

Dairy industry review™



MILK SOUTH AFRICA / MELK SUID-AFRIKA

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1. International dairy situation

1.1 International dairy product prices

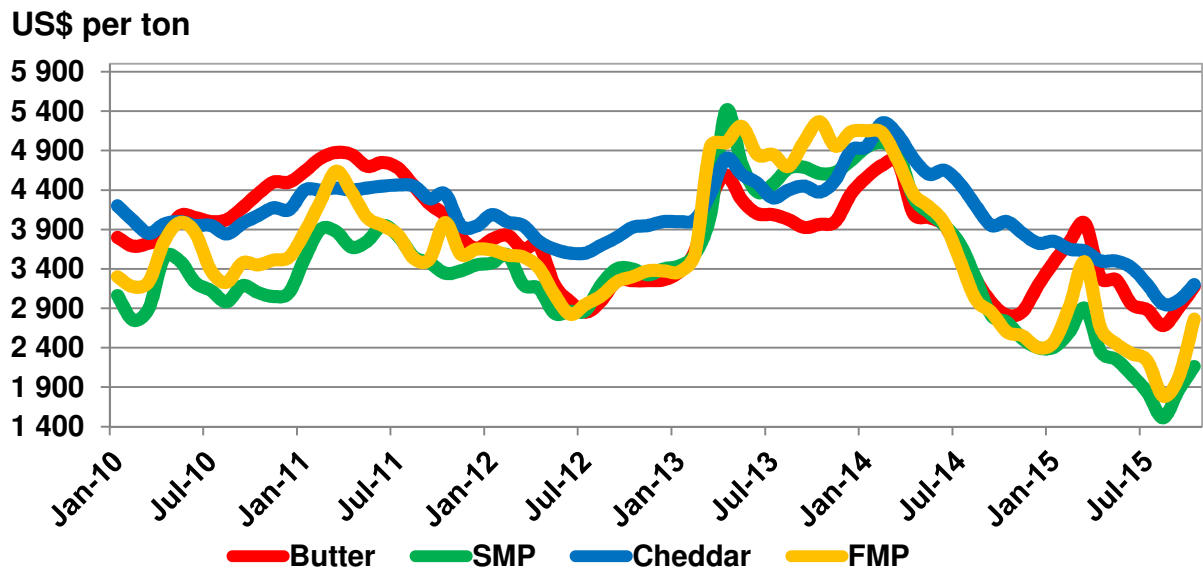
World dairy product prices are shown in Table 1 and in Figure 1.

Table 1 : Monthly international FOB prices for New Zealand dairy products, July 2013 to October 2015

Month /	Price US\$ / ton			SA cent / US\$	Price Rand / ton		
	Butter	SMP	Cheddar		Butter	SMP	Cheddar
Jul-13	4 088	4 475	4 300	991	40 507	44 347	42 613
Aug-13	4 025	4 675	4 400	1 007	40 532	47 077	44 308
Sep-13	3 925	4 688	4 450	1 005	39 446	47 109	44 723
Oct-13	3 965	4 610	4 375	1 000	39 650	46 100	43 750
Nov-13	4 000	4 625	4 525	1 020	40 800	47 175	46 155
Dec-13	4 350	4 775	4 900	1 036	45 066	49 469	50 764
Jan-14	4 560	4 943	4 950	1 087	49 567	53 730	53 807
Feb-14	4 713	5 000	5 250	1 096	51 654	54 800	57 540
Mar-14	4 756	4 887	5 100	1 075	51 127	52 535	54 825
Apr-14	4 100	4 308	4 800	1 055	43 255	45 449	50 640
May-14	4 050	4 112	4 600	1 040	42 120	42 765	47 840
Jun-14	3 830	3 925	4 600	1 068	40 904	41 919	49 128
Jul-14	3 600	3 712	4 475	1 067	38 412	39 607	47 748
Aug-14	3 262	3 277	4 200	1 069	34 871	35 031	44 898
Sep-14	2 975	2 813	3 950	1095	32 576	30 802	43 253
Oct-14	2 813	2 725	4 000	1 107	31 140	30 166	44 280
Nov-14	2 860	2 512	3 850	1 110	31 746	27 883	42 735
Dec-14	3 193	2 400	3 725	1 148	36 656	27 552	42 763
Jan-15	3 485	2 406	3 750	1157	40 321	27 837	43 388
Feb-15	3 743	2 600	3 650	1158	43 344	30 108	42 267
Mar-15	3 975	2 900	3 625	1206	47 939	34 974	43 718
Apr-15	3 285	2 350	3 500	1201	39 453	28 224	42 035
May-15	3 262	2 250	3 500	1197	39 046	26 933	41 895
Jun-15	2 950	2 055	3 412	1230	36 285	25 277	41 968
Jul-15	2 880	1 831	3 200	1245	35 856	22 796	39 840
Aug-15	2 681	1 512	2 956	1291	34 612	19 520	38 162
Sep-15	2 906	1 862	3 000	1366	39 696	25 435	40 980
Oct-15	3 175	2 162	3 200	1353	42 958	29 252	43 296

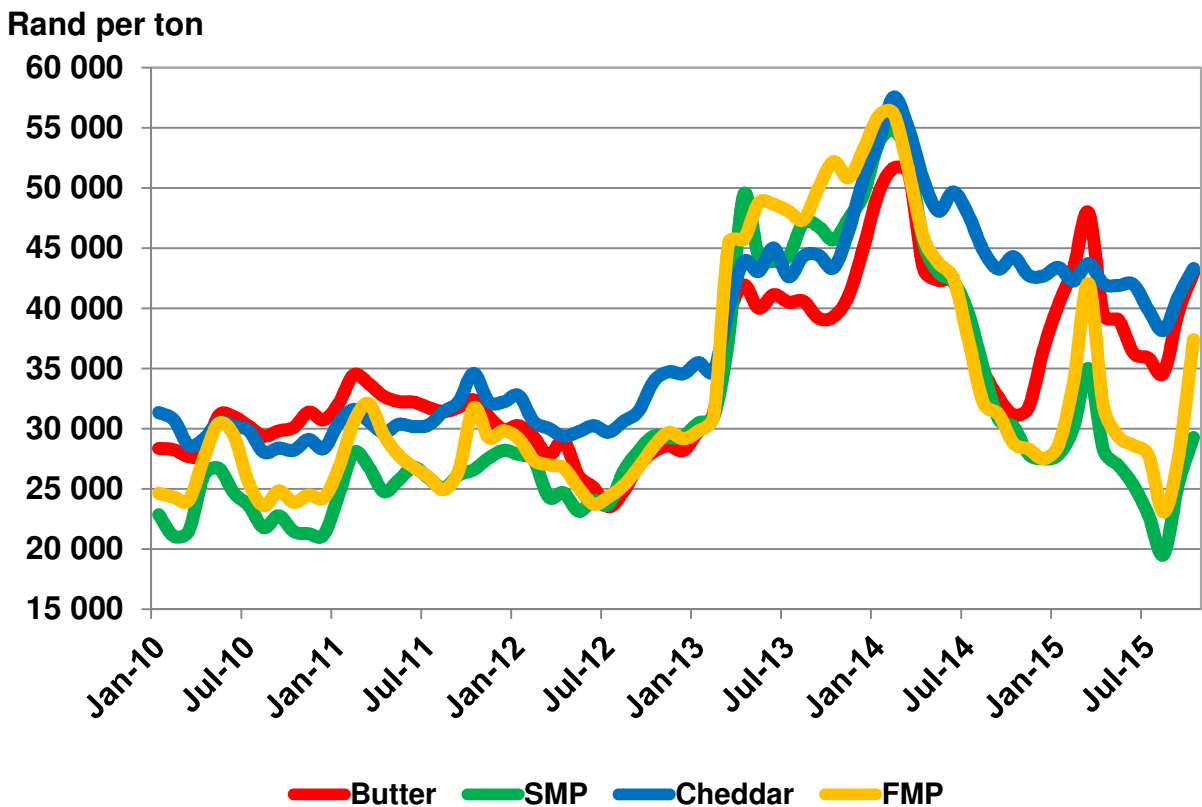
Source : USDA, SA Reserve Bank, Grain SA

Figure 1: International dairy product prices (Free on board), US\$ per ton, January 2010 to October 2015



Source : USDA

Figure 2: International dairy product prices (Free on board), Rand per ton, January 2010 to October 2015



Source : USDA, SA Reserve Bank

2. Milk purchases in South Africa

Annual and monthly raw milk purchases are shown in Table 2. Annual raw milk purchases are shown in Figure 3.

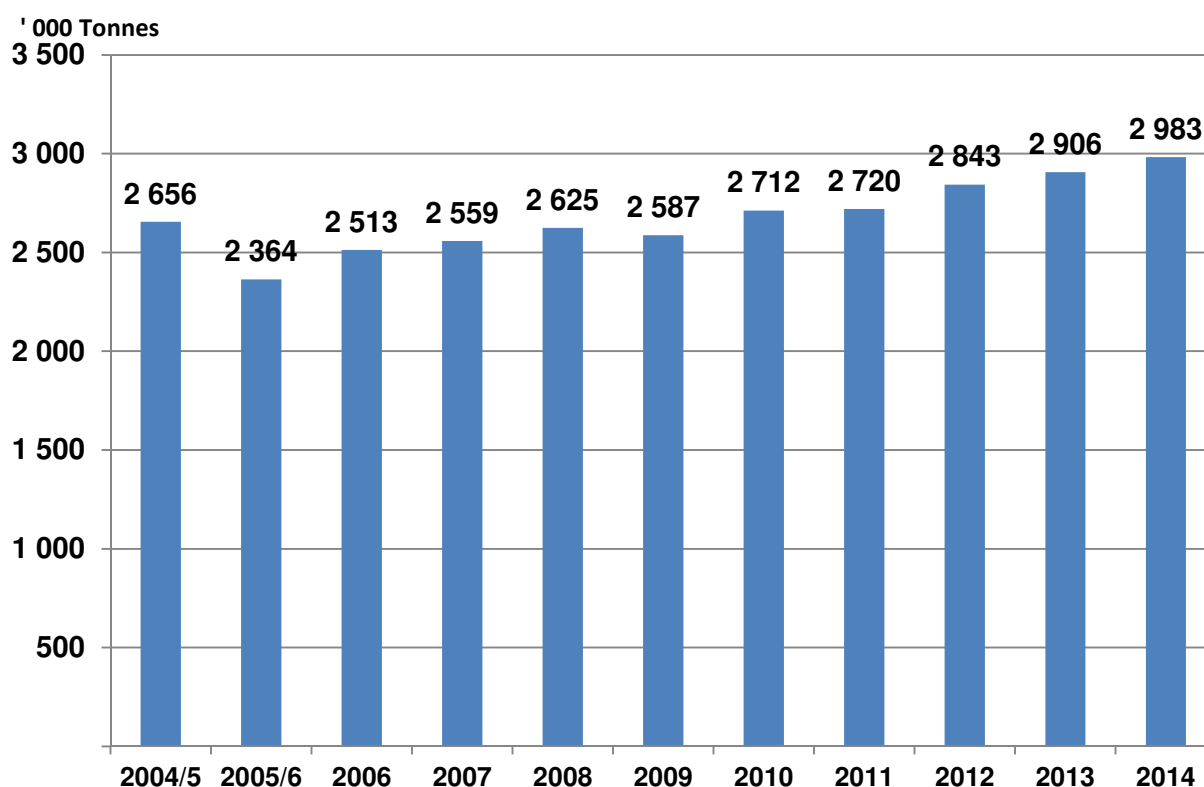
Table 2: Annual and monthly raw milk purchases in South Africa (' 000 Tonnes)

Period	Purchases ' 000 Tonnes
2012	2 843
2013	2 906
2014	2 983
Jan-15	273
Feb-15	237
Mar-15	252
Apr-15	232
May-15	246
Jun-15	235
Jul-15	243
Aug-15*	273
Sep-15*	293

Source: Milk SA

* Estimate based on Milk SA sample

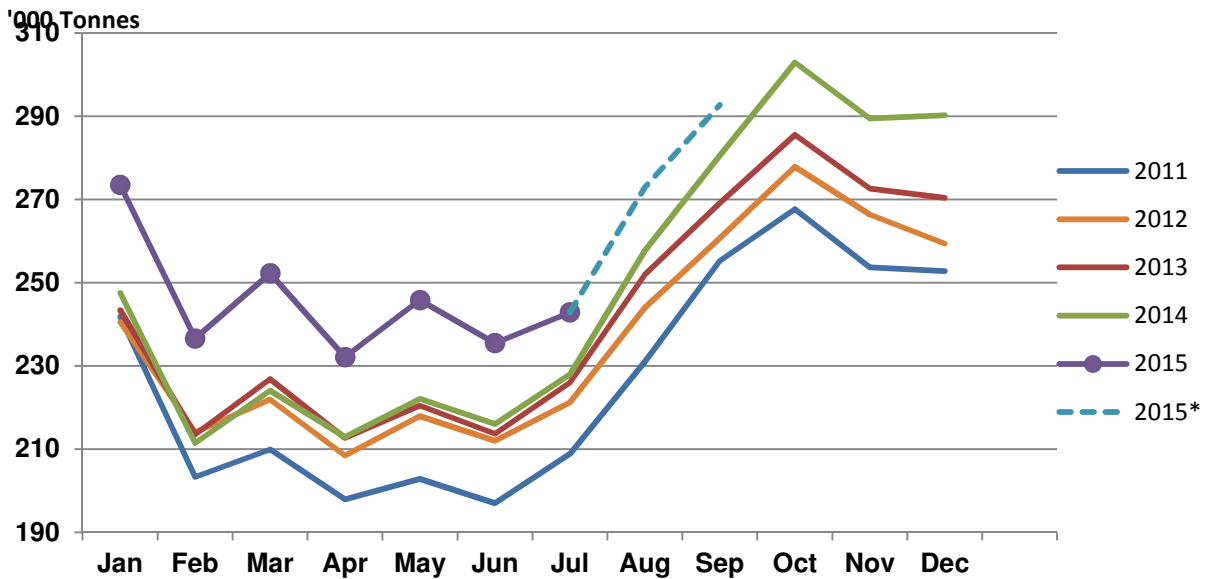
Figure 3: Annual raw milk purchases in South Africa ('000 Tonnes), 2004/05 – 2014



Source: 2004-2005 MPO, SAMO, Milk Board, Abstract; 2006-2014 Milk SA

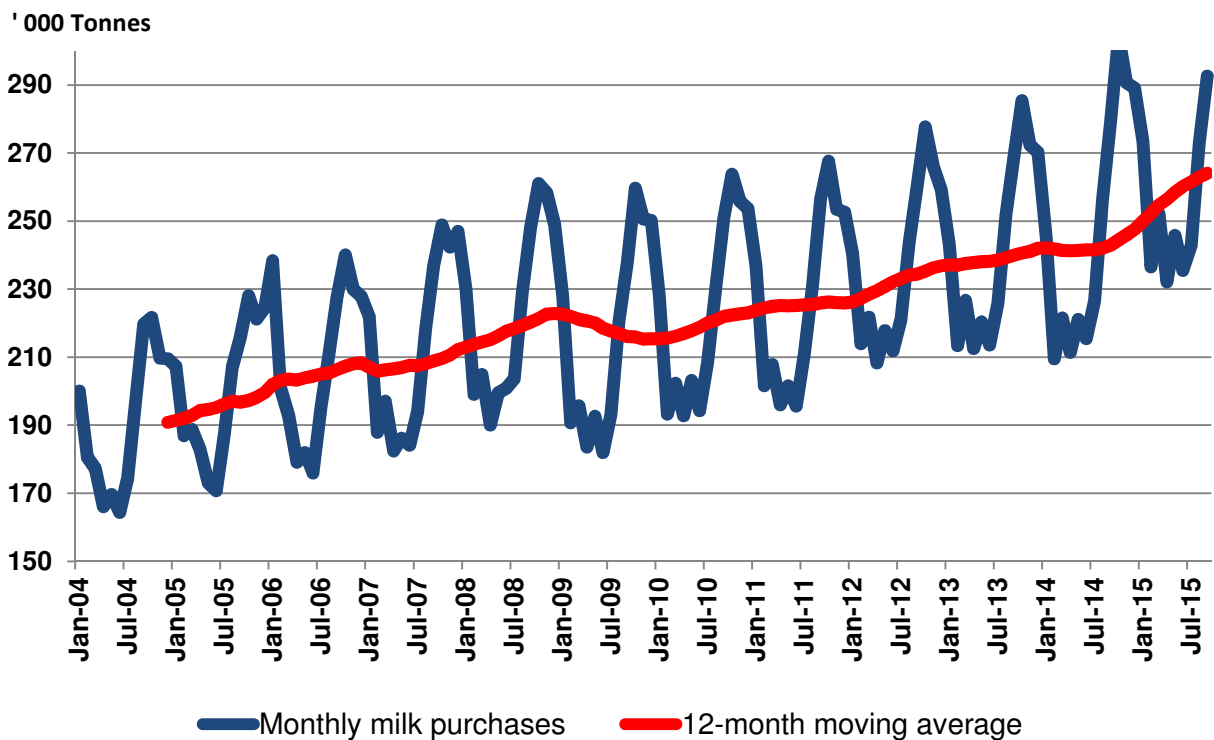
Monthly milk purchases from January 2013 to September 2015 are shown in Figure 4 and the long-term trend in monthly milk purchases in Figure 5.

Figure 4: Monthly raw milk purchase trend, January 2011 to September 2015



Source: 2011-2015 Milk SA; 2015* Estimate based on Milk SA sample

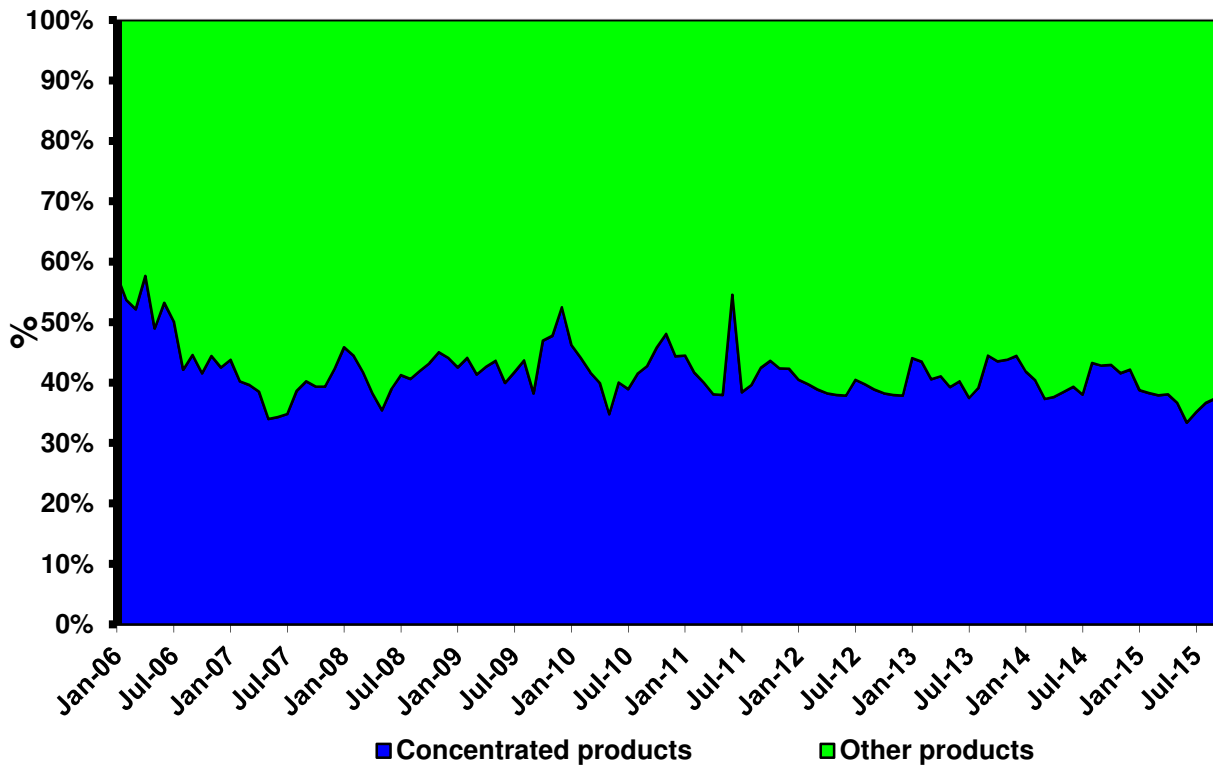
Figure 5: Long-term trend in raw milk purchases in South Africa, January 2004 to September 2015



Source: 2004-2005 MPO, SAMO, Milk Board, Abstract; 2006-2015 Milk SA

The application of purchased milk in concentrated and other products are shown in Figure 5.

Figure 5: Application of purchased raw milk in concentrated and other products, January 2006 to September 2015



Source: Milk SA levy returns

3. South African import and export statistics

3.1 Imports

Total annual imports of dairy products are shown in Table 3.

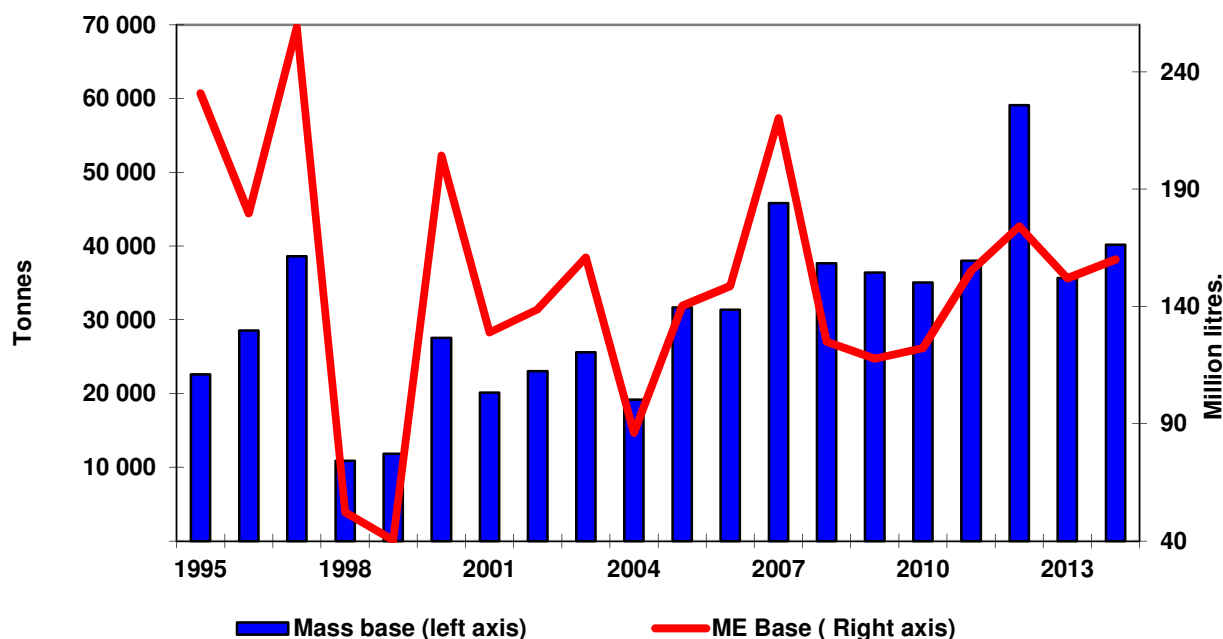
Table 3 : Annual imports 2009-2014 (Tonnes)

Tariff Heading	Description	2009	2010	2011	2012	2013	2014
04.01	Milk and cream	10 902	11 119	8 324	15 240	4 267	6 992
04.02	Milk, concentrated	5 385	6 771	7 895	13 257	7 115	9 836
04.03	Buttermilk & yoghurt	1 381	1 379	2 131	2 146	1 591	2 086
04.04	Whey & modified whey	6 260	7 268	9 445	9 266	11 165	9 480
04.05	Butter & other milk fats	3 201	2 192	3 153	6 107	3 132	2 071
04.06	Cheese and curd	5 245	6 331	6 765	13 084	8 403	9 731
Grand Total		32 373	35 061	37 714	59 103	35 674	40 199

Source : Customs & Excise import statistics supplied by SAMPRO

Annual imports of dairy products on a mass and a milk equivalent basis are shown in Figure 6.

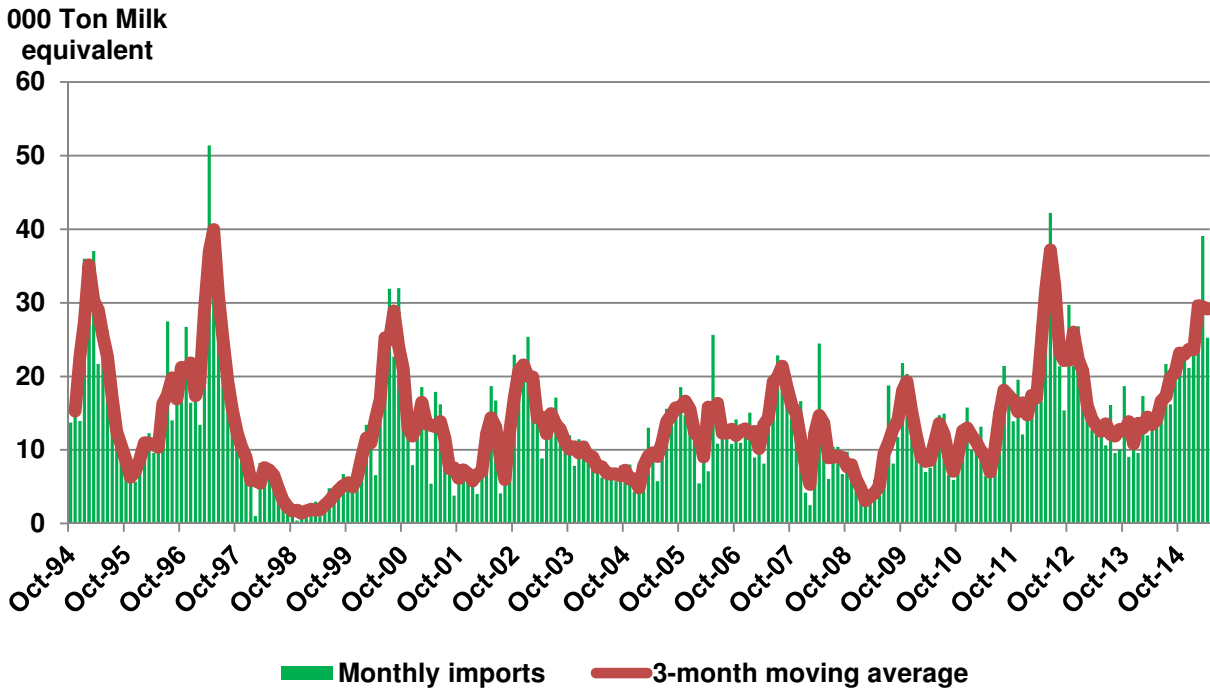
Figure 6: Annual imports of dairy products, mass basis and milk equivalent basis, 1995 - 2014



Source : Customs & Excise import statistics supplied by SAMPRO

Monthly imports on a milk equivalent basis for the period from October 1994 to December 2014 are shown in Figure 7.

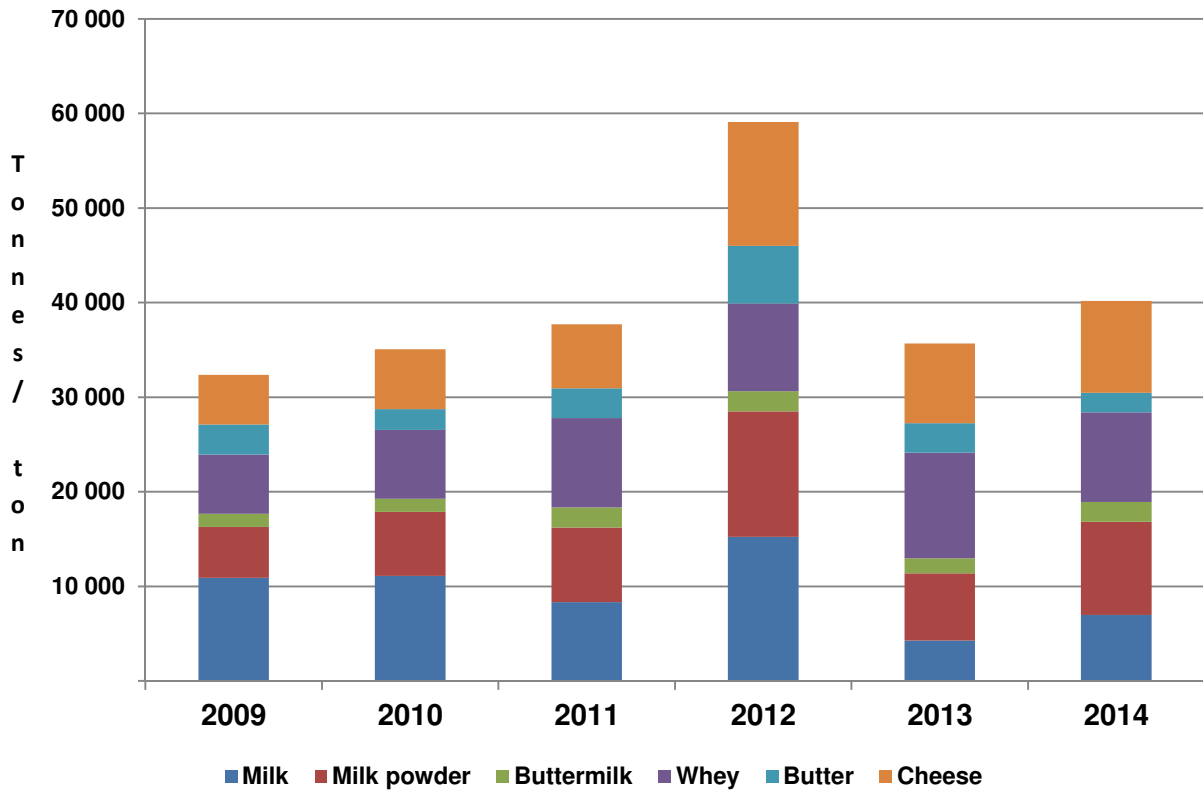
Figure 7: Monthly imports, milk equivalent basis, October 1994 to August 2015



Source : Customs & Excise import statistics supplied by SAMPRO

The annual composition of dairy imports is shown in Figure 8.

Figure 8: Composition of imports per year, 2009 – 2014



Source: Customs & Excise import statistics supplied by SAMPRO

3.2 Exports

Total annual exports of dairy products are shown in Table 4.

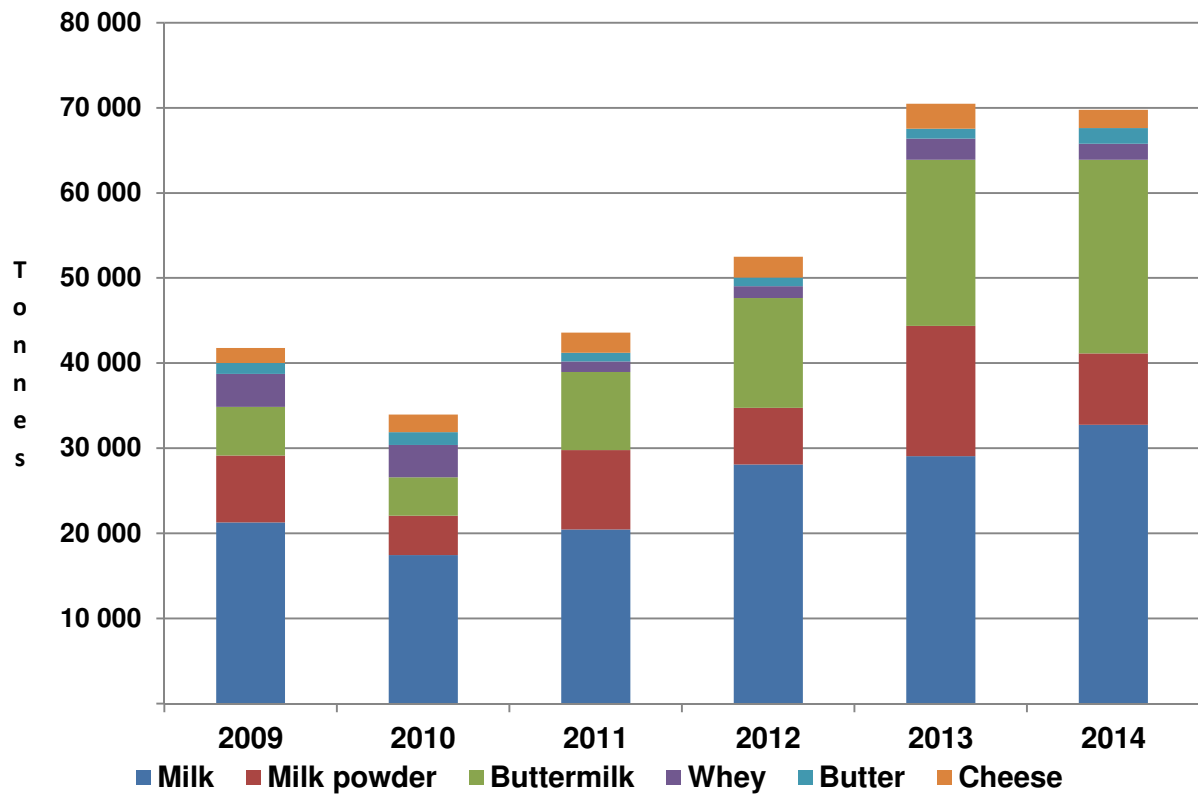
Table 4 : Annual exports (tonnes), 2009-2014

Tariff Heading	Description	2009	2010	2011	2012	2013	2014
04.01	Milk and cream	21 293	17 451	20 802	28 077	29 074	32 752
04.02	Milk, concentrated	7 864	4 612	7 245	6 653	15 316	8 383
04.03	Buttermilk & Yoghurt	5 709	4 527	9 215	12 914	19 518	22 774
04.04	Whey & modified whey	3 853	3 805	1 256	1 384	2 466	1 868
04.05	Butter & other milk fats	1 309	1 471	992	1 033	1 175	1 860
04.06	Cheese and curd	1 741	2 083	2 307	2 438	2 932	3 460
	Grand Total	41 771	33 950	41 817	52 500	70 482	71 098

Source: Customs & Excise export statistics supplied by SAMPRO

The annual composition of dairy exports is shown in Figure 9.

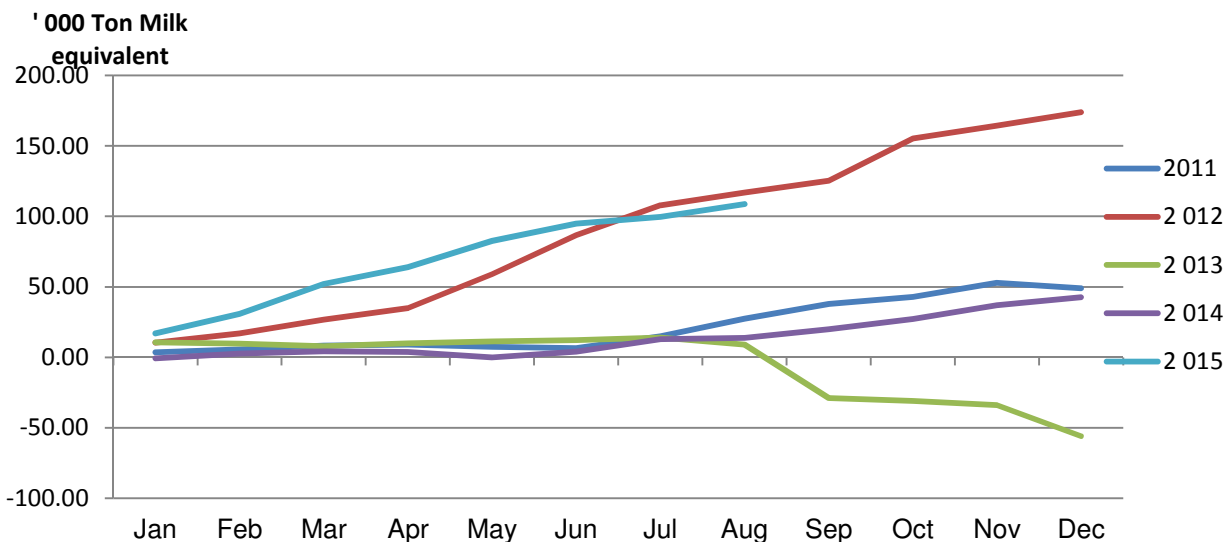
Figure 9: Composition of exports per year, 2009 – 2014



Source: Customs & Excise import statistics supplied by SAMPRO

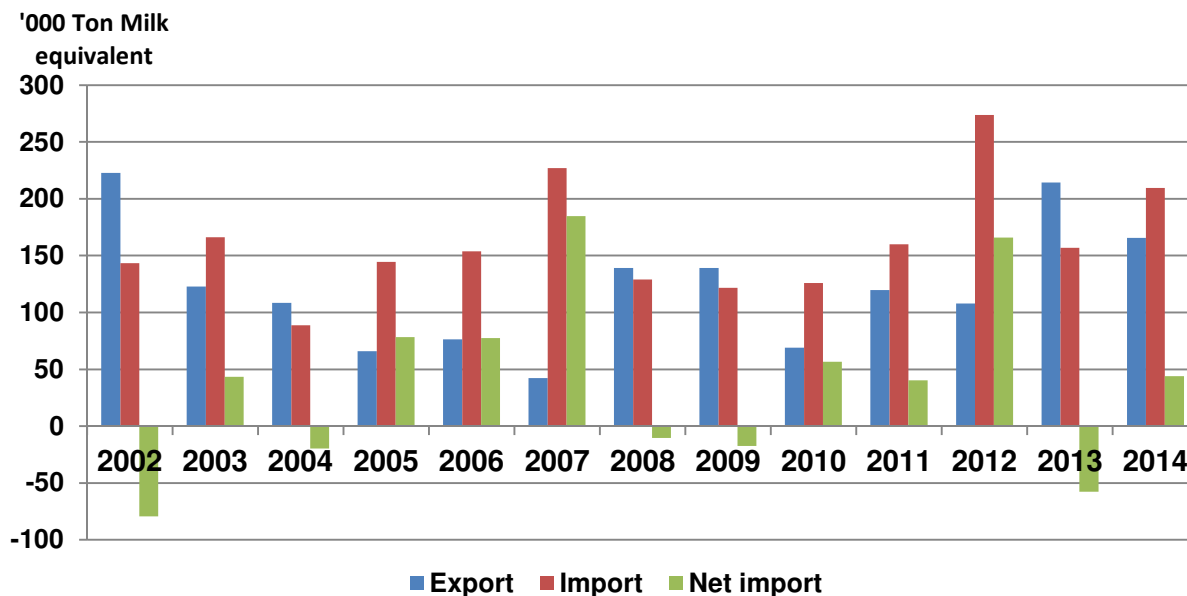
Monthly net imports on a milk equivalent basis for the period from January 2011 to September 2015 are shown in Figure 10. Annual imports and exports are shown in Figure 11.

Figure 10: Monthly cumulative net imports, milk equivalent basis, 2011 – 2015



Source: Customs & Excise import and export statistics supplied by SAMPRO

Figure 11: Dairy product imports and exports, milk equivalent basis, 2002 - 2014



Source : Customs & Excise import and export statistics supplied by SAMPRO

3.3 Import and export prices per tariff heading

Free on board import and export prices per tariff heading are shown in Table 2.

Table 4: FOB import and export prices per tariff heading, 2012 - 2014

Tariff heading	Description	Import price (R/kg)			Export price (R/kg)		
		2012	2013	2014	2012	2013	2014
04.01	Milk & cream	5.55	5.96	8.50	8.39	8.55	9.45
04.02	Concentrated milk	26.85	37.95	42.62	24.37	19.49	30.04
0402.10	Skimmed milk powder	23.96	36.07	41.81	22.11	12.29	33.78
0402.21	Full cream milk powder	32.15	40.16	44.27	34.91	41.57	50.35
0402.99	Condensed milk, sweetened	30.10	52.31	50.22	15.26	17.35	17.12
04.03	Buttermilk & yoghurt	23.03	35.55	42.09	16.97	17.76	19.97
0403.10	Yoghurt	23.98	33.10	37.67	16.99	17.45	19.81
0403.90	Buttermilk	22.94	36.30	42.98	16.38	22.07	29.75
04.04	Whey	22.33	28.62	34.82	9.43	15.55	14.85
04.05	Butter	29.99	35.05	48.13	37.06	36.75	40.37
04.06	Cheese	40.02	51.90	61.70	40.44	42.47	46.11
0406.30	Processed cheese	40.27	43.70	53.94	36.32	38.80	51.26
0406.40	Blue veined cheese	63.83	82.82	102.03	38.18	59.33	71.91
0406.90	Hard cheese	39.10	56.87	66.34	44.84	44.69	46.73

Source: SARS data supplied by SAMPRO

4 Price indices

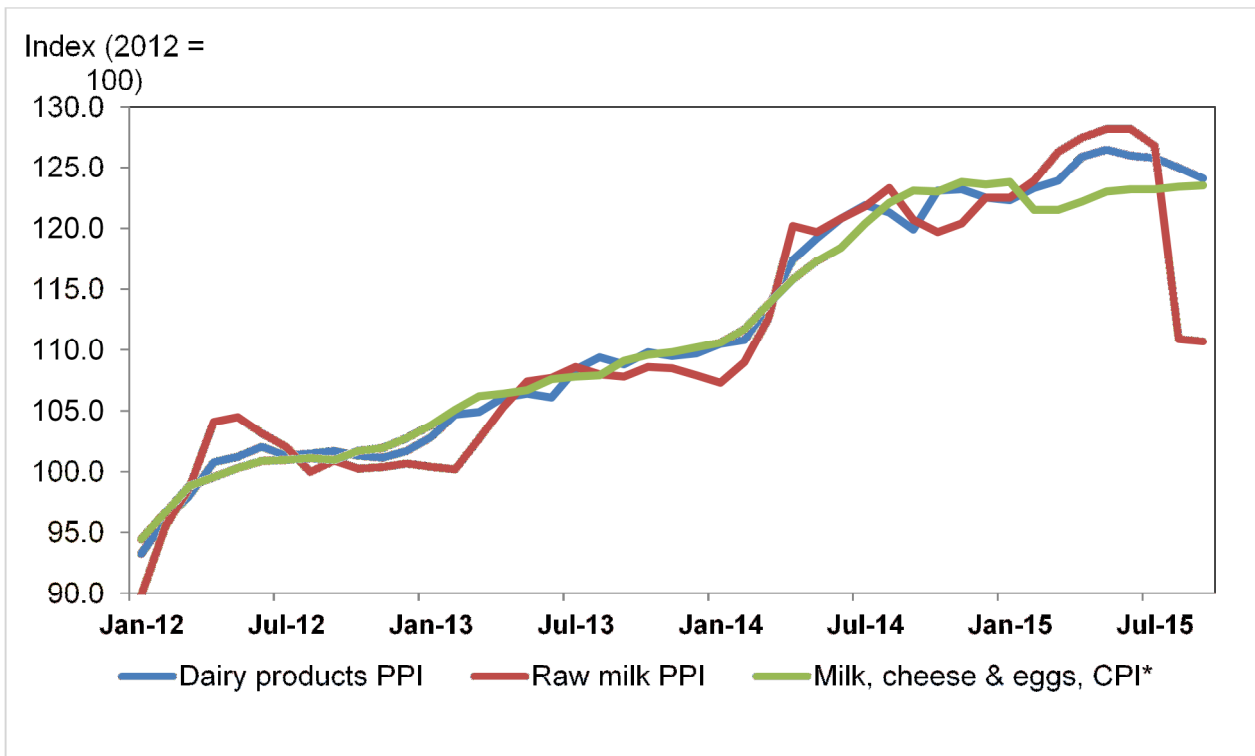
Various price indices are shown in Table 5 and Figure 11 – 14.

Table 5: Producer price indices of raw milk and dairy products and consumer price index of retail milk, eggs and cheese (2012 = 100).

Month	Dairy products PPI	Raw milk PPI	Milk, cheese & eggs, CPI
Oct-13	109.8	108.6	109.6
Nov-13	109.5	108.5	109.8
Dec-13	109.7	107.9	110.2
Jan-14	110.5	107.3	110.6
Feb-14	110.8	109.0	111.7
Mar-14	113.6	112.6	113.8
Apr-14	117.4	120.2	115.8
May-14	119.2	119.7	117.3
Jun-14	120.8	120.8	118.4
Jul-14	121.9	121.8	120.4
Aug-14	121.3	123.3	122.1
Sep-14	119.9	120.7	123.1
Oct-14	123.1	119.7	123.0
Nov-14	123.2	120.4	123.8
Dec-14	122.5	122.5	123.6
Jan-15	122.3	122.5	123.8
Feb-15	123.3	123.9	121.5
Mar-15	123.9	126.3	121.5
Apr-15	125.9	127.5	122.2
May-15	126,5	128.2	123.0
Jun-15	126.0	128.2	123.2
Jul-15	125.8	126.8	123.2
Aug-15	125.0	110.9	123.4
Sep-15	124.1	110.7	123.5

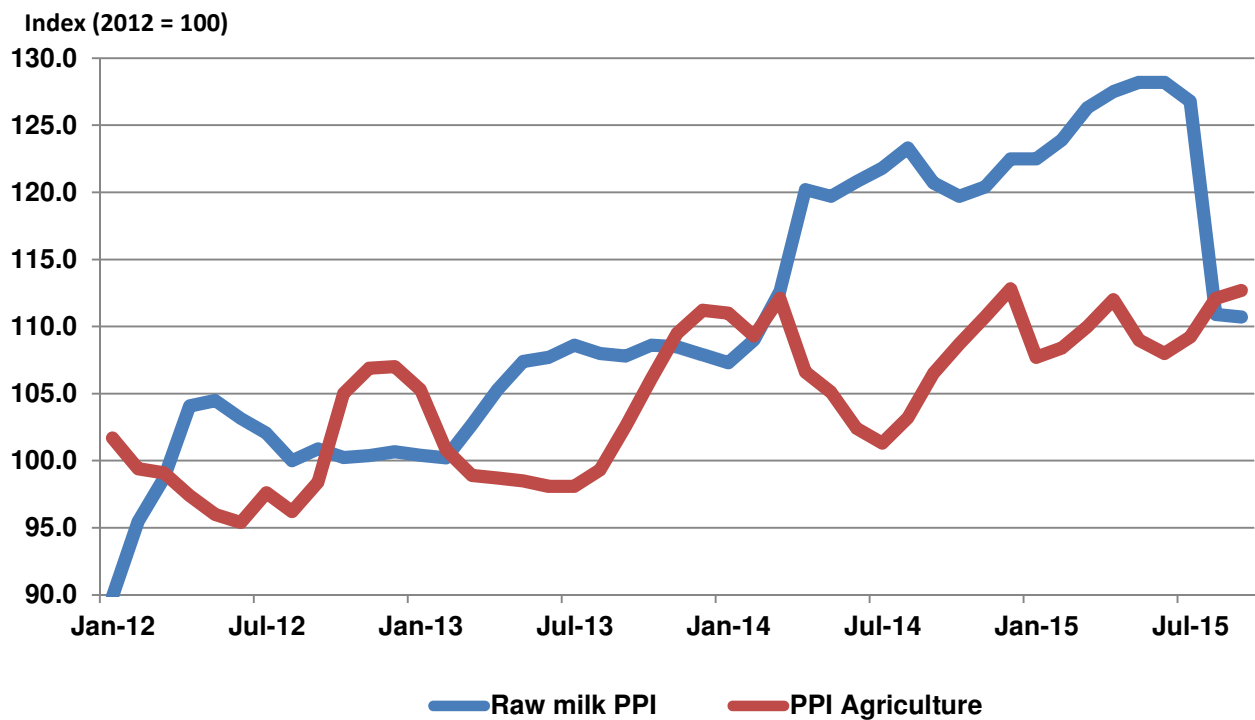
Source: Stats SA

Figure 11: Producer price indices of raw milk and dairy products and consumer price index of retail milk, eggs and cheese, Jan 2012 – Sep 2015 (2012 = 100).



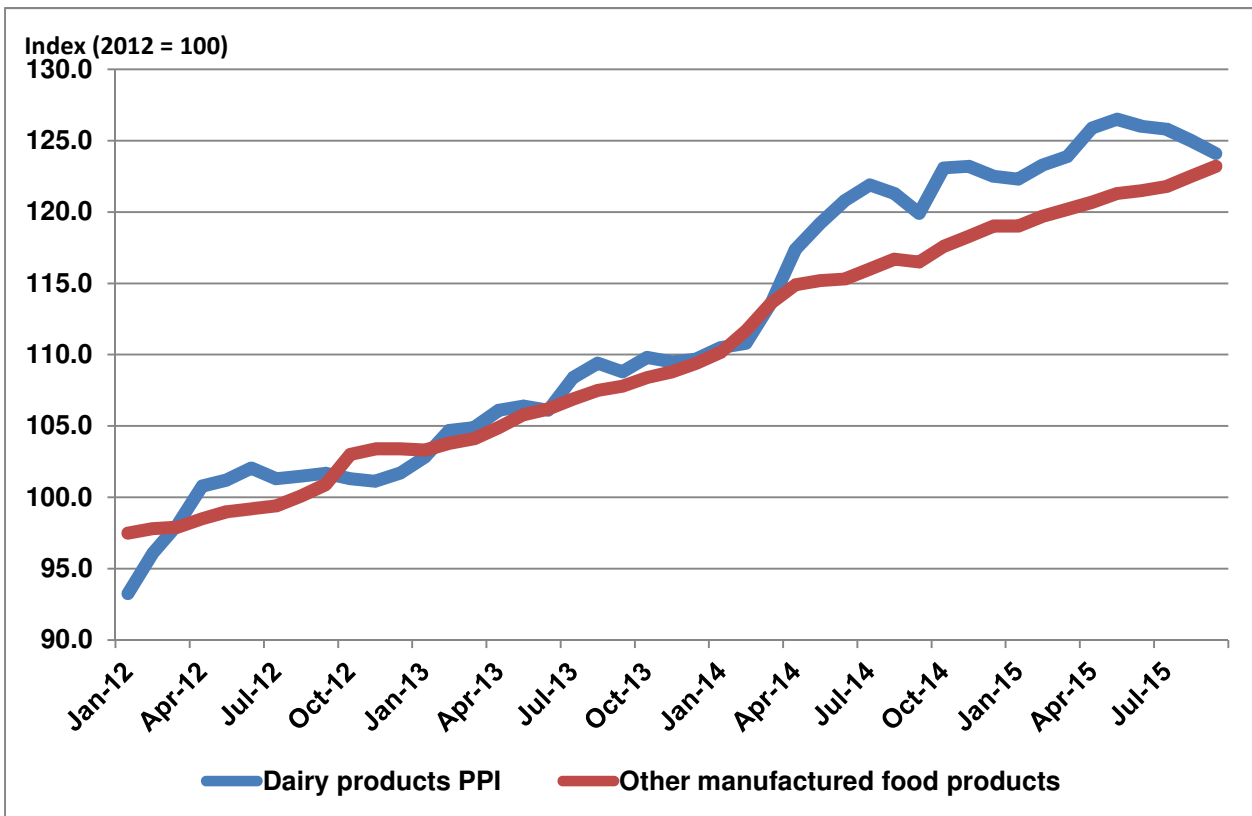
Source: Stats SA

Figure 12: Producer price indices of raw milk and other agricultural products, Jan 12 – Sep 15 (2012 =100)



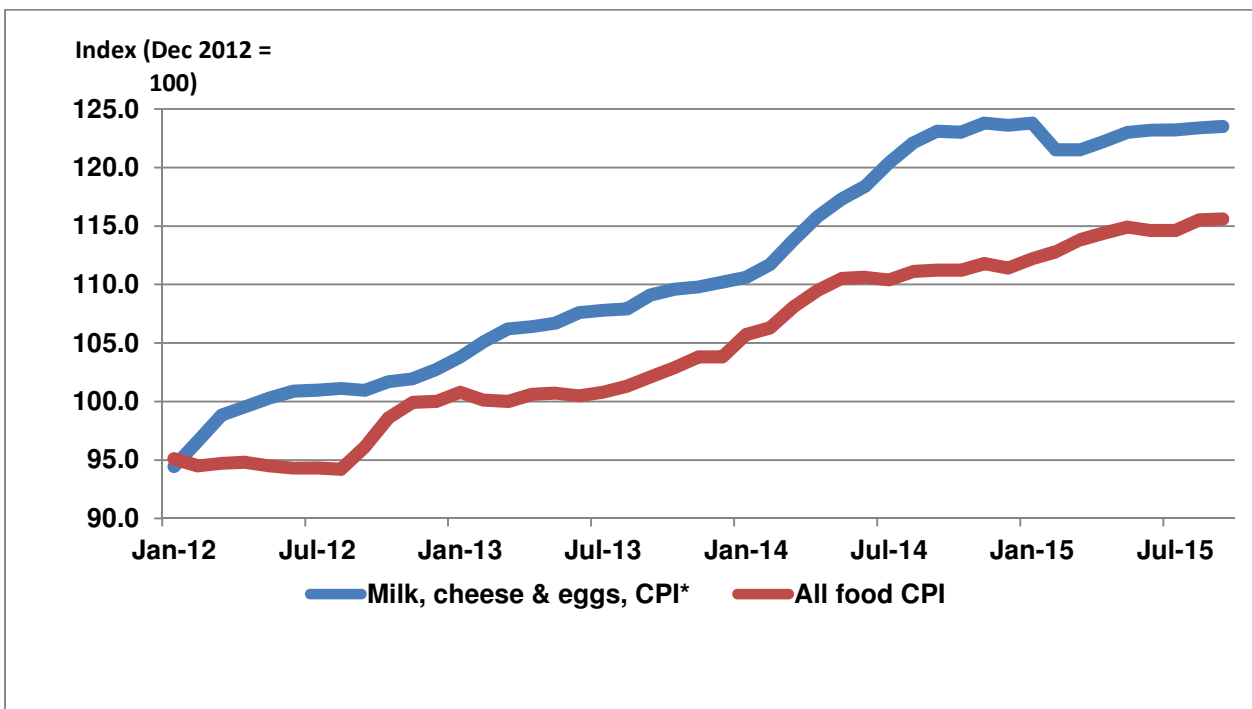
Source: Stats SA

Figure 13: Producer price indices of dairy products and other manufactured food products, Jan 12 – Sep 15 (2012 = 100)



Source: Stats SA

Figure 14: Consumer price indices of milk, cheese and eggs and all food products (CPI food), 2012 – 2015



Source: Stats SA

Table 6: Price indices of farm requisites (Base 2010 = 100)

Period	Machinery & implements	Material for fixed improvements	Intermediate goods and services	All farming requisites
2010	100.0	100.0	100.0	100.0
2011	110.8	105.8	110.9	110.7
2012	123.0	115.5	126.3	125.4
2013	132.2	122.5	132.7	134.1
2014	143.2	129.5	138.9	142.4
CAGR 2010 - 2014*	9.4%	6.7 %	8.6 %	8.2 %
Apr-13	131.1	123.9	135.6	134.5
Jul-13	136.5	119.1	138.4	137.2
Oct-13	133.2	125.0	134.1	133.6
Jan-14	135.6	132.0	139.2	138.4
Apr-14	141.1	132.2	144.1	143.1
Jul-14	147.2	124.3	146.3	145.4
Oct-14	148.5	129.5	142.7	142.8
Jan-15	143.9	137.9	144.4	144.0
Apr-15	148.4	146.7	144.2	144.1
CAGR Jan-12 – Apr-15	7.6%	8.1%	5.9%	6.1%

CAGR = calculated average growth rate.

Source: DAFF

Table 7: Changes in the quantities and average retail prices of nine dairy and six other generally used manufactured food products from the period July 2013 to June 2014 to the period July 2014 to Jun 2015.

Product	Changes in retail sales quantity (%)	Changes in retail prices (%)
Fresh milk	3.8	13.7
UHT milk	5.5	20.5
Flavoured milk	3.6	8.5
Yoghurt	4.9	7.9
Maas	5.3	11.7
Pre-packaged cheese	12.1	8.3
Cream cheese	1.6	14.0
Butter	-1.1	22.4
Cream	8.9	15.1
Coffee	4.2	11.5
Instant cereal	5.5	1.6
Bread	4.6	5.8
Margarine	0.4	2.7
Tea	-2.1	10.6
Maize meal	1.9	6.2

Source: Nielsen as supplied by SAMPRO