



QUARTERLY REVIEW OF THE PERFORMANCE OF THE DAIRY INDUSTRY¹

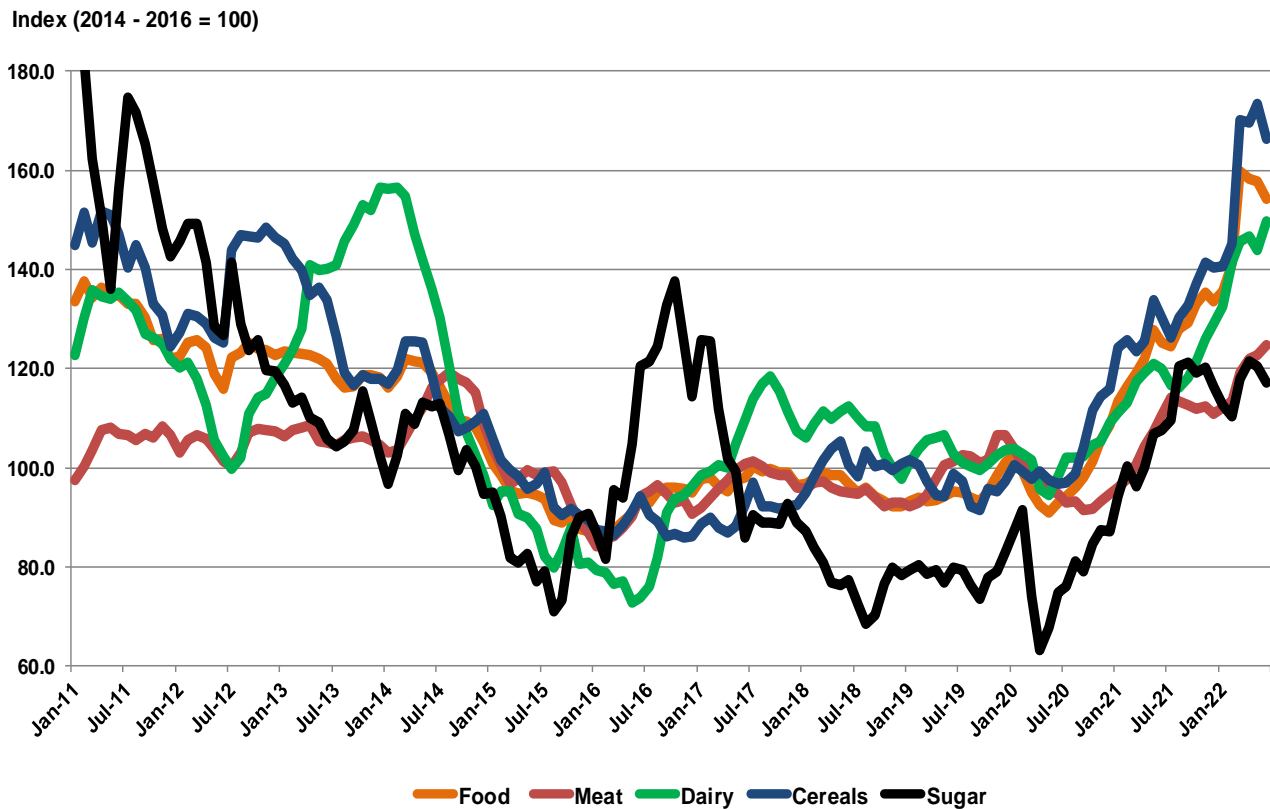
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Second Quarter 2022

¹ A publication of Milk SA prepared by the MPO

1. INTERNATIONAL MARKET

FIGURE 1a: Food and Agricultural Organisation (FAO) FOOD PRICE INDICES, JANUARY 2011 – June 2022



Source: FAO Food price index, July 2022

It seems that the market is slowly recovering from various factors that were introduced through the Covid-19 pandemic. The invasion of Ukraine by Russia will significantly influence world economic growth, international relations and trade and most commodity prices which will continue to render the market volatile and extremely sensitive to market and other signals. The timeframe of this market condition is unknown.

The FAO Food Price Index (FFPI) averaged 154.2 points in June 2022, down 3.7 points (2.3 percent) from May, **marking the third consecutive monthly decline**, though still 29.0 points (23.1 percent) above its value a year ago. The drop in June reflected declines in the international prices of vegetable oils, cereals and sugar, while dairy and meat prices increased.

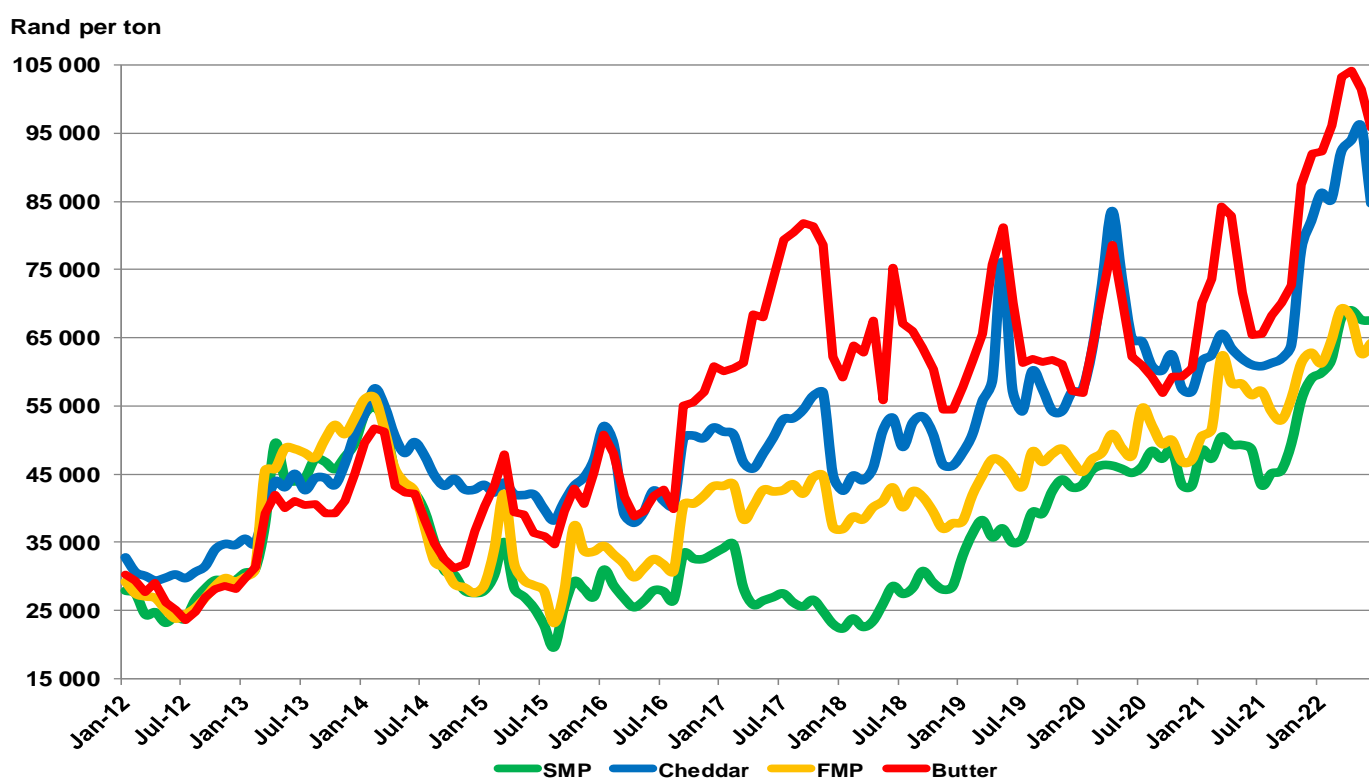
The FAO Cereal Price Index averaged 166.3 points in June, down 7.2 points (4.1 percent) from May, but still 36.0 points (27.6 percent) above its June 2021 value. Downward pressure stemming from seasonal availabilities in Argentina and Brazil, where maize harvests progressed quickly, and improved crop conditions in the United States of America

underpinned a 3.5-percent decline in world maize prices in June. Concerns over demand prospects amidst signs of an economic slowdown added to the downward pressure.

The FAO Dairy Price Index averaged 149.8 points in June, up 5.9 points (4.1 percent) from May and as much as 29.9 points (24.9 percent) above its June 2021 value. In June, international prices of all dairy products increased. Quotations for cheese rose the most, underpinned by a surge in import demand for spot supplies amid market concerns over supply availabilities later in the year, as the early summer heat wave further weighed on already low milk output in Europe.

The FAO Meat Price Index* averaged 124.7 points in June, up 2.1 points (1.7 percent) from May, setting a new record high and exceeding by 14.0 points (12.7 percent) its June 2021 value. Bovine meat prices edged up, as China lifted its import restrictions for purchases from Brazil. The FAO Sugar Price Index averaged 117.3 points in June, down 3.1 points (2.6 percent) from May, marking the second consecutive monthly decline and reaching its lowest level since February. The slowdown in the global economic growth weighed on international sugar demand and price quotations in June.

FIGURE 1b: International Dairy Product Prices: Jan 2011 – June 2022



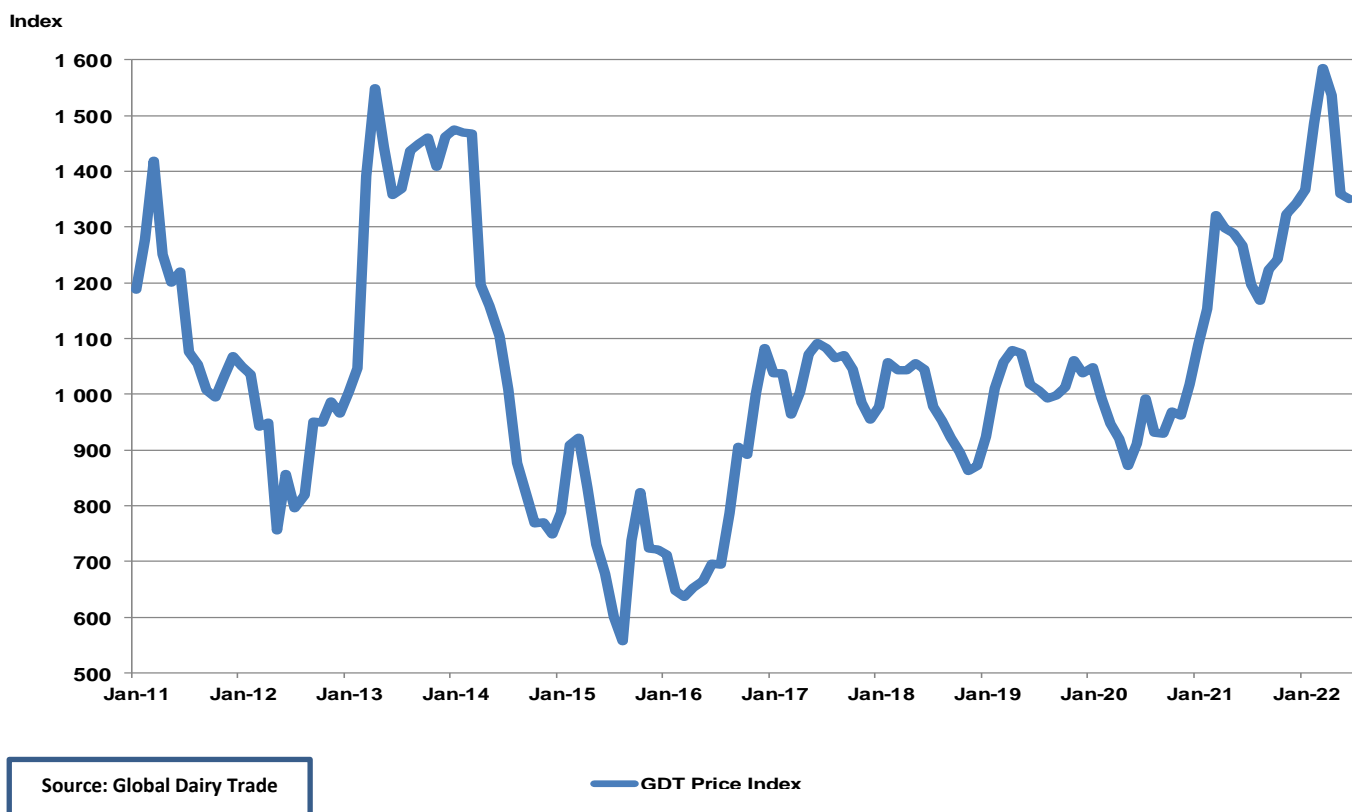
Source: USDA, SARB

Figure 1b reflects international Free On Board (FOB) prices for milk powders, butter, and Cheddar cheese. International product prices for butter, Cheddar, full-cream milk powder, and skimmed milk powder, as published by the United States Department of Agriculture (USDA) and converted to rand prices by the MPO (rand price source: the South African Reserve Bank). The April 2022 prices initiated a slow-down in the upward momentum of

three of the four product prices with full cream milk powder turning negative as reflected in figure 1b. In May and June, prices started to come off, while full-cream milk powder bucked the trend with a small uptick. The Global Dairy Trade Price Index (GDT index) (Figure 2a) confirms the mood change in the market – prices losing significant steam but remaining at high levels compared to prices in the pre-Covid-19 period.

In USD terms butter reduced from the year-to-date high of 6 644\$/ton (April 2022) to 6 063\$/ton in June, and cheese reduced from 6 263\$/ton (April 2022) to 5 356\$/ton in June, skimmed milk powder reduced from 4 600\$/ton (April 2022) to 4 269\$/ton in June and full cream milk powder reduced from 4 625\$/ton (March 2022) to 4 063\$/ton in June.

FIGURE 2a: Global dairy trade-weighted price index. Jan 2011 – June 2022



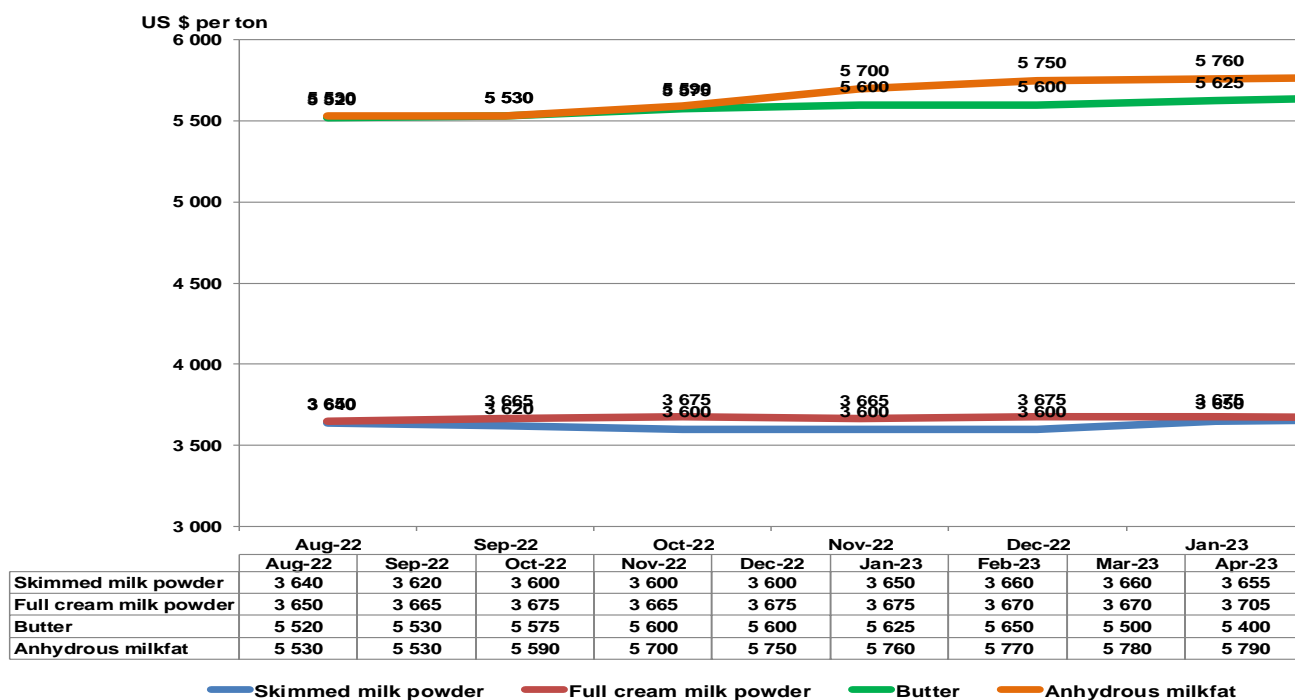
The Global Dairy Trade platform is an online auction through which large volumes of dairy products can be sold or bought. There are two trading events per month where people across the globe can enter bids and/or offers.

Figure 2a shows the movement of the Global Dairy Trade (GDT) price index inclusive of December 2021. At the initial stages of the worldwide pandemic, the index zig-zagged with the index showing an indication of a change in the wavelength and frequency regarding price movement, starting early in 2020. This usually indicates nervousness in the market when unknown variables are introduced which could relate to the influence of the worldwide pandemic. Both December 2020 and January 2021 registered strong upward momentum. **A double upward break occurred in March 2021. The 1 100 and 1 200 index resistance levels were sliced through, showing strong demand with limited supply.** The April

index moved sideways, May retreated to below the 1 300-index level, and the June through August trend remained downward. It seems that global manufacturing and shipping time lost during the hard lockdown in 2020 has been partially made good with better supply and distribution causing the prices to reduce. However, the September index bounced back from 1168 points in August 2021 to 1223 points in September 2021. The upward trend continued until December 2021, breaking the 1 300-resistance level once again at 1 344 points.

The index increased aggressively in January and February 2022 and in March averaged 1586 points, up 100 points (6.7 per cent) from February 2022 and setting a new record high, lifting the index 20.1 per cent above its value from a year ago. **A double downward break occurred in May 2022. The 1 500 and 1 400 index support levels were sliced through, indicating a possible new trend and new price levels.** In June the market took some profit (index turning sideways), and it seems that the extremely high prices experienced at the beginning of 2022 could be something of the past.

FIGURE 2b: FUTURE PRICES FOR DAIRY PRODUCTS ACHIEVED ON THE NEW ZEALAND FUTURES EXCHANGE (NDX): August 2022 – April 2023



Source: NZX Futures, July 2022

The New Zealand Future Exchange over the above period reflects mainly flat prices for all the products except for anhydrous fat where some increase is visible from November 2022.

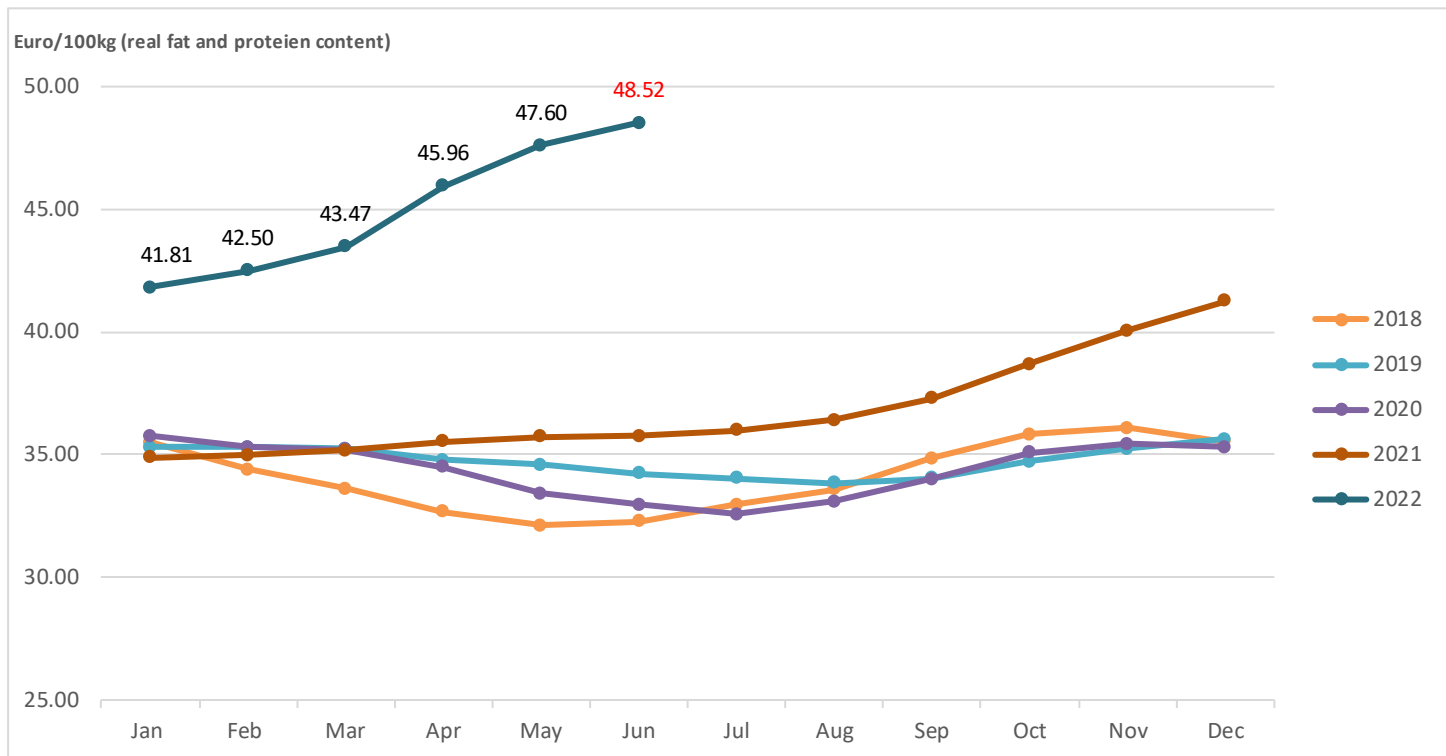
FIGURE 3: YEAR ON YEAR CHANGE IN UNPROCESSED MILK PRODUCTION IN MAJOR DAIRY EXPORTING COUNTRIES, 2019 – 2022 (first two months of every year)



Source: CLAL, April 2022

Unprocessed milk production for the first two months of 2022 only increased in the EU and Argentina. The other major exporting countries – USA, Australia, New Zealand and Uruguay all registered reduced output for the first two months of 2022.

FIGURE 4: WEIGHTED AVERAGE PRODUCER PRICE OF UNPROCESSED MILK IN THE EU (excluding UK). January 2018 – June 2022 (last month estimate)

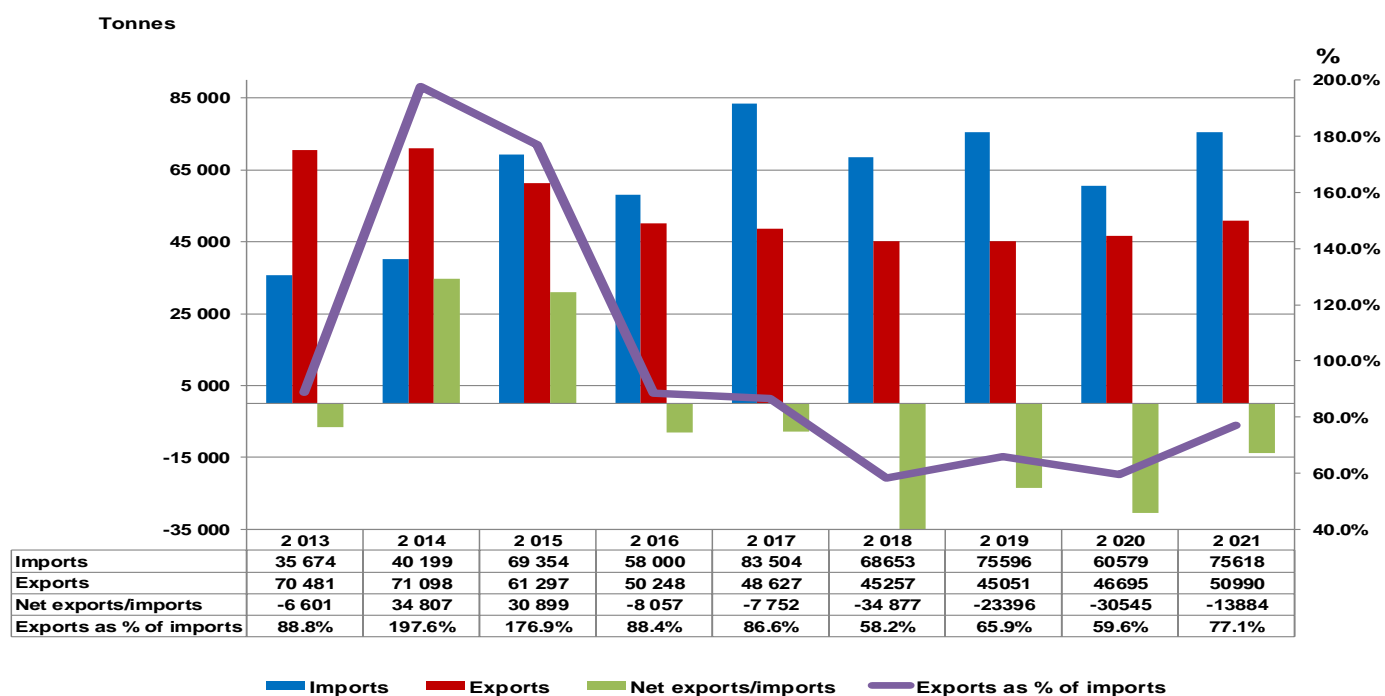


Source: European Commission, July 2022

The weighted average EU price for unprocessed milk price in June 2022 is 36% higher compared to the June 2021 price. The 2021 cycle in the producer price of unprocessed milk in Europe is different from the cycle that prevailed in the previous three years. The current trend is a constant rising trend for the whole of 2021, which continued into the first and second quarters of 2022. It seems that a new price regime is coming into effect, with the main driver being exorbitant price increases over a wide front of production factors (input cost).

2. SOUTH AFRICAN DAIRY MARKET

FIGURE 5: TOTAL SOUTH AFRICAN IMPORTS AND EXPORTS OF DAIRY PRODUCTS, 2013 – 2021



Source: SARS as supplied by SAMPRO

The information regarding imports and exports by South Africa of dairy products in 2020, showed that:

- The mass of imports in 2021, was 24.8 percent higher than in 2020, and 0.03 percent higher than in 2019. The mass of imports of milk and cream (04.01) and cheese (04.06) was higher in January to December 2021, than in January to December 2020, while the mass of the other four products was lower.
- The mass of exports in 2021, was 9.6 percent higher than in 2020 and 13.7 percent higher than in 2019. This increase is due to the increases in exports of four of the six categories of dairy products.

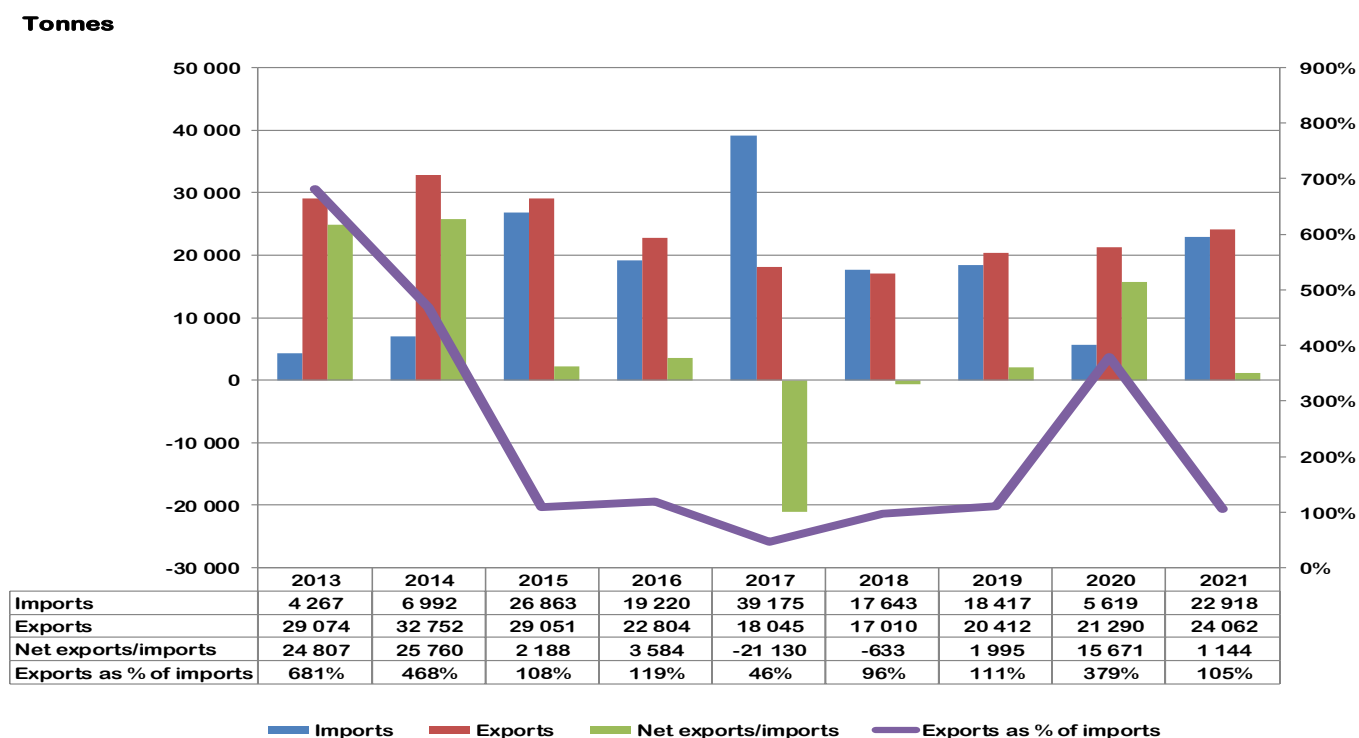
- The mass of imports and exports in 2021, showed that South Africa was a nett importer of concentrated milk (04.02), whey (04.04), butter (04.05), and cheese (04.06) and a nett exporter of milk and cream (04.01), buttermilk and yoghurt (04.03)
- The mass of the total sales of dairy products by South Africa to the other members of the Southern African Customs Union (Botswana, eSwatini, Namibia and Lesotho, BeNL countries) in 2021, exceeds the mass of exports. (Exports are sales to destinations outside SACU); and the mass of the sales by South Africa to members of SACU, of five of the six categories of dairy products in 2021, exceeds the mass of exports by South Africa. See Table1.

Table1: Mass of sales to the BeLN countries compared to exports outside of SACU in the period January to December 2021.

Heading	Description	(A)	(B)	(A+B)=(C)	A
		Sales To BeLN	Exports to Countries Outside SACU	Sales to BeLN plus exports outside SACU	as % of C
		Kilogram			%
04.01	Milk and cream, unsweetened	70 823 789	24 062 085	94 885 874	74.6
04.02	Milk, concentrated	41 751 559	7 528 119	49 279 678	84.7
04.03	Buttermilk powder, yogurt	24 487 933	10 325 074	34 813 007	70.3
04.04	Whey, whey powder, etc	3 344 211	1 920 121	5 264 332	63.5
04.05	Butter, butter spreads and butter oil	1 543 004	1 298 177	2 841 181	54.3
04.06	Cheese and curd	5 695 988	5 857 371	11 553 359	49.3
Total		147 646 484	50 990 947	198 637 431	74.3

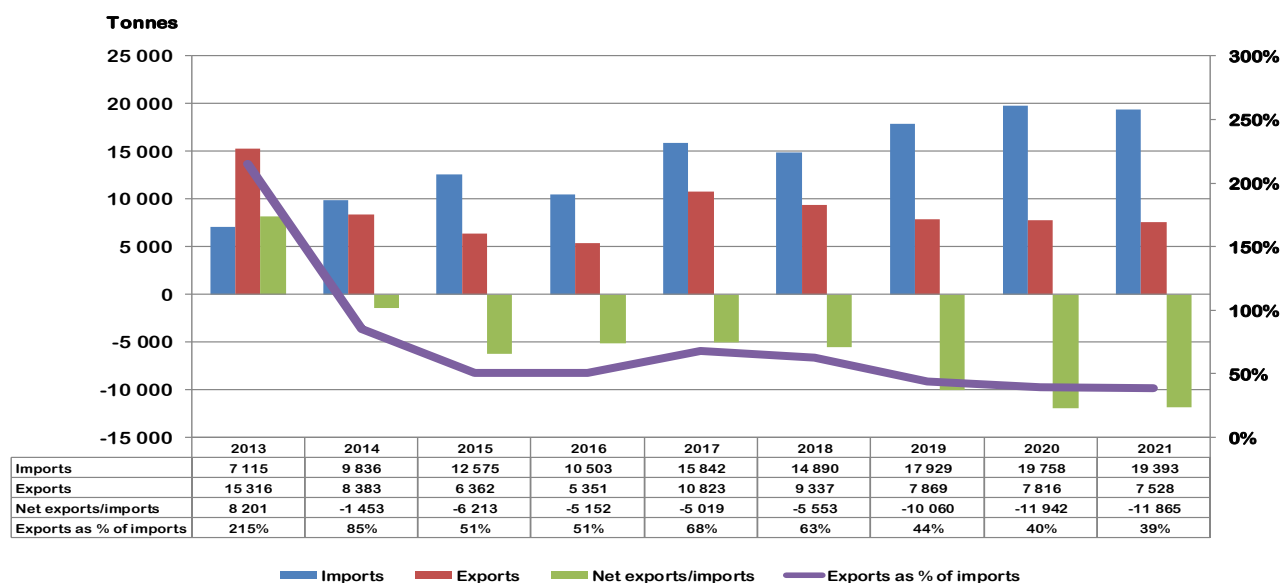
Source: SARS as supplied by SAMPRO

FIGURE 6: SOUTH AFRICAN IMPORTS AND EXPORTS OF MILK AND CREAM (04.01), 2013 – 2021



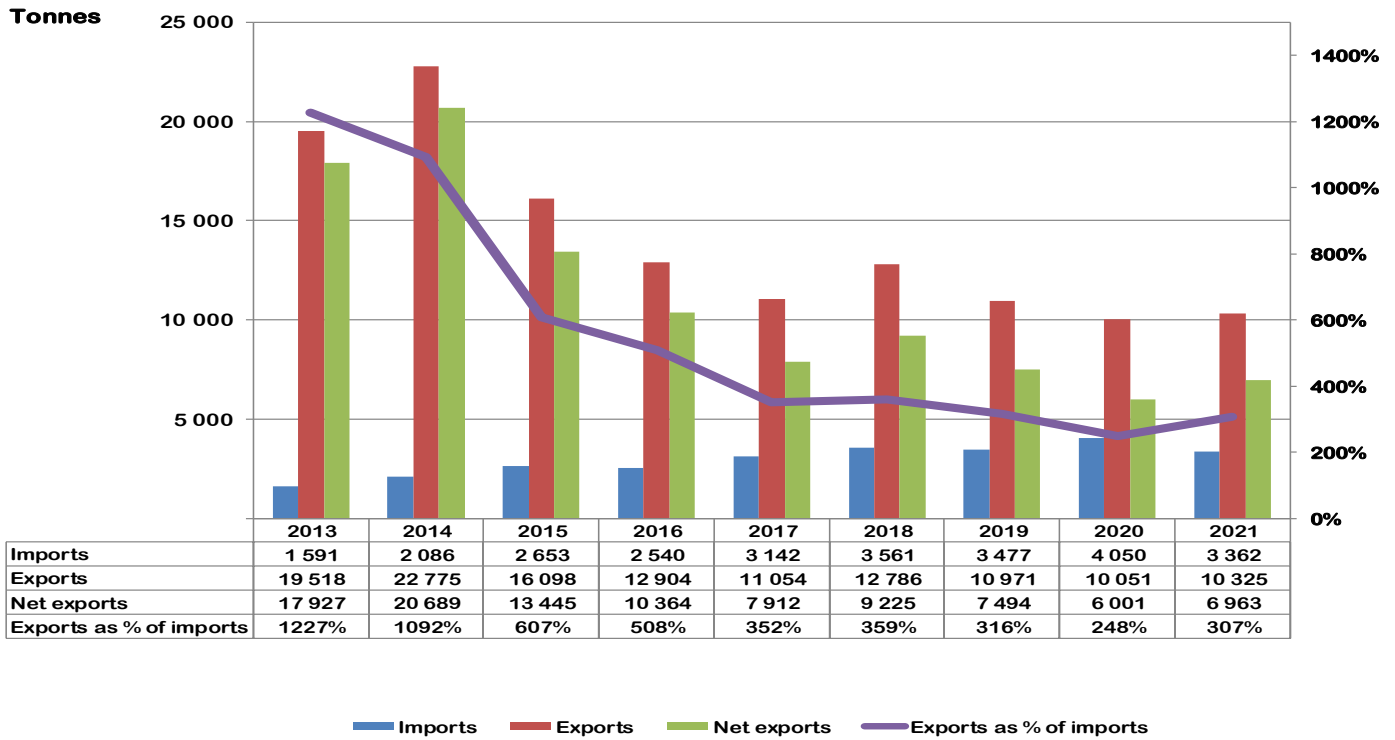
Source: SARS as supplied by SAMPRO

FIGURE 7: S.A. IMPORTS AND EXPORTS OF CONCENTRATED MILK, (04.02) 2013 – 2021



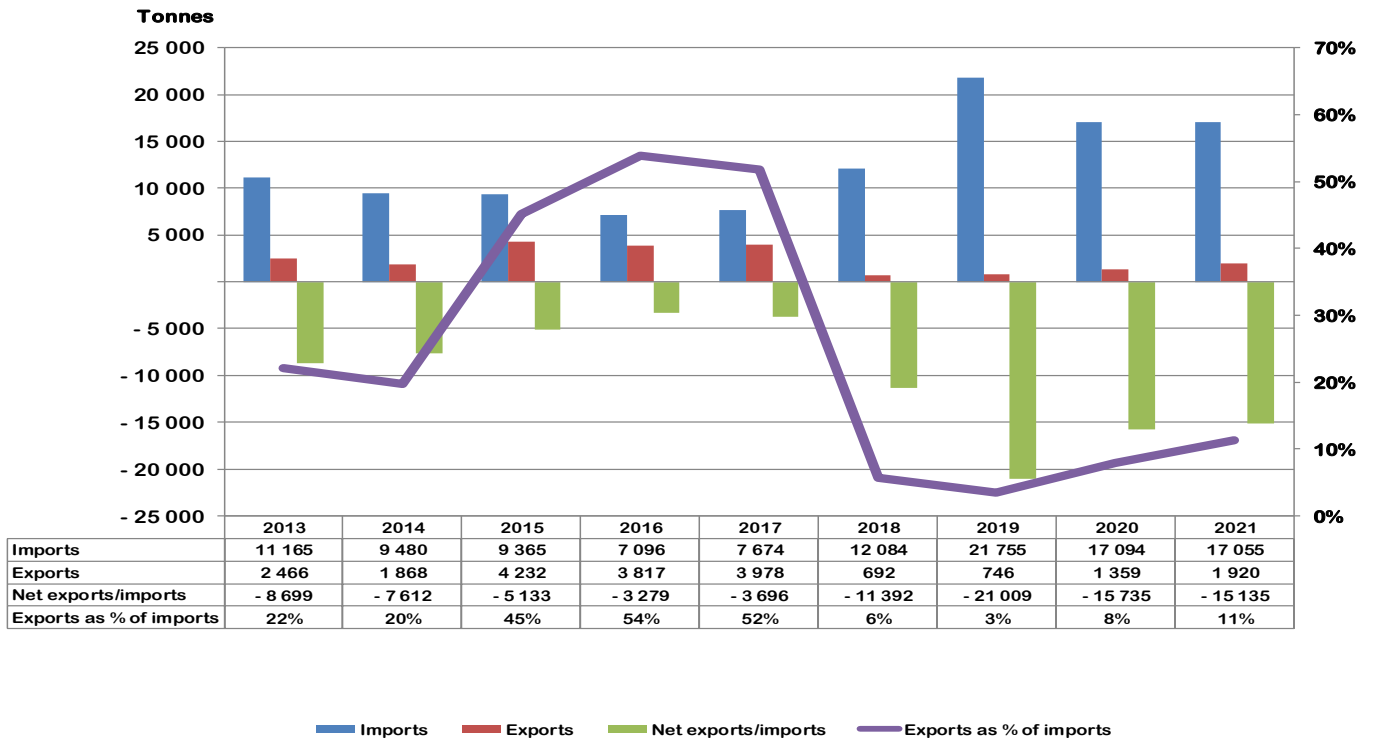
Source: SARS as supplied by SAMPRO

FIGURE 8: SOUTH AFRICAN IMPORTS AND EXPORTS OF BUTTERMILK AND YOGHURT, (04.03) 2013 – 2021



Source: SARS as supplied by SAMPRO

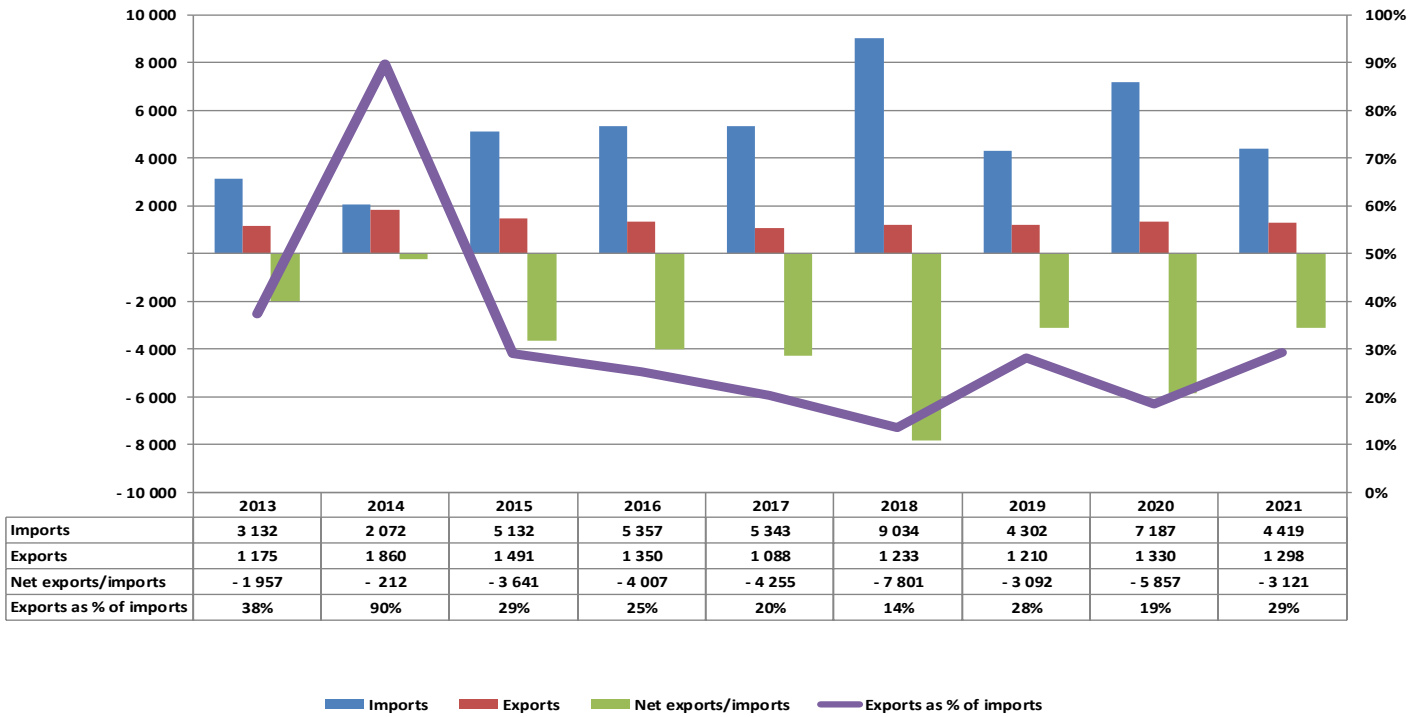
FIGURE 9: SOUTH AFRICAN IMPORTS AND EXPORTS OF WHEY AND WHEY POWDER, (04.04) 2013 – 2021



Source: As supplied by SAMPRO

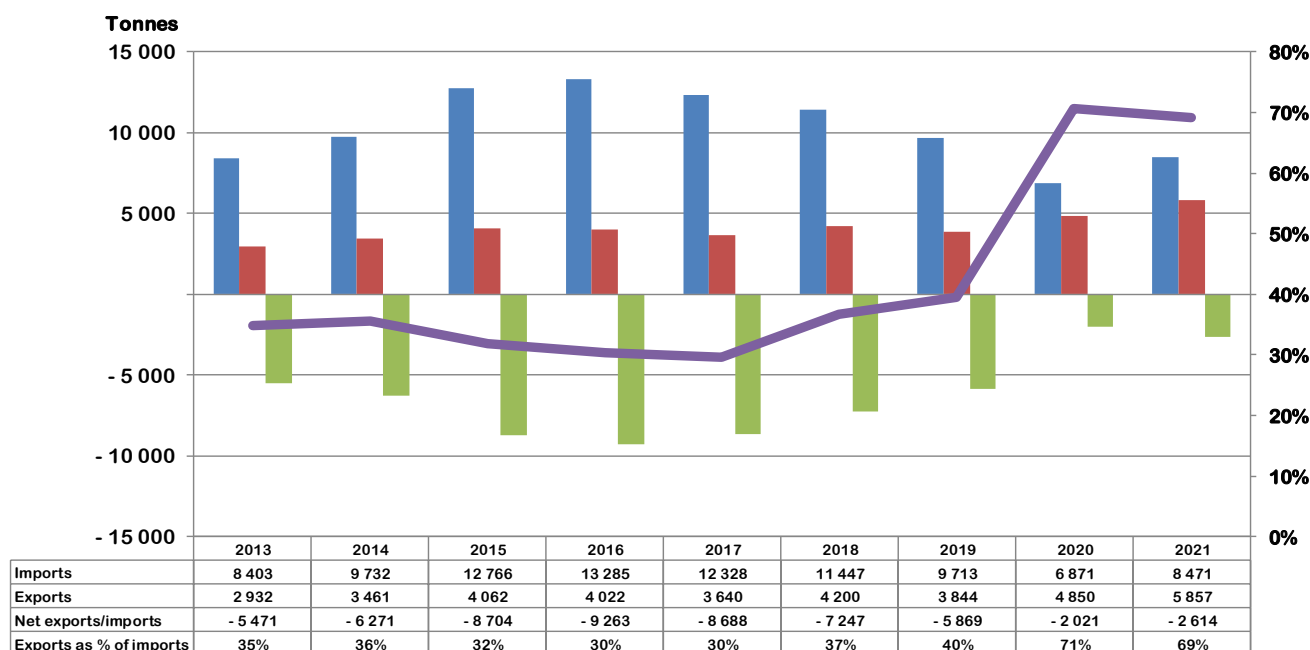
FIGURE 10: SOUTH AFRICAN IMPORTS AND EXPORTS OF BUTTER AND MILKFATS, (04.05) 2013 – 2021

Tonnes



Source: SARS as supplied by SAMPRO

**FIGURE 11: SOUTH AFRICAN IMPORTS AND EXPORTS OF CHEESE AND CURD, (04.06)
2013 – 2021**



Source: SARS as supplied by SAMPRO

TABLE 2: AVERAGE SOUTH AFRICAN IMPORT AND EXPORT FOB-PRICES FOR DAIRY PRODUCTS, 2017– 2021

Tariff heading	Description	Import price (R/kg)					Export price (R/kg)				
		2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
04.01	Milk & cream	7.65	8.00	8.95	10.32	9.04	10.93	11.20	11.30	12.23	13.14
04.02	Concentrated milk	32.31	30.84	36.49	46.22	46.68	41.51	36.56	36.97	46.98	49.56
04.03	Buttermilk & yoghurt	28.39	23.51	32.27	40.32	40.13	37.12	18.45	21.02	20.28	24.25
04.04	Whey	31.24	29.33	25.77	39.68	33.53	13.27	18.71	18.03	19.50	21.71
04.05	Butter	68.89	72.84	70.17	69.25	67.01	59.94	67.27	56.89	73.57	69.04
04.06	Cheese	62.19	62.92	69.85	79.19	70.06	60.86	53.15	56.25	58.17	62.69

Source: SARS as supplied to SAMPRO

The average free on board (F.O.B) export prices in 2021, of five of the six different categories of dairy products, are higher than in 2020, while for import F.O.B prices five of the six categories are lower in 2021 compared to 2020.

In Table 3, the mass of imports in 2021, is compared to the mass of imports in 2020. The import of milk and cream unsweetened products and cheese and curd are noteworthy higher in 2021 compared to 2020, while butter and buttermilk powder and yogurt imports are noteworthy lower in 2021 compared to 2020.

Table 3: Imports in 2021 compared to imports in 2020.

Heading	Description	A 2021 Kg	B 2020 Kg	A as % of B
04.01	Milk and cream, unsweetened	22 917 767	5 618 926	407.9
04.02	Milk, concentrated	19 393 125	19 758 063	98.2
04.03	Buttermilk powder, yogurt	3 362 363	4 049 836	83.0
04.04	Whey, whey powder, etc	17 055 546	17 093 913	99.8
04.05	Butter, butter spreads and butter oil	4 419 336	7 187 133	61.5
04.06	Cheese and curd	8 470 800	6 871 457	123.3
Total		75 618 936	60 579 329	124.8

Source: SARS as supplied by SAMPRO

In Table 4, the mass of exports in 2021, is compared with the mass of exports in 2020. On the export front, milk and cream unsweetened, cheese and curd and whey and whey powder exports increased significantly with the other three categories holding their ground.

Table 4: Exports in 2021 compared to exports in 2020.

Heading	Description	A 2021 Kg	B 2020 Kg	A as % van B
04.01	Milk and cream, unsweetened	24 062 085	21 290 150	113.0
04.02	Milk, concentrated	7 528 119	7 815 738	96.3
04.03	Buttermilk powder, yoghurt	10 325 074	10 050 795	102.7
04.04	Whey, whey powder. etc	1 920 121	1 359 203	141.3
04.05	Butter, butter spreads and butter oil	1 298 177	1 329 523	97.6
04.06	Cheese and curd	5 857 371	4 849 976	120.8
Total		50 990 947	46 695 385	109.2

Source: SARS as supplied by SAMPRO

TABLE 5: CHANGES IN THE RETAIL SALES QUANTITIES FROM THE YEAR APRIL 2020 TO MARCH 2021, TO THE YEAR APRIL 2021 TO MARCH 2022, AND CHANGES IN THE RETAIL PRICES FROM MARCH 2021 TO MARCH 2022 OF SPECIFIC DAIRY PRODUCTS

PRODUCT	CHANGE IN RETAIL SALES QUANTITY PERCENT	CHANGE IN RETAIL PRICES PERCENT
FRESH MILK	-6.7	3.8
LONG LIFE MILK (UHT MILK)	-2.9	1.0
FLAVOURED MILK	0.8	7.6
YOGHURT	-8.7	5.4
MAAS	-3.5	1.4
PRE-PACKAGED CHEESE	-0.5	2.2
CREAM CHEESE	-5.8	2.5
BUTTER	-4.9	0.8
CREAM	-7.4	5.7

Source: Nielsen figures supplied by SAMPRO

The average retail prices of all of the nine products being monitored in Table 5, were higher in March 2022 than in March 2021. Average retail price changes of the products that increased, varied between 1.0% and 7.6%. The sales quantities of all of the dairy products reflected in Table 5 were lower than in the previous year, with the exception of flavoured milk that increased marginally. The drop in sales volumes of fresh milk and long life is especially alarming since these two categories are responsible for a major part of the consumer dairy basket. Fresh and long-life milk (UHT) (Unflavoured and unsweetened milk) utilize approximately 49 percent of the total unprocessed milk production in South Africa.

Changes in sales quantities and prices during the period in table 5 did not change at the same rate. This situation is illustrated in Table 6 and Table 7.

TABLE 6: CHANGES IN THE QUANTITIES OF RETAIL SALES OF CERTAIN DAIRY PRODUCTS

PRODUCT	Sales in the month of March 2022 versus the sales in the month of March 2021	Sales in the 3 months from January 2022 to March 2022 versus the sales in the 3 months from January 2021 to March 2021	Sales in the 6 months from October 2021 to March 2022 versus the sales in the 6 months from October 2020 to March 2021	Sales in the 9 months from July 2021 to March 2022 versus the sales in the 9 months from July 2020 to March 2021	Sales in the 12 months from April 2021 to March 2022 versus the sales in the 12 months from April 2020 to March 2021
	percent		percent		percent
Fresh Milk	-6.8	-9.1	-7.6	-7.6	-6.7
UHT milk	8.6	3.2	2.3	1.7	-2.9
Flavoured milk	-1.9	-4.0	-1.8	-0.8	0.8
Yoghurt	-4.7	-7.1	-7.8	-9.0	-8.7
Maas	2.9	1.3	0.4	-2.3	-3.5
Pre-packaged cheese	5.4	3.0	2.9	1.5	-0.5
Cream cheese	-2.3	-3.1	-2.5	-3.4	-5.8
Butter	-0.6	-1.0	0.4	-0.4	-4.9
Cream	-8.7	-7.8	-5.0	-5.3	-7.4

Source: Nielsen as supplied by SAMPRO

The sales quantities of six of the dairy products reflected in Table 6, were lower in March 2022 compared to March 2021. Comparing sales in the six months from October 2021 to March 2022 versus October 2020 to March 2021 the sales quantities of five of the nine products reflected in Table 6, were lower, fresh milk, yogurt and cream taking serious shots. The 12 month period from April 2021 to March 2022 versus April 2020 to March 2021 reflects a worse sales picture, with eight of the nine products registering reduced sales.

Understanding market demand with the distortion caused by the various degrees in severity regarding the restriction on human movement, coupled with no to limited trading hours for certain businesses during 2020 and 2021 due to the Covid-19 pandemic government regulations is difficult. Throw into the mix the change in consumer behaviour in the build-up phase towards the start of the government regulations, the interpretation of market demand is even more complex.

However, the above table indicates that in the relative timeframes sales are mostly down, which should influence the demand for unprocessed milk. The first quarter Gross Domestic

Product (GDP) of South Africa increased by 1.9% (not annualised) in 2022 following annual increase of 4.9% in 2021. On an annualised basis the South African economy recovered to pre-Covid-19 levels in the first quarter of 2022. This is not a bad performance taking the erratic electricity supply, dilapidated infrastructure and numerous protest actions into account.

TABLE 7: THE AVERAGE RETAIL PRICES OF SPECIFIC DAIRY PRODUCTS IN March 2022, COMPARED TO THE AVERAGE RETAIL PRICES OF THE PRODUCTS CONCERNED IN SPECIFIC PREVIOUS MONTHS OF 2021 AND 2020

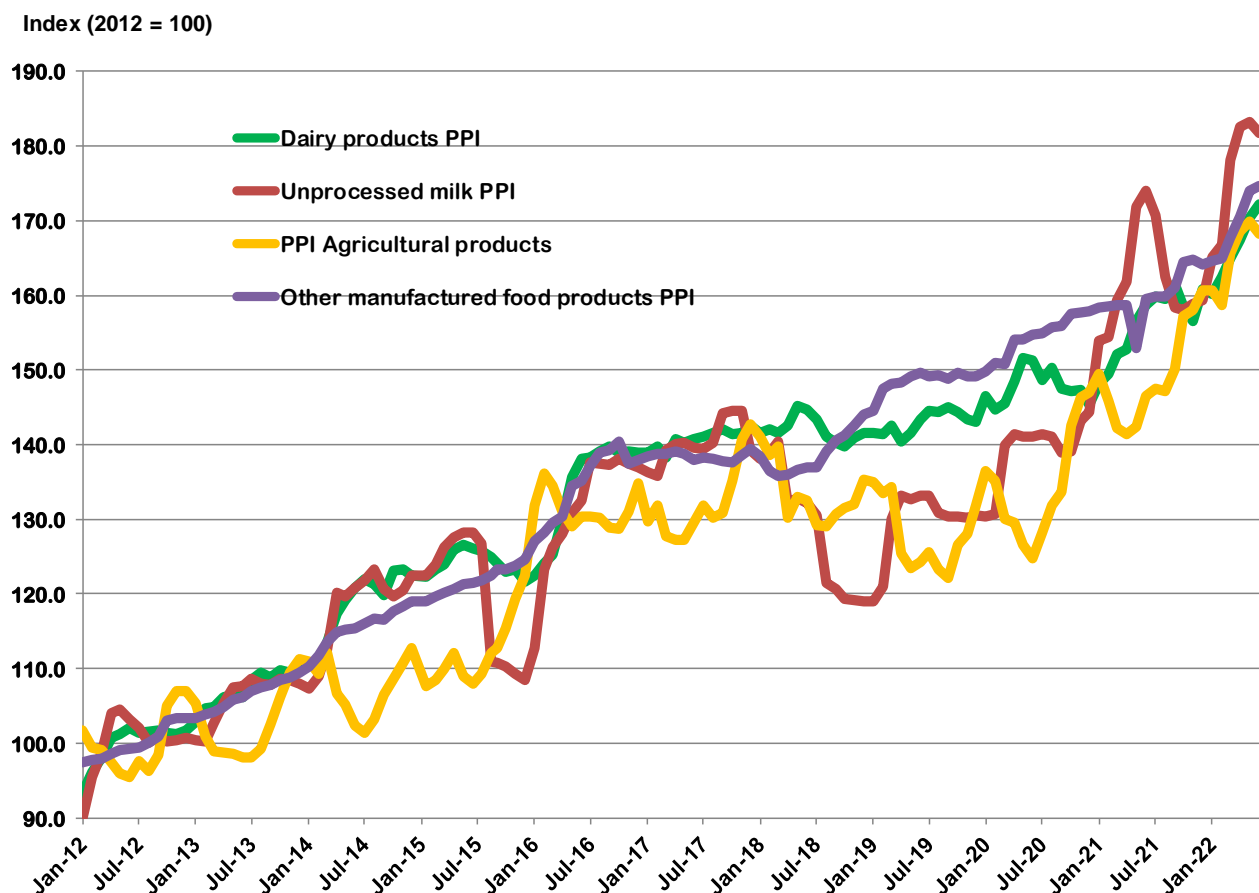
PRODUCT	March 2022 versus February 2022 (1 month ago)	March 2022 versus December 2021 (3 months ago)	March 2022 versus September 2021 (6 months ago)	March 2022 versus June 2021 (9 months ago)	March 2022 versus March 2021 (12 months ago)	March 2022 versus September 2020 (18 months ago)	March 2022 versus March 2020 (24 months ago)
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
FRESH MILK	1.5	1.5	0.2	1.3	3.8	8.3	8.6
UHT MILK	0.5	-1.5	-2.8	-3.3	1.0	0.9	5.7
FLAVOURED MILK	-0.1	1.2	-2.7	-1.7	7.6	7.1	9.5
YOGHURT	0.2	3.1	1.4	2.0	5.4	8.9	9.8
MAAS	0.1	0.0	0.9	-0.1	1.4	6.4	4.3
PRE-PACKAGED CHEESE	-1.3	-3.0	-1.6	-0.5	2.2	3.5	5.8
CREAM CHEESE	1.6	-0.7	1.4	0.9	2.5	10.4	15.4
BUTTER	4.5	-0.1	0.03	-1.9	0.8	-1.2	-2.3
CREAM	0.1	-0.5	2.3	2.9	5.7	6.9	7.2

Source: Nielsen as supplied by SAMPRO

Comparing month on month (March 2022 with February 2022), for the seven products that registered a price increase in Table 7, the sales price of only three of the products increased with more than the Headline inflation rate of 1,0 percent, while the prices of two of the nine products decreased.

Comparing year on year (March 2022 with March 2021), the retail sales prices of dairy products that registered an increase in Table 7, only one increased with more than the year-on-year Headline inflation rate of 5,9%.

FIGURE 12: PRODUCER PRICE INDICES OF SOUTH AFRICAN AGRICULTURAL AND FOOD PRODUCTS, JANUARY 2012 – June 2022.



Source: Stats SA

The PPI for unprocessed milk (Figure 12) started to increase from 130.3 index points in February 2020 to 144.3 points in December 2020, an increase of 10,6%. The index continued to increase in 2021, with June 2021 increasing to an all-time high of 173,9 index points, an increase of 13,0% from January 2021. The PPI for unprocessed milk increased with 33,5% from February 2020 to June 2021. The index turned south in July 2021 through to October 2021, decreasing with 9,1%. The November 2021 index is marginally higher. The PPI for unprocessed milk increased with 10.4% from December 2020 to December 2021 and from January 2022 to June 2022 with 10,1%.

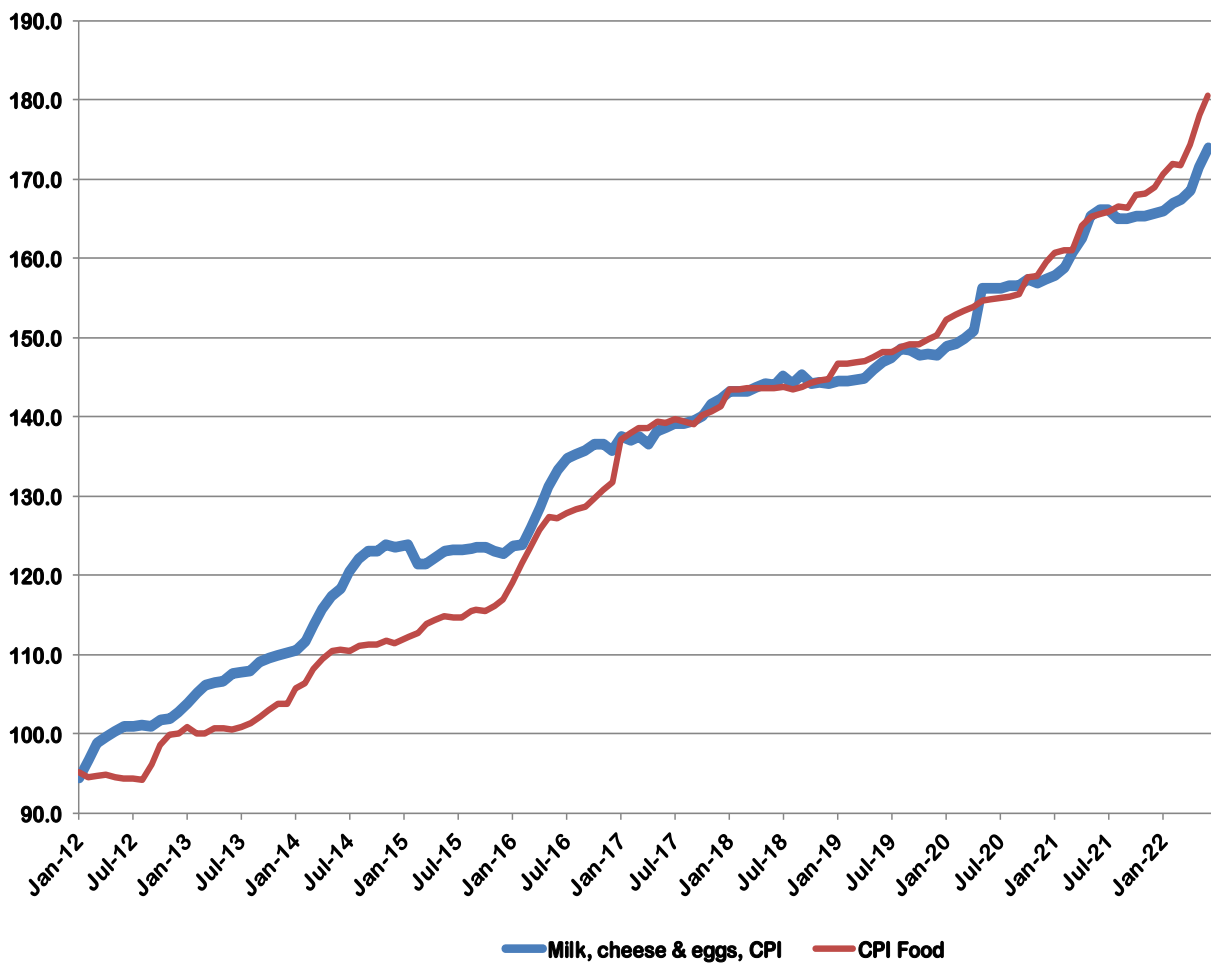
The PPI for other manufactured food products exhibits an upward trend since March 2018. There was some sideways movement from April 2019 to Dec 2019 with the upward trend continuing in 2020 and for the first eleven months of 2021, bar for May 2021 declining marginally. The PPI for other manufactured food products increased with 4.0% from December 2020 to December 2021 and from January 2022 to June 2022 with 6,0%.

The PPI for Agricultural products increased with 9.3% from December 2020 to December 2021 and from January 2022 to June 2022 by 4,7%.

The highest level of the PPI for Dairy products in 2019 was 145 index points (Sept), an increase of 2.5% but the index lost ground falling back with 1.4% in December 2019 to 143 index points. In 2020

the highest level of the index was 151.6 in May 2020, an increase of 6% from the December 2019 index level. The index trend reversed in the second half of 2020 and decreased with 4,2% from May 2020 to December 2020 to 145.3 points. From December 2020 to July 2021 the index increased with 10,0% to 159,9 index points. The trend reversed in August 2021 with the index decreasing with 0,2% to 159,6 index points. In September 2021 the index increased marginally to 161,5 points, turned south again in October and November 2021 ending at 156,6 points. The index increased with 10.1% from December 2020 to December 2021 and from January 2022 to June 2022 by 7,4%.

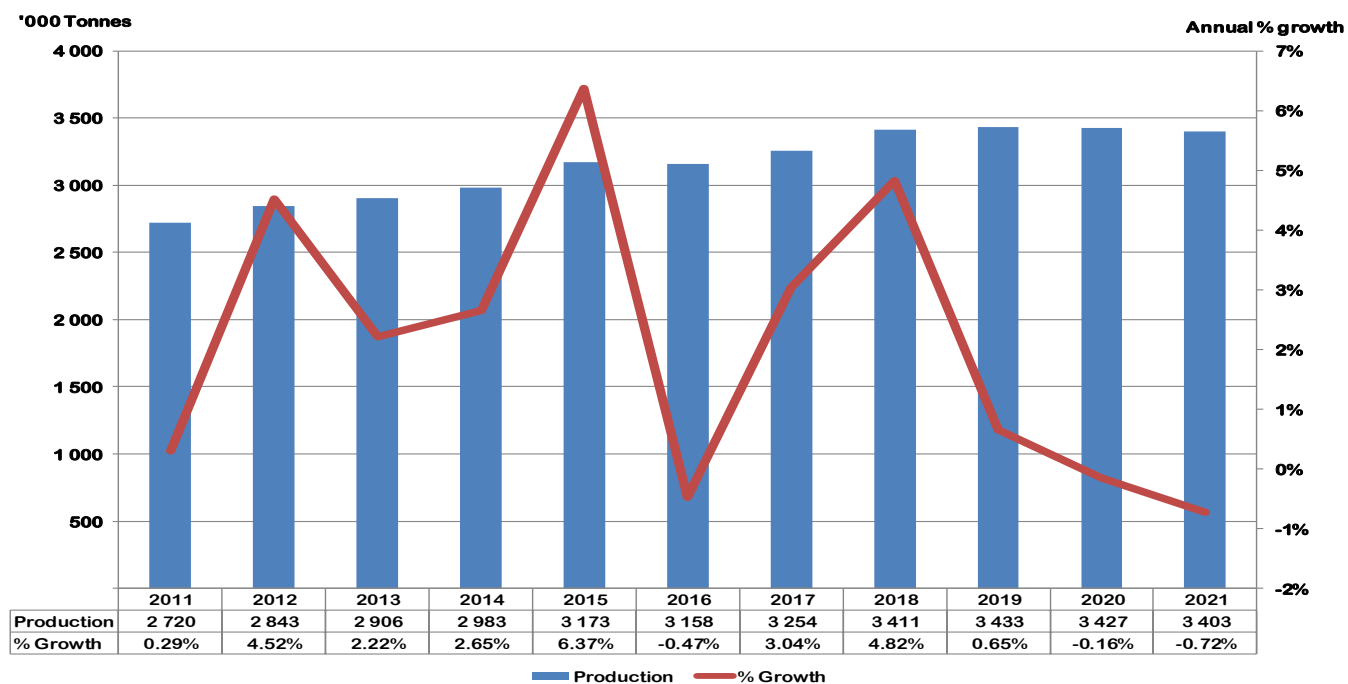
FIGURE 13: CONSUMER PRICE INDICES OF SOUTH AFRICAN FOOD AND DAIRY PRODUCTS, JANUARY 2012 – JUNE 2022



Source: Stats SA

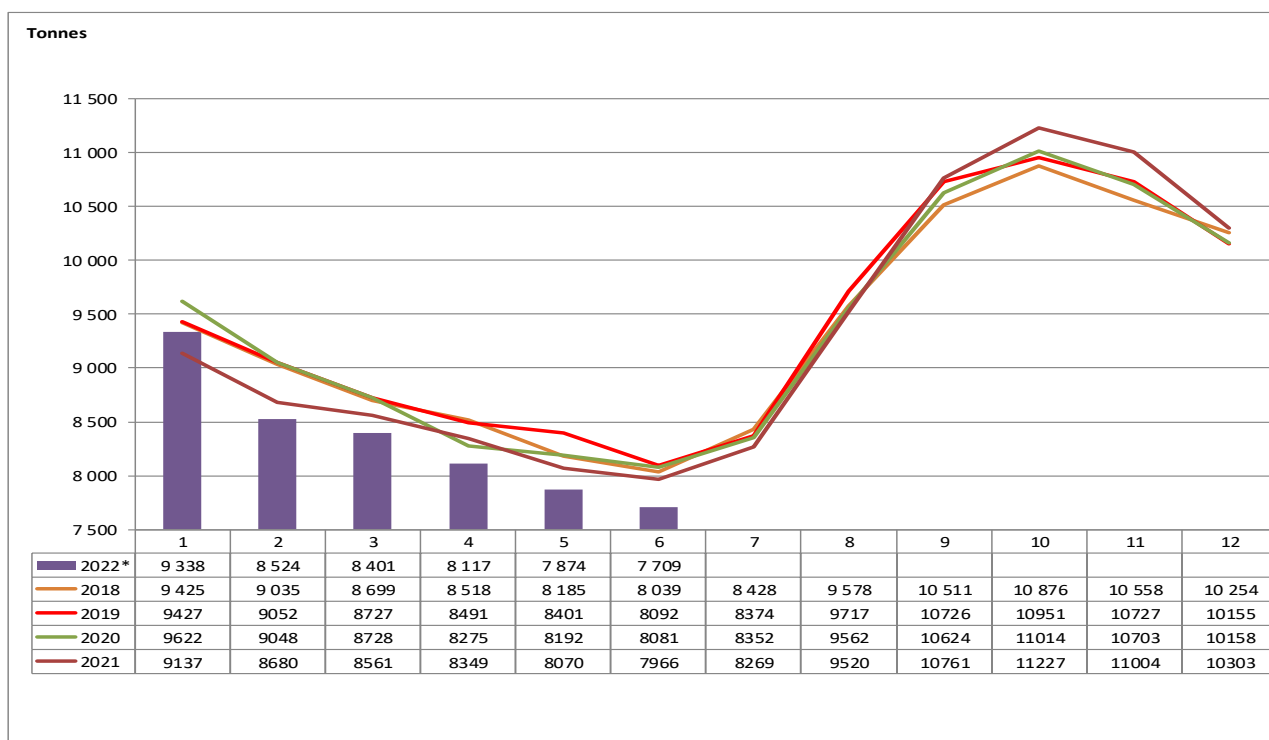
The CPI for milk, cheese and eggs started to increase at a slower rate from August 2021 when compared to the CPI for Food. In April 2022 the rate of increase of the consumer price index for milk, cheese and eggs started to increase, but the index remained below the CPI Food index. In June the CPI index for milk, cheese and eggs increased with 4.8% while the consumer price index for food increased with 5.8%.

FIGURE 14: ANNUAL SOUTH AFRICAN UNPROCESSED MILK PURCHASES, 2011 – 2021



Source: Milk SA

FIGURE 15: SOUTH AFRICAN UNPROCESSED MILK PURCHASES DAILY AVERAGE PER MONTH, JANUARY 2018 – JUNE 2022



Source: Milk SA; May and June 2022 = Milk SA estimates.

Daily average unprocessed milk purchases for the period February 2022 to June 2022 are lower than the corresponding months of the previous four years.

TABLE 5: CUMULATIVE UNPROCESSED MILK PURCHASES (Tonnes), 2018 – 2022

Month	2018	2019	2020	2021	2022
January	292 171	292 222	298 287	283 260	289 468
February	545 148	545 682	560 678	526 286	528 145
March	814 832	816 208	831 233	791 682	788 572
April	1 070 368	1 070 927	1 079 473	1 042 152	1 032 078
May	1 324 102	1 331 360	1 333 417	1 292 311	1 276 159
June	1 565 269	1 574 114	1 575 855	1 531 293	1 507 425
July	1 826 534	1 833 695	1 834 773	1 787 625	
August	2 123 446	2 134 907	2 131 205	2 082 757	
September	2 438 789	2 456 699	2 449 933	2 405 584	
October	2 775 933	2 796 179	2 791 371	2 753 615	
November	3 092 669	3 117 985	3 112 446	3 083 722	
December	3 410 536	3 432 802	3 427 335	3 403 100	

Source: Milk SA.

During 2021, 3 403 100 tonnes of unprocessed milk were purchased, which is 0.71% less than in 2020. In 2022, first six months, the cumulative unprocessed milk purchased is 1 507 425 tonnes, which is 1,56% less compared to the same period in 2021.

Synopsis

Gauging by the trend in the FAO Food Price Index, marking the third consecutive monthly decline, it is possible that food prices on a wide front have turned the corner. However, prices are still high at 29% above prices of a year ago.

The Free On Board (FOB) prices for butter, Cheddar, full-cream milk powder, and skimmed milk powder, as published by the United States Department of Agriculture (USDA) in April 2022 initiated a slow-down in the upward momentum with full cream milk powder actually turning south. The Global Dairy Trade Price Index (GDT index) confirms the mood change in the market – prices losing significant steam but remaining at high levels compared to prices in the pre-Covid-19 period.

In USD terms butter reduced from the year-to-date high of 6 644\$/ton (April 2022) to 6 063\$/ton in June, and cheese reduced from 6 263\$/ton (April 2022) to 5 356\$/ton in June, skimmed milk powder reduced from 4 600\$/ton (April 2022) to 4 269\$/ton in June and full cream milk powder reduced from 4 625\$/ton (March 2022) to 4 063\$/ton in June.

European Union and New Zealand prices for unprocessed milk are at record levels in the wake of unparalleled increases in the price of many important production inputs.

In South Africa the Dairy Products PPI from May 2021 to May 2022 is 8.8% up and that of unprocessed milk by 6.6%.

Sales volumes of the nine dairy products monitored by NielsenIQ are mostly down despite that only one of these product prices increases with more than the Headline inflation rate of

5.9% March 21 vs March 2022. Demand for these products within the current marketing mix is down.

Cumulative unprocessed milk production, year to date, is 1.56% less than over the same period in 2021. The period February to June mark the lowest daily unprocessed milk production for the past four years. Taking the lead from the behaviour of the PPI for unprocessed milk, the market is satisfied with the supply from the primary industry.

The document was compiled by Bertus van Heerden with input from:	Project Manager, Milk SA Project – Economies and Markets
Nico Fouché	CEO: Milk SA
Alwyn Kraamwinkel	CEO: SAMPRO
De Wet Jonker	Business Economist: SAMPRO
Jan Theron	Researcher: SAMPRO
Dr Ndumiso Mazibuko	Senior Economist: SAMPRO