



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 2026

International Market

Global food prices increased during the first six months of 2026. The FAO Food Price Index (FFPI) in June 2026 showed to be 1.7% higher than a year ago. For the first half of 2026 the index increased with 5%, indicating continued pressure in global agricultural commodity markets. The largest increases were recorded during February, March and April, coinciding with the onset and subsequent escalation of the military conflict between the United States and Iran.

The **FAO Dairy Price Index** reached a peak of 155.5 points in June 2025, where after it declined steadily. By June 2026, the index was 24.5% lower than during the same time in 2025.

The **FAO Meat Price Index** continued its upward trend throughout the first half of 2026, resulting in a 4.9% cumulative increase over the first six months of the year and a 4.0% year-on-year (YoY) increase. The **FAO Cereal Price Index** increased by 2.7% compared with June 2025, while the **FAO Sugar Price Index** declined 13.4% over the same period.

For the second quarter of 2026, the Global Dairy Trade (GDT) index trended downward. The GDT index started this year at a low of 1080 points in January, thereafter it increased sharply for the duration of the first quarter, reaching a peak in March of 1272 points. Since then, the index declined 6.8% in the second quarter of the year, leaving it at 1130 points in June 2026.

The New Zealand Future Exchange shows an upward trend in futures contract prices for SMP, FMP and butter from August 2026 to April 2027. Anhydrous milk fat (AMF) was the only product to exhibit a downward price trend, with futures prices declining by 6.9% between August 2026 and April 2027. The largest month-on-month decreases were recorded in September 2026 (-US\$135/ton) and February 2027 (-US\$125/ton).

A noticeable increase in unprocessed milk production was recorded across all major dairy-exporting countries in the first three months of 2026. This reflects a recovery in Australia, which shifted from a 2.1% decline in 2025 to growth of 1.6%, alongside strong gains in Uruguay (8.4%) and Argentina (9.4%).

The European farmgate price for milk remained stable during the second quarter of 2026. For the past three months the EU farmgate milk price only declined 0.5%. The months of March, April, May and June also mark as the lowest prices compared to the corresponding months in 2022, 2023, 2024 and 2025. On a YoY basis, the June 2026 price was 19.5% lower than June 2025.

South African Market

South Africa remained a net exporter of dairy products in 2025, supported by lower import volumes and strong export growth. Most dairy categories recorded net export status, with the exception of whey products, and notably, concentrated milk achieved net exporter status for the first time since 2013. ***However, early 2026 data indicates a shift, with imports rising sharply and South Africa reverting to a net importer of certain products, particularly Skimmed Milk Powder and Full Cream Milk Powder (04.02), whey and whey powder (04.04).***

Trade within the Southern African Customs Union (SACU) continues to play a crucial role, with neighbouring countries remaining key markets for South African dairy products, often exceeding export volumes to the rest of the world in several categories.

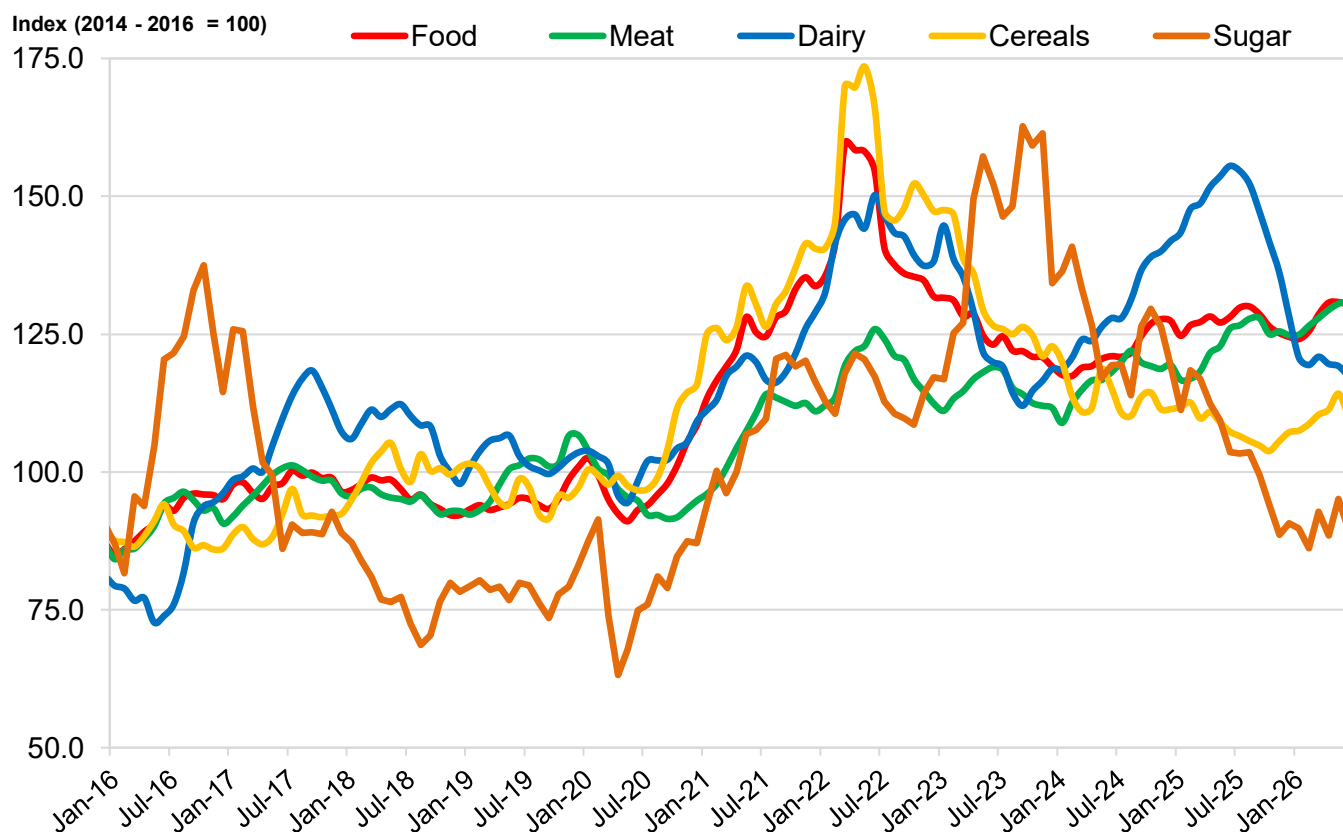
An overall positive picture developed regarding sales quantities of dairy products during April 2025 to March 2026 compared to the year before. Both the retail sales quantities and prices of all nine evaluated dairy products increased. These results suggest that consumer demand for dairy products remained resilient during the period, with moderate retail price increases having little effect on retail sales volumes for most product categories.

When comparing ***unprocessed milk purchases*** over the past five years, nine of the twelve months in 2025 recorded the highest daily average purchase levels compared to the corresponding months in the previous four years. During 2025, 3 483 993 tonnes of unprocessed milk were purchased, which is 0.75% more than in 2024.

Quantity of unprocessed milk allocated to the manufacturing of various dairy products. The overall volume of milk processed from January to March remained relatively unchanged compared to 2025, although processors adjusted the allocation of unprocessed milk across different dairy product categories. The quantity of unprocessed milk allocated to the production of FMP declined by 22.7%, while allocations to whey powder and butter decreased by 13.8% and 11.2%, respectively. In contrast, larger volumes of unprocessed milk were directed towards the production of sweetened, flavoured and coloured milk (+16.4%) and long-life and sterilised milk (+12.1%).

1. INTERNATIONAL MARKET

FIGURE 1A: FOOD AND AGRICULTURAL ORGANISATION (FAO) FOOD PRICE INDICES, JANUARY 2016 – JUNE 2026



Source: FAO Food Price Index, July 2026

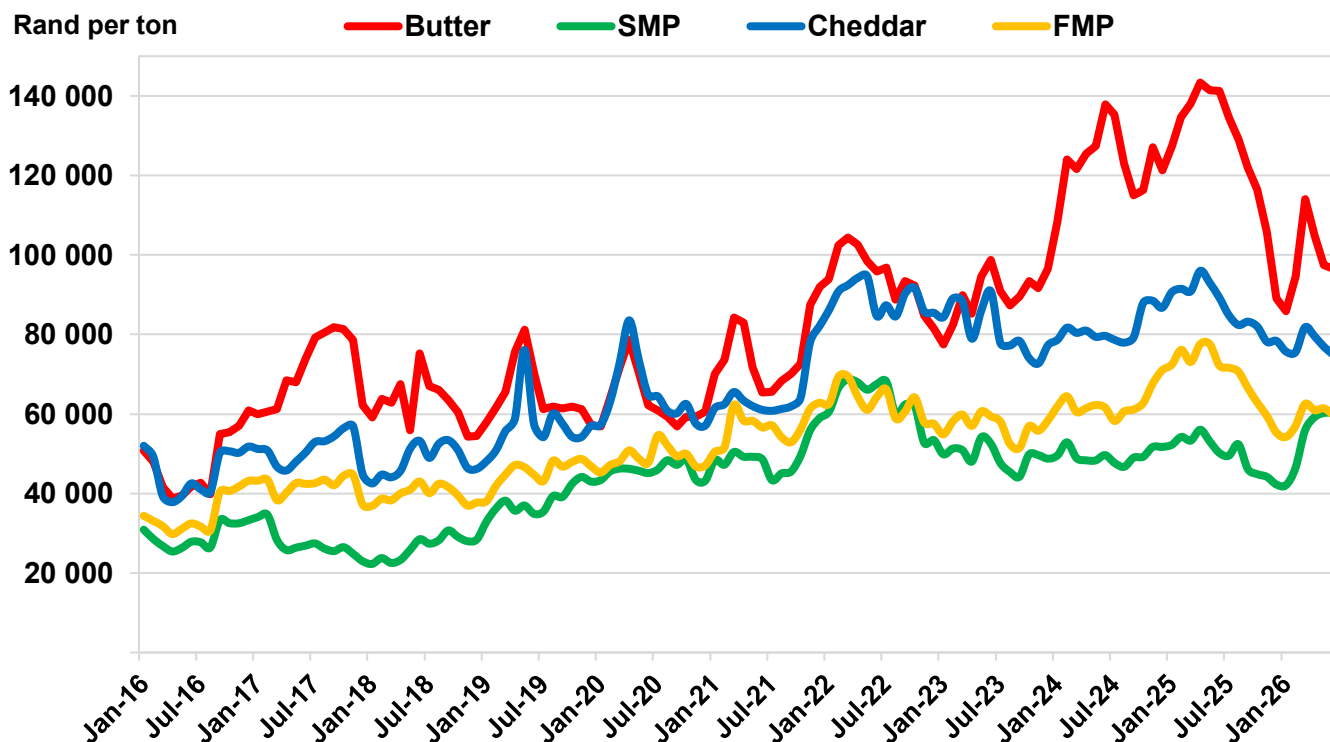
The FAO Food Price Index (FFPI) was 1.7% higher in June 2026 than in June 2025. After increasing steadily from February to May 2026, the index recorded its first monthly decline for this year in June, decreasing 0.4%. Despite this slight decline, the FFPI remained above levels from a year ago, reflecting continued pressure on global food markets.

Rising geopolitical tensions, particularly the conflict between the United States and Iran which began at the end of February 2026, have contributed to higher energy and transportation costs, while continued disruptions to shipping through the Strait of Hormuz have added uncertainty to global trade. These factors, together with commodity-specific market conditions, most likely supported higher food prices.

The FAO Dairy Price Index reached a peak of 155.5 points in June 2025, after which it declined steadily, interrupted only by a slight increase in March 2026. By June 2026, the index was 24.5% lower than a year earlier.

The FAO Meat Price Index continued its upward trend throughout the first half of 2026, resulting in a 4.9% cumulative increase over the first six months of the year and a 4.0% YoY increase in June. The FAO Cereal Price Index increased by 2.7% compared with June 2025, while the FAO Sugar Price Index declined by 13.4% over the same period.

**FIGURE 1B: INTERNATIONAL DAIRY PRODUCTS PRICES: FREE-ON-BOARD (FOB):
JANUARY 2016 – JUNE 2026**

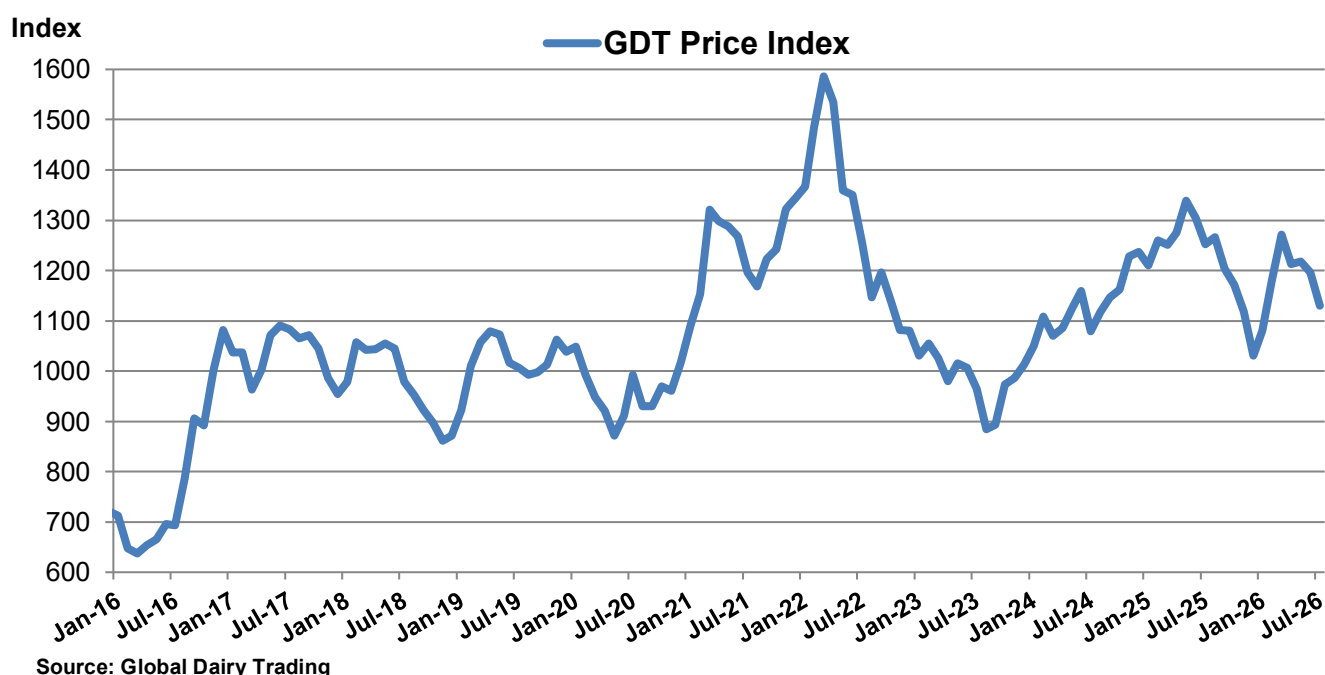


Source: United States Department of Agriculture (USDA), South African Reserve Bank (SARB) for exchange rates

Compared to the same month last year, the **ZAR price** in June 2026 was 31.7% lower for Butter, 17.3% lower for FMP and 16.2% lower for Cheddar. SMP was the only dairy product that showed an increase in price, up 20% since June 2025. The ZAR appreciated 7.9% over the same period.

In **USD terms**, the YoY change in price for Butter, FMP and Cheddar went down 25.8%, 10.2% and 9%, respectively, while SMP prices increased by 30.3%.

FIGURE 2A: GLOBAL DAIRY TRADE-WEIGHTED PRICE INDEX, JANUARY 2016 – JUNE 2026



Source: Global Dairy Trading

The Global Dairy Trade (GDT) platform is an online auction through which large volumes of dairy products are traded, with two events held monthly where participants across the globe submit bids and offers.

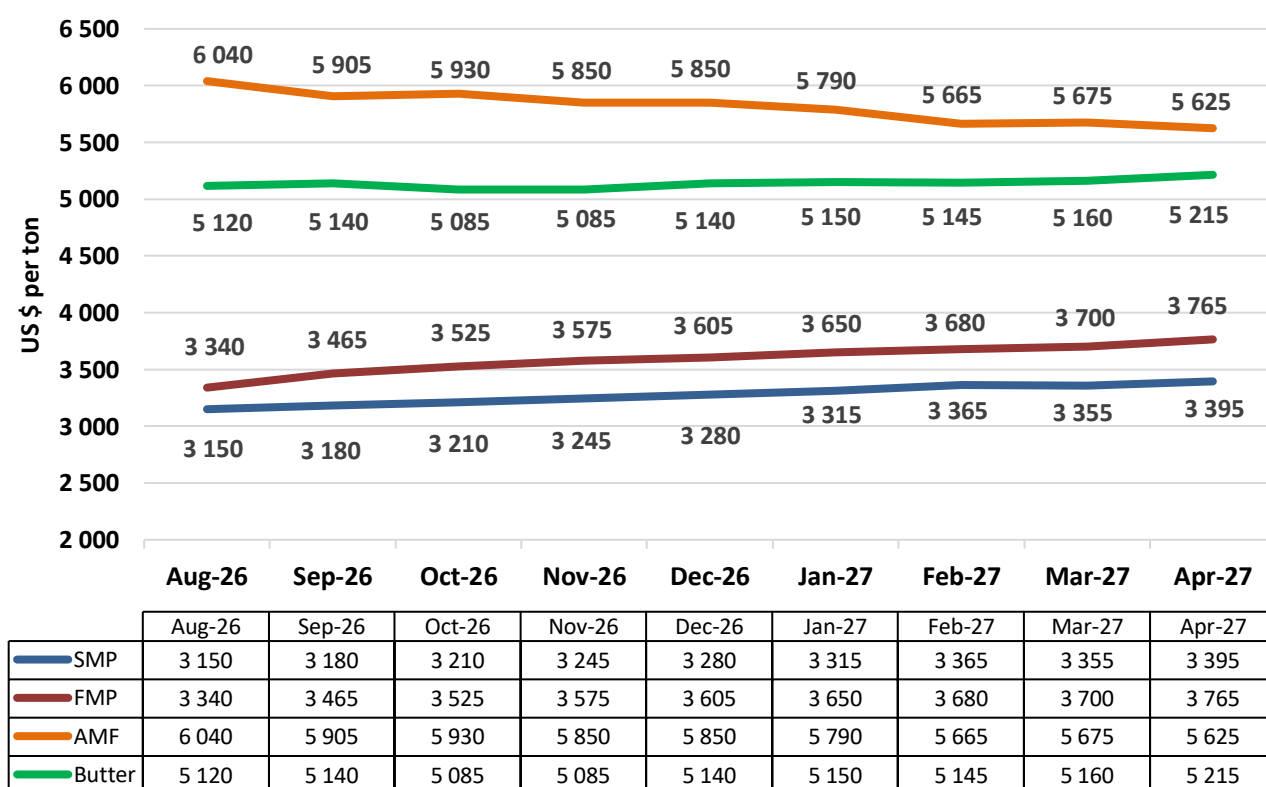
Figure 2A shows the GDT price index up to June 2026. The index trended upward from 893 points in September 2023 to a peak of 1339 points in May 2025, an increase of 49.9%. Thereafter, the index declined sharply again until it reached 1031 points in December 2025, after which it once again turned around, increasing 23.4% to 1272 points. It has since been declining, reaching 1197 points in June 2026.

Figure 2B below presents future prices on the New Zealand Futures Exchange for butter, anhydrous milk fat (AMF), SMP and FMP from August 2026 to April 2027.

The two powders (SMP and FMP) follow a very similar trend with relatively stable prices. FMP continues to trade at a slight premium to SMP and shows a +12.7% difference in price from August 2026 to April 2027, while SMP futures for April 2027 are trading at a price 7.8% higher than the August 2026 futures. Butter shows an increase in its price between August and April of 1.9%.

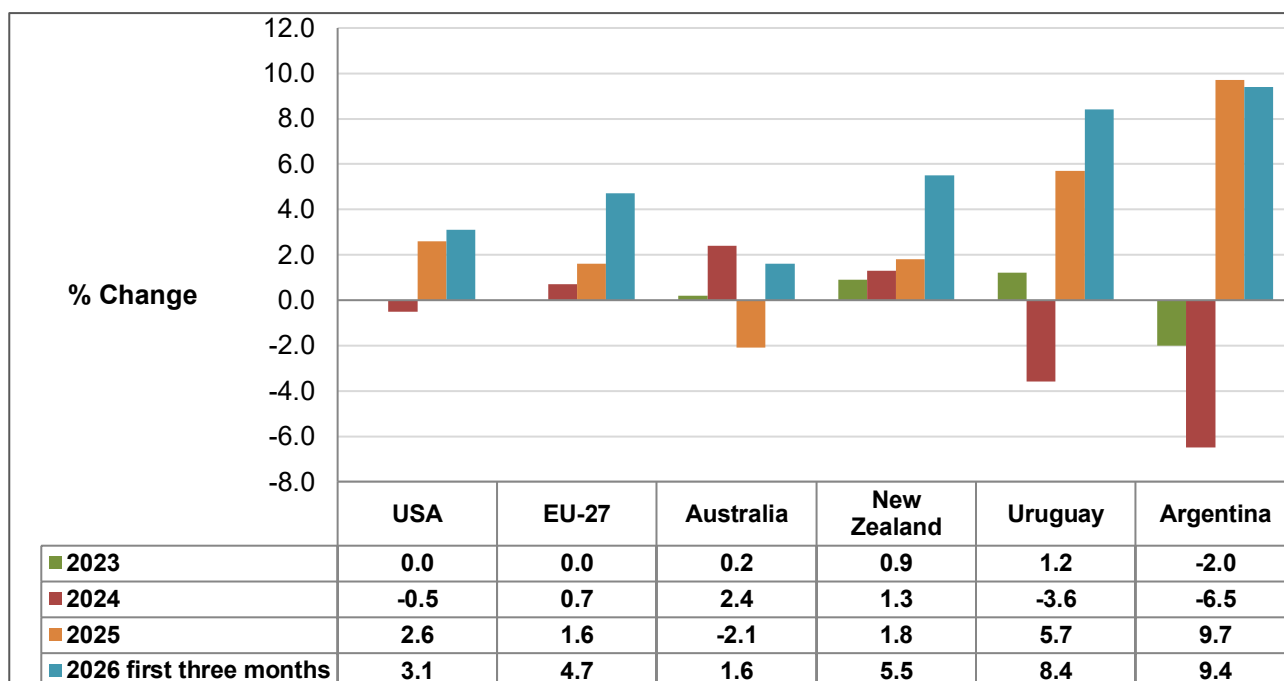
AMF was the only product to exhibit a downward price trend, with prices declining by 6.9% between August 2026 and April 2027. The largest month-on-month declines were recorded in September 2026 (-US\$135/ton) and February 2027 (-US\$125/ton).

FIGURE 2B: FUTURE PRICES FOR DAIRY PRODUCTS ACHIEVED ON THE NEW ZEALAND FUTURES EXCHANGE (NZX): AUGUST 2026 – APRIL 2027



Source: NZX Futures, 22 July 2026

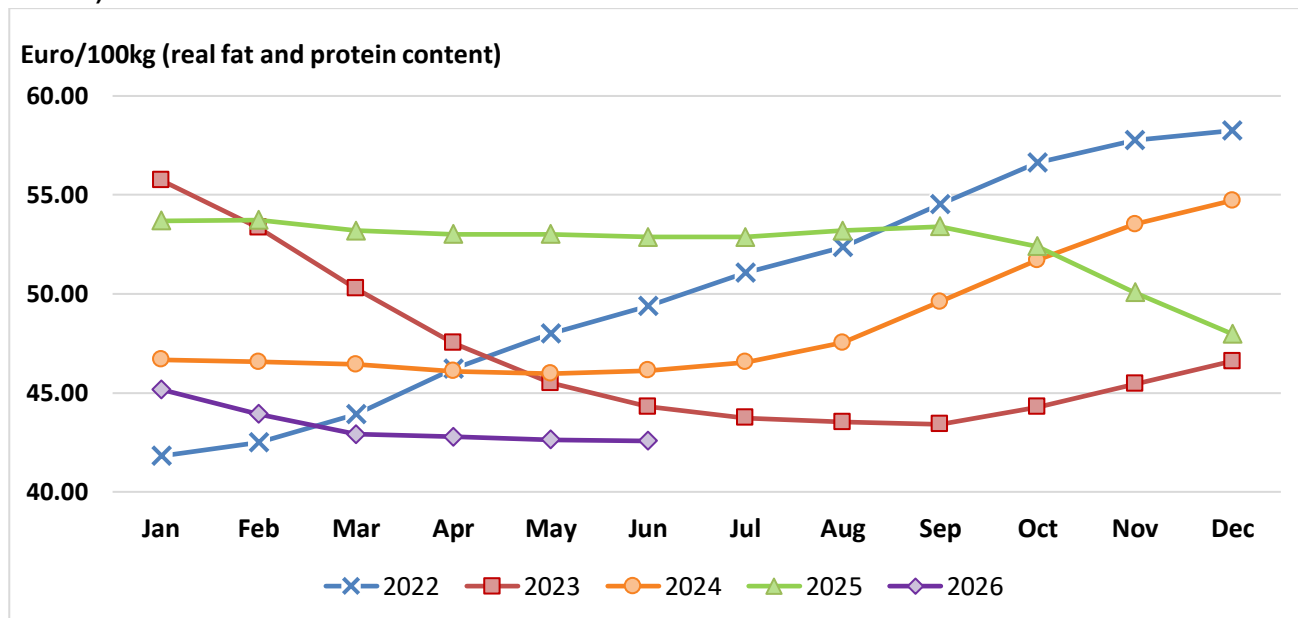
FIGURE 3: YEAR-ON-YEAR CHANGE IN UNPROCESSED MILK PRODUCTION IN MAJOR DAIRY EXPORTING COUNTRIES, 2023 – 2026



Source: CLAL, July 2026

Unprocessed milk production for the first three months of 2026 increased across all six major dairy-exporting countries, as shown in Figure 3. This follows a recovery in Australia, which shifted from a decline of 2.1% in 2025 to growth of 1.6%. Strong growth was also recorded in Europe (+4.7%), New Zealand (+5.5%), Uruguay (+8.4%) and Argentina (+9.4%).

FIGURE 4: WEIGHTED AVERAGE PRODUCER PRICE OF UNPROCESSED MILK IN THE EU27 (excl. the UK). JANUARY 2022 – JUNE 2026



Source: European Commission, July 2026

The EU farmgate price remained relatively stable from March until June 2026 at around 42,72 Euro/100kg. These four months also marked as the lowest prices compared to the same months of 2022, 2023, 2024 and 2025. The June 2026 producer price of unprocessed milk in the EU was 19.5% lower than in June 2025.

2. THE SOUTH AFRICAN DAIRY MARKET: IMPORTS AND EXPORTS

The next seven figures (Figures 5 to 11) present information on South Africa's dairy imports and exports, measured on a mass basis as well as Free on Board (FOB) prices. The analysis covers the following tariff headings: milk and cream, unsweetened (04.01); concentrated milk (04.02); buttermilk powder and yoghurt (04.03); whey and whey powder (04.04); butter, butter spreads and butter oil (04.05); and cheese and curd (04.06).

The import and export data for South Africa's dairy products indicate the following trends:

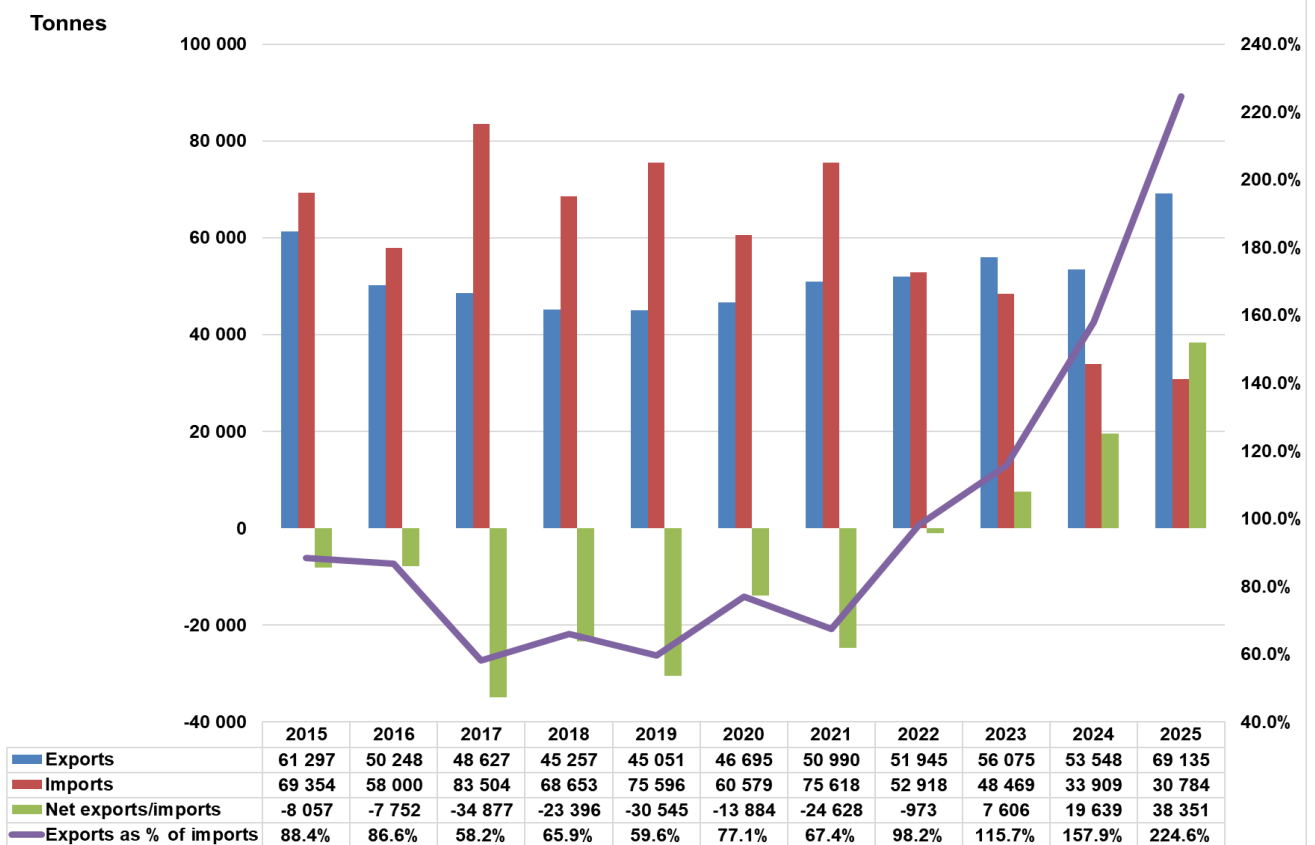
- South Africa remained a net exporter of dairy products in 2025, marking the third consecutive year. Import volumes declined by 9.2% compared to 2024, while export volumes increased by 29.1% over the same period (Figure 5). However, preliminary estimates for the first quarter of 2026 (January to March) show a 104.6% increase in imports compared to 2025, driven by higher volumes in all six product categories (Table 3).
- In 2025, South Africa was a net exporter of most dairy product categories, including milk and cream (04.01), concentrated milk (04.02), buttermilk powder and yoghurt (04.03), butter (04.05), and cheese (04.06), as shown in Figures 5 to 11. Whey and whey powder (04.04) remained the only category where South Africa was a net importer. Notably, 2025 marked the first year since 2013 that South Africa achieved net exporter status for concentrated milk (04.02).
- For the first quarter of 2026, the trade position shifted slightly. South Africa is estimated to be a net importer of concentrated milk (04.02) and whey (04.04), while remaining a net exporter of milk and cream (04.01), buttermilk and yoghurt (04.03), butter (04.05), and cheese (04.06) (Table 3 and 4).
- Trade within the Southern African Customs Union (SACU) - comprising Botswana, eSwatini, Lesotho, and Namibia - continues to play a significant role. In 2025, the volume of sales to SACU countries exceeded exports (i.e. trade outside SACU) in three of the six product categories. Historically, sales to SACU countries exceeded export volumes across all six categories for many years.
- A similar pattern is observed in early 2026, where sales to SACU countries in three of the six product categories continue to exceed export volumes to markets outside the union for the same period (see Table 1).

TABLE 1: MASS OF SALES TO THE BeLN COUNTRIES COMPARED TO EXPORTS OUTSIDE OF SACU IN THE PERIOD JANUARY 2026 TO MARCH 2026

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	22 237 156	5 696 382	27 933 538	79.6
04.02	Milk, concentrated	1 675 780	4 192 397	5 868 177	28.6
04.03	Buttermilk powder, yoghurt	4 985 649	3 145 185	8 130 833	61.3
04.04	Whey, whey powder, etc	325 784	522 103	847 886	38.4
04.05	Butter, butter spreads, and butter oil	344 494	330 314	674 808	51.1
04.06	Cheese and curd	1 277 080	2 419 111	3 696 191	34.6
Total		30 845 944	16 305 491	47 151 434	65.4

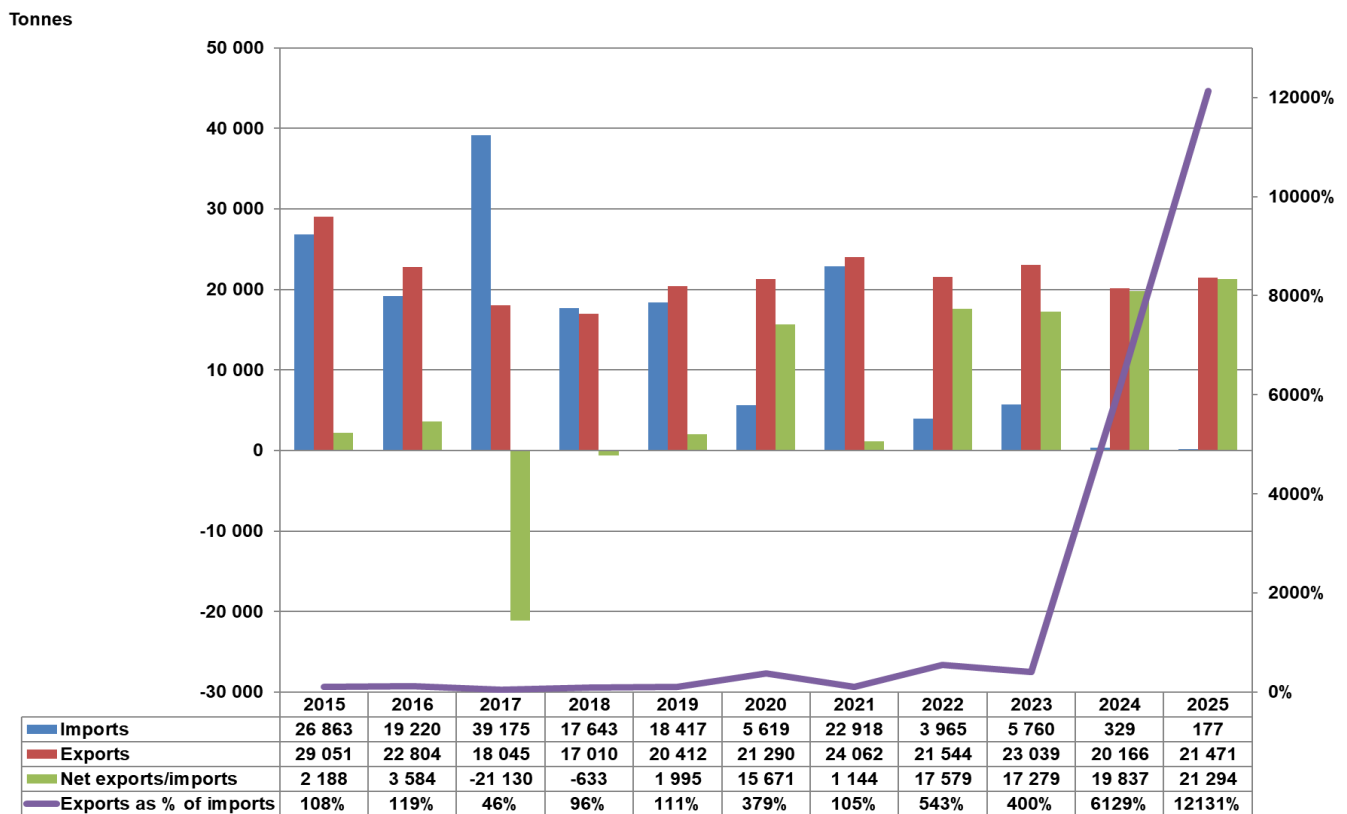
Source: SARS as supplied by SAMPRO

FIGURE 5: TOTAL SOUTH AFRICAN IMPORTS AND EXPORTS OF DAIRY PRODUCTS, 2015 – 2025



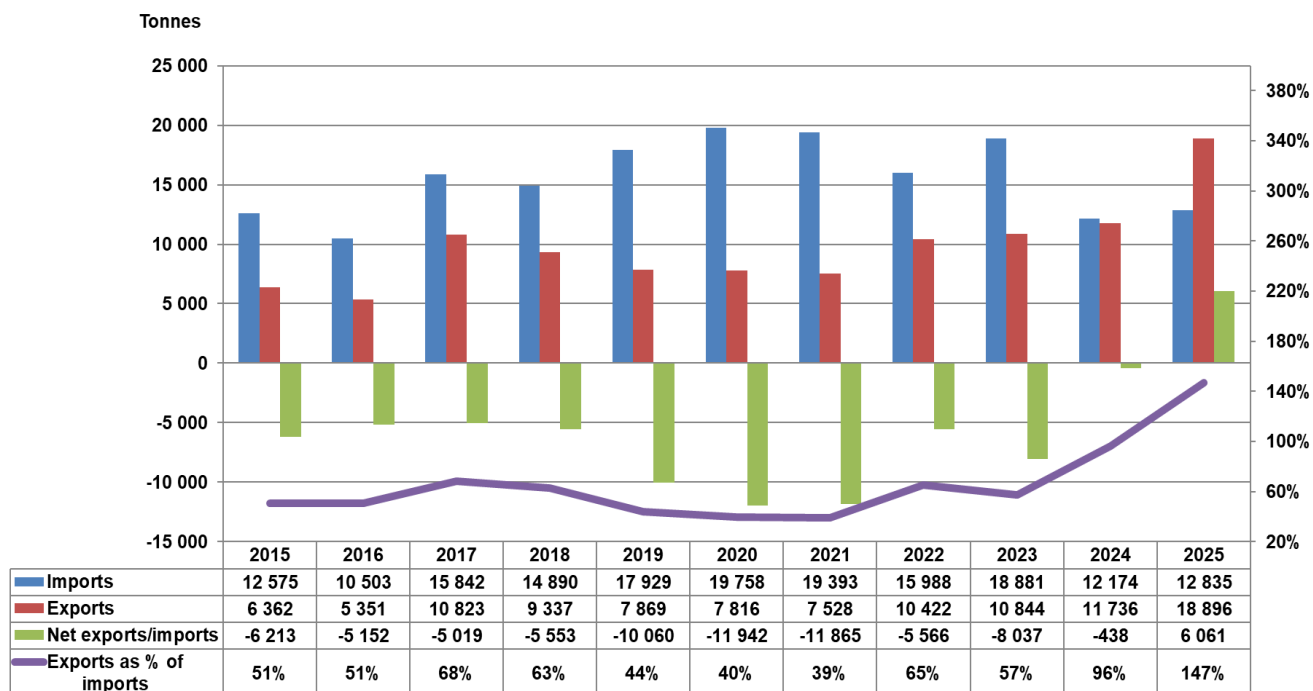
Source: SARS as supplied by SAMPRO

FIGURE 6: SOUTH AFRICAN IMPORTS AND EXPORTS OF MILK AND CREAM (04.01), 2015 – 2025



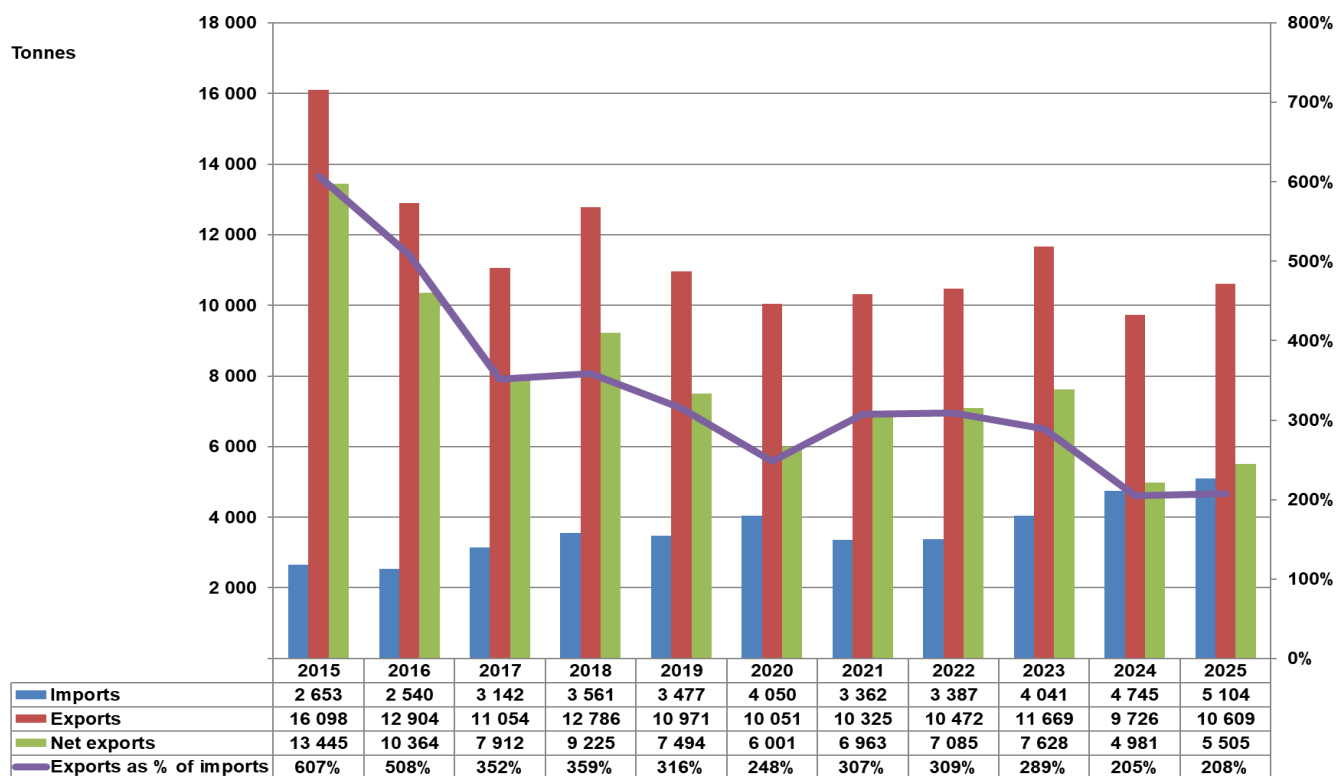
Source: SARS as supplied by SAMPRO

FIGURE 7: SOUTH AFRICAN IMPORTS AND EXPORTS OF CONCENTRATED MILK (0402), 2015 – 2025



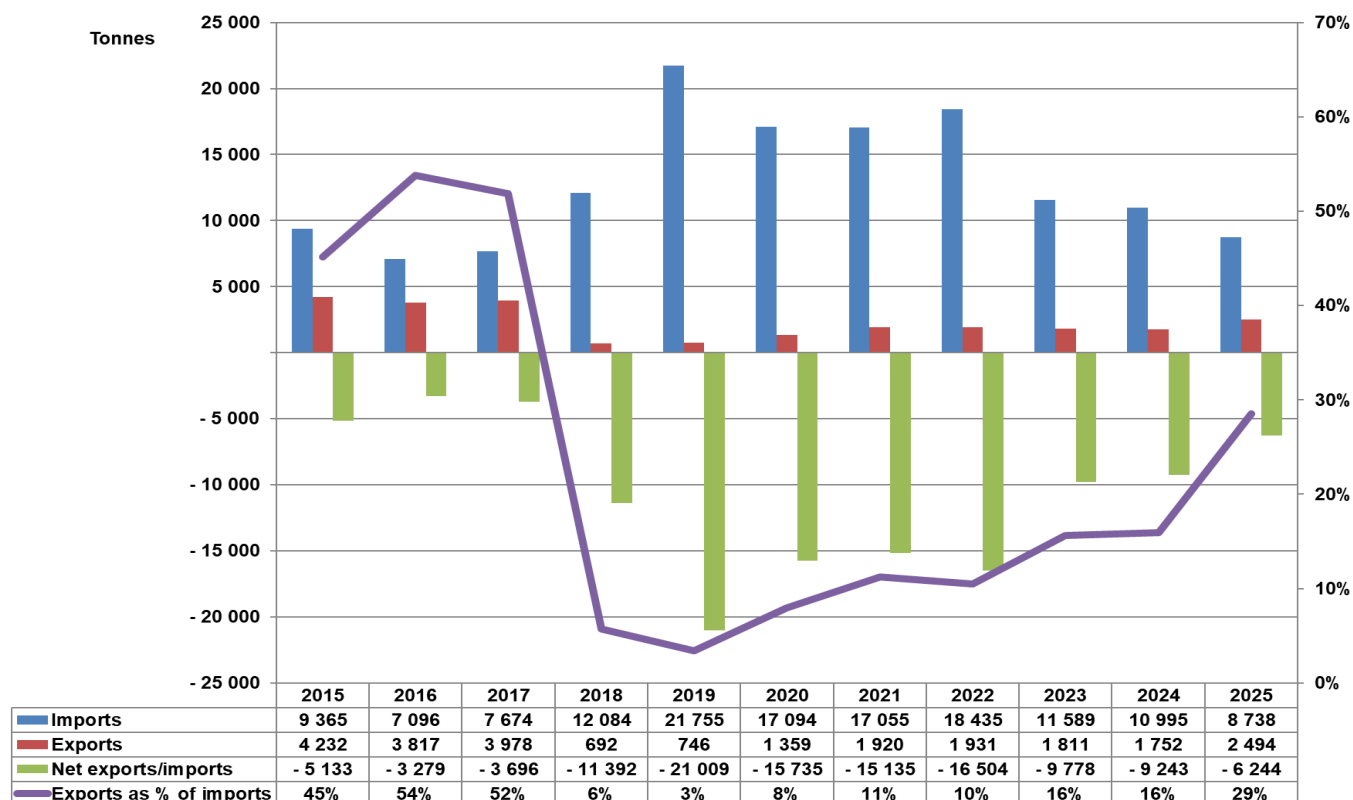
Source: SARS as supplied by SAMPRO

FIGURE 8: SOUTH AFRICAN IMPORTS AND EXPORTS OF BUTTERMILK AND YOGHURT (04.03), 2015 – 2025



Source: SARS as supplied by SAMPRO

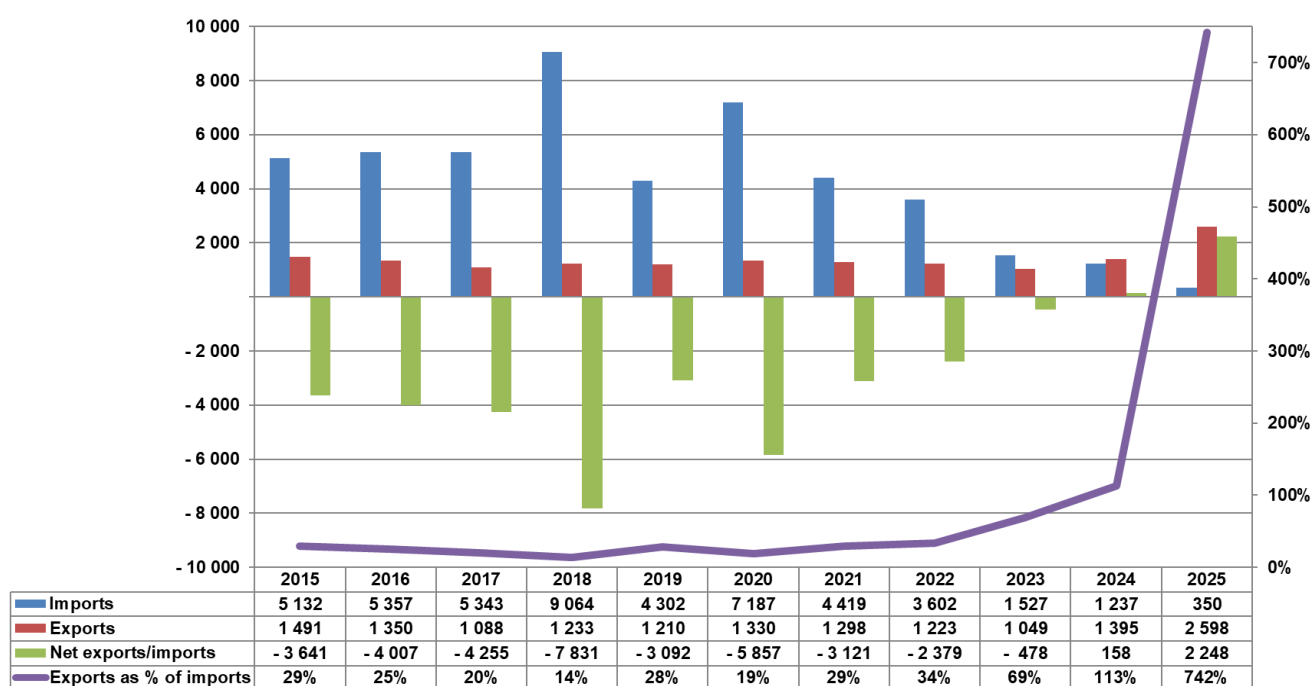
FIGURE 9: SOUTH AFRICAN IMPORTS AND EXPORTS OF WHEY AND WHEY POWDER (04.04), 2015 – 2025



Source: As supplied by SAMPRO

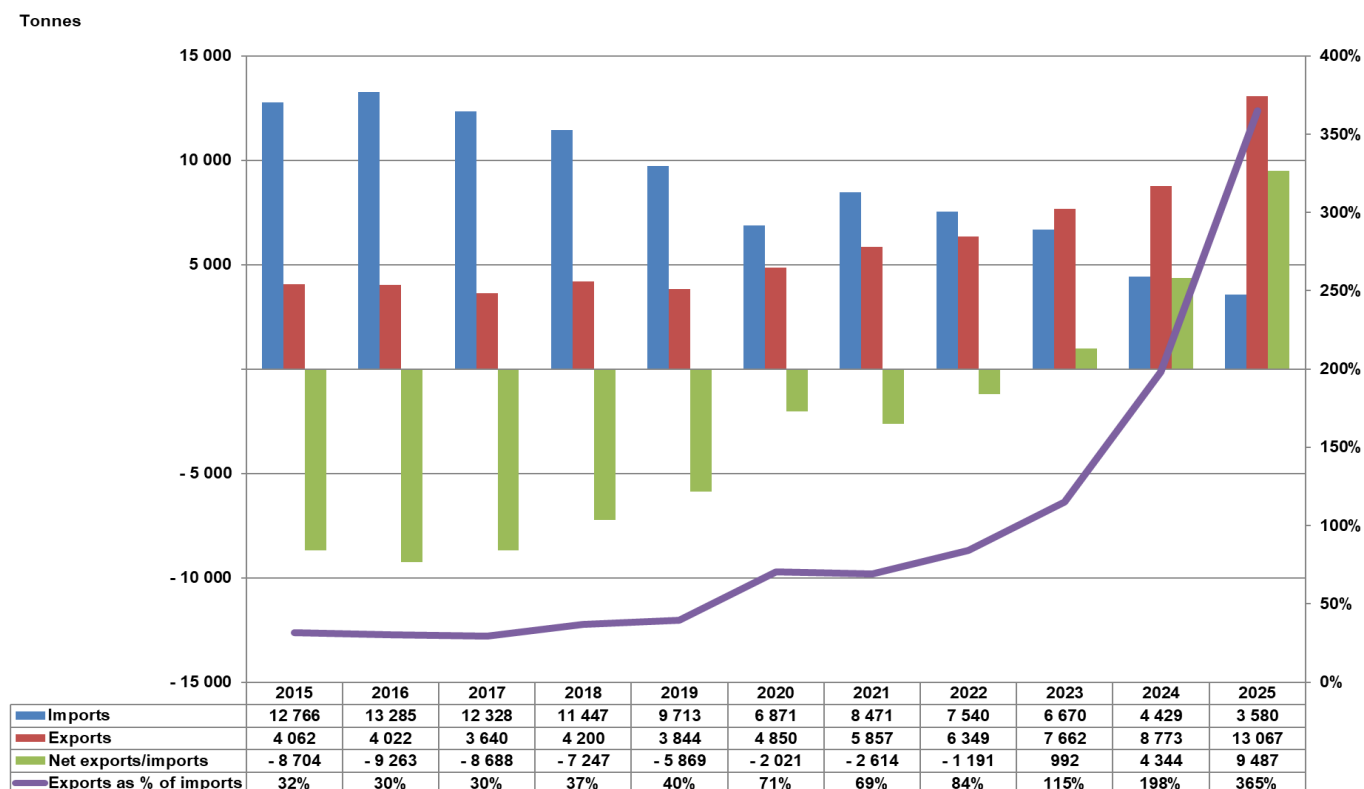
FIGURE 10: SOUTH AFRICAN IMPORTS AND EXPORTS OF BUTTER AND MILKFATS (04.05), 2015 – 2025

Tonnes



Source: As supplied by SAMPRO

FIGURE 11: SOUTH AFRICAN IMPORTS AND EXPORTS OF CHEESE AND CURD (04.06), 2015 – 2025



Source: SARS as supplied by SAMPRO

TABLE 2: AVERAGE SOUTH AFRICAN IMPORT AND EXPORT FOB PRICES FOR DAIRY PRODUCTS, 2022– 2025

Tariff heading	Description	Import price (R/kg)				Export price (R/kg)			
		2022	2023	2024	2025	2022	2023	2024	2025
04.01	Milk & cream	13.78	14.71	48.22	52.80	15.49	18.51	18.42	18.12
04.02	Concentrated milk	63.22	61.45	55.25	61.46	63.53	68.95	66.69	67.78
04.03	Buttermilk & yoghurt	60.42	45.07	43.81	47.47	22.54	26.25	29.27	29.72
04.04	Whey	36.14	43.90	34.42	38.95	38.93	35.59	24.25	24.16
04.05	Butter	87.18	111.67	115.25	165.58	79.38	97.15	96.97	106.82
04.06	Cheese	88.67	111.07	129.17	146.24	70.75	77.68	78.31	79.73

Source: SARS as supplied to SAMPRO

In 2026, the average free-on-board (F.O.B.) export prices of four of the six categories of dairy products were lower compared to 2025, while import F.O.B prices of three of the six categories were lower over the same period.

In Table 3, the mass of imports for January to March 2026 is compared with the corresponding period in 2025. Imports increased by 104.6% over this period.

Across all tariff headings, import volumes were higher in the first quarter of 2026 than in the same period during 2025. The most significant increases were recorded for butter, butter spreads and

butter oil (04.05), which rose by 204.4%, and for concentrated milk (04.02), which increased by 164%, respectively.

Table 3: Imports from January to March 2026 and January to March 2025

Heading	Description	A 2026 Kg	B 2025 Kg	A as % of B
04.01	Milk and cream, unsweetened	36 319	32 326	112.4
04.02	Milk, concentrated	5 826 747	2 207 084	264.0
04.03	Buttermilk powder, yoghurt	1 814 366	900 008	201.6
04.04	Whey, whey powder, etc	2 447 164	1 525 509	160.4
04.05	Butter, butter spreads, and butter oil	293 011	96 268	304.4
04.06	Cheese and curd	898 377	769 974	116.7
Total		11 315 983	5 531 169	204.6

Source: SARS as supplied by SAMPRO

In Table 4, the mass of exports for January to March 2026 is compared with the corresponding period in 2025. Exports increased by 10.1% over this period.

The strongest growth was recorded in whey and whey powder (04.04), buttermilk powder and yoghurt (04.03), as well as concentrated milk (04.02).

Table 4: Exports from January to March 2026 and January to March 2025

Heading	Description	A 2025 Kg	B 2024 Kg	A as % of B
04.01	Milk and cream, unsweetened	5 696 382	5 122 087	111.2
04.02	Milk, concentrated	4 192 397	3 433 173	122.1
04.03	Buttermilk powder, yoghurt	3 145 185	2 436 721	129.1
04.04	Whey, whey powder. etc	522 103	377 101	138.5
04.05	Butter, butter spreads, and butter oil	330 314	396 644	83.3
04.06	Cheese and curd	2 419 111	3 049 133	79.3
Total		16 305 491	14 814 859	110.1

Source: SARS as supplied by SAMPRO

Table 5 compares the annual changes in retail sales volumes and retail prices of selected dairy products. Retail sales volumes increased across all product categories despite higher retail prices, indicating continued consumer demand for dairy products over the period. Cream cheese recorded the largest increase in retail sales volumes (+8.2%), followed by cream (+5.7%), long-life milk (+4.5%) and maas (+4.4%). In contrast, fresh milk recorded the smallest increase in sales volumes (+0.2%).

Retail price increases were generally modest, with most products recording annual increases of less than 2.0%, and lower than the food inflation rate of 1.3% in March 2026. Butter was the notable exception, with its retail price increasing by 7.5%, substantially exceeding the price increases of the other products. Despite this, butter sales volumes still increased by 1.3%, suggesting relatively inelastic consumer demand. Products such as cream cheese, cream and long-life milk recorded strong growth in sales volumes despite price increases, indicating robust consumer demand.

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 is illustrated in Tables 6 and 7.

TABLE 5: CHANGES IN THE RETAIL SALES QUANTITIES FOR APRIL 2024 TO MARCH 2025, COMPARED TO APRIL 2025 TO MARCH 2026 AND CHANGES IN THE RETAIL PRICES FROM MARCH 2025 TO MARCH 2026 OF SPECIFIC DAIRY PRODUCTS

PRODUCT	CHANGE IN RETAIL SALES QUANTITIES	CHANGE IN RETAIL PRICES
	PERCENT	PERCENT
FRESH MILK	0.2	0.2
LONG LIFE MILK (UHT MILK)	4.5	1.1
FLAVOURED MILK	4.3	3.5
YOGHURT	2.8	1.4
MAAS	4.4	1.7
PRE-PACKAGED CHEESE	3.3	0.2
CREAM CHEESE	8.2	0.8
BUTTER	1.3	7.5
CREAM	5.7	0.5

Source: Nielsen figures supplied by SAMPRO

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

PRODUCT	March 2026 vs March 2025	January 2026 to March 2026 vs January 2025 to March 2025	October 2025 to March 2026 vs October 2024 to March 2025	July 2025 to March 2026 Vs July 2024 to March 2025	April 2025 to March 2026 Vs April 2024 to March 2025
		(3 months)	(6 months)	(9 months)	(12 months)
	percent	percent	percent	percent	percent
Fresh Milk	0.3	0.7	0.7	0.7	0.2
UHT milk	1.3	2.1	4.6	4.6	4.5
Flavoured milk	12.8	14.2	6.0	6.5	4.3
Yoghurt	1.0	3.2	1.8	3.4	2.8
Maas	-1.5	0.7	0.3	3.3	4.4
Pre-packaged cheese	6.5	5.5	5.3	3.9	3.3
Cream cheese	7.6	12.6	9.7	8.9	8.2
Butter	-4.8	-2.3	-2.1	0.6	1.3
Cream	5.1	5.9	6.4	6.0	5.7

Source: Nielsen as supplied by SAMPRO

Butter retail sales in March of this year were 4.8% lower than in March 2025. Similarly, cumulative retail sales volumes declined over both the three-month period (January to March 2026) and the six-month period (October 2025 to March 2026) compared with the corresponding period of one year earlier. Otherwise, retail sales quantities for dairy products seem to be increasing, with flavoured milk showing the biggest increase in March 2026 (+12.8%) followed by cream cheese (+7.6%).

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

PRODUCT	March 2026 vs February 2026 (1 month)	March 2026 vs December 2025 (3 months)	March 2026 vs September 2025 (6 months)	March 2026 vs June 2025 (9 months)	March 2026 vs March 2025 (12 months)	March 2026 vs September 2024 (18 months)	March 2026 vs March 2024 (24 months)
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
FRESH MILK	0.1	1.0	0.4	0.8	0.2	-1.0	-0.8
UHT MILK	-0.8	2.7	-0.7	0.9	1.1	-1.0	0.8
FLAVOURED MILK	0.5	3.1	2.1	1.4	3.5	5.5	10.4
YOGHURT	-0.9	4.8	1.0	1.2	1.4	1.7	5.2
MAAS	0.3	2.8	2.7	2.3	1.7	1.3	3.0
PRE-PACKAGED CHEESE	-1.1	2.8	0.3	-1.3	0.2	3.6	2.6
CREAM CHEESE	-0.6	-3.1	-0.1	-3.5	0.8	1.9	4.7
BUTTER	-1.0	2.9	3.5	0.9	7.5	3.5	7.5
CREAM	-1.0	-1.3	0.1	-0.6	0.5	0.6	2.1

Source: Nielsen as supplied by SAMPRO

Compared with the previous month, the retail prices of most dairy products declined in March 2026. Fresh milk, flavoured milk and maas were the only exceptions, recording marginal price increases.

On a YoY basis, the retail prices of all the evaluated dairy products increased, with butter recording the largest increase at 7.5%. In contrast, the retail price of fresh milk was 1.0% lower than 18 months before and 0.8% lower than two years before. Maas and flavoured milk were the only two products to record price increases across all comparison periods.

Overall, Table 7 indicates that the retail prices of most dairy products were higher in March 2026 than one and two years earlier. However, these prices increased at a slower rate than the 3.4% increase in the overall food Consumer Price Index (CPI) between March 2025 and March 2026.

TABLE 8: CHANGES IN THE RETAIL SALES QUANTITIES FOR APRIL 2024 TO MARCH 2025, COMPARED TO APRIL 2025 TO MARCH 2026 AND CHANGES IN THE RETAIL PRICES FROM MARCH 2025 TO MARCH 2026 OF SPECIFIC FOOD PRODUCT

FOOD PRODUCTS	CHANGE IN RETAIL SALES QUANTITY (PERCENT)	CHANGE IN RETAIL PRICES (PERCENT)
INSTANT CEREALS	3.3	3.9
BREAD	0.5	2.8
RICE	11.6	-20.7
MAIZE MEAL	0.6	-20.4
MARGARINE	-1.3	4.3
TEA	-0.4	7.4
COFFEE	-0.1	8.0
SHORT LIFE JUICE	2.1	1.0

Source: Nielsen as supplied by SAMPRO

Six of the eight specific food products in Table 8 recorded increases in their retail prices compared with the corresponding period one year earlier. Rice and maize meal were the only products to register price declines, decreasing by a significant 20.7% and 20.4%, respectively. Despite the substantial reduction in the retail price of maize meal, its sales volume increased by only 0.6%, confirming the product's inelastic demand. In contrast, rice sales volumes rose by a notable 11.6%, suggesting that the lower retail price may have contributed to stronger consumer demand.

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

PRODUCT	March 2026 vs March 2025	January 2026 to March 2026 vs January 2025 to March 2025 (3 months)	October 2025 to March 2026 vs October 2024 to March 2025 (6 months)	July 2025 to March 2026 vs July 2024 to March 2025 (9 months)	April 2025 to March 2026 vs April 2024 to March 2025 (12 months)
	percent	percent	percent	percent	percent
INSTANT CEREALS	-1.8	0.8	2.4	3.6	3.3
BREAD	-3.2	-2.3	-1.3	0.4	0.5
RICE	6.9	9.4	11.8	12.4	11.6
MAIZE MEAL	1.7	1.8	2.2	2.9	0.6
MARGARINE	-3.8	-2.7	-2.3	-2.1	-1.3
TEA	-5.9	-5.0	-0.2	-0.5	-0.4
COFFEE	0.01	-2.7	-1.0	-0.5	-0.1
SHORT LIFE JUICE	4.4	6.2	2.1	2.9	2.1

Source: Nielsen as supplied by SAMPRO

Rice, maize meal and short-life juice recorded increases in retail sales volumes across all five comparative periods. In contrast, tea and coffee exhibited consistent declines in sales volumes over most of the comparison periods.

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

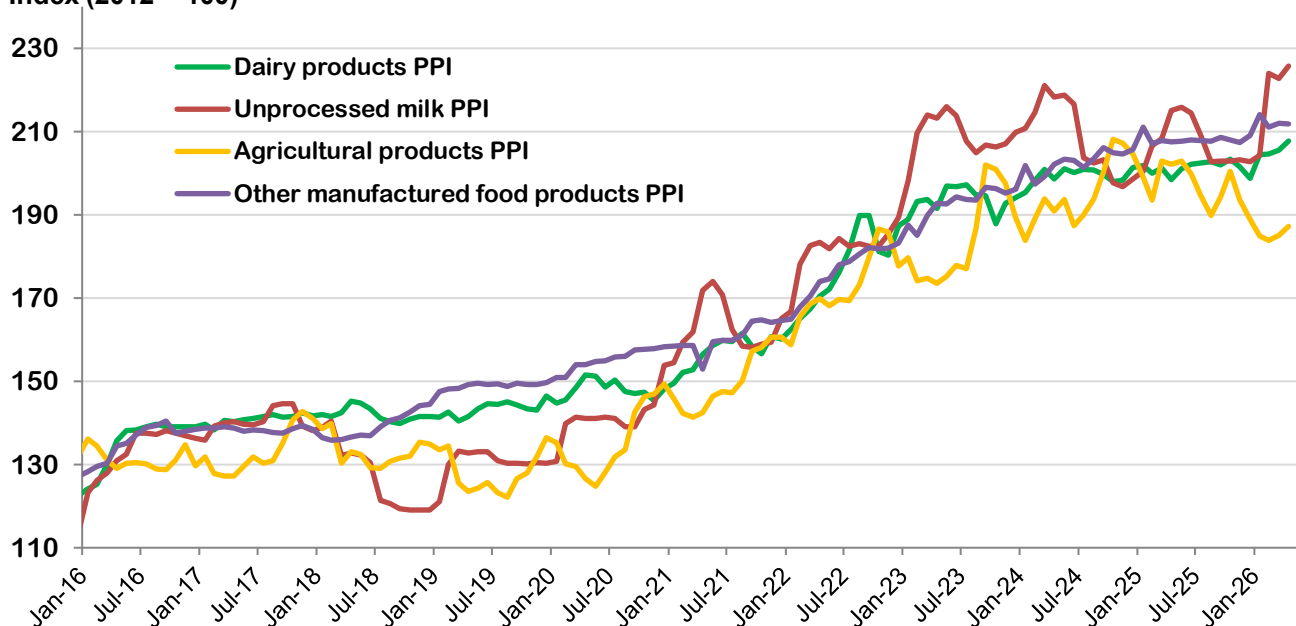
PRODUCT	March 2026 vs February 2026 (1 month)	March 2026 vs December 2025 (3 months)	March 2026 vs September 2025 (6 months)	March 2026 vs June 2025 (9 months)	March 2026 vs March 2025 (12 months)	March 2026 vs September 2024 (18 months)	March 2026 vs March 2024 (24 months)
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
INSTANT CEREALS	0.6	8.4	6.2	9.7	3.9	7.3	8.5
BREAD	0.6	0.9	2.6	2.7	2.8	3.0	7.4
RICE	-1.7	-1.8	-9.1	-15.9	-20.7	-25.4	-24.7
MAIZE MEAL	-0.9	-4.3	-10.3	-14.1	-20.4	-8.9	2.7
MARGARINE	0.6	0.7	1.4	2.3	4.3	7.1	5.3
TEA	1.0	12.6	8.0	10.5	7.4	14.4	23.2
COFFEE	-0.5	9.4	10.2	16.1	8.0	20.0	27.0
SHORT LIFE JUICE	0.3	7.0	-2.1	-3.2	1.0	0.0	7.0

Source: Nielsen as supplied by SAMPRO

The average retail price of rice continued to decline in March 2026, decreasing by a further 1.7% from February. As a result, its retail price in March was 25.4% lower than it was 18 months before. Excluding rice and maize meal, all other products recorded YoY increases in their average retail prices in March 2026. For four of the products, increases were higher than the overall food inflation rate of 3.4% in March 2026, suggesting that price inflation for these products outpaced the average rate of food price inflation.

FIGURE 12: PRODUCER PRICE INDICES OF SOUTH AFRICAN AGRICULTURAL AND FOOD PRODUCTS, JANUARY 2016 – MAY 2026

Index (2012 = 100)



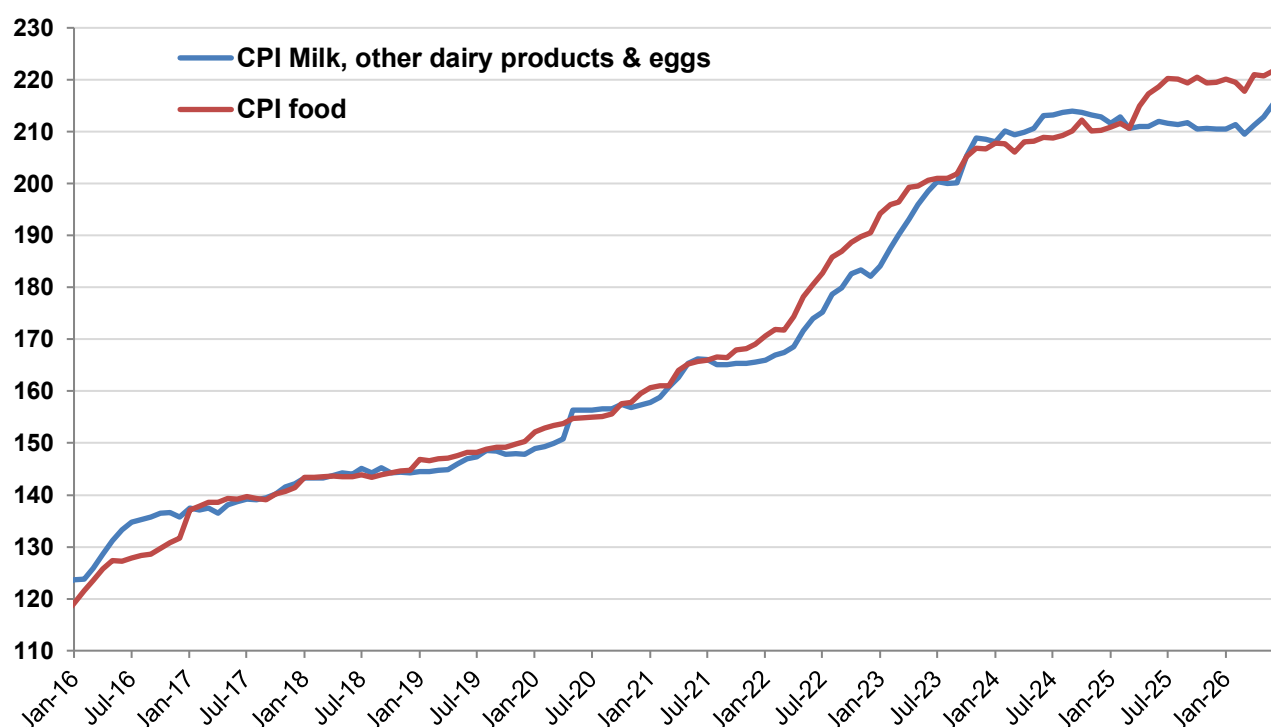
Source: Stats SA

The PPI for unprocessed milk recorded notable declines in August and September 2025, after which it remained relatively stable at around 203 index points for five consecutive months until February 2026. In March 2026, however, the index increased sharply by 9.6%.

Following a period of convergence between the PPI for unprocessed milk and the PPI for dairy products from September 2025 to January 2026, the two indices began to diverge markedly once again. A comparison of producer price movements since January 2026 shows that the PPI for unprocessed milk increased by 11.4%, substantially outpacing the 4.5% increase recorded for dairy products over the same period. This suggests that producer prices for raw milk have risen at a considerably faster rate than producer prices for processed dairy products.

The PPI for agricultural products continued to display considerable volatility over the past two years, resulting in a pronounced zig-zag trend. It was also the only PPI category of the four shown in Figure 12, to record a YoY decline in May 2026, decreasing by 7.4%. The PPI for other manufactured food products continued its gradual upward trend during the first five months of 2026 and shows a YoY increase of 2.1% in May 2026.

FIGURE 13: CONSUMER PRICE INDICES OF SOUTH AFRICAN FOOD AND DAIRY PRODUCTS, JANUARY 2016 – JUNE 2026



Source: Stats SA

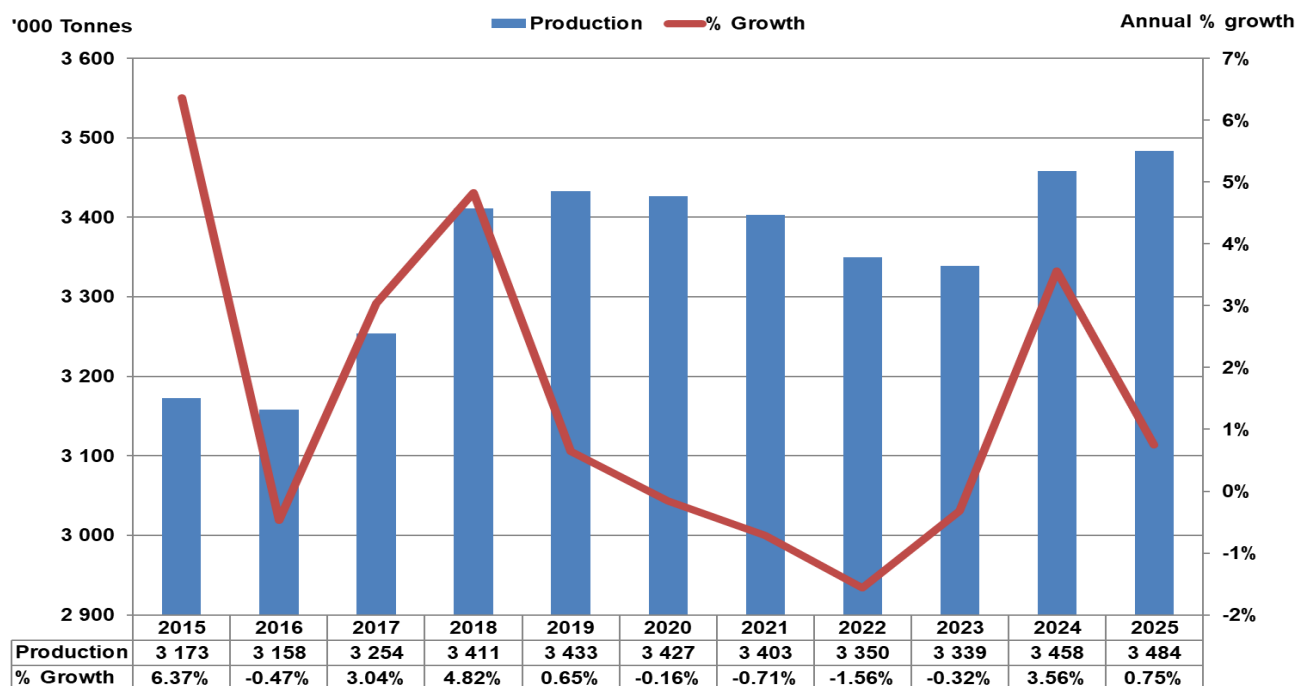
Both the overall Food CPI and the CPI for milk, other dairy products and eggs have followed a clear upward trend since 2016, reflecting the cumulative increase in consumer food prices over time.

Since March 2025, inflation for milk, other dairy products and eggs has remained relatively stable and consistently below the overall Food CPI. In March 2026, both indices declined by 0.8%, however, since then, the CPI for milk, other dairy products and eggs has increased by 2.8%, compared with only a 1.8% increase in the overall Food CPI, indicating that the gap between the two indices has begun to narrow once again. In June 2026, the YoY CPI for milk, other dairy products and eggs increased by 1.6%, compared with an increase of 1.4% in the overall Food CPI.

The recent acceleration in the CPI for milk, other dairy products and eggs, following more than a year of minimal movement, may partly reflect the delayed effects of the Foot and Mouth Disease

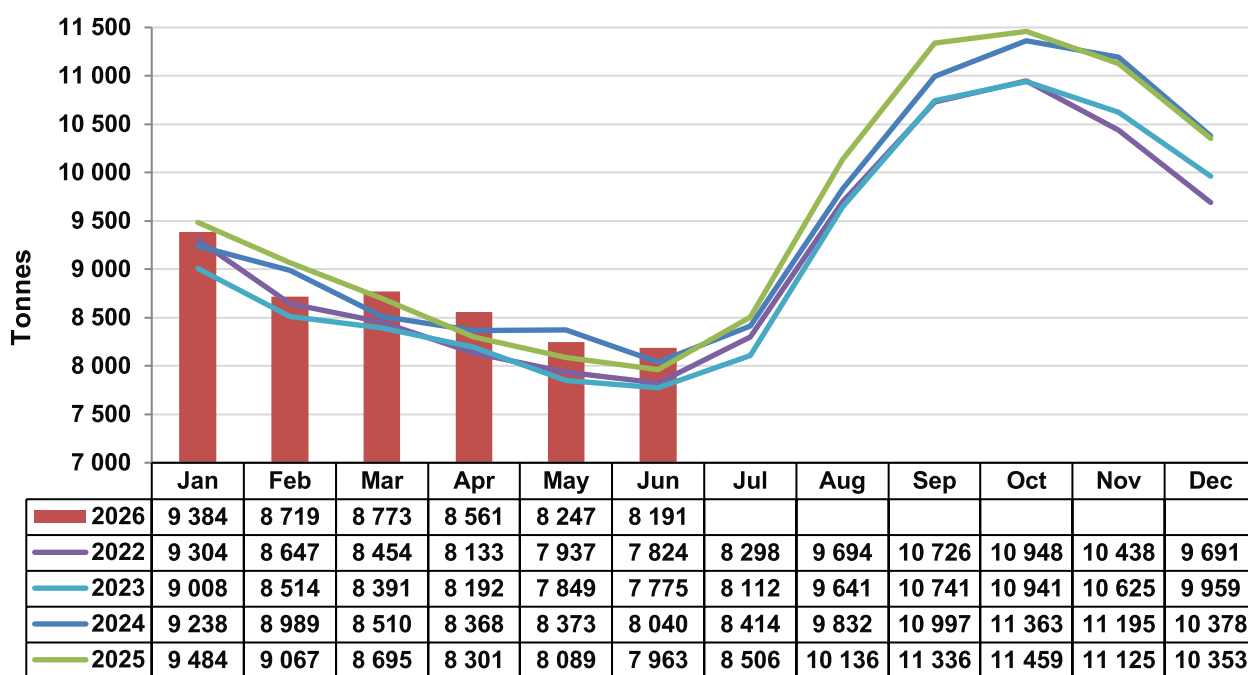
(FMD) outbreak in South Africa. Between March 2025 and March 2026, the CPI for milk, other dairy products and eggs stayed constant (only decreasing by 0.5%), while the PPI for unprocessed milk increased by 8.4% over the same period. This suggests that rising production costs were not fully passed to consumers, with the value chain likely absorbing most of these cost increases. The subsequent increase in the dairy CPI indicates that this absorption ultimately became unsustainable, resulting in higher retail prices being passed on to consumers.

FIGURE 14: ANNUAL SOUTH AFRICAN UNPROCESSED MILK PURCHASES, 2015 – 2025



Source: Milk SA

FIGURE 15: SOUTH AFRICAN UNPROCESSED MILK PURCHASES DAILY AVERAGE PER MONTH, JANUARY 2022 –JUNE 2026



Source: Milk SA

Average daily unprocessed milk purchases continued to follow the typical seasonal pattern observed in recent years (Figure 15). Purchases declined steadily from 9 384 tonnes per day in January 2026 to 8 191 tonnes per day in June, reflecting the seasonal reduction in milk production during the autumn and early winter months. Despite this decline, average daily purchases during the first half of 2026 remained above the corresponding levels recorded in 2022, 2023 and 2025, while closely following the volumes observed in 2024. June 2026 purchases were 1.3% higher than in June 2025 and 3.7% above the average for the corresponding month of the previous four years. Based on historical trends, milk purchases are expected to recover from July onwards, typically peaking during September and October before declining again towards the end of the year.

TABLE 11: CUMULATIVE UNPROCESSED MILK PURCHASES (Tonnes), 2022 – 2026

Month	2022	2023	2024	2025	2026
January	288 433	279 249	286 500	294 000	290 909
February	530 550	517 630	537 963*	547 882	535 047
March	792 617	777 739	802 206	817 440	807 009
April	1 036 592	1 023 494	1 052 488	1 066 466	1 063 829
May	1 282 647	1 266 826	1 311 354	1 317 237	1 319 496
June	1 517 370	1 500 075	1 550 988	1 556 113	1 565 213
July	1 774 605	1 751 534	1 811 831	1 819 812	
August	2 075 131	2 050 399	2 116 812	2 134 014	
September	2 396 918	2 372 636	2 446 498	2 474 084	
October	2 736 299	2 711 793	2 798 563	2 829 314	
November	3 049 429	3 030 555	3 135 400	3 163 052	
December	3 349 861	3 339 272	3 458 059	3 483 993	

Source: Milk SA

The last two months are preliminary

** February 2024 = 29 days (leap February)*

The cumulative tonnes of unprocessed milk purchases for the first six months of 2026 were 0.6% higher than during the same period of 2025 (Table 11).

Table 12 presents the quantity of unprocessed milk allocated to the manufacturing of various processed dairy products, compared with the corresponding period in previous years. Several notable changes were observed during the first three months of 2026. The quantity of unprocessed milk used in the production of FMP declined by 22.7%, and whey powder and butter production decreased by 13.8% and 11.2%, respectively.

In contrast, larger quantities of unprocessed milk were allocated to the production of sweetened, flavoured and coloured milk (+16.4%) and long-life and sterilised milk (+12.1%). Despite these shifts in product allocation, the total quantity of unprocessed milk utilised in the manufacture of processed dairy products remained largely unchanged, declining by less than 1.0% compared with the corresponding period in 2025. This suggests that the overall volume of milk processed remained stable, while processors adjusted the allocation of raw milk across different product categories in response to changing market conditions.

TABLE 12: Total kilograms of unprocessed milk used in dairy products for the years 2022 through 2026 and the volume of byproducts manufactured over the same period

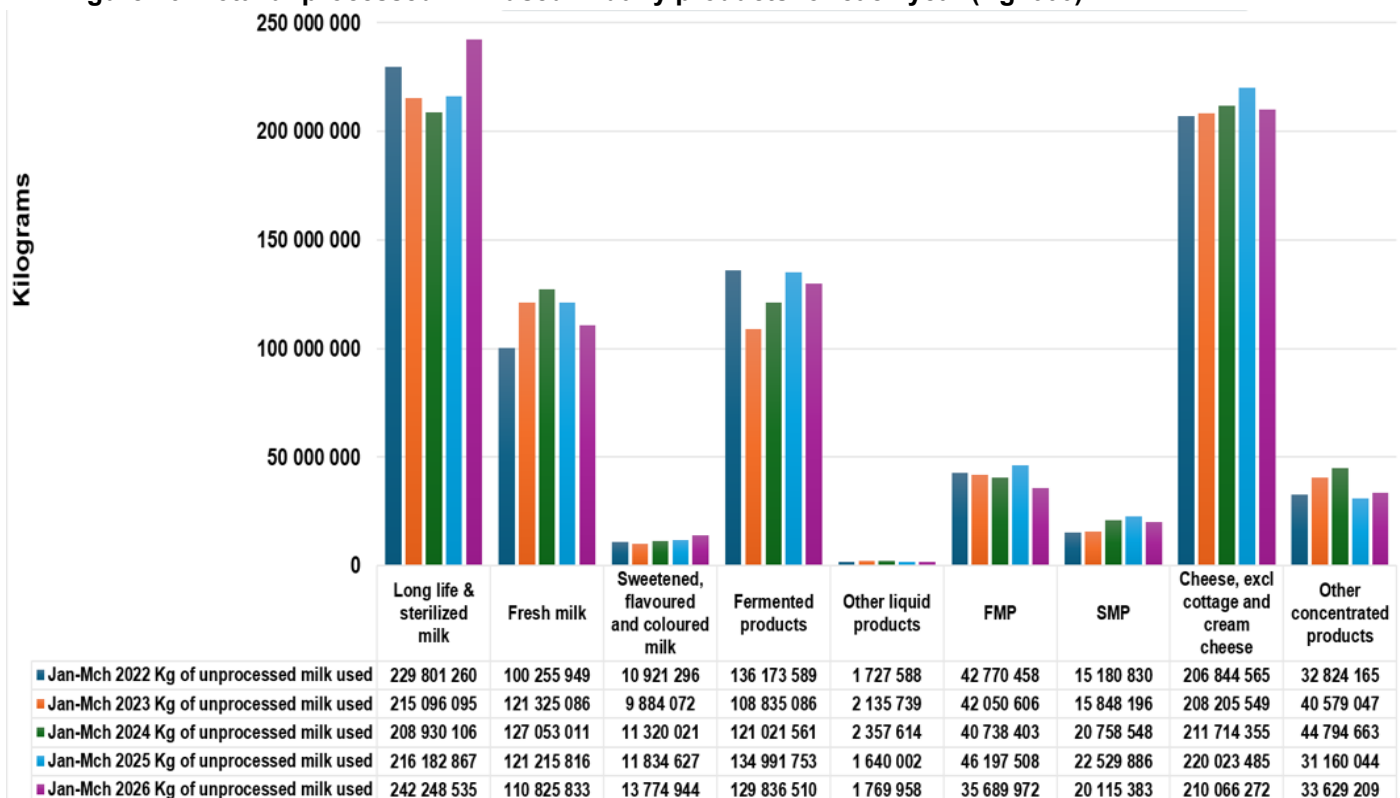
Product/Period	Kilogram of unprocessed milk used					% Change 2026 to 2025	Change in milk allocation in mass (2024 to 2025)
	Jan - March 2022	Jan - March 2023	Jan - March 2024	Jan - March 2025	Jan - March 2026		
Long life & sterilized milk	229 801 260	215 096 095	208 930 106	216 182 867	242 248 535	12.06%	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
Total kg unprocessed milk used in dairy products	776 499 699	763 959 476	788 688 281	805 775 988	797 956 616	-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.

Figure 16 below is a schematic representation of Table 12 showing the mass of unprocessed milk used in dairy products from January to March of each year since 2022.

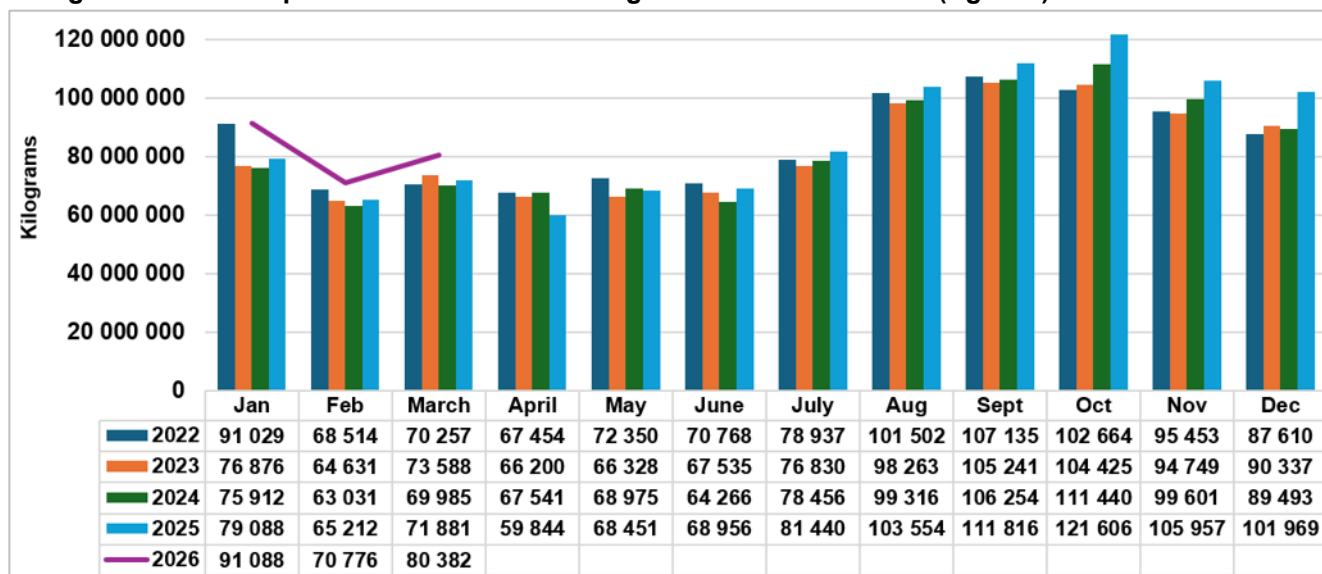
Figure 16: Total unprocessed milk used in dairy products for each year (Kg '000)



Source: Milk SA.

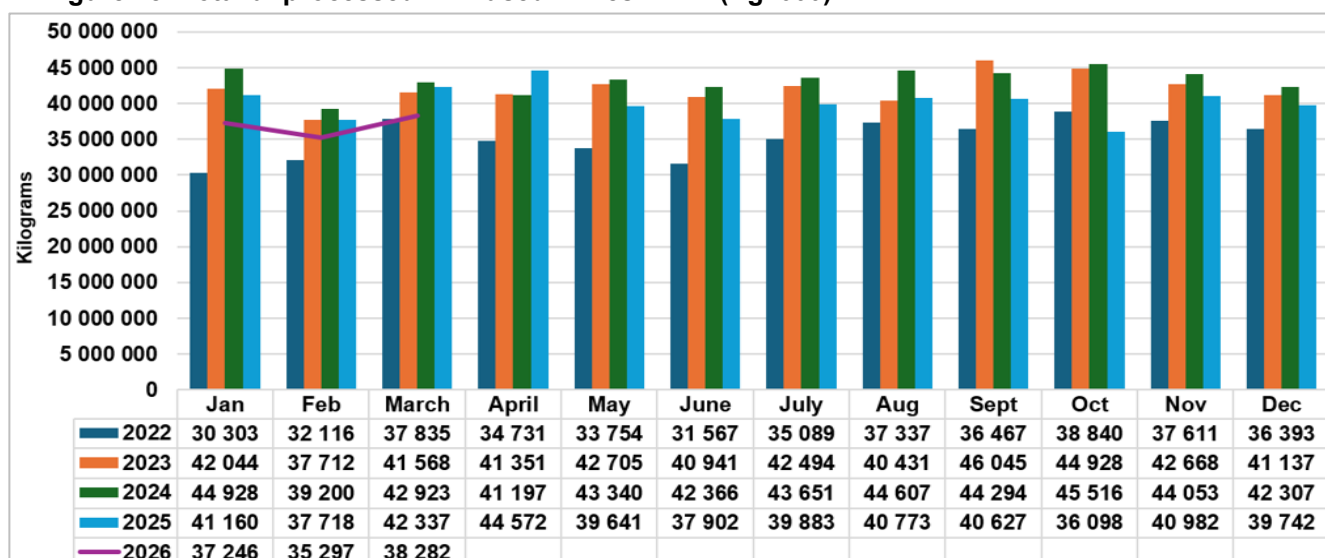
Figures 17 to 25 shows the mass of unprocessed milk used in the different dairy products for 2022 through March 2026. Note that the last two months of 2026 is preliminary.

Figure 17: Total unprocessed milk used in long-life and sterilised milk (Kg '000)



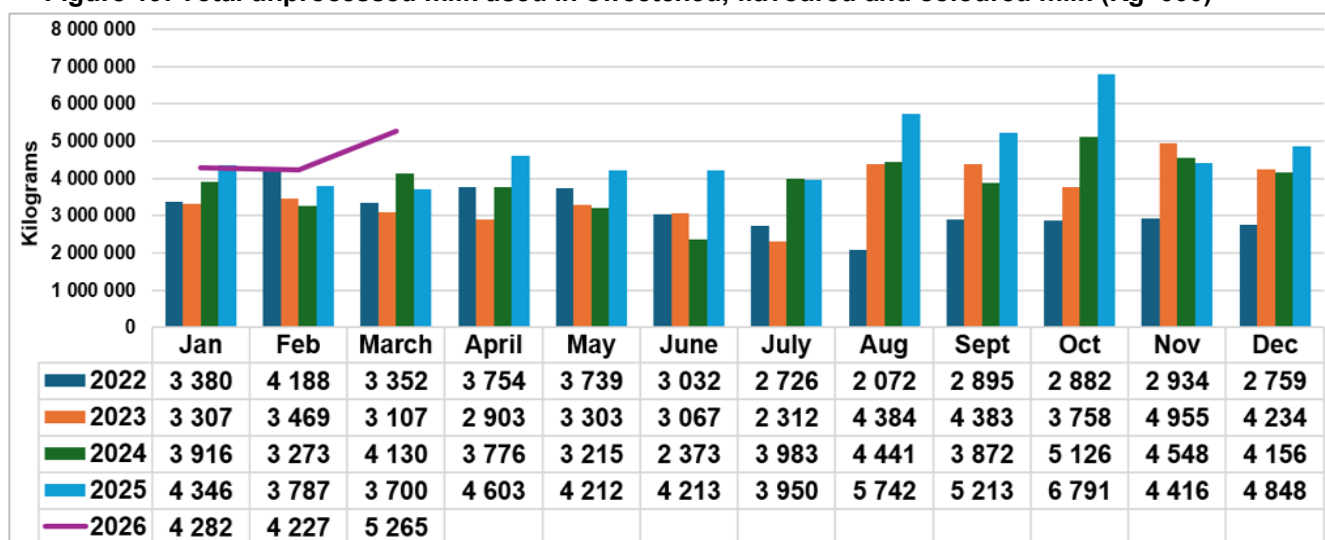
Source: Milk SA

Figure 18: Total unprocessed milk used in fresh milk (Kg '000)



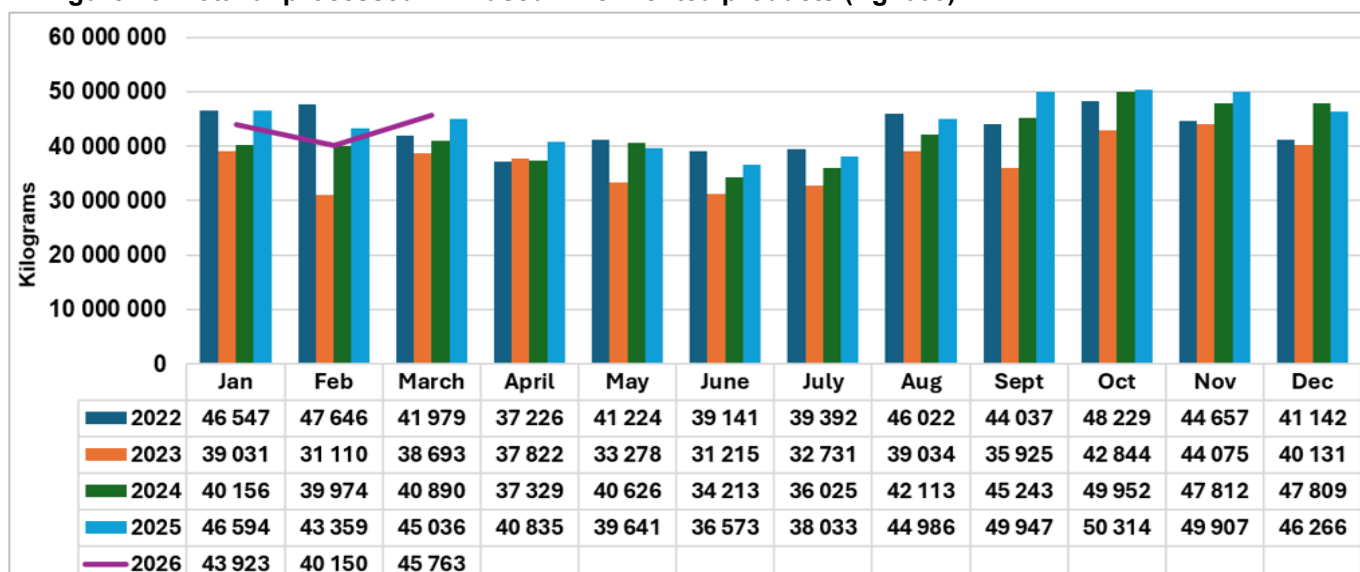
Source: Milk SA

Figure 19: Total unprocessed milk used in sweetened, flavoured and coloured milk (Kg '000)



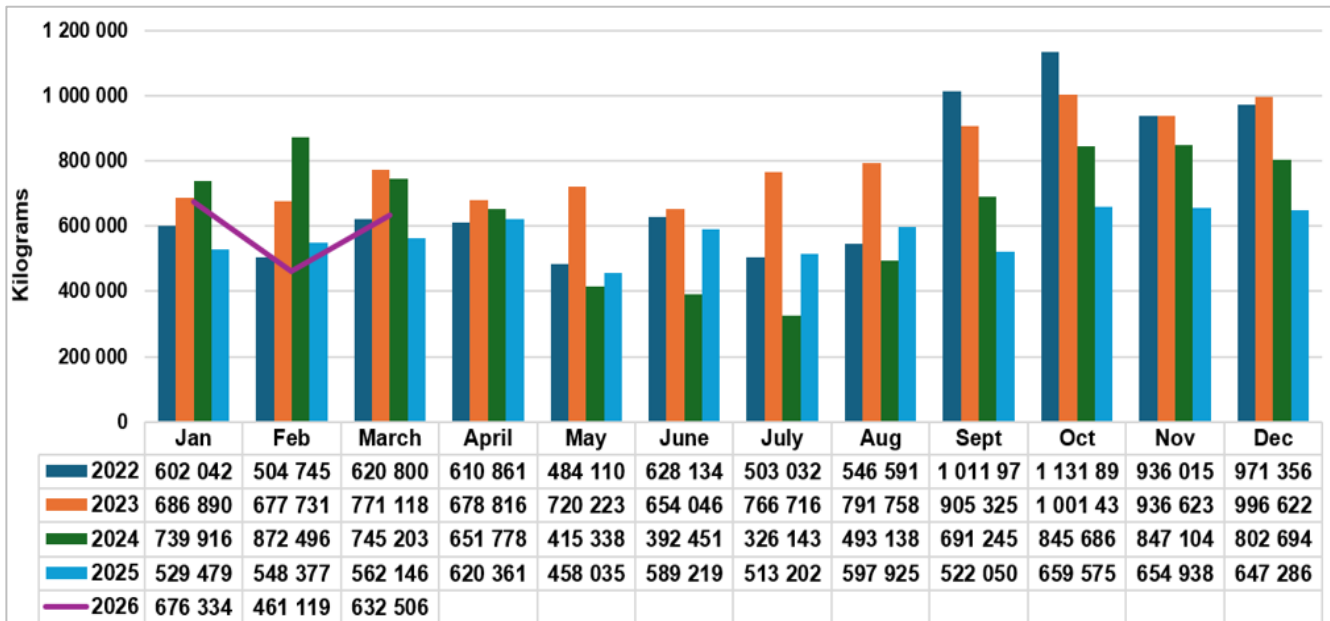
Source: Milk SA

Figure 20: Total unprocessed milk used in fermented products (Kg '000)



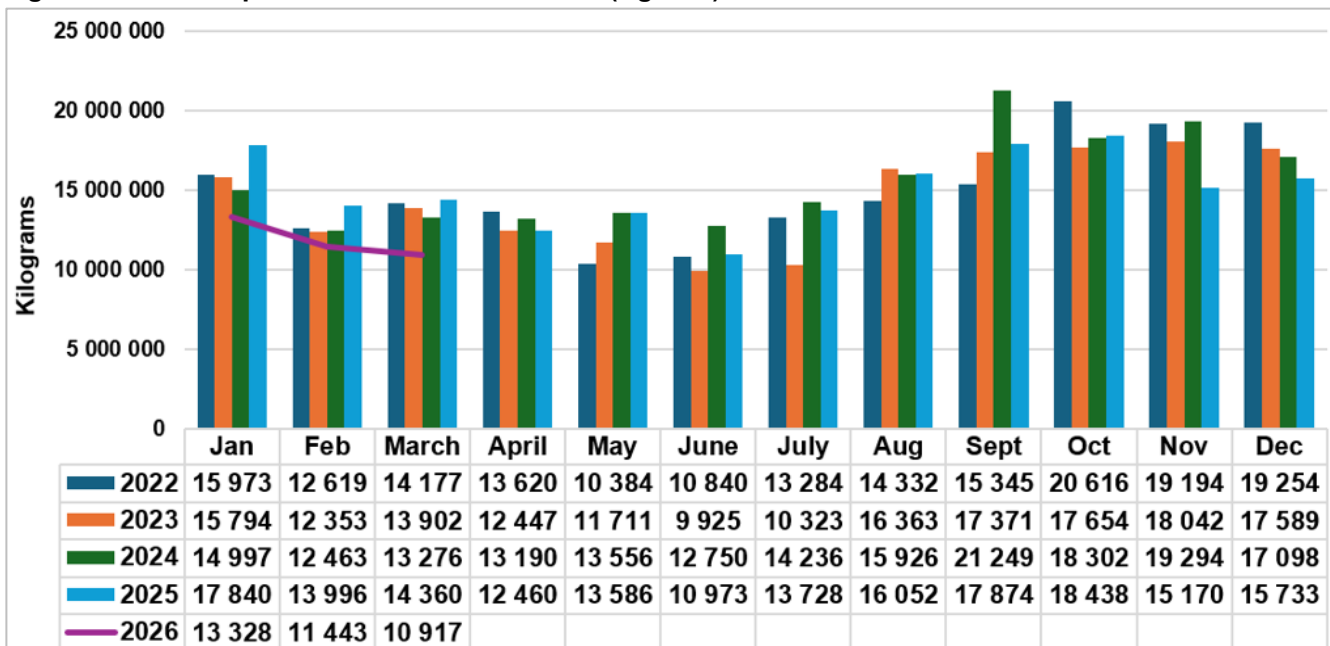
Source: Milk SA

Figure 21: Total unprocessed milk used in other liquid products (Kg '000)



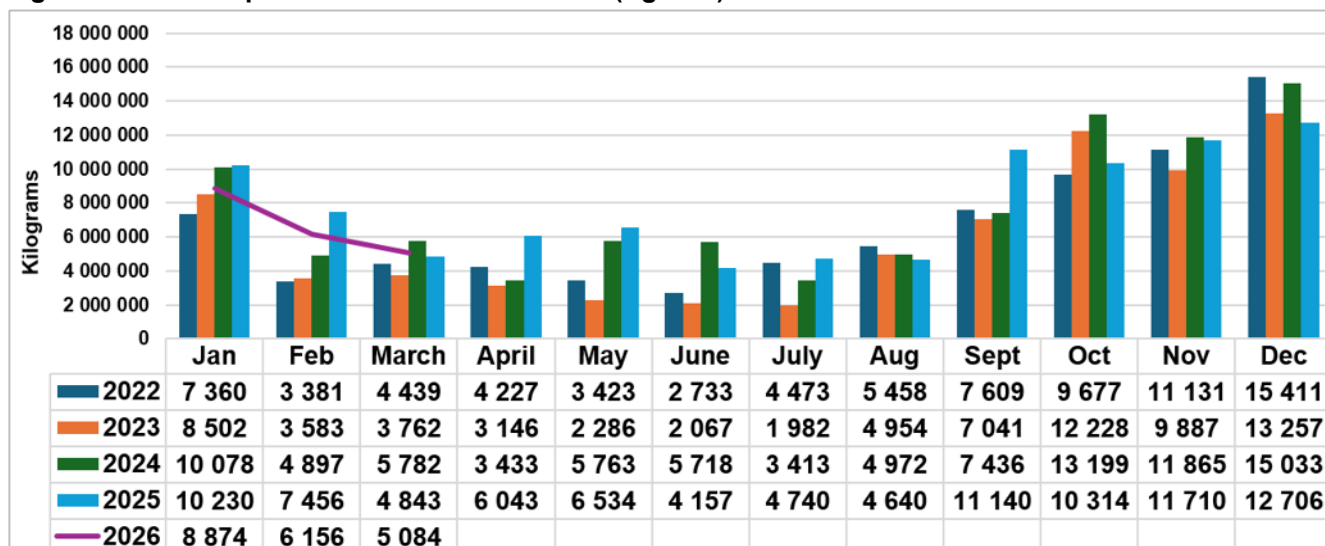
Source: Milk SA

Figure 22: Total unprocessed milk used in FMP (Kg '000)



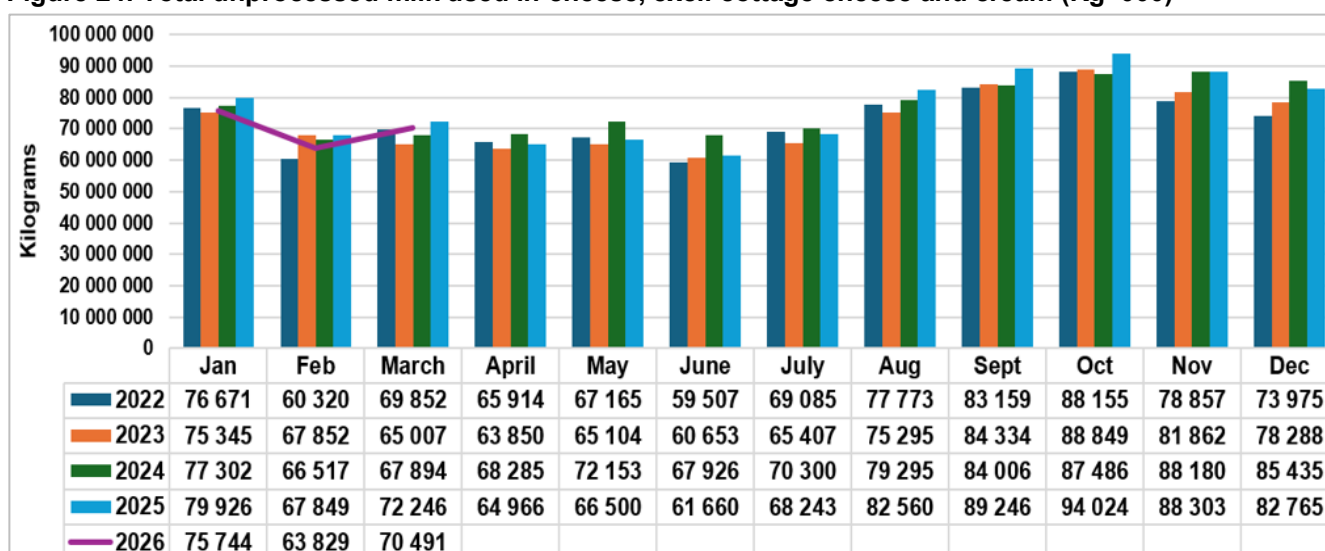
Source: Milk SA

Figure 23: Total unprocessed milk used in SMP (Kg '000)



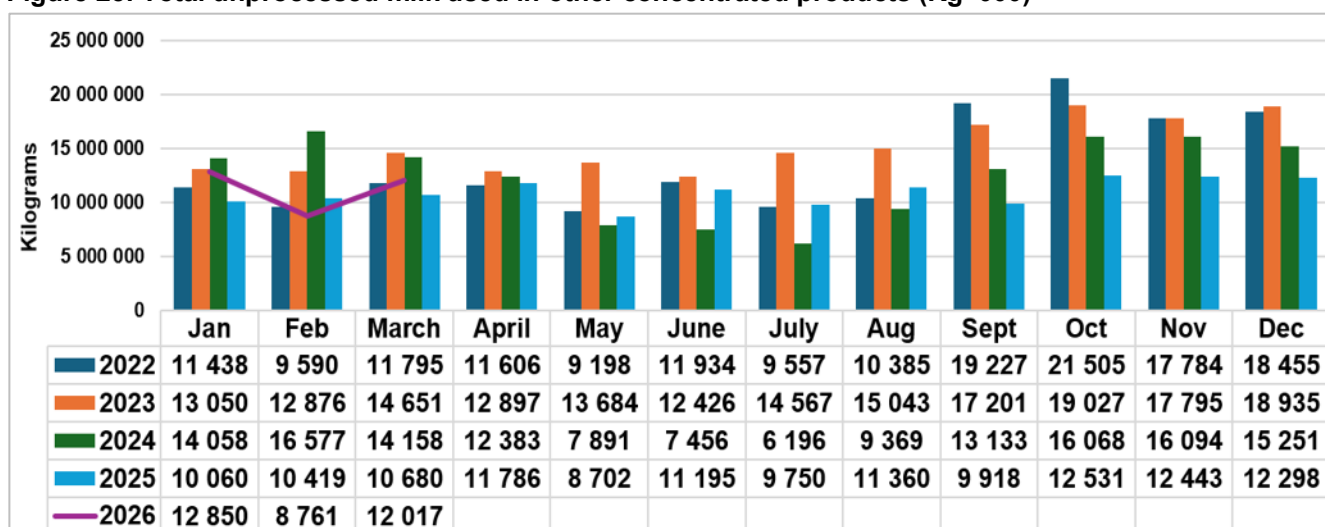
Source: Milk SA

Figure 24: Total unprocessed milk used in cheese, excl. cottage cheese and cream (Kg '000)



Source: Milk SA

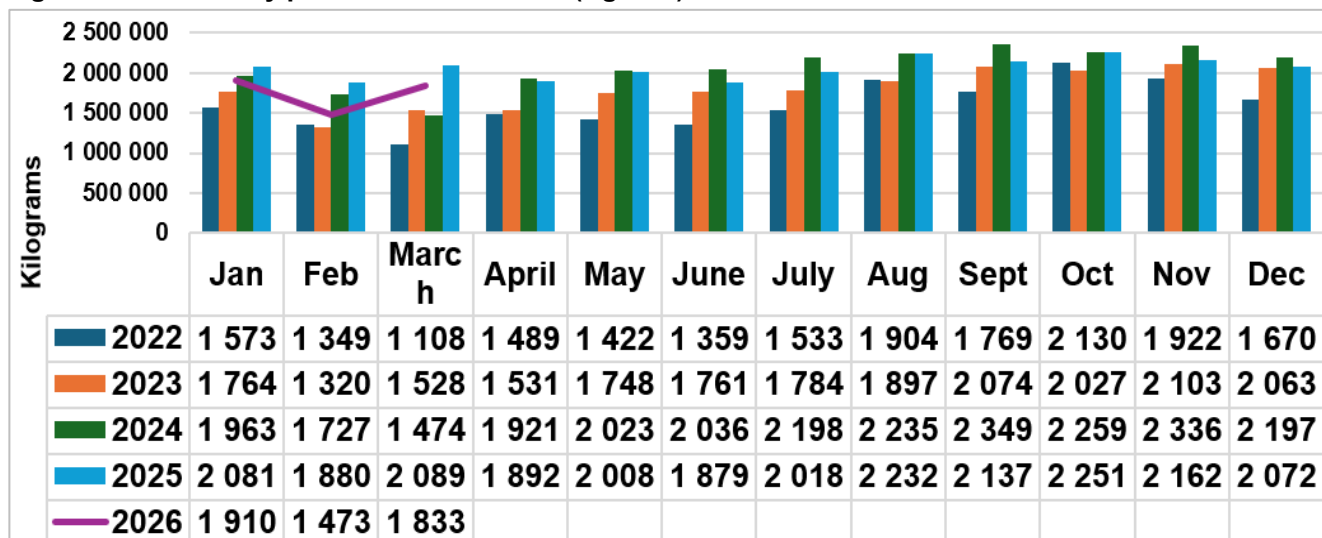
Figure 25: Total unprocessed milk used in other concentrated products (Kg '000)



Source: Milk SA

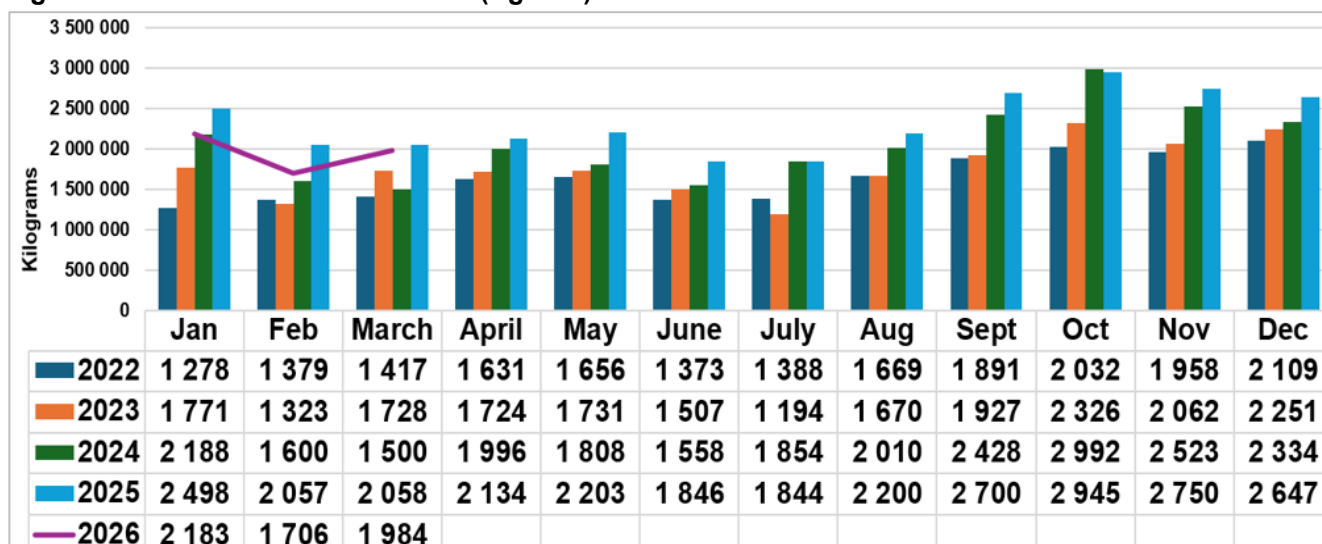
Figures 26 and 27 show the mass of whey powder and butter manufactured for 2022 through 2025. Note that the last two months of 2025 is preliminary.

Figure 26: Total whey powder manufactured (Kg '000)



Source: Milk SA

Figure 27: Total butter manufactured (Kg '000)



Source: Milk SA

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