



Overview of the use of unprocessed milk in dairy products for the first quarter of 2026

This report was compiled by the Economic Desk of the MPO as part of the Economies and Markets project of Milk SA. A market economy is dependent on available information, evenly distributed between role players, that enables the “invisible hand” to optimally distribute production factors. The better the information, the more optimally the invisible hand can function. The objective of Milk SA and the Economic Desk of the MPO is to provide market signals and market trends to the dairy industry, organised agriculture, and policymakers, to enhance the functioning of the value chain.

The Economic Desk of the MPO produces several reports, some as part of the Economies and Markets project of Milk SA and others as an independent market contributor focusing on supply and demand variables and dynamics, both within an international and domestic ambit. These reports embody the Industry Information Project of the MPO. The Desk follows an approach where the market analysis is objective with a strong scientific foundation.

The outputs and deliberations of the Desk should assist role players in the value chain to better prepare for market developments and empower role players to engage at a higher level. This information should not be regarded as financial advice. While this report is compiled from sources that are deemed reliable, Milk SA and the MPO cannot take responsibility for any decisions based on the information in this report.

Synopsis of the application of unprocessed milk in dairy products and the production of byproducts

- The application of unprocessed milk used in dairy products and the production of byproducts (*whey and butter*) for the first quarter of 2026 is compared to the same period of last year as shown in Table 1.
- A comparison between Q1 of 2026 and the same period last year indicates that the most notable percentage shifts in the utilisation of unprocessed milk across dairy products occurred in sweetened, flavoured and coloured milk, which is up by 16.40%, and in full cream milk powder, down by 22.74%.
- If the mass of the allocation shift is considered for Q1 of 2026, most of the shift was increased allocation to long-life & sterilised milk (26 066 tonnes), while the allocation to full cream milk powder was reduced by 10 508 tonnes.
- Both butter and whey powder manufacturing decreased by 11.18% and 13.79%, respectively, from the first quarters of 2025 to 2026. Despite the first quarter of 2026 decreasing for both products, manufacturing compared to the first quarter of 2022 indicates that butter manufacturing increased by 44% and whey powder by 29%.
- A comparison of Q1 with the same period last year indicates that unprocessed milk used in long-life and sterilised milk, sweetened, flavoured and coloured milk, other liquid dairy products and other concentrated dairy products increased, while it decreased for fresh milk, full cream milk powder, skimmed milk powder and cheese (excluding cottage and cream cheese).
- Overall, the total cumulative use of unprocessed milk in dairy products decreased by 0.97% in Q1 of 2026 compared to the same period in 2025.
- Figures 1 and 2 illustrate the total unprocessed milk used in dairy products and the production of byproducts. Long-life milk and cheese (excluding cottage and cream cheese) represent the bulk usage of unprocessed milk, followed by fresh milk and fermented products as a second tier.
- Figures 3 to 11 graphically display the amount of unprocessed milk used for each dairy product. Steady volumes of unprocessed milk used in cheese, excluding cottage and cream cheese during all the first quarters from 2022, 2023, 2024, 2025 and 2026, are notably different from the more volatile volumes of unprocessed milk allocated towards the other dairy products.
- Figures 12 and 13 display the production of byproducts.

In Table 1, the application of unprocessed milk towards dairy products is reflected in comparison to the same periods in the previous four years. Comparing the first quarters of 2026 to 2025, the percentage shifts in the application of unprocessed milk in dairy products were the most notable in sweetened, flavoured and coloured milk, which is up by 16.40%, and in full cream milk powder down by 22.74%. If the mass of the allocation shift is considered, most of the shift was increased allocation to long-life & sterilised milk (26 066 tonnes), while the allocation to full cream milk powder was reduced by 10 508 tonnes.

Both butter and whey powder manufacturing decreased by 11.18% and 13.79%, respectively, from 2025 to 2026 first quarter. Despite the first quarter of 2026 decreasing for both products, manufacturing compared to the first quarter of 2022, butter manufacturing increased by 44% and whey powder by 29%.

Table 1: Cumulative use of unprocessed milk in dairy products

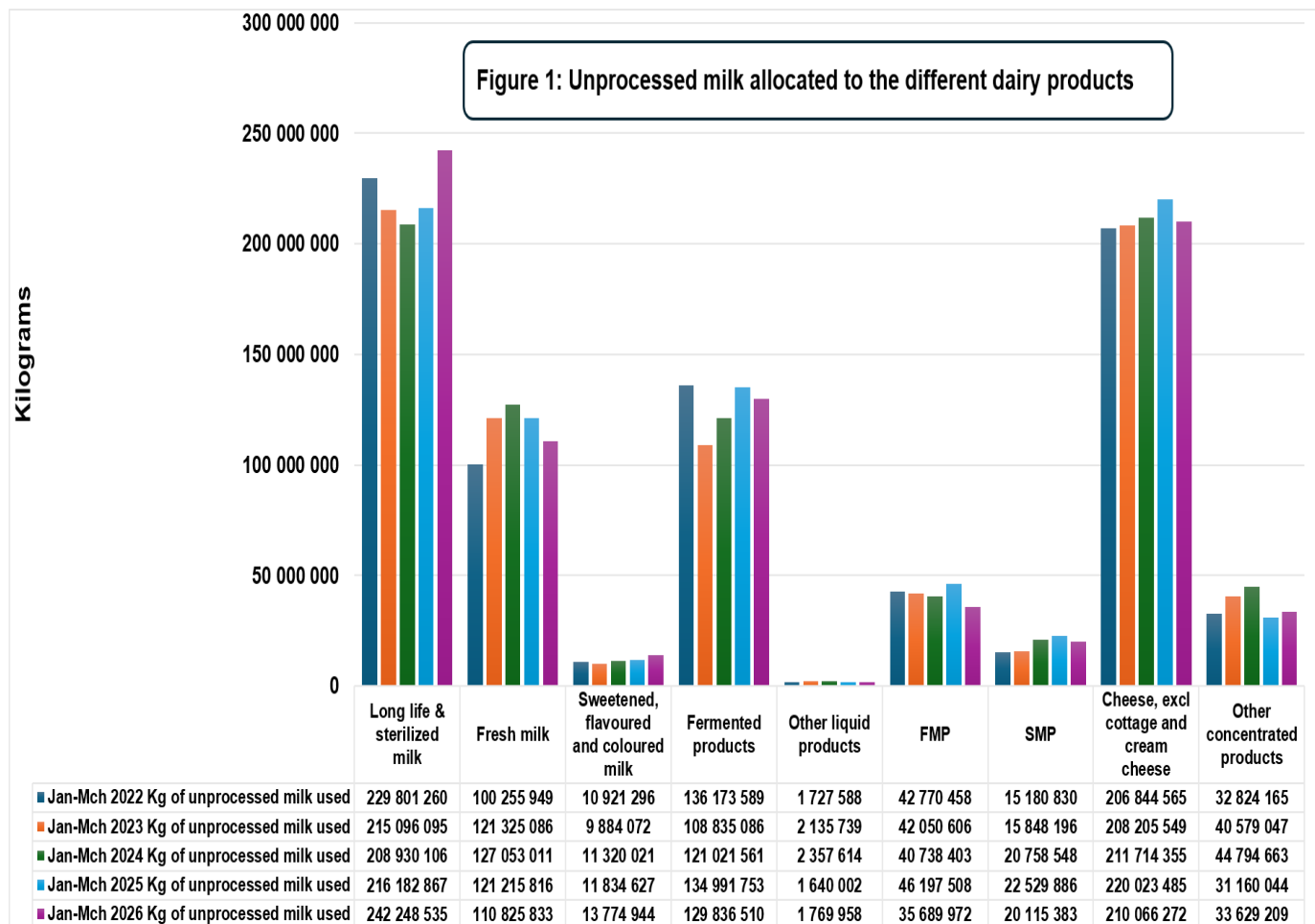
Product/Period	Jan-Mch 2022 Kg of unprocessed milk used	Jan-Mch 2023 Kg of unprocessed milk used	Jan-Mch 2024 Kg of unprocessed milk used	Jan-Mch 2025 Kg of unprocessed milk used	Jan-Mch 2026 Kg of unprocessed milk used	% Change 2026 to 2025	Change in milk allocation in mass. 2024 to 2025
Long life & sterilized milk	229 801 260	215 096 095	208 930 106	216 182 867	242 248 535	12.06%	26 065 669
Fresh milk	100 255 949	121 325 086	127 053 011	121 215 816	110 825 833	-8.57%	-10 389 984
Sweetened, flavoured and coloured milk	10 921 296	9 884 072	11 320 021	11 834 627	13 774 944	16.40%	1 940 317
Fermented products	136 173 589	108 835 086	121 021 561	134 991 753	129 836 510	-3.82%	-5 155 242
Other liquid products	1 727 588	2 135 739	2 357 614	1 640 002	1 769 958	7.92%	129 956
FMP	42 770 458	42 050 606	40 738 403	46 197 508	35 689 972	-22.74%	-10 507 536
SMP	15 180 830	15 848 196	20 758 548	22 529 886	20 115 383	-10.72%	-2 414 504
Cheese, excl cottage and cream cheese	206 844 565	208 205 549	211 714 355	220 023 485	210 066 272	-4.53%	-9 957 214
Other concentrated products	32 824 165	40 579 047	44 794 663	31 160 044	33 629 209	7.92%	2 469 165
<u>Total kg unprocessed milk used in dairy products</u>	<u>776 499 699</u>	<u>763 959 476</u>	<u>788 688 281</u>	<u>805 775 988</u>	<u>797 956 616</u>	-0.97%	-7 819 372
Total unprocessed milk used in liquid products	478 879 681	457 276 077	470 682 312	485 865 065	498 455 781	2.59%	12 590 716
Total unprocessed milk used in concentrated products	297 620 018	306 683 398	318 005 969	319 910 923	299 500 835	-6.38%	-20 410 088
Dairy market for liquid products %	61.67%	59.86%	59.68%	60.30%	62.47%	3.60%	
Dairy market for concentrated products %	38.33%	40.14%	40.32%	39.70%	37.53%	-5.46%	
Whey powder	4 032 190	4 613 550	5 165 558	6 051 054	5 216 762	-13.79%	-834 292
Butter	4 075 385	4 823 207	5 289 217	6 614 065	5 874 657	-11.18%	-739 408

(Source: Milk SA) Last two months are preliminary.

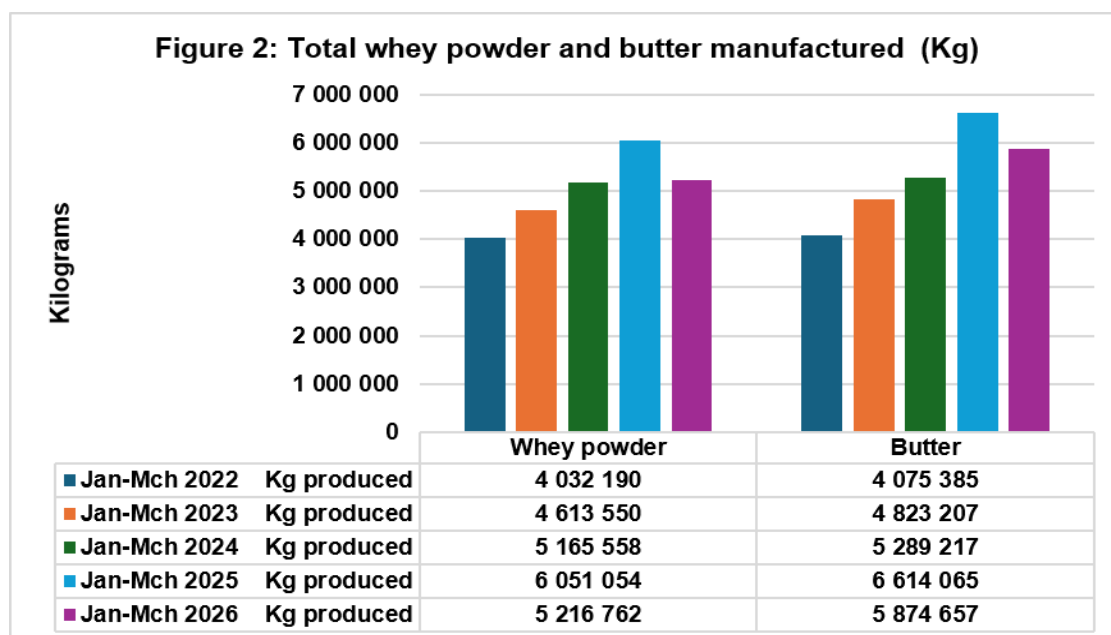
Other liquid products: including cream, ice cream, fruit and other liquid blends and dairy snacks.

Other concentrated products: including cottage cheese, cream cheese, condensed milk, evaporated milk, desserts and powder blends.

Figures 1 and 2 are a graphical display of the unprocessed milk application to dairy products, including the byproducts manufactured from dairy products. The graphical display illustrates that the bulk of the unprocessed milk is used in long-life milk and cheese (excluding cottage and cream cheese), with the next two products being fresh milk and fermented products coming in as a second tier.

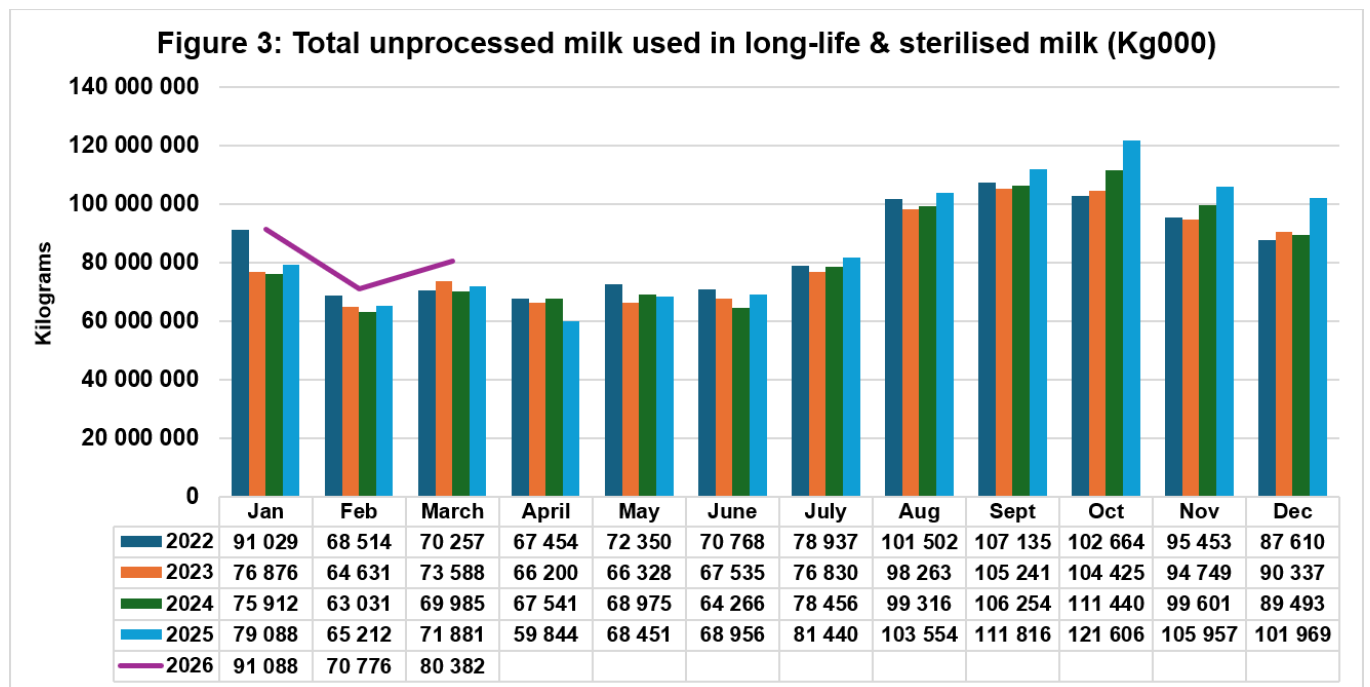


(Source: Milk SA)



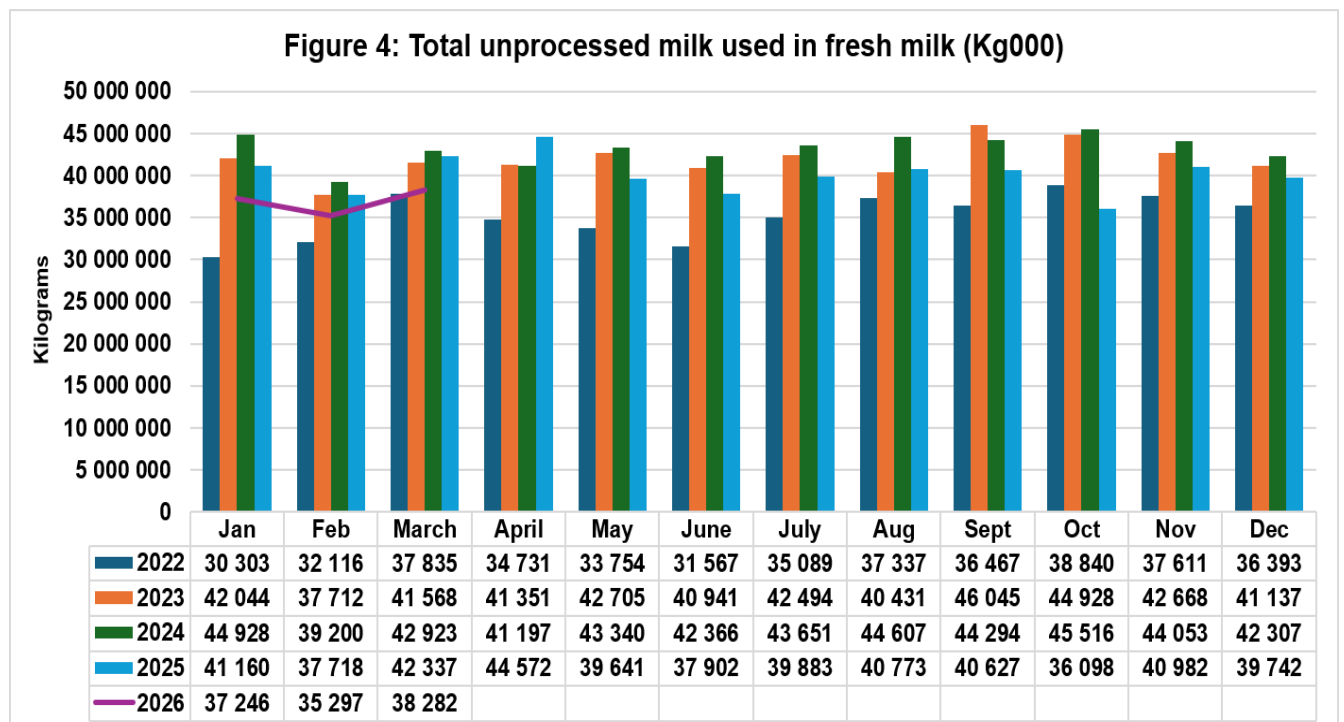
(Source: Milk SA)

Figure 3 shows the amount of unprocessed milk used in long-life and sterilised milk. In the first quarter of 2026, compared with the same period last year, more unprocessed milk was used to produce long-life and sterilised milk across all three months of 2026, resulting in a 12.06% increase in unprocessed milk used for long-life and sterilised milk.



(Source: Milk SA)

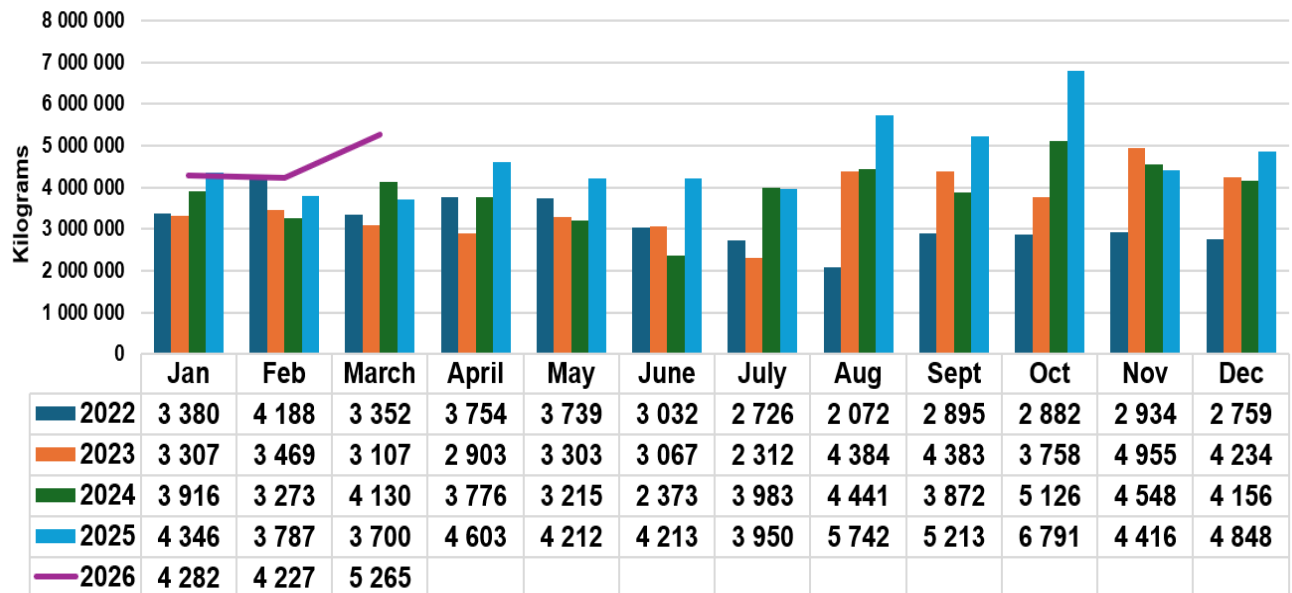
Figure 4 contains the data of unprocessed milk used in fresh milk. In the first quarter of 2026, compared with the same period last year, less unprocessed milk was used to produce fresh milk across all three months of 2026, resulting in an 8.57% decrease in unprocessed milk used for fresh milk.



(Source: Milk SA)

Figure 5 shows the amount of unprocessed milk used in sweetened, flavoured and coloured milk. In the first quarter of 2026, compared with the same period last year, more unprocessed milk was used to produce sweetened, flavoured and coloured milk in two of the three months of 2026, resulting in a 16.4% increase in unprocessed milk used for fresh milk.

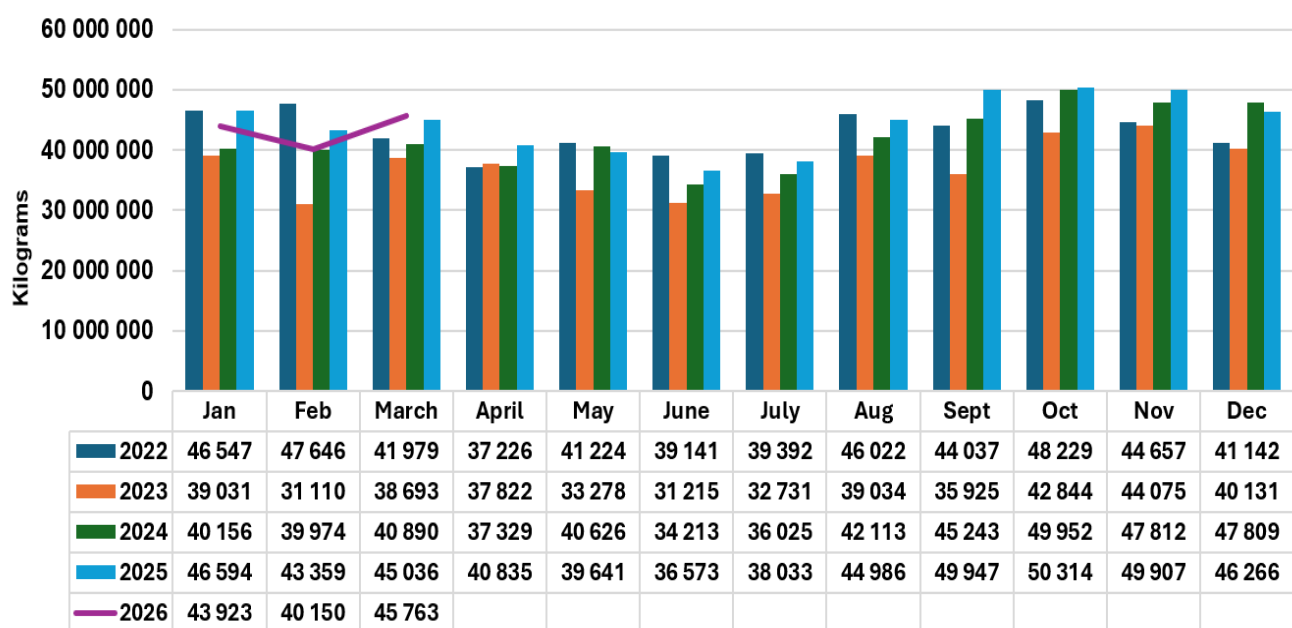
Figure 5: Total unprocessed milk used in sweetened, flavoured and coloured milk (Kg000)



(Source: Milk SA)

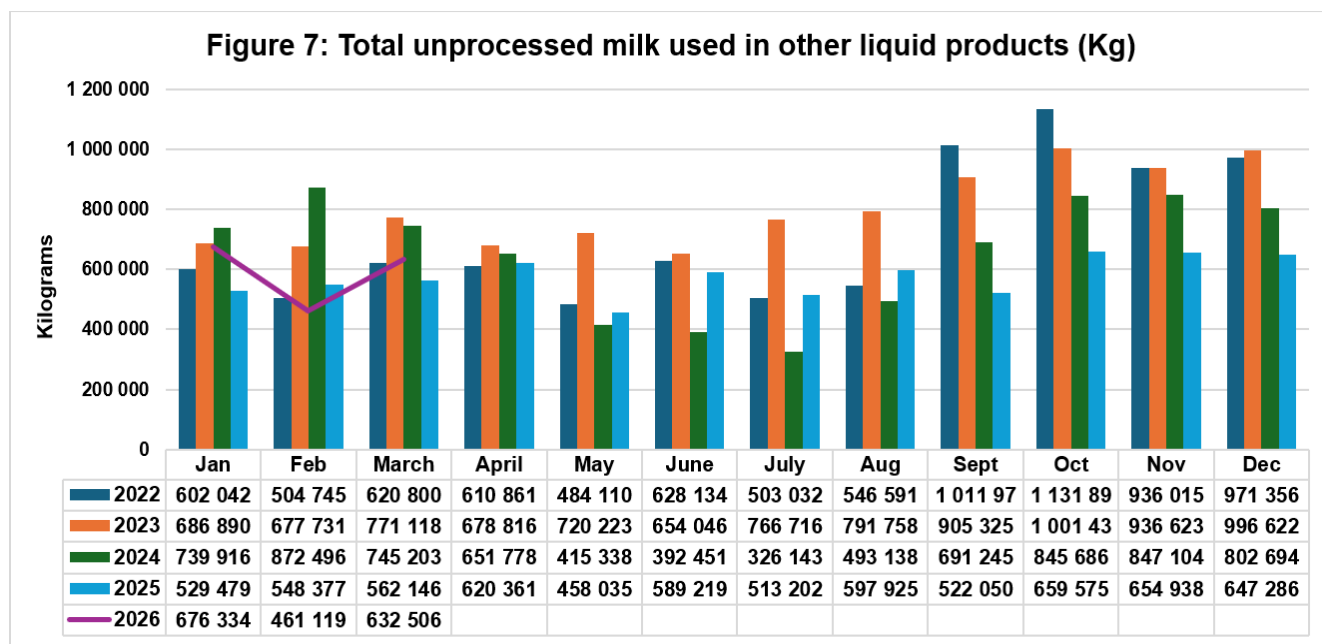
Figure 6 contains the data on unprocessed milk used in fermented products. In the first quarter of 2026, compared with the same period last year, less unprocessed milk was used to produce fermented products in two of the three months of 2026, resulting in a 3.82% decrease in unprocessed milk used for fermented products.

Figure 6: Total unprocessed milk used in fermented products (Kg000)



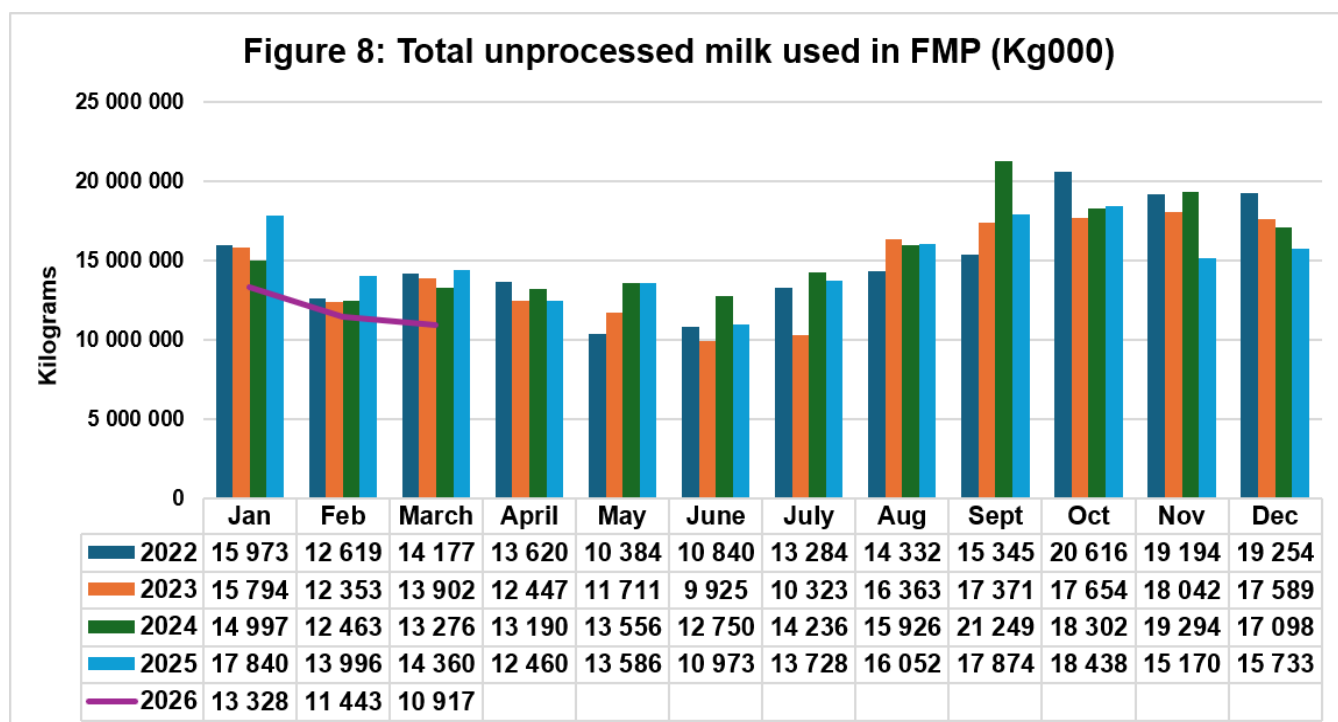
(Source: Milk SA)

Figure 7 shows the amount of unprocessed milk used in other liquid dairy products. In the first quarter of 2026, compared with the same period last year, more unprocessed milk was used to produce liquid dairy products in two of the three months of 2026, resulting in a 7.92% increase in unprocessed milk used for liquid products.



(Source: Milk SA). Other liquid products: including cream, ice cream, fruit and other liquid blends and dairy snacks.

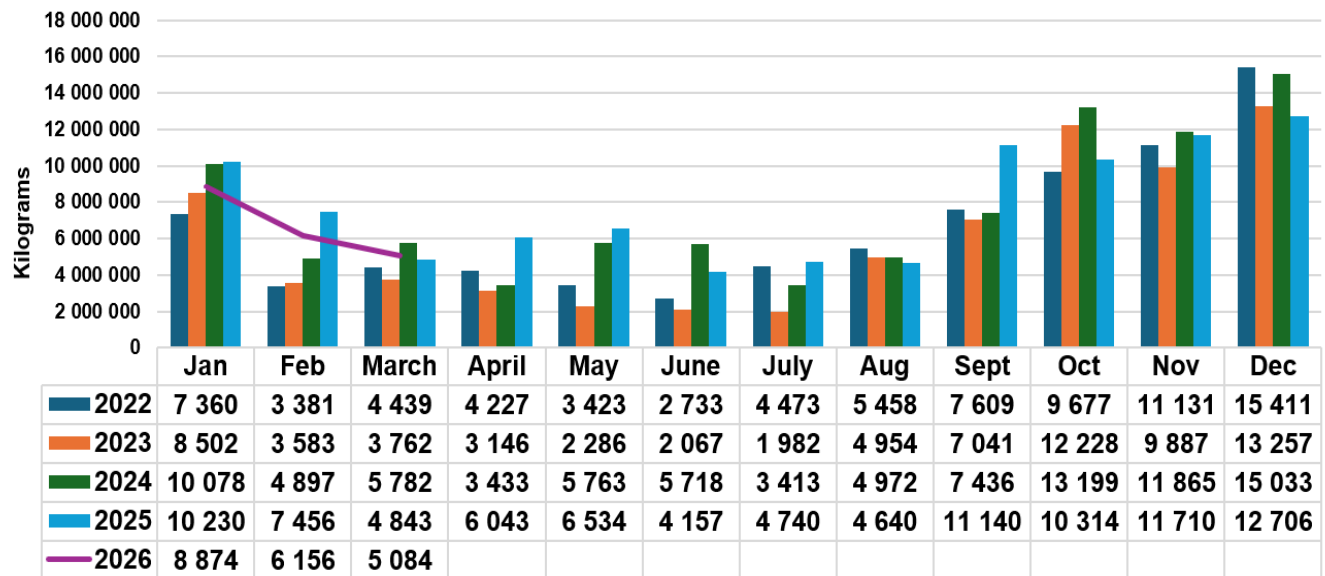
Figures 8 and 9 show the amount of unprocessed milk used in full cream milk powder (FMP) and skimmed milk powder (SMP). In the first quarter of 2026, compared with the same period last year, less unprocessed milk was used to produce FMP across all three months of 2026, resulting in a 22.74% decrease in unprocessed milk used for FMP production. During the same time, strong import growth of FMP on a mass basis was observed for the first quarter of 2026, resulting in a 313% growth in FMP imports.



(Source: Milk SA)

In the first quarter of 2026, compared with the same period last year, less unprocessed milk was used to produce SMP for two of the three months of 2026, resulting in a 10.72% decrease in unprocessed milk used for SMP production. During the same time, strong import growth of SMP on a mass basis was observed for the first quarter of 2026, resulting in a 137% growth in SMP imports.

Figure 9: Total unprocessed milk used in SMP (Kg000)

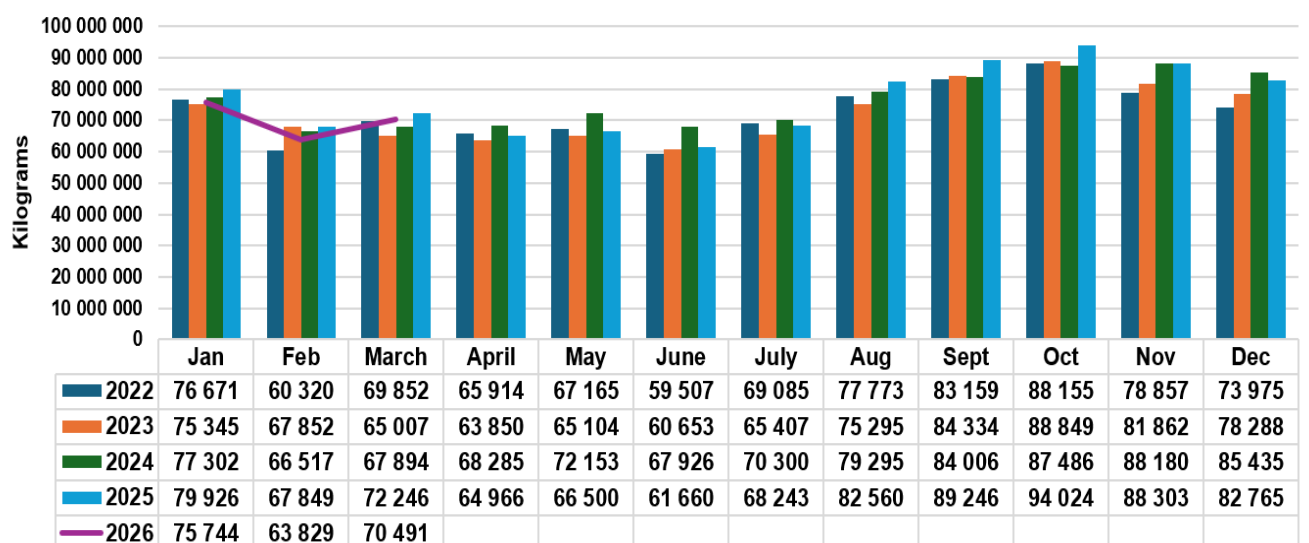


(Source: Milk SA)

Figure 10 contains the data on unprocessed milk used in cheese production. In the first quarter of 2026, compared with the same period last year, less unprocessed milk was used to produce cheese across all three months of 2026, resulting in a 4.53% decrease in unprocessed milk used for cheese production.

The steady flow of the volume of unprocessed milk towards cheese is strikingly evident over the total period observed and is in stark contrast to the volatility in volumes of unprocessed milk allocated towards some of the other dairy products.

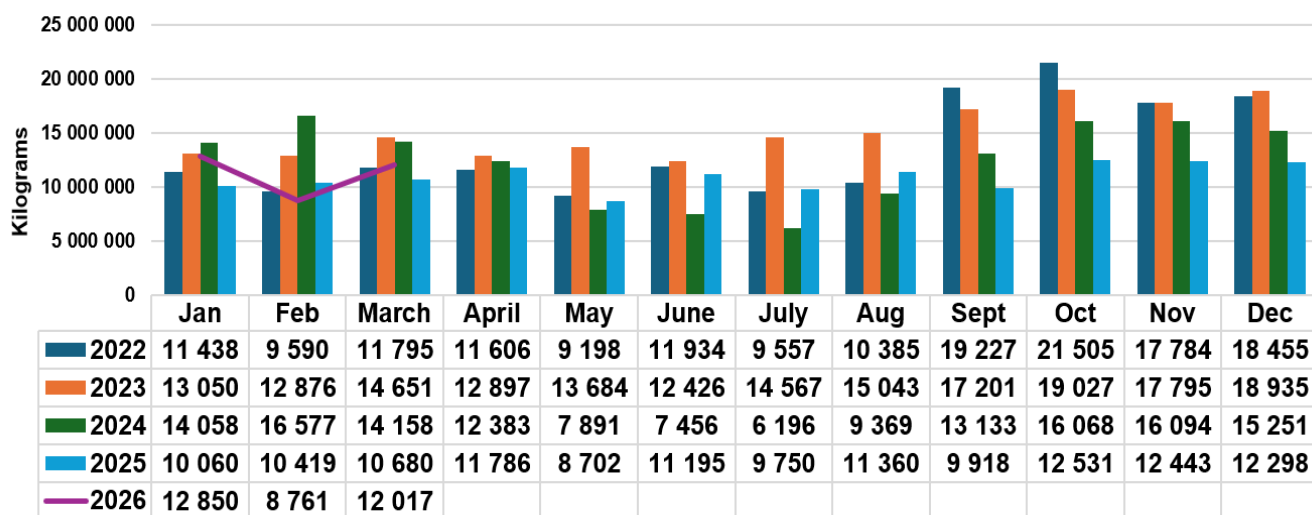
Figure 10: Total unprocessed milk used in cheese, excl. cottage and cream (Kg 000)



(Source: Milk SA)

Figure 11 illustrates the amount of unprocessed milk used in other concentrated products. In the first quarter of 2026, compared with the same period last year, more unprocessed milk was used to produce other concentrated dairy products in two of the three months of 2026, resulting in a 7.92% increase in unprocessed milk used for other concentrated dairy product production.

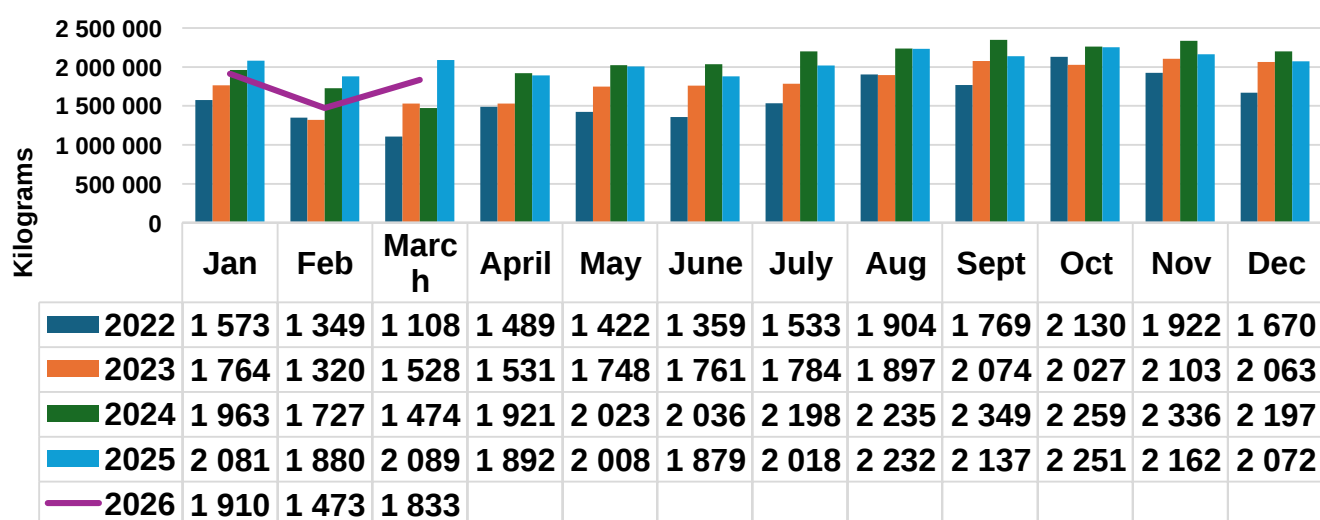
Figure 11: Total unprocessed milk used in other concentrated products (Kg 000)



(Source: Milk SA) Other concentrated products: including cottage cheese, cream cheese, condensed milk, evaporated milk, desserts and powder blends.

Figures 12 and 13 indicate the manufacturing of whey and butter. In the first quarter of 2026, compared with the same period last year, whey production decreased in all three months of 2026, resulting in a 13.79% decrease in whey production in the first quarter of 2026.

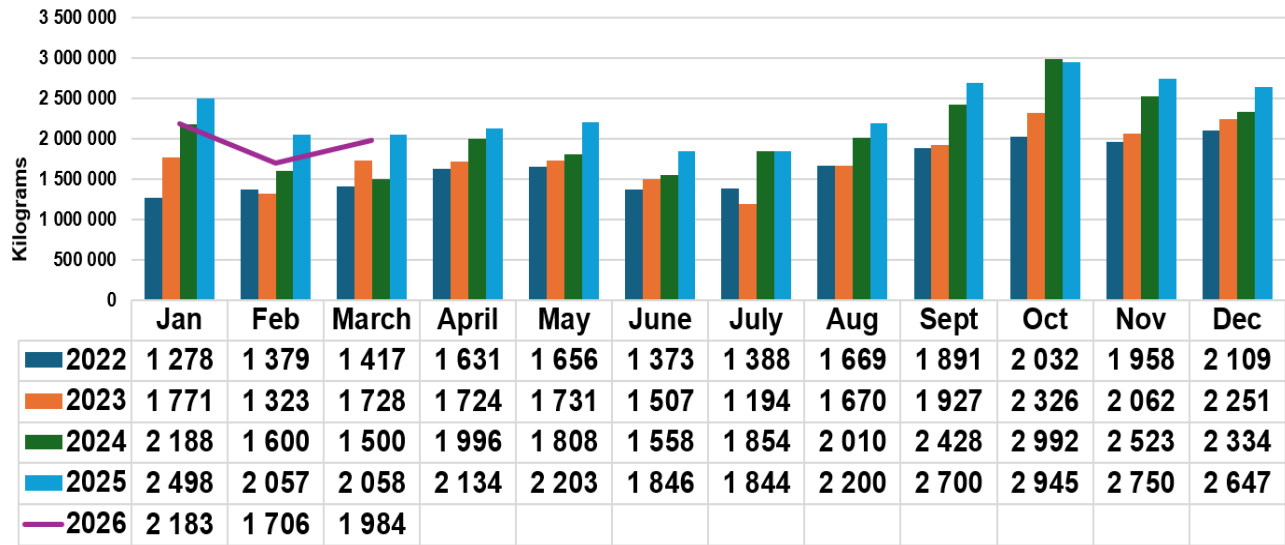
Figure 12: Total whey powder manufactured (Kg 000)



(Source: Milk SA)

In the first quarter of 2026, compared with the same period last year, butter production decreased in all three months of 2026, resulting in a 11.18% decrease in butter production in the first quarter of 2026.

Figure 13: Total butter manufactured (Kg 000)



(Source: Milk SA)

Table 2: Total liquid and concentrated dairy products produced (Kg)

Product/Period	Jan-Mch 2022 Kg produced	Jan-Mch 2023 Kg produced	Jan-Mch 2024 Kg produced	Jan-Mch 2025 Kg produced	Jan-Mch 2026 Kg produced	% Change 2026 to 2025
Long life & sterilized milk	229 801 260	215 096 095	208 930 106	216 182 867	242 248 535	12.06%
Fresh milk	100 255 949	121 325 086	127 053 011	121 215 816	110 825 833	-8.57%
Sweetened, flavoured and coloured milk	10 921 296	9 884 072	11 320 021	11 834 627	13 774 944	16.40%
Fermented products	136 173 589	108 835 086	121 021 561	134 991 753	129 836 510	-3.82%
Other liquid products	1 727 588	2 135 739	2 357 614	1 640 002	1 769 958	7.92%
Total Liquid Dairy products produced (Kg)	478 879 681	457 276 077	470 682 312	485 865 065	498 455 781	2.59%
FMP	4 899 251	4 816 793	4 666 484	5 291 811	4 088 198	-22.74%
SMP	1 290 887	1 347 636	1 765 183	1 915 807	1 710 492	-10.72%
Cheese, excl. cottage and cream cheese	21 727 370	21 870 331	22 238 903	23 111 711	22 065 785	-4.53%
Other concentrated products	3 282 417	4 057 905	4 479 466	3 116 004	3 362 921	7.92%
Whey powder	4 032 190	4 613 550	5 165 558	6 051 054	5 216 762	-13.79%
Butter	4 075 385	4 823 207	5 289 217	6 614 065	5 874 657	-11.18%
Total Concentrated Dairy Products Produced (Kg)	39 307 499	41 529 421	43 604 810	46 100 451	42 318 814	-8.20%
Total Dairy Products produced (Kg)	518 187 180	498 805 499	514 287 122	531 965 516	540 774 595	1.66%

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