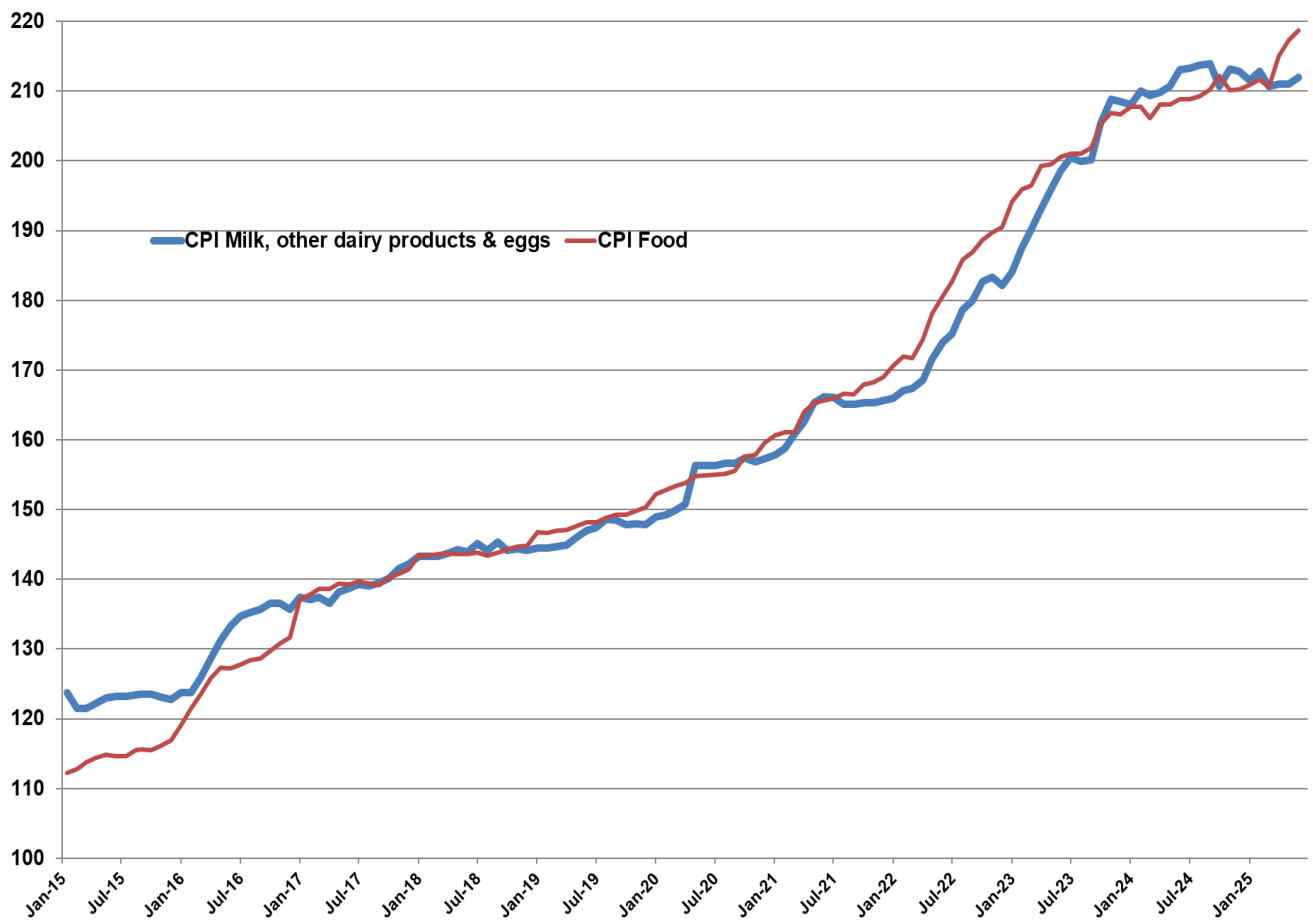
Source: Stats SA

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 2024 through May 2025 negative growth continued. During the same period, the PPI for dairy products never experienced negative growth except in May 2025 where the index decreased with 0.01% YoY. The rate of increase in the PPI for dairy products started to slow down earlier compared to the PPI for unprocessed milk.

The PPI for other manufactured food products increased by 2.6% in May 2025 YoY and the overall PPI for agriculture increased by 5.9% in May 2025 YoY.

Observing change in the four PPI's, only unprocessed milk (farmgate price) reflects negative growth over the above period August 2024 to May 2025 with the exception being the PPI for Dairy Products in May 2025.

FIGURE 13: CONSUMER PRICE INDICES OF SOUTH AFRICAN FOOD AND DAIRY PRODUCTS, JANUARY 2015 – JUNE 2025

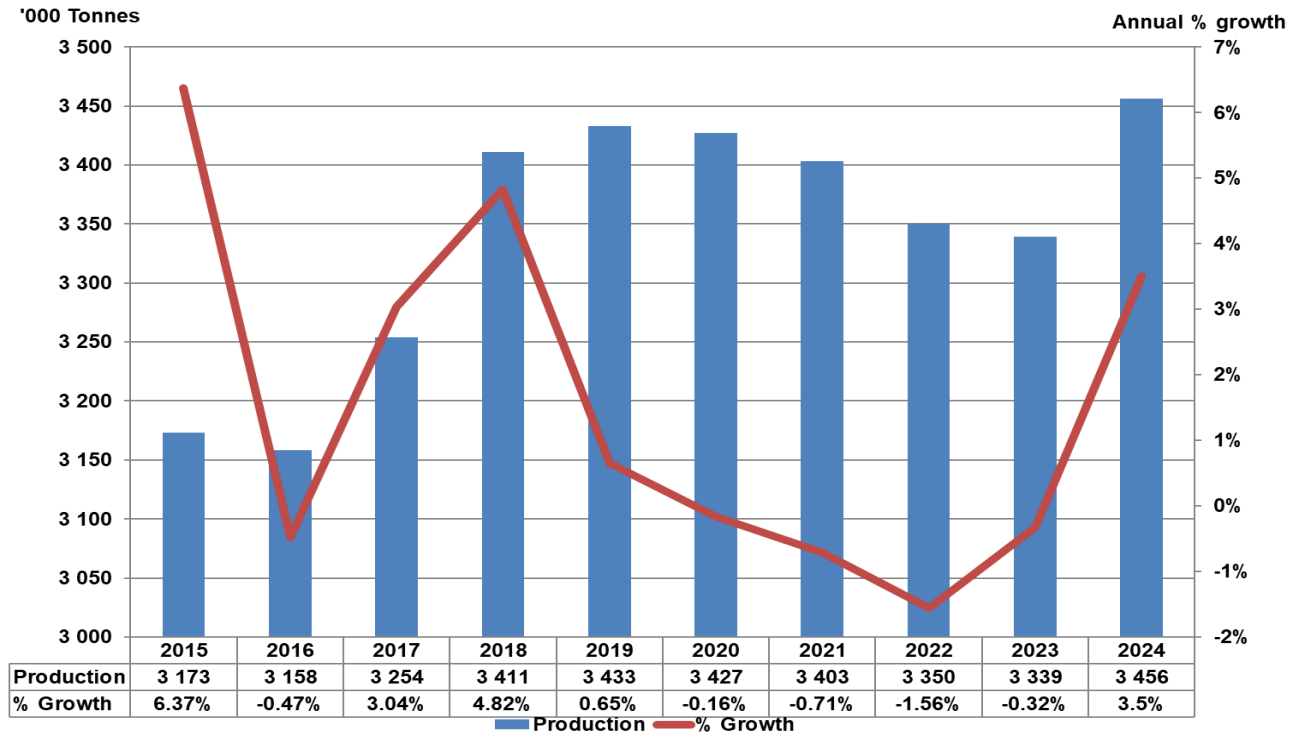


Source: Stats SA

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.

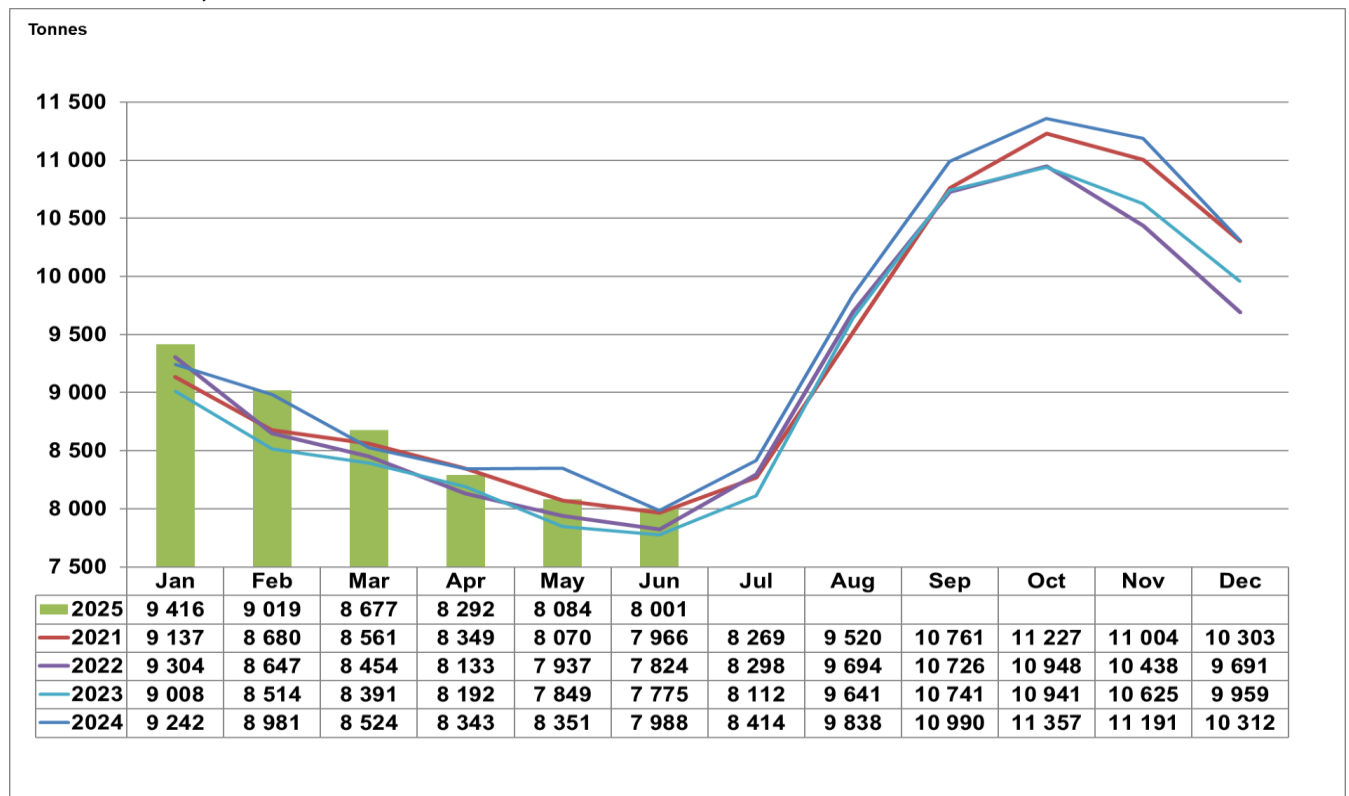
Some of the basic raw material prices softened over time with the result that the cost pressure in the value chain decreased to enable the rate of change in the CPI for milk, other dairy products, and eggs to reduce. In June 2025 YoY the CPI for milk, other dairy products, and eggs decreased with 0.5% while the CPI for food increased by 4.7%. The CPI for milk, other dairy products and eggs trended mostly sideways from the beginning of 2025 and is now well below the CPI for food.

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



Source: Milk SA.

FIGURE 15: SOUTH AFRICAN UNPROCESSED MILK PURCHASES DAILY AVERAGE PER MONTH, JANUARY 2021 – JUNE 2025



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

In Figure 15, when comparing unprocessed milk purchases over the last five years, four of the six months of 2025 recorded record levels of daily average unprocessed milk purchases.

TABLE 11: CUMULATIVE UNPROCESSED MILK PURCHASES (Tonnes), 2021 – 2025

Month	2021	2022	2023	2024	2025
January	283 260	288 433	279 249	286 500	291 901
February	526 286	530 550	517 630	537 963*	544 442
March	791 682	792 617	777 739	802 206	813 415
April	1 042 152	1 036 592	1 023 494	1 052 488	1 062 165
May	1 292 311	1 282 647	1 266 826	1 311 354	1 312 779
June	1 531 293	1 517 370	1 500 075	1 550 988	1 552 817
July	1 787 625	1 774 605	1 751 534	1 811 831	
August	2 082 757	2 075 131	2 050 399	2 116 812	
September	2 405 584	2 396 918	2 372 636	2 446 498	
October	2 753 615	2 736 299	2 711 793	2 798 563	
November	3 083 722	3 049 429	3 030 555	3 135 400	
December	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. The cumulative growth of unprocessed milk purchases in the first two quarters of 2025 is 0.01% compared to 2024 and 2.91% compared to 2023.

In Table 12, the percentage degree of variation between the different mass of unprocessed milk used in dairy products for the first six months of 2025 compared to the same period in 2024 is the highest for sweetened, flavoured and coloured milk and the second highest for SMP. The lowest percentage variation occurred for long life and sterilized milk. In terms of the volume of unprocessed milk allocated to fresh milk, it reduced the most, while the volume allocated to fermented products increased the most.

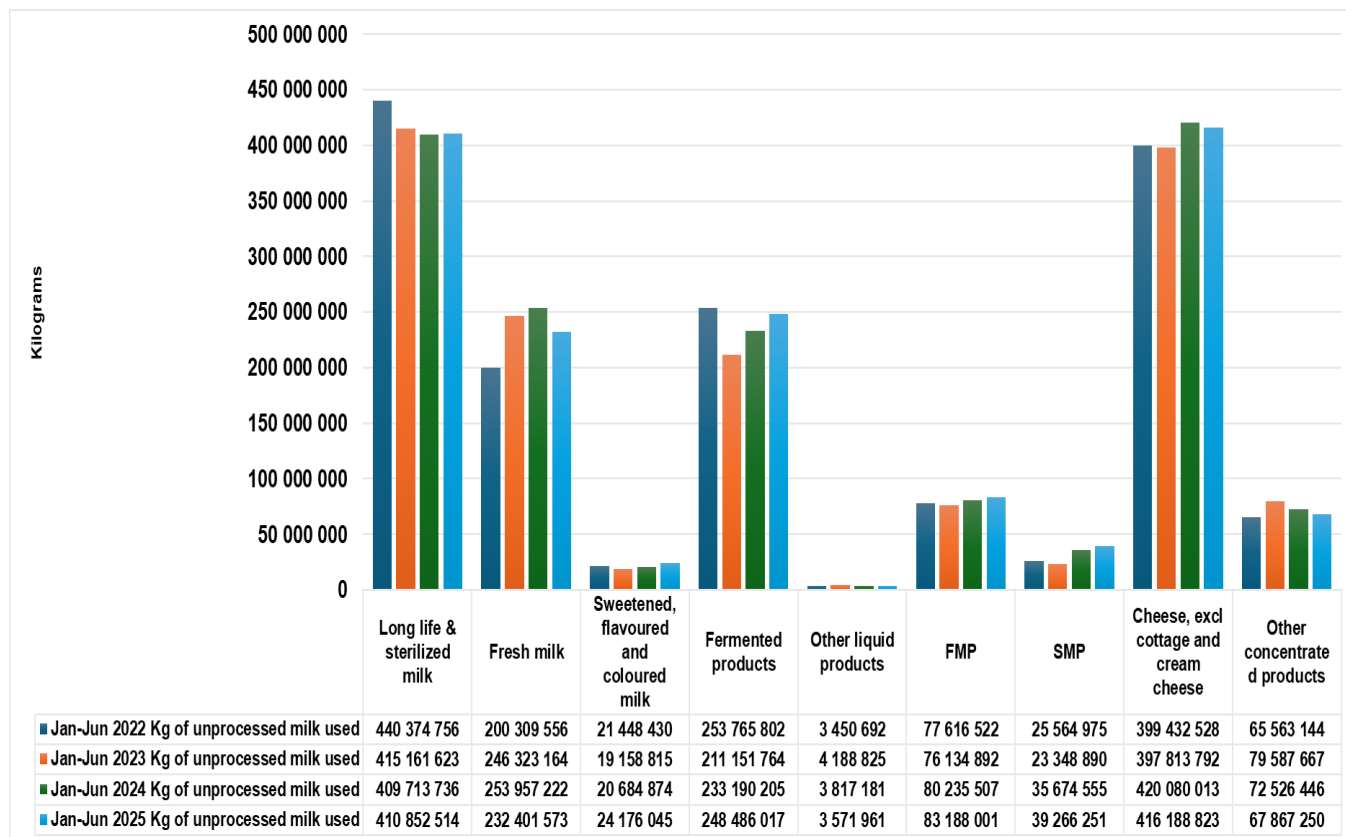
TABLE 12: Kilograms of unprocessed milk used unprocessed milk used in dairy products for the first six months of the years 2022 through 2025.

Product/Period	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2024	Jan-Jun 2025	% Change 2025 to 2024	Change in milk allocation in mass. 2024 to 2025
Long life & sterilized milk	440 374 756	415 161 623	409 713 736	410 852 514	0.28%	1 138 778
Fresh milk	200 309 556	246 323 164	253 957 222	232 401 573	-8.49%	-21 555 649
Sweetened, flavoured and coloured milk	21 448 430	19 158 815	20 684 874	24 176 045	16.88%	3 491 171
Fermented products	253 765 802	211 151 764	233 190 205	248 486 017	6.56%	15 295 812
Other liquid products	3 450 692	4 188 825	3 817 181	3 571 961	-6.42%	-245 221
FMP	77 616 522	76 134 892	80 235 507	83 188 001	3.68%	2 952 494
SMP	25 564 975	23 348 890	35 674 555	39 266 251	10.07%	3 591 696
Cheese, excl cottage and cream cheese	399 432 528	397 813 792	420 080 013	416 188 823	-0.93%	-3 891 190
Other concentrated products	65 563 144	79 587 667	72 526 446	67 867 250	-6.42%	-4 659 195
<u>Total kg unprocessed milk used in dairy products</u>	<u>1 487 526 405</u>	<u>1 472 869 431</u>	<u>1 529 879 739</u>	<u>1 525 998 435</u>	-0.25%	-3 881 304
Whey powder	8 303 065	9 655 241	11 146 933	10 944 704	-1.81%	-202 229
Butter	8 736 206	9 786 183	10 653 244	10 447 000	-1.94%	-206 244

Source: Milk SA.

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

Figure 16 is a schematic representation of Table 12 regarding the mass of unprocessed milk used in dairy products for the first six months of the years 2022 through 2025.

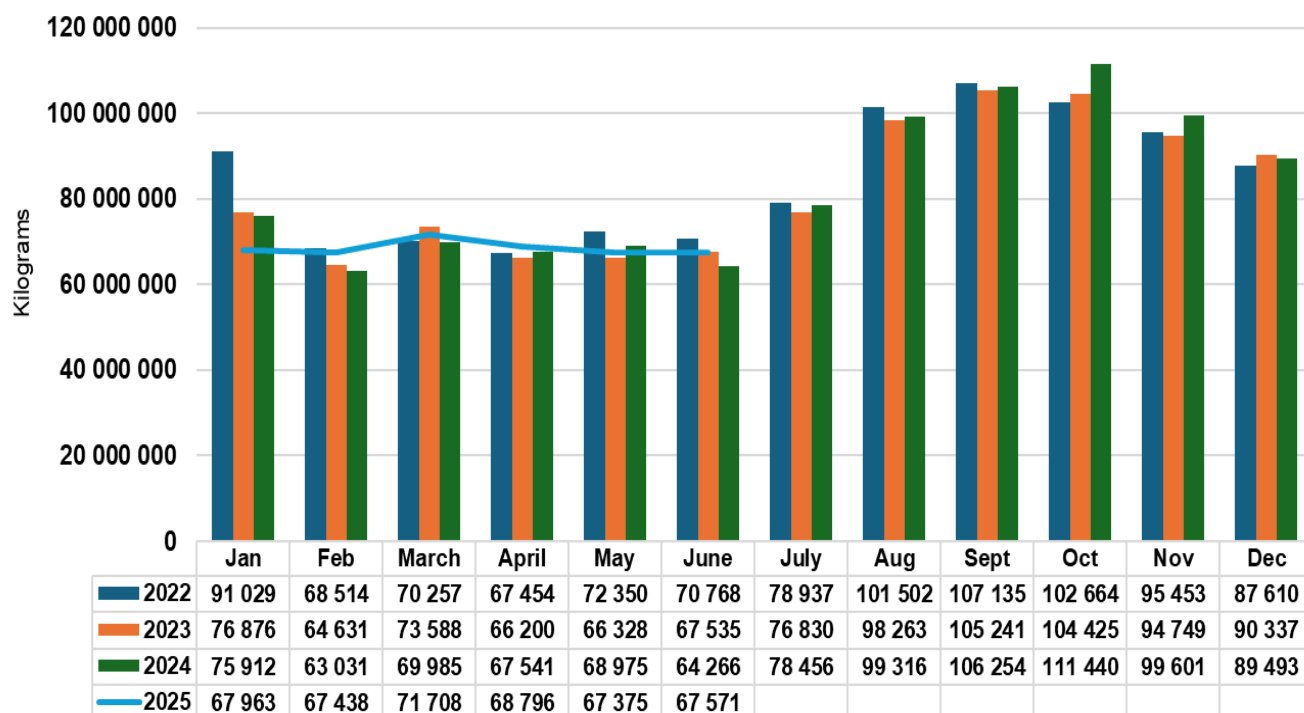


Source: Milk SA.

Figures 17 to 25 show the mass of unprocessed milk used in the different dairy products for the first six months of 2022 through 2025.

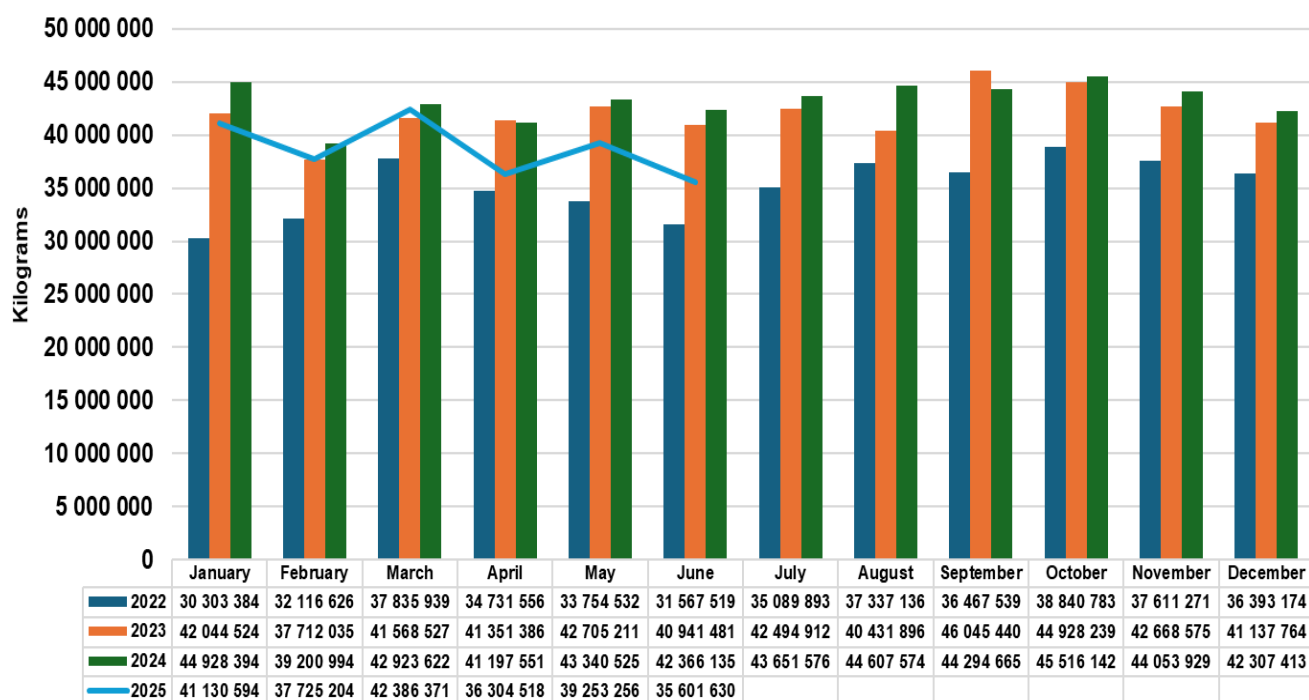
Figures 26 and 27 show the mass of whey powder and butter manufactured.

Figure 17: Total unprocessed milk used in long life & sterilized milk (Kg)



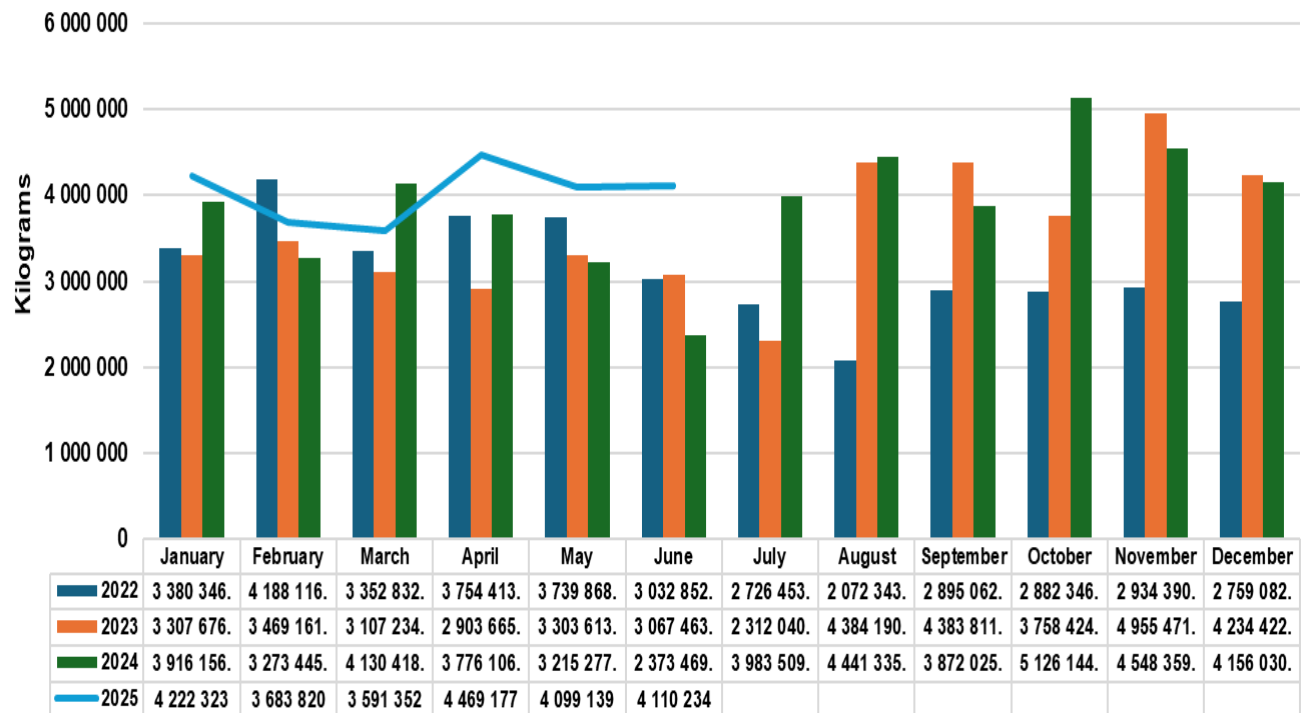
Source: Milk SA

Figure 18: Total unprocessed milk used in fresh milk (Kg)



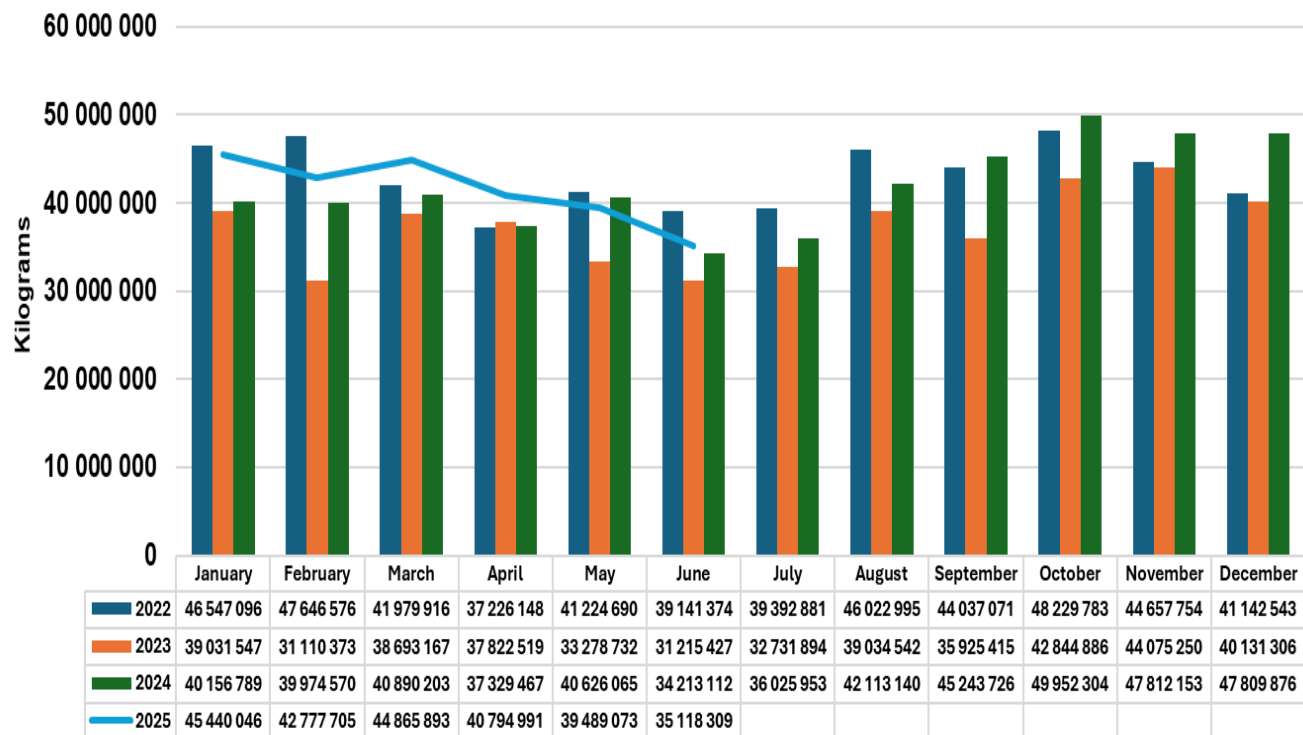
Source: Milk SA

Figure 19: Total unprocessed milk used in sweetened, flavoured and coloured milk (Kg)



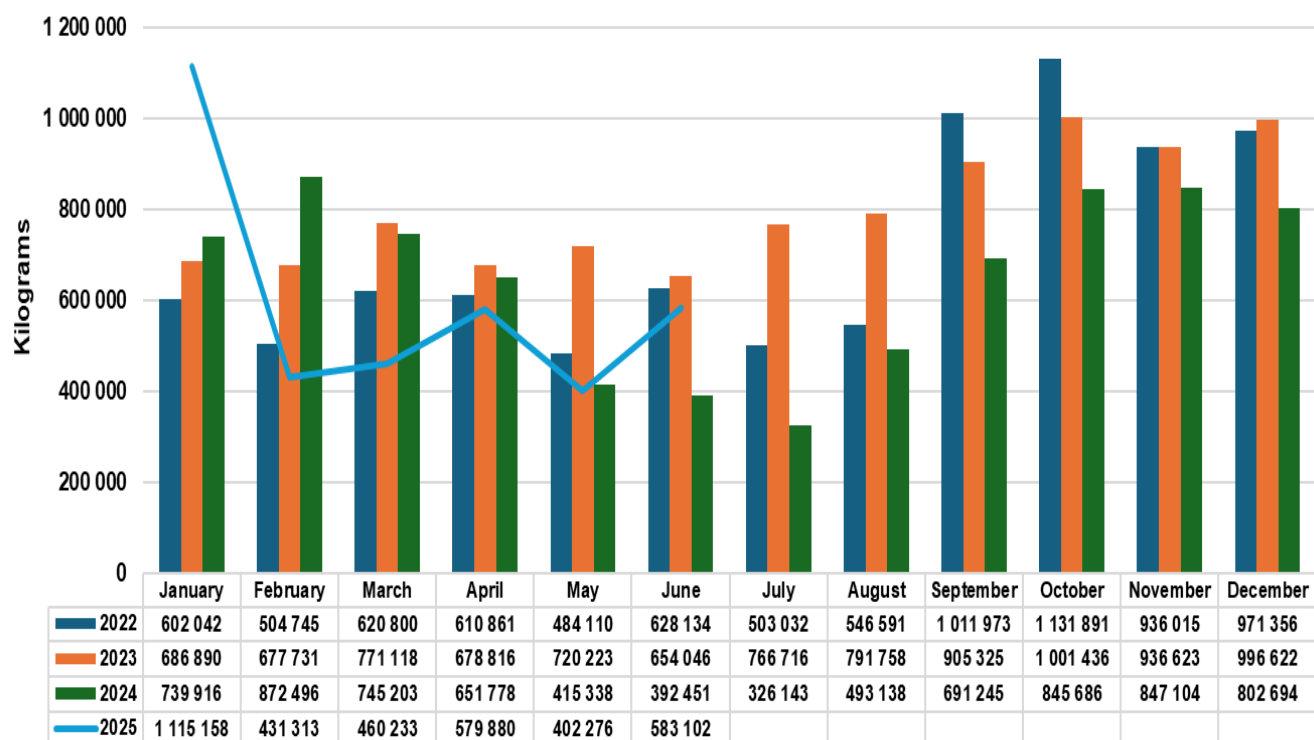
Source: Milk SA

Figure 20: Total unprocessed milk used in fermented products (Kg)



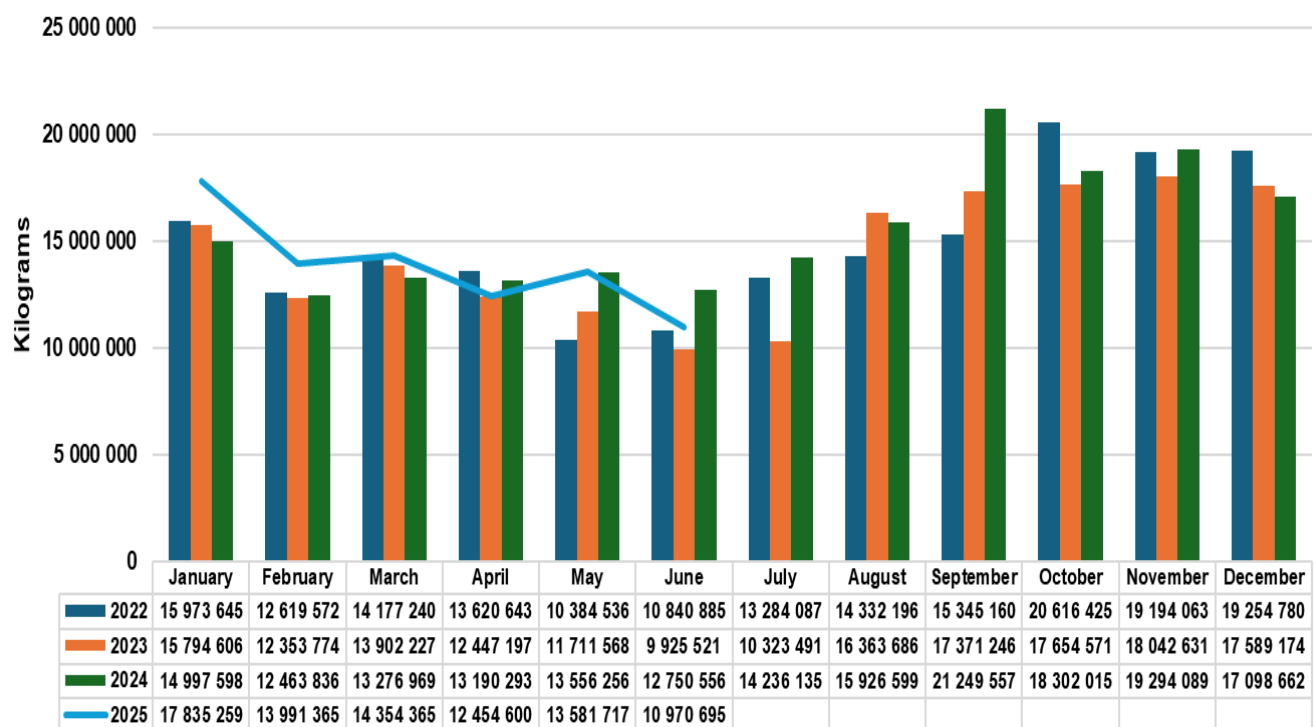
Source: Milk SA

Figure 21: Total unprocessed milk used in other liquid products (Kg)



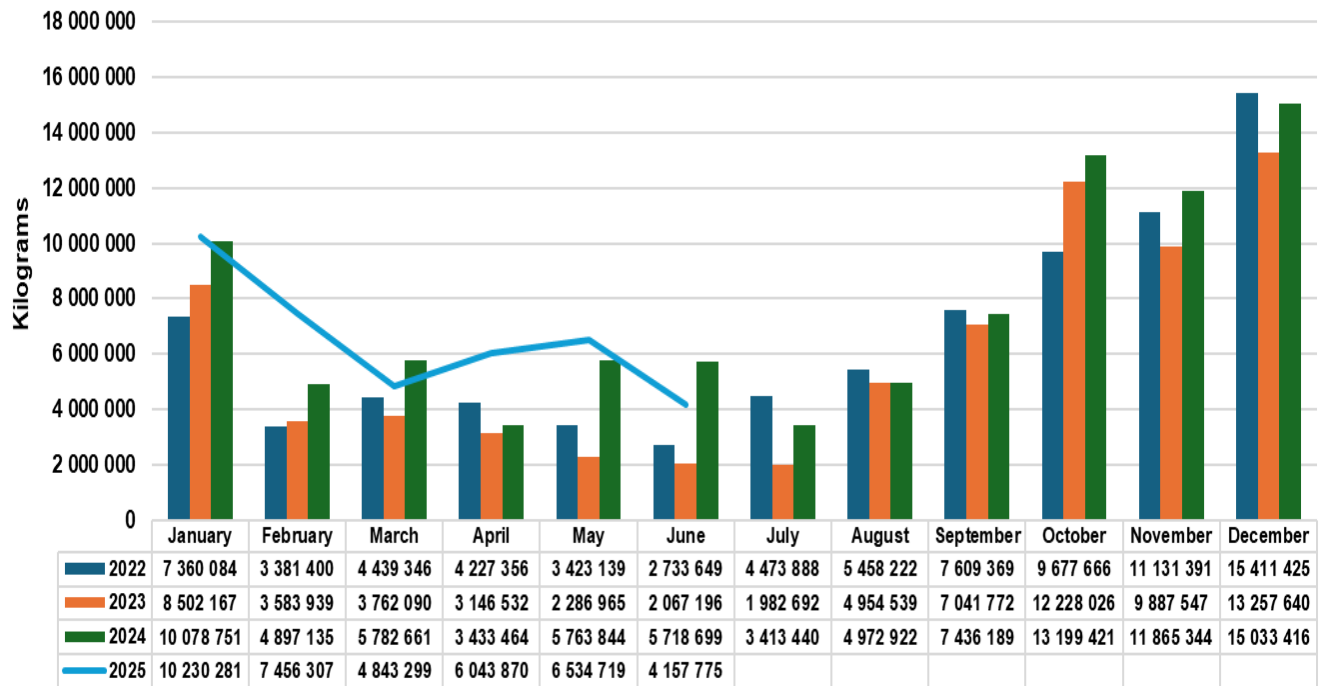
Source: Milk SA

Figure 22: Total unprocessed milk used in FMP (Kg)



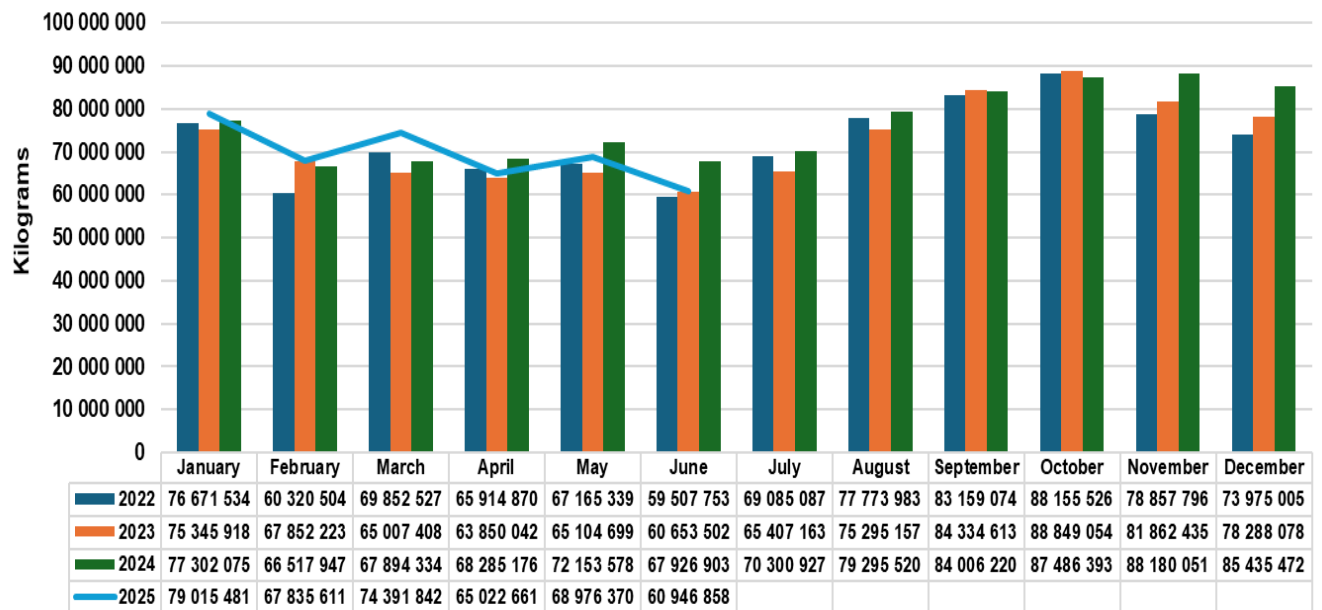
Source: Milk SA

Figure 23: Total unprocessed milk used in SMP (Kg)



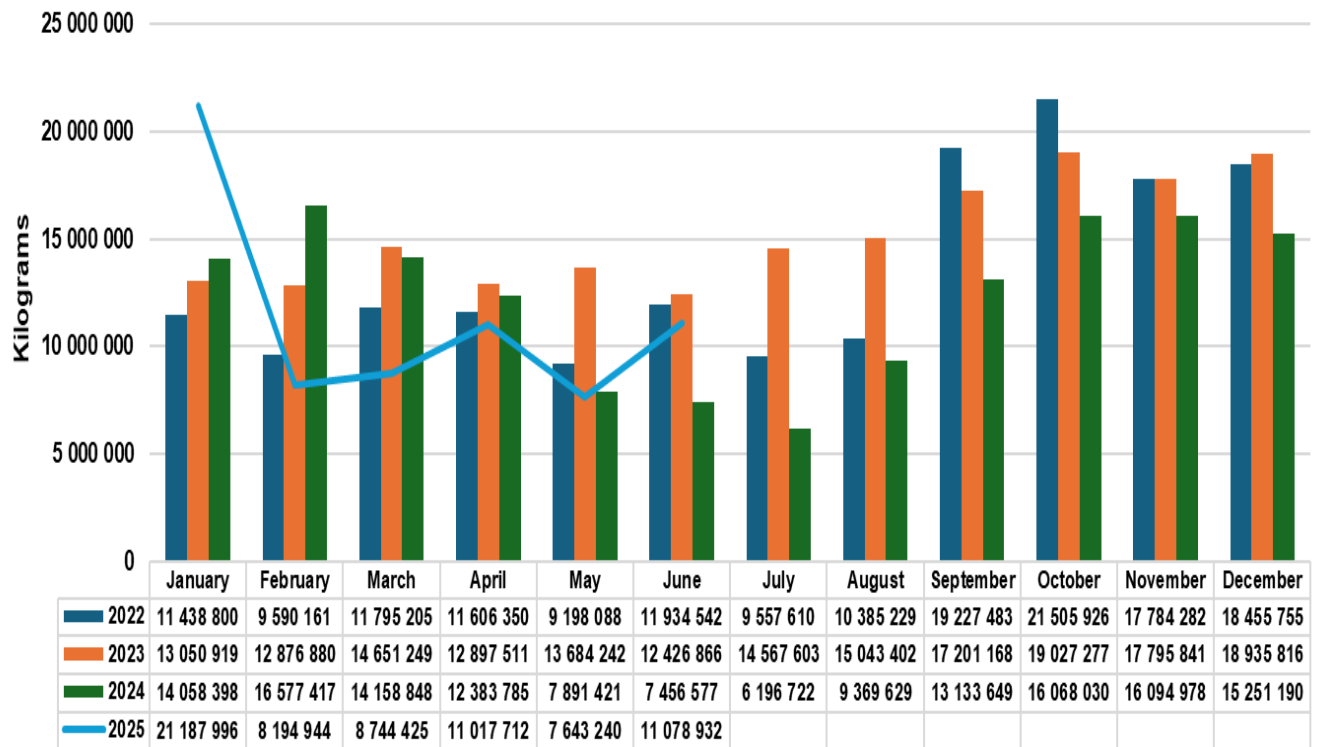
Source: Milk SA

Figure 24: Total unprocessed milk used in cheese, excl. cottage and cream (Kg)



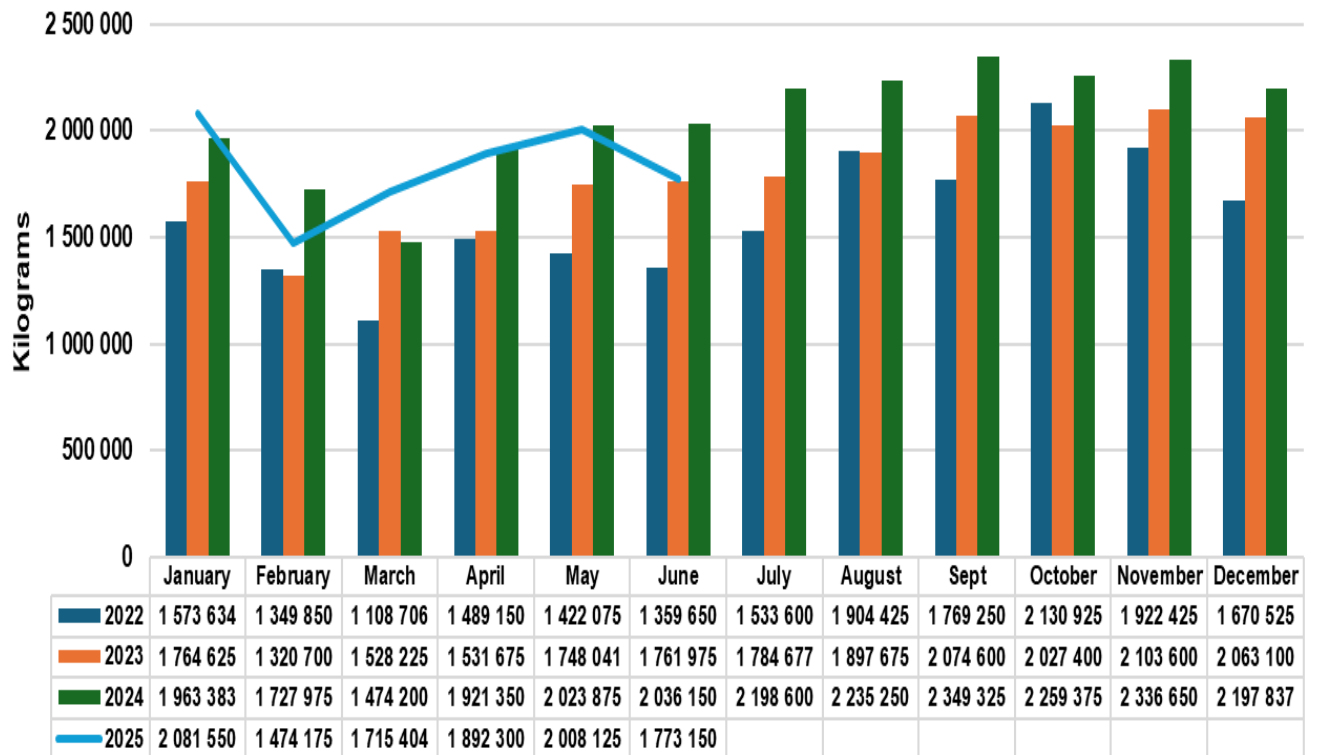
Source: Milk SA

Figure 25: Total unprocessed milk used in other concentrated products (Kg)



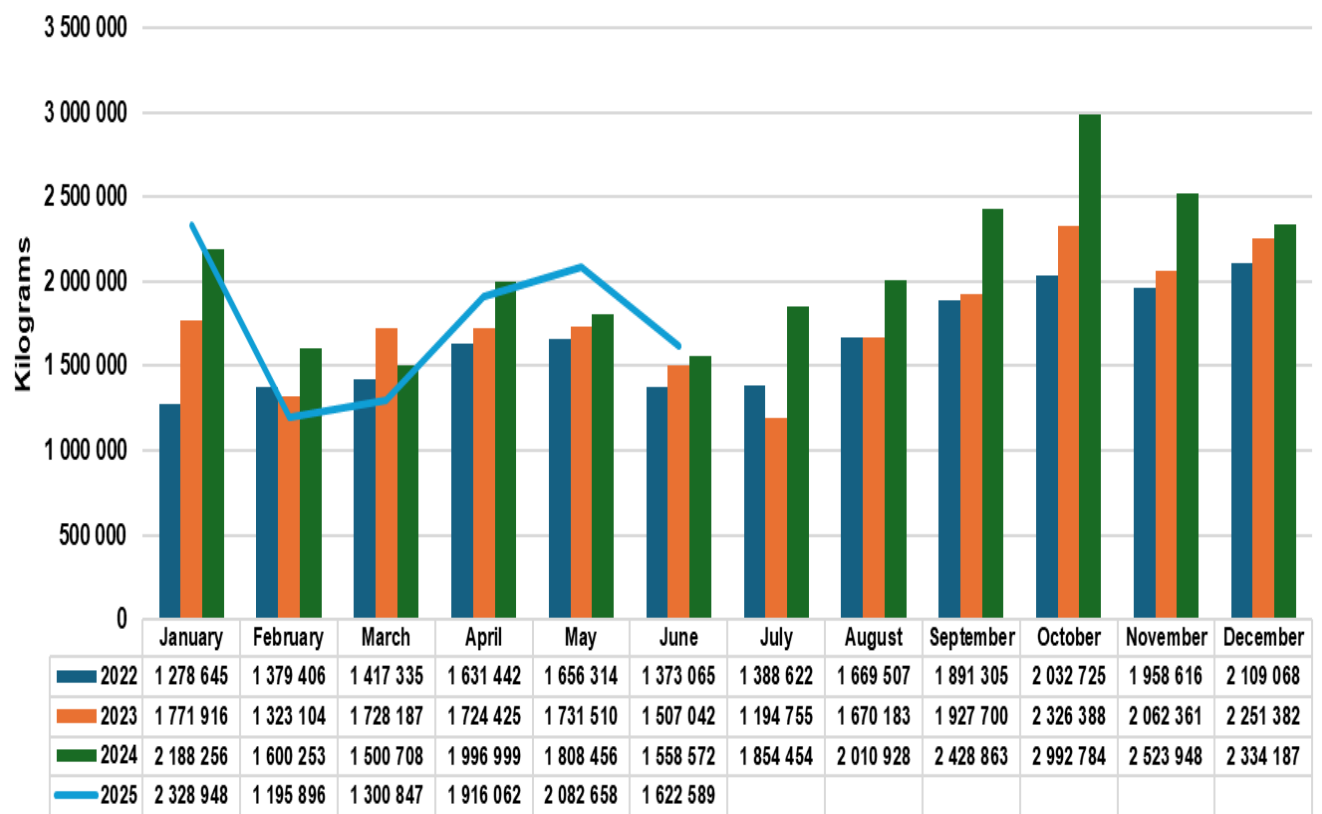
Source: Milk SA

Figure 26: Total whey powder manufactured (Kg)



Source: Milk SA

Figure 27: Total butter manufactured (Kg)



Source: Milk SA

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