



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: Q1 2026

International Market

Global food prices declined during 2025. However, the FAO Food Price Index (FFPI) rose for a second consecutive month in March 2026, indicating renewed upward pressure in global agricultural commodity markets. This was partly driven by higher energy prices and geopolitical tensions in the Middle East, which affected production costs, transport and trade flows. On a year-on-year (YoY) basis, the FFPI increased by 1.1% in March 2026.

The FAO Dairy Price Index declined from its peak of 155.5 points in June 2025 to February 2026, registering a cumulative decrease of 23.2%, before edging up by 1.3% between February and March 2026.

The FAO Meat Price Index rose by 8.1% YoY in March 2026, while the FAO Cereal Price Index increased modestly by 0.6%. In contrast, the FAO Sugar Price Index declined sharply by 20.6% YoY.

For most of 2025, the Global Dairy Trade (GDT) index trended downward. This followed a sustained upward trend from September 2023 to May 2025. Thereafter, a more volatile, zig-zag pattern emerged until December 2025. The index then declined for a second consecutive month in March 2026, reaching 1,254 points, down 6.3% from January and 0.5% from February.

The New Zealand Future Exchange shows a declining trend in futures contract prices for butter, anhydrous milk fat (AMF), SMP and FMP from May to December 2026. The two powders (SMP and FMP) follow a similar, mostly sideways trend, with FMP trading at a slight premium to SMP and showing a modest increase from November to December 2026. The two solids (butter and AMF) exhibit downward trends over the period, with prices declining by approximately USD 700/ton for AMF and USD 400/ton for butter between May and December 2026.

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 (7.9%).

The farmgate price declined for a second consecutive month in March 2026, reaching 43.07 Euro/100kg. This represents a 19% YoY decrease compared to March 2025, and a 7% decline relative to March 2024.

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 concentrated milk (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.

Observing the movement of the four PPIs, a clear convergence in price trends is evident, particularly between unprocessed milk and dairy products, following the divergence observed in earlier periods. While food manufacturing prices remained relatively resilient, broader agricultural prices weakened. The anomaly observed in the unprocessed milk PPI for March 2026 stands out against this backdrop of relative stability and will require further verification. Overall, the data suggests a more balanced pricing environment across the value chain heading into 2026, albeit with some short-term uncertainties.

The divergence between dairy CPI and overall food CPI reflects easing cost pressures in the dairy value chain. While food inflation remains elevated, dairy prices have stabilised, suggesting a more subdued pricing environment in the short term, albeit with some ongoing risks.

The South African Reserve Bank (SARB) initially forecast South Africa's economic growth at 1.6% for 2026. This projection was subsequently revised downward to 1.3% due to lingering global shocks.

An overall, positive picture developed regarding sales quantities of dairy products in 2025, despite a South African economy that keeps on misfiring. It is important to note that the higher retail sales quantities for dairy products are closely linked to the slowdown and decreases in prices. In 2025, the retail sales quantities of eight of the nine dairy products were from 0.4 to 6.0 per cent higher than in 2024. In 2025, the retail sales prices of four of the nine dairy products increased, and two of the four products' retail sales prices increased at rates less than the inflation rate of 3.6 per cent in December 2025.

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.

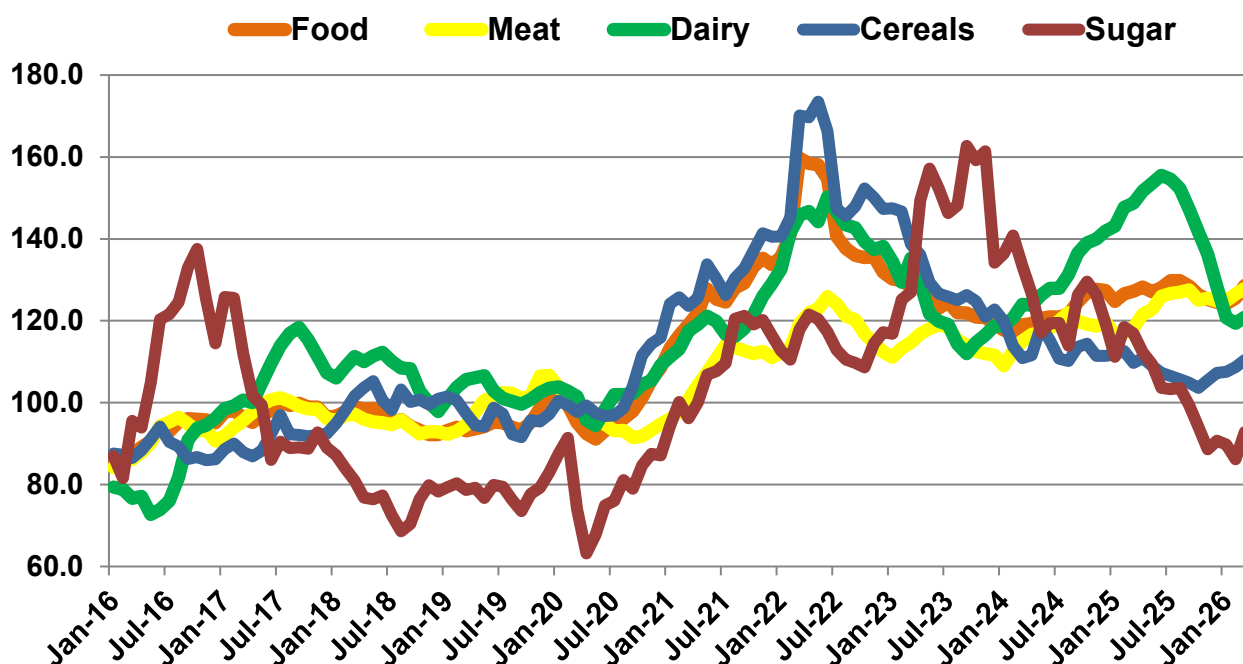
The percentage degree of variation between the different masses of unprocessed milk used in dairy products in 2025, compared to the same period in 2024, is presented. The highest percentage variation occurred for sweetened, flavoured and coloured milk, followed by whey powder. The lowest percentage variation occurred for cheese, excluding cottage and cream cheese, with skimmed milk powder (SMP) recording the second-lowest variation. In terms of the masses of unprocessed milk allocated to products, the mass allocated to fresh milk decreased the most, while the mass allocated to long-life and sterilised milk products increased the most.

The manufacturing of whey powder for 2025 is 12.46% more than in the same period in 2024, while 11.78% less butter was manufactured.

1. INTERNATIONAL MARKET

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

Index (2014 - 2016 = 100)



Source: FAO Food Price Index, April 2026

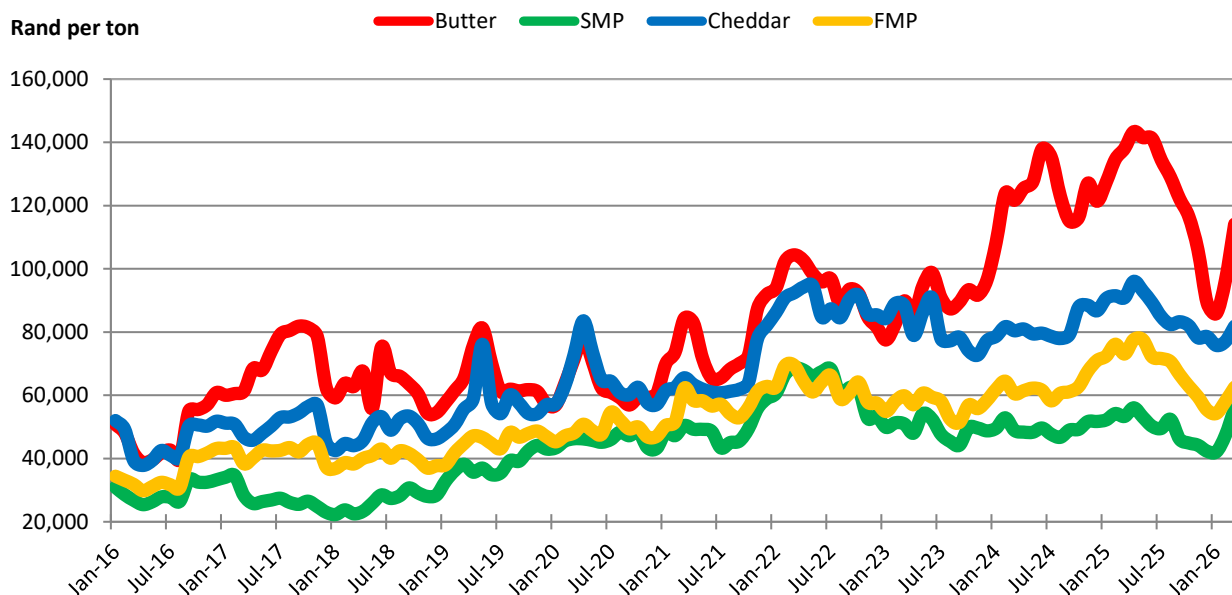
In March 2026, the FAO Food Price Index (FFPI) increased by 1.1% YoY. The FFPI rising for a second consecutive month in March 2026 indicates renewed upward pressure in global agricultural commodity markets. This was partly linked to higher energy prices and geopolitical tensions in the Middle East, which affected production costs, transport and trade flows.

The FAO Dairy Price Index began to decline at the start of the third quarter of 2025, ending a 21-month upward trend that had persisted since October 2023. Over this period, the index reached a record high of 155.5 points. From this peak in June 2025, the index trended downward until February 2026, registering a cumulative decline of 23.2%, before edging up slightly by 1.3% between February and March 2026.

The FAO Meat Price Index for March 2026 rose by 8.1% YoY, while the FAO Cereal Price Index recorded a modest increase of 0.6%. In contrast, the FAO Sugar Price Index declined sharply by 20.6% YoY.

Overall, the divergence across commodity groups highlights uneven global supply and demand dynamics, with dairy markets showing early signs of stabilisation after a prolonged correction, while sugar markets remain well-supplied.

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

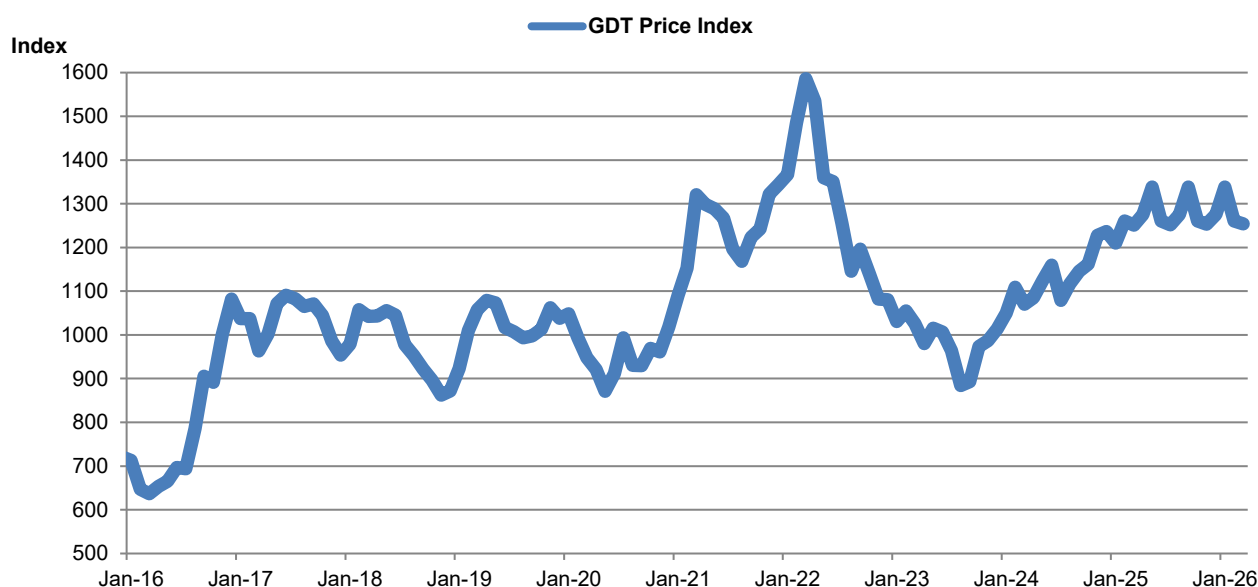


Source: United States Department of Agriculture (USDA), South African Reserve Bank (SARB) for exchange rates

In March 2026, the **ZAR prices** compared to March 2025 were 17.3% lower for butter, 14.4% lower for FMP, and 9.9% lower for Cheddar, while SMP increased by 4.9%. Over the same period, the ZAR appreciated by 8.5%.

In **USD terms**, March 2026 prices were down by 9.6% for butter, 6.4% for FMP, and 1.5% for Cheddar, while SMP increased by 14.6% YoY.

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



Source: Global Dairy Trading

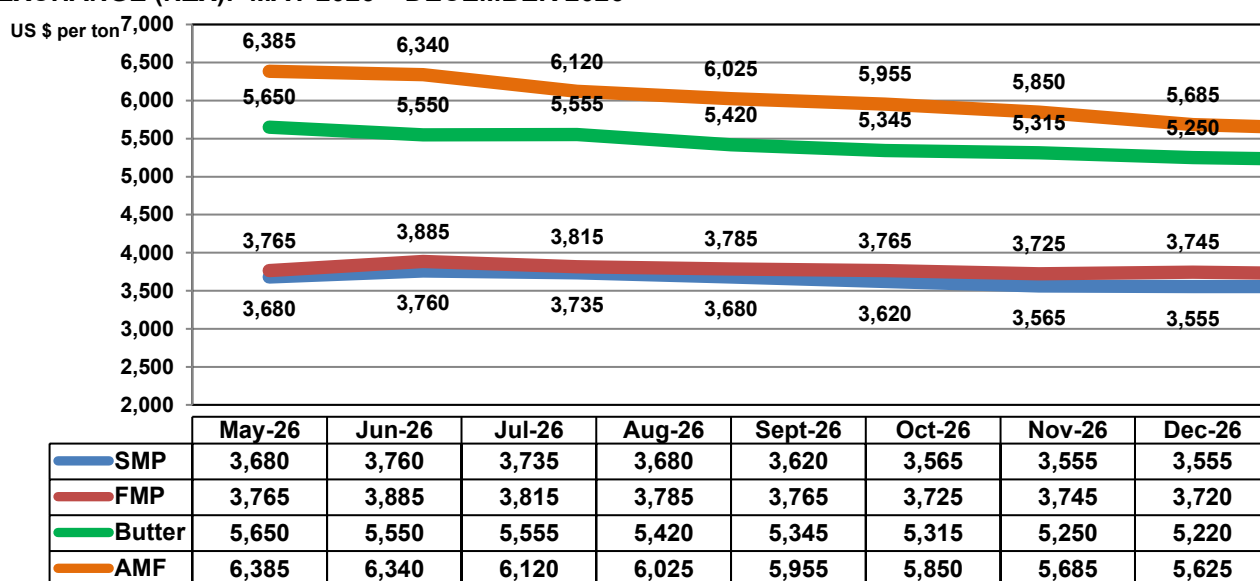
The Global Dairy Trade (GDT) platform is an online auction through which large volumes of dairy products are traded, with two events held monthly where participants across the globe submit bids and offers.

Figure 2A shows the GDT price index up to March 2026. The index trended upward from 893 points in September 2023 to a peak of 1,339 points in May 2025, an increase of 49.9%. Thereafter, a more volatile, zig-zag pattern emerged until December 2025. The index then declined for a second consecutive month in March 2026, reaching 1,254 points, down 6.3% from January and 0.5% from February.

Figure 2B presents future prices on the New Zealand Futures Exchange for butter, anhydrous milk fat (AMF), SMP and FMP from May to December 2026. The two powders (SMP and FMP) follow a similar, mostly sideways trend, with FMP trading at a slight premium to SMP and showing a modest increase from November to December 2026.

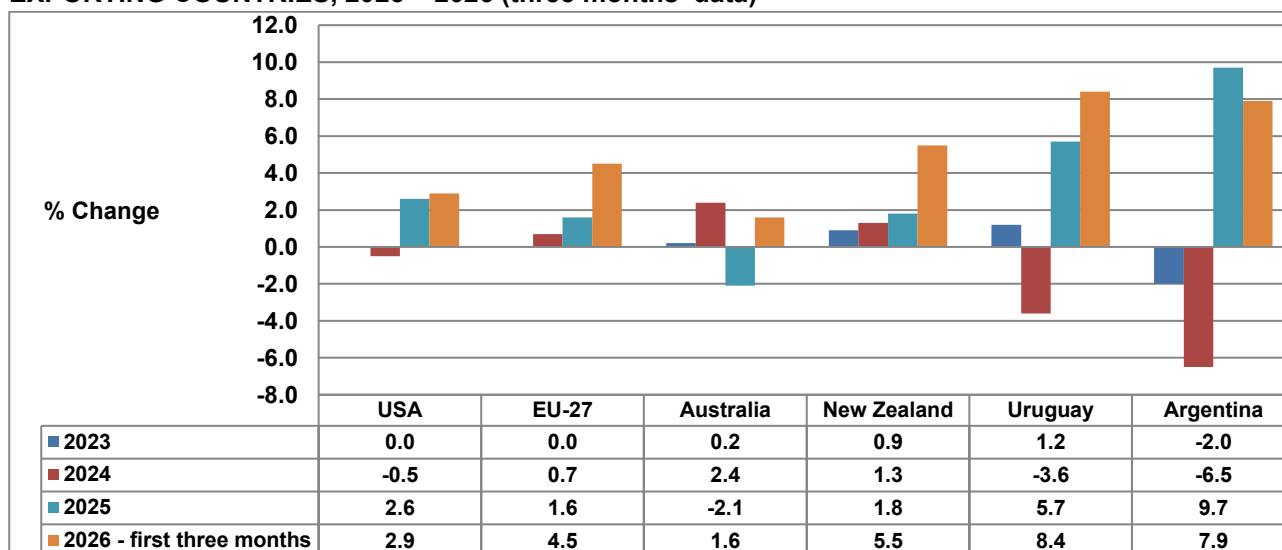
The two solids (butter and AMF) exhibit downward trends over the period, with prices declining by approximately USD 700/ton for AMF and USD 400/ton for butter between May and December 2026.

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



Source: NZX Futures, 18 May 2026

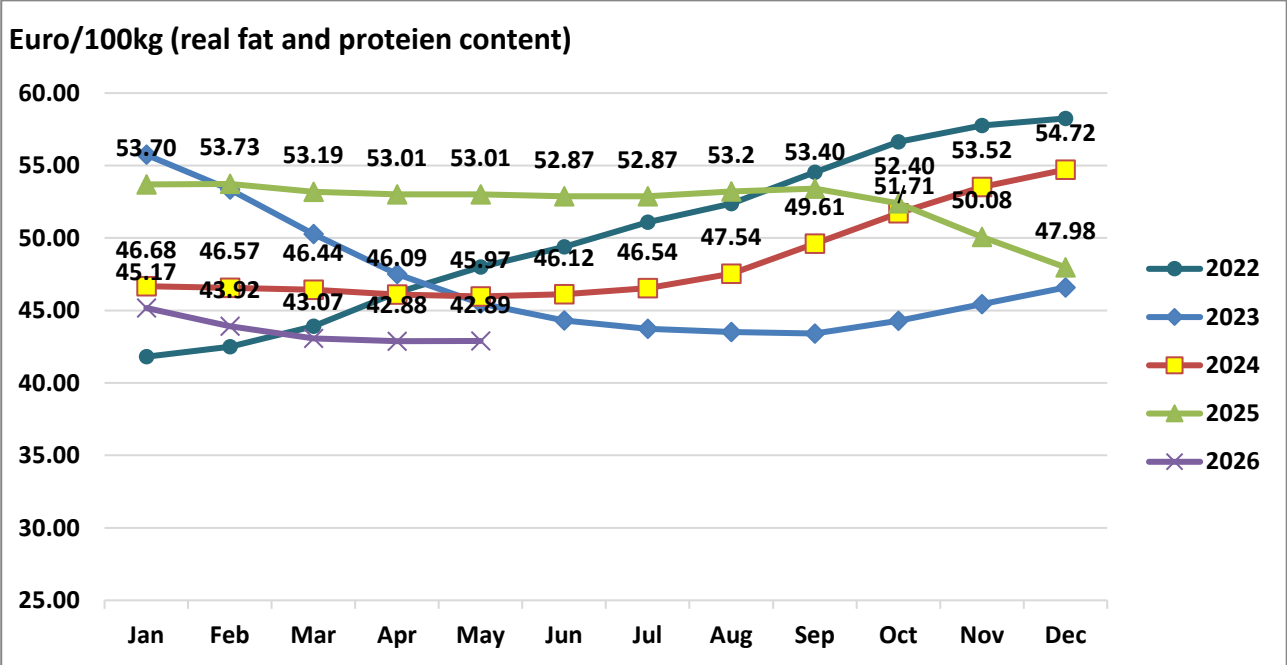
FIGURE 3: YEAR-ON-YEAR CHANGE IN UNPROCESSED MILK PRODUCTION IN MAJOR DAIRY EXPORTING COUNTRIES, 2023 – 2026 (three months' data)



Source: CLAL, May 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 Uruguay (8.4%) and Argentina (7.9%).

FIGURE 4: WEIGHTED AVERAGE PRODUCER PRICE OF UNPROCESSED MILK IN THE EU27 (excl. the UK). JANUARY 2022 – MAY 2026 (Last month's est.)



Source: European Commission, May 2026

The farmgate price declined for a second consecutive month in March 2026, reaching 43.07 Euro/100kg. This represents a 19% YoY decrease compared to March 2025, and a 7% decline relative to March 2024. Following this, farmgate prices remained flat in both April and May.

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:

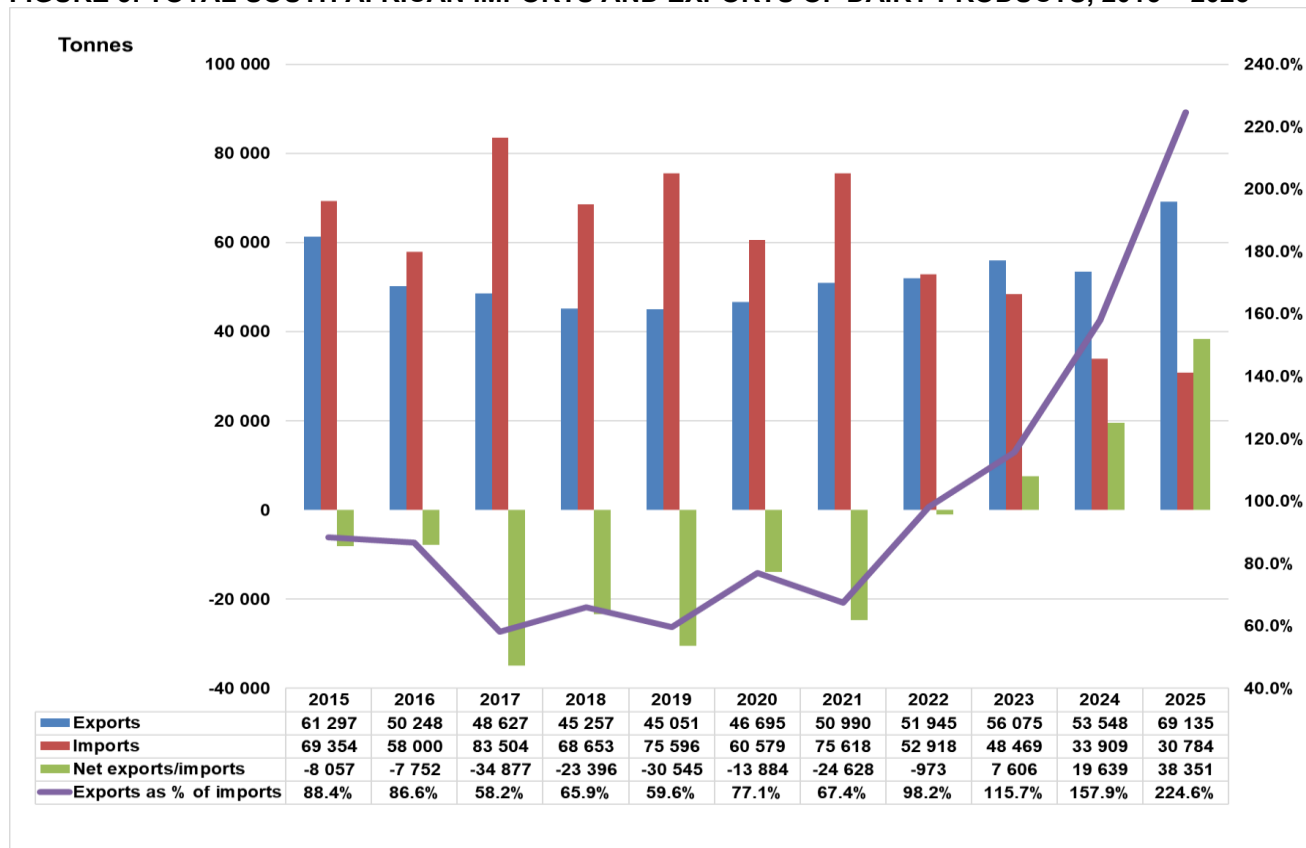
- South Africa remained a net exporter of dairy products in 2025, marking the third consecutive year. Import volumes declined by 9.2% compared to 2024, while export volumes increased by 29.1% over the same period. However, preliminary estimates for the first quarter of 2026 (January to March) show a 104.6% increase in imports compared to 2025, driven by higher volumes in all six product categories.
- 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). 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).
- 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

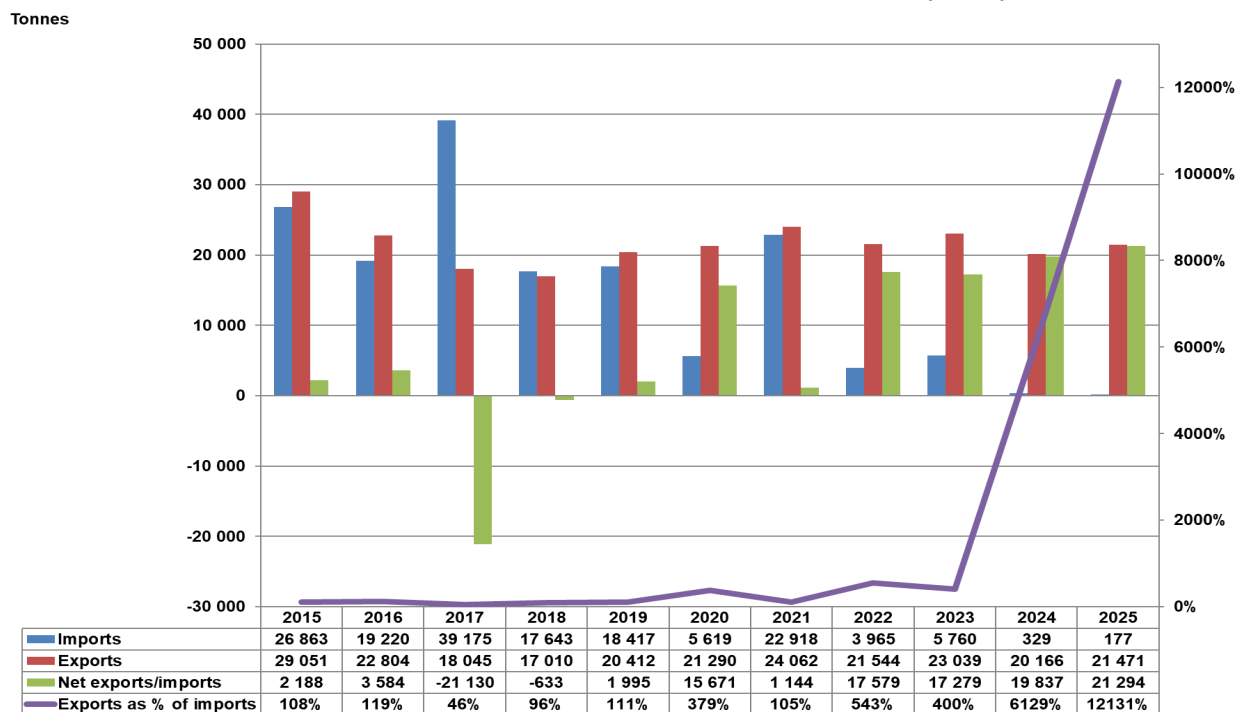
Source: SARS as supplied by SAMPRO

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



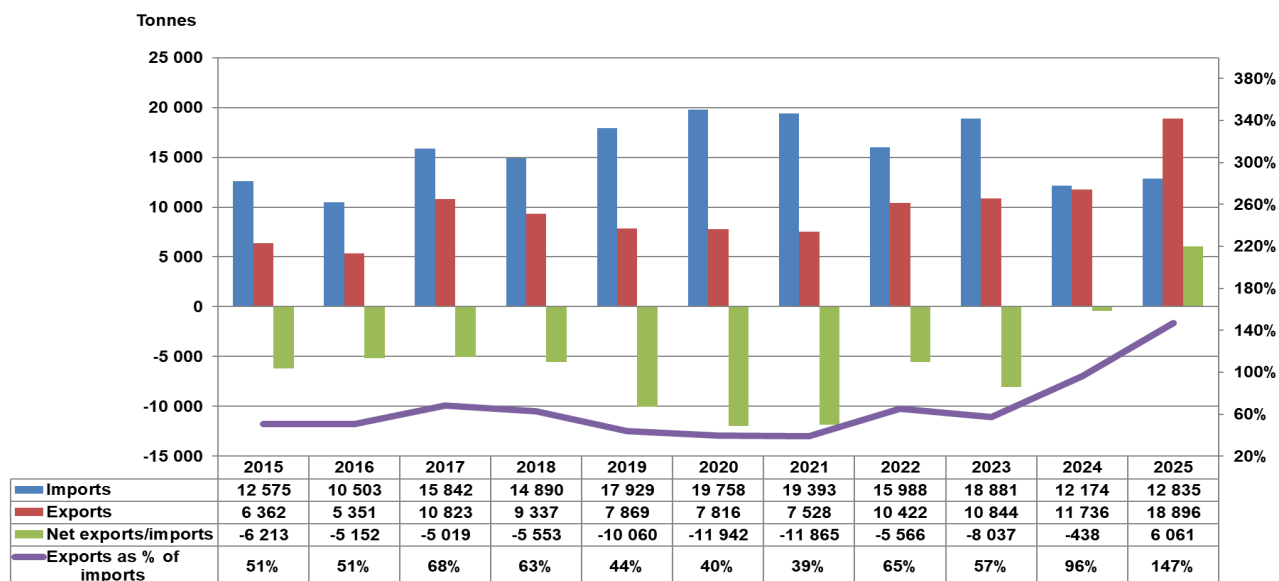
Source: SARS as supplied by SAMPRO

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



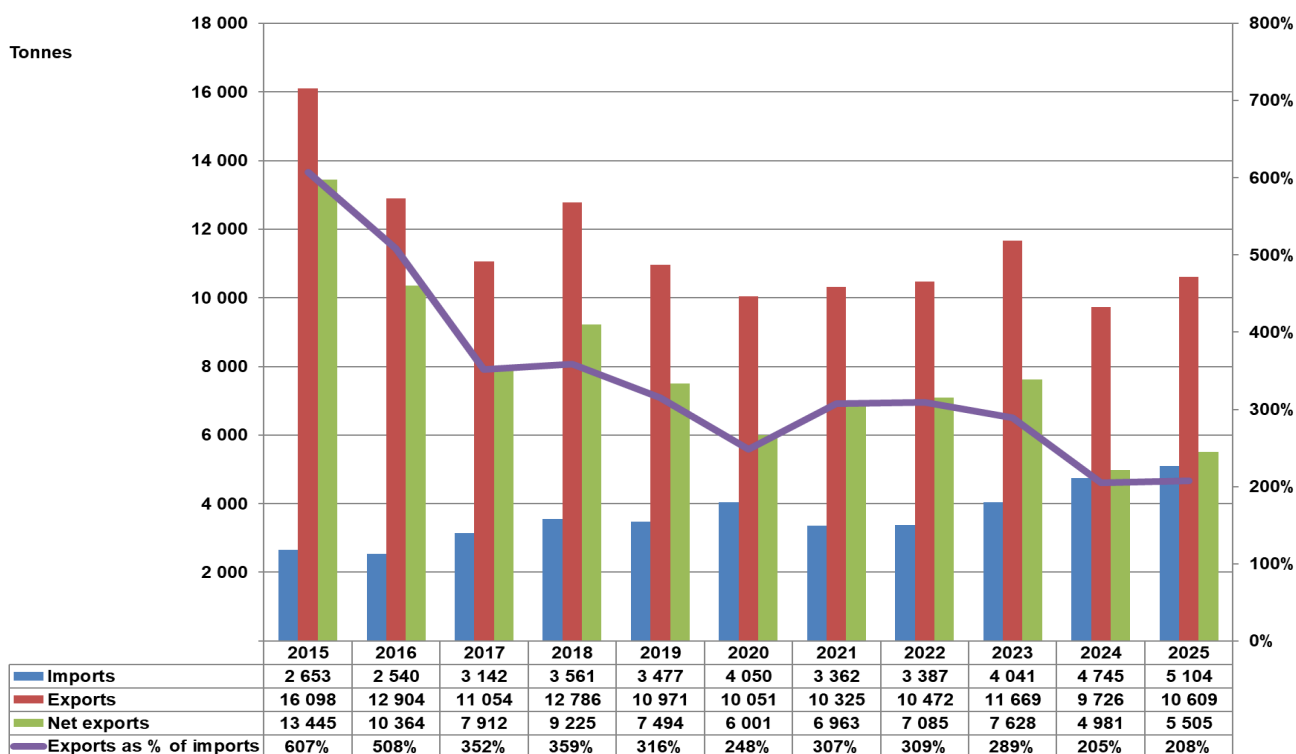
Source: SARS as supplied by SAMPRO

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



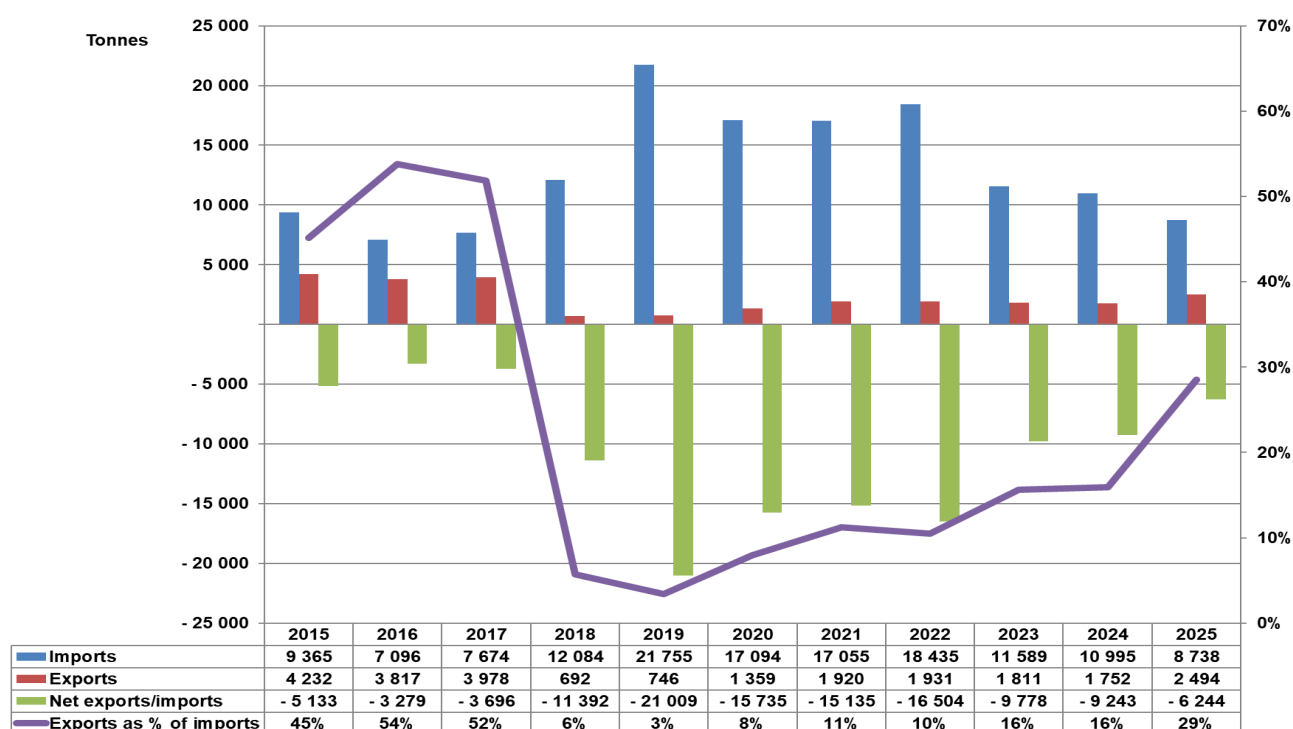
Source: SARS as supplied by SAMPRO

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



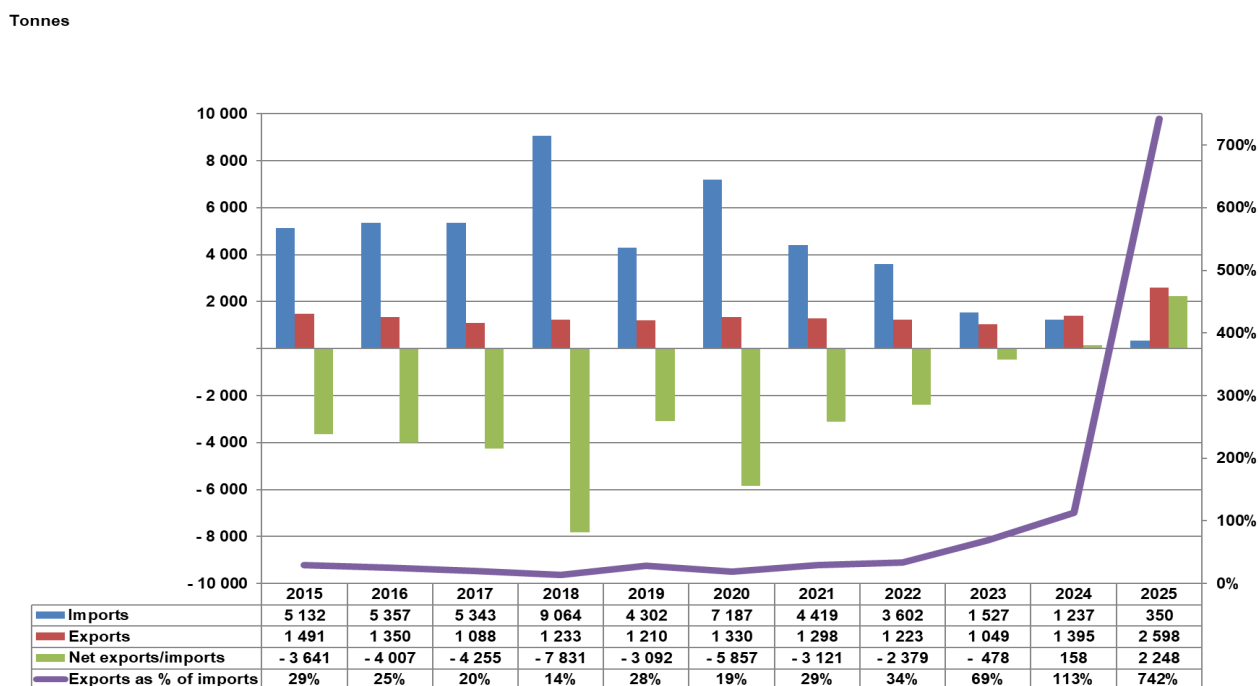
Source: SARS as supplied by SAMPRO

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



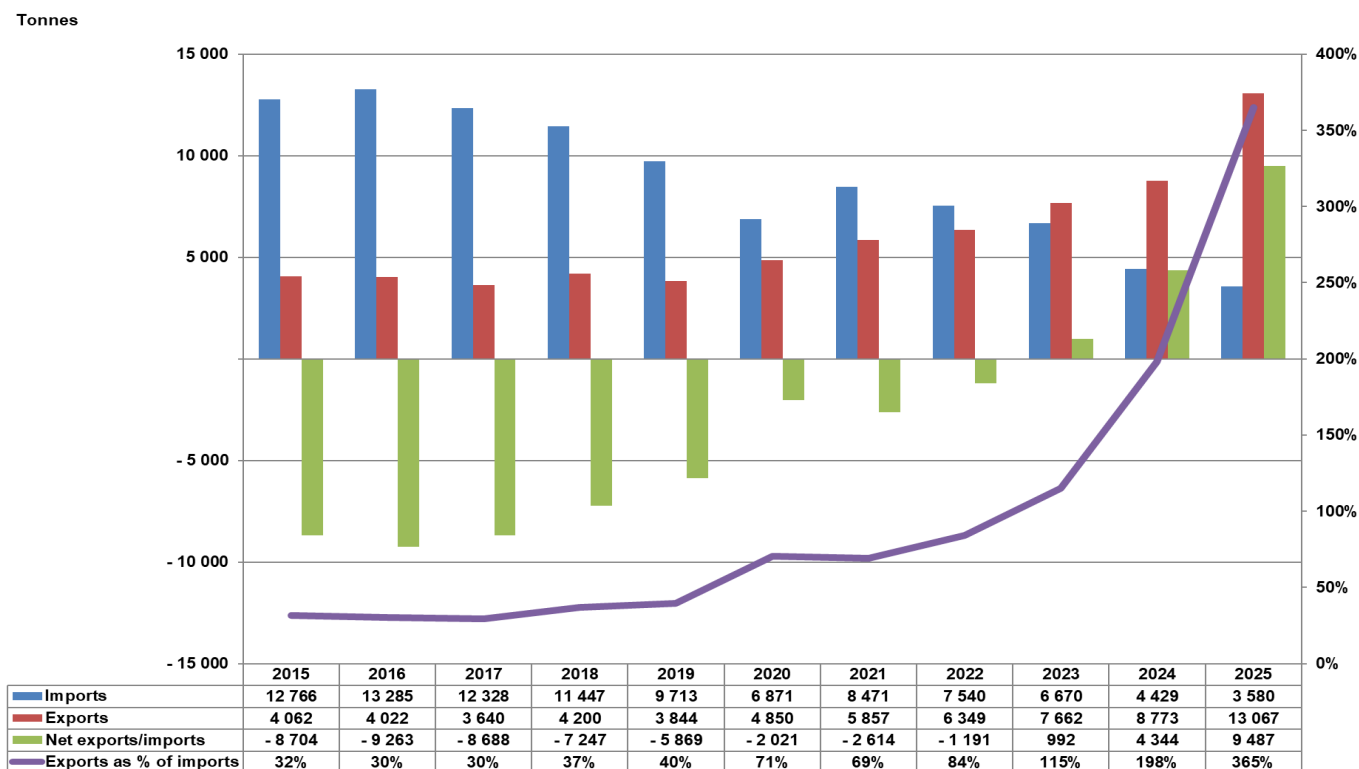
Source: As supplied by SAMPRO

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



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– 2026

Tariff heading	Description	Import price (R/kg)					Export price (R/kg)				
		2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
04.01	Milk & cream	13.78	14.71	48.22	52.80	62.80	15.49	18.51	18.42	18.12	16.95
04.02	Concentrated milk	63.22	61.45	55.25	61.46	54.68	63.53	68.95	66.69	67.78	66.70
04.03	Buttermilk & yoghurt	60.42	45.07	43.81	47.47	35.51	22.54	26.25	29.27	29.72	30.57
04.04	Whey	36.14	43.90	34.42	38.95	40.51	38.93	35.59	24.25	24.16	21.68
04.05	Butter	87.18	111.67	115.25	165.58	105.34	79.38	97.15	96.97	106.82	114.54
04.06	Cheese	88.67	111.07	129.17	146.24	146.78	70.75	77.68	78.31	79.73	76.27

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 2026 than in 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

In Table 5, the average retail prices for five of the eight dairy products increased, with all the product increases below the food inflation rate of 4.4% of September 2025. The retail sales quantities of seven of the eight products were from 1.4% to 8.4% higher in 2025 compared to 2024. Fresh milk sales quantities reduced over the same period by 0.6%.

The percentage changes in retail sales quantities and the percentage changes in the average retail prices indicated in Table 5 do not mean that the retail sales quantities and the prices changed continuously at the same rate during the period concerned. This situation is illustrated in Tables 6 and 7.

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

PRODUCT	CHANGE IN RETAIL SALES QUANTITIES	CHANGE IN RETAIL PRICES
	PERCENT	PERCENT
FRESH MILK	-0.1	-1.5
LONG LIFE MILK (UHT MILK)	5.4	-1.1
FLAVOURED MILK	0.4	5.2
YOGHURT	2.1	-1.0
MAAS	6.0	-0.2
PRE-PACKAGED CHEESE	2.7	-1.1
CREAM CHEESE	5.5	0.6
BUTTER	3.2	3.7
CREAM	5.9	1.8

Source: Nielsen figures supplied by SAMPRO

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

PRODUCT	Sales in the month of December 2025 versus the sales in the month of December 2024	Sales in the 3 months from October 2025 to December 2025 versus the sales in the 3 months from October 2024 to December 2024	Sales in the 6 months from July 2025 to December 2025 versus the sales in the 6 months from July 2024 to December 2024	Sales in the 9 months from April 2025 to December 2025 versus the sales in the 9 months from April 2024 to December 2024	Sales in the 12 months from January 2025 to December 2025 versus the sales in the 12 months from January 2024 to December 2024
	percent	percent	percent	percent	percent
Fresh Milk	0.6	0.7	0.7	0.1	-0.1
UHT milk	6.6	6.9	5.8	5.3	5.4
Flavoured milk	-3.7	-2.7	1.4	-0.03	0.4
Yoghurt	-0.4	0.4	3.5	2.6	2.1
Maas	-3.6	-0.2	4.6	5.6	6.0
Pre-packaged cheese	7.5	5.1	3.0	2.5	2.7
Cream cheese	9.7	6.9	7.0	6.7	5.5
Butter	-1.9	-1.8	2.0	2.4	3.2
Cream	6.6	6.8	6.0	5.6	5.9

Source: Nielsen as supplied by SAMPRO

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

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

PRODUCT	December 2025 versus November 2025 (1 month ago)	December 2025 versus September 2025 (3 months ago)	December 2025 versus June 2025 (6 months ago)	December 2025 versus March 2025 (9 months ago)	December 2025 versus December 2024 (12 months ago)	December 2025 versus June 2024 (18 months ago)	December 2025 versus December 2023 (24 months ago)
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
FRESH MILK	0.2	-0.6	-0.2	-0.8	-1.5	-2.7	-1.7
UHT MILK	-2.7	-3.3	-1.7	-1.6	-1.1	-3.2	-4.0
FLAVOURED MILK	-3.5	-0.9	-1.5	0.2	5.2	6.7	11.3
YOGHURT	-3.8	-3.7	-3.5	-3.3	-1.0	-1.1	3.0
MAAS	-0.5	-0.1	-0.5	-1.2	-0.2	-1.1	-0.4
PRE-PACKAGED CHEESE	-2.7	-2.5	-4.0	-2.6	-1.1	0.5	-2.4
CREAM CHEESE	1.4	3.0	-0.4	3.9	0.6	2.5	3.2
BUTTER	-1.7	0.6	-1.9	4.5	3.7	1.5	0.6
CREAM	2.0	1.4	0.8	1.8	1.8	2.2	2.6

Source: Nielsen as supplied by SAMPRO

In the one-month and the three-month timeframe, six of the eight product prices declined. Over the six-month timeframe, seven of the eight product prices decreased. Table 7 as a whole signal a noticeable price decline during 2025 for the dairy products measured in the table, and only one of the prices that increased, increased at a faster rate than the Food CPI for December (4.4%). It is important to note that the better levels of demand for dairy products are closely linked to the slowdown in price increases.

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

FOOD PRODUCTS	CHANGE IN RETAIL SALES QUANTITY (PERCENT)	CHANGE IN RETAIL PRICES (PERCENT)
INSTANT CEREALS	3.6	0.4
BREAD	1.1	1.3
RICE	10.1	-21.9
MAIZE MEAL	-2.0	-8.5
MARGARINE	-1.1	4.7
TEA	0.3	5.8
COFFEE	-0.3	11.9
SHORT LIFE JUICE	0.2	-0.8

Source: Nielsen as supplied by SAMPRO

In Table 8, the average retail prices of five of the eight specific food products increased, and three of the eight that increased, increased at a faster rate than the food inflation rate of 4.4% for December 2025.

The retail sales quantities of three of the eight products decreased over the above 12-month timeframe, with maize meal being the hardest hit, declining by 2.0%.

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

PRODUCT	Sales in the month of December 2025 versus the sales in the month of December 2024	Sales in the 3 months from October 2025 to December 2025 versus the sales in the 3 months from October 2024 to December 2024	Sales in the 6 months from July 2025 to December 2025 versus the sales in the 6 months from July 2024 to December 2024	Sales in the 9 months from April 2025 to December 2025 versus the sales in the 9 months from April 2024 to December 2024	Sales in the 12 months from January 2025 to December 2025 versus the sales in the 12 months from January 2024 to December 2024
	percent	percent	percent	percent	percent
INSTANT CEREALS	5.4	3.9	4.8	4.0	3.6
BREAD	-1.1	-0.2	1.8	1.4	1.1
RICE	11.5	13.6	13.5	12.1	10.1
MAIZE MEAL	2.8	2.5	3.5	0.3	-2.0
MARGARINE	-0.8	-2.1	-1.9	-1.0	-1.1
TEA	8.1	3.7	1.2	0.7	0.3
COFFEE	4.7	0.5	0.4	0.6	-0.3
SHORT LIFE JUICE	-4.1	-1.7	1.2	0.7	0.2

Source: Nielsen as supplied by SAMPRO

Across all five cycle periods, instant cereals, rice and tea recorded an increase in sales quantities.

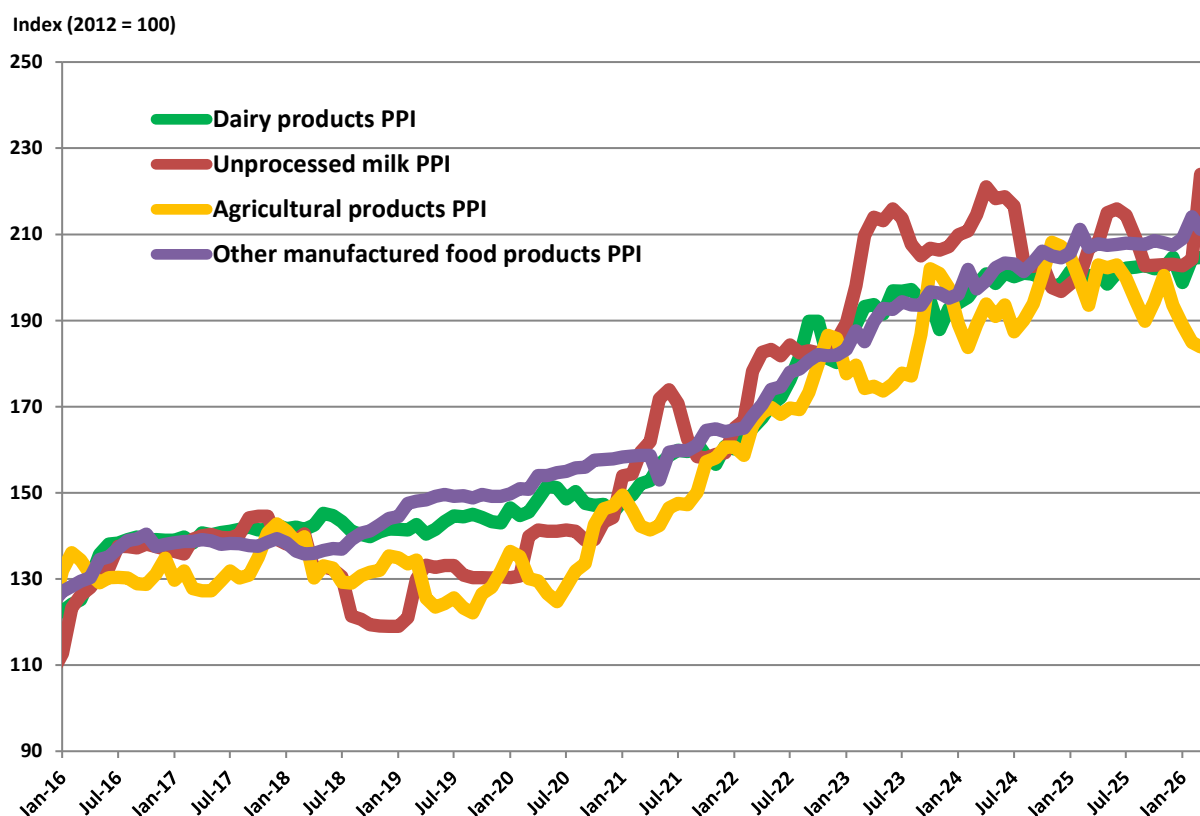
TABLE 10: CHANGES IN THE AVERAGE RETAIL PRICES OF SPECIFIC FOOD PRODUCTS OVER DIFFERENT TIMEFRAMES

PRODUCT	December 2025 versus November 2025 (1 month ago)	December 2025 versus September 2025 (3 months ago)	December 2025 versus June 2025 (6 months ago)	December 2025 versus March 2025 (9 months ago)	December 2025 versus December 2024 (12 months ago)	December 2025 versus June 2024 (18 months ago)	December 2025 versus December 2023 (24 months ago)
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
INSTANT CEREALS	-4.2	-2.1	1.2	-4.2	0.4	2.3	0.5
BREAD	-0.04	1.7	1.8	1.9	1.3	5.0	4.7
RICE	-2.5	-7.5	-14.3	-19.3	-21.9	-24.5	-18.4
MAIZE MEAL	-1.4	-6.2	-10.1	-16.7	-8.5	0.1	6.8
MARGARINE	0.3	0.8	1.6	3.6	4.7	4.5	2.9
TEA	-5.7	-4.2	-1.9	-4.7	5.8	7.2	14.5
COFFEE	-9.9	0.9	6.1	-1.2	11.9	18.0	21.4
SHORT LIFE JUICE	-5.9	-8.6	-9.6	-5.7	-0.8	-3.6	6.0

Source: Nielsen as supplied by SAMPRO

The prices of rice decreased in all seven cycle periods.

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



Source: Stats SA

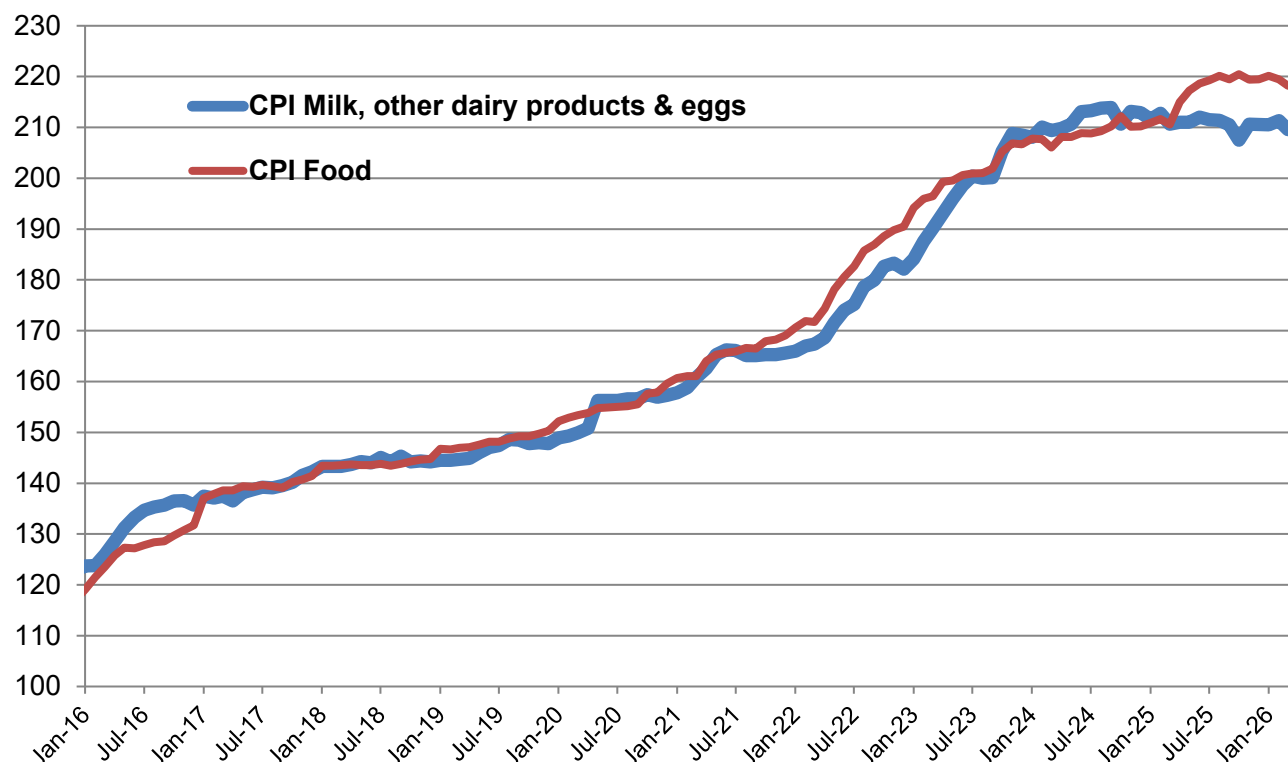
During 2025, the PPI for unprocessed milk showed a general slowdown compared to the strong increases observed in 2024. The index softened over the year, with several months reflecting negative growth before stabilising towards the latter part of the period. The PPI for dairy products remained relatively stable, showing limited volatility and only marginal changes throughout the year. As a result, the two indices converged during 2025, indicating that the earlier divergence between farm-gate milk prices and processed dairy product prices has largely narrowed.

At the start of 2026, both indices continued to move broadly in the same direction. However, in March 2026, the PPI for unprocessed milk reflects a YoY increase of 8.4%. This appears inconsistent with the overall trend, as the other indices remained relatively stable. The figure has been flagged, and feedback is awaited to confirm whether this may be a calculation error.

The PPI for other manufactured food products continued to trend moderately upward during 2025, reflecting ongoing cost pressures in the food manufacturing sector. This upward trend persisted into early 2026, before easing in March 2026. Meanwhile, the overall PPI for agricultural products displayed greater volatility, weakening during the second half of 2025 and continuing into the first quarter of 2026.

Observing the movement of the four PPIs, a clear convergence in price trends is evident, particularly between unprocessed milk and dairy products, following the divergence observed in earlier periods. While food manufacturing prices remained relatively resilient, broader agricultural prices weakened. The anomaly observed in the unprocessed milk PPI for March 2026 stands out against this backdrop of relative stability and will require further verification. Overall, the data suggests a more balanced pricing environment across the value chain heading into 2026, albeit with some short-term uncertainties.

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



Source: Stats SA

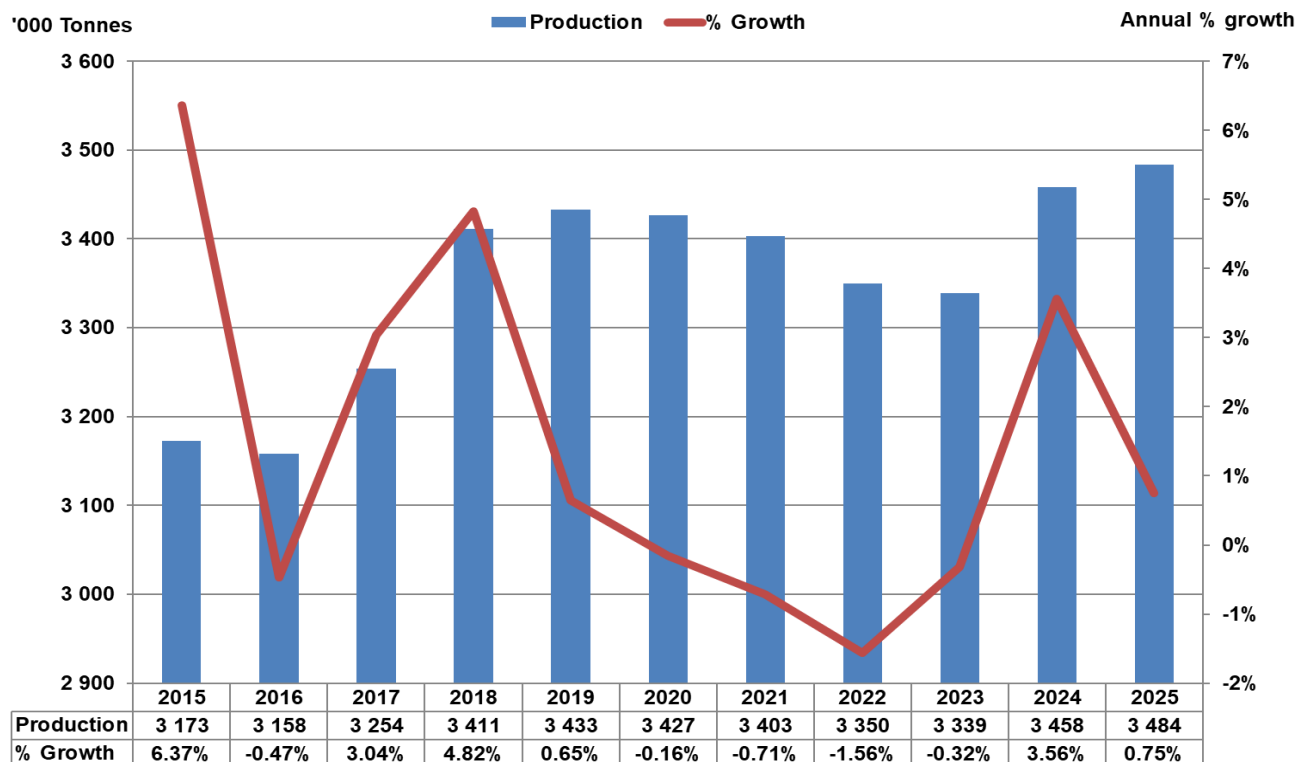
In March 2026, the YoY CPI for milk, other dairy products and eggs declined by 0.5% while the overall CPI for food increased by 3.6%. The CPI for milk, other dairy products and eggs remained relatively flat throughout 2025, a trend that continued into the first quarter of 2026, and stayed well below the overall food CPI.

Background: From January 2022, a noticeably steeper upward slope in the two indices becomes evident. Prior to this, rising costs accumulating across the primary and secondary industries were largely absorbed within the value chain, mainly due to strong resistance in the retail market to higher consumer prices. However, this situation proved unsustainable, and the accumulated cost pressures eventually had to be passed on to consumers, resulting in higher product prices.

This development was largely driven by the aftermath of the COVID-19 pandemic, the increasingly unstable geopolitical environment in Europe, and the Russian invasion of Ukraine, which placed significant pressure on the prices of many basic raw materials. These global pressures were further exacerbated by domestic challenges in South Africa, including erratic electricity supply, deteriorating infrastructure, poor service delivery, and rising energy costs. Over time, some raw material prices began to soften, easing cost pressures along the value chain. As a result, the rate of increase in the Consumer Price Index (CPI) for milk, other dairy products, and eggs started to moderate.

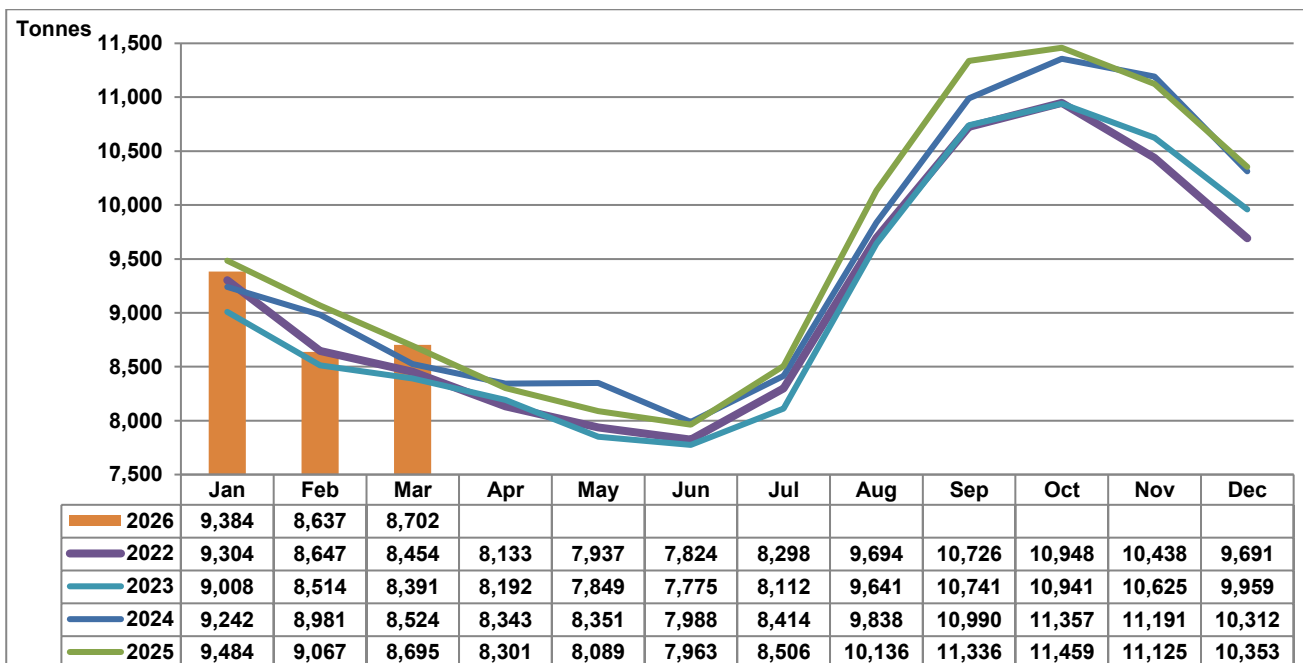
Overall, the recent divergence between the CPI for milk, other dairy products and eggs and the broader food CPI reflects a period of easing cost pressures within the dairy value chain. While food inflation remains elevated, dairy-related prices have stabilised, indicating that earlier input cost shocks have largely filtered through the system. This suggests a more subdued price environment for dairy consumers in the short term, although ongoing structural challenges and external risks may continue to influence price dynamics going forward.

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 –MARCH 2026



Source: Milk SA

Figure 15 compares unprocessed milk purchases over the past four years and shows that, in 2025, nine of the twelve months recorded the highest daily average purchase levels relative to the corresponding months in the previous three years. This suggests that, for most of 2025, daily average unprocessed milk purchases were at record levels compared to the preceding three-year period.

The trend shifts in the first quarter of 2026. January purchases were broadly in line with those recorded in January 2024 and 2025, while February aligned more closely with the lower levels observed in 2022 and 2023. In contrast, March recorded the highest daily average milk purchase level compared to the same month over the previous four years.

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	535 005
March	792 617	777 739	802 206	817 440	804 766
April	1 036 592	1 023 494	1 052 488	1 066 466	
May	1 282 647	1 266 826	1 311 354	1 317 237	
June	1 517 370	1 500 075	1 550 988	1 556 113	
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)*

Annual production of unprocessed milk has continued along a steady upward trajectory from 2022 to 2025, as illustrated in Table 11. In 2025, total market-bound unprocessed milk reached 3,483,993 tonnes, representing a 0.75% increase compared to 2024.

The cumulative production for Jan-March 2026 is estimated at 780 million litres, which is 1.55% less than in 2025 and 0.48% more compared to 2024.

In Table 12, the percentage degree of variation between the different masses of unprocessed milk used in dairy products in 2025, compared to the same period in 2024, is presented. The highest percentage variation occurred for sweetened, flavoured and coloured milk, followed by whey powder.

The lowest percentage variation occurred for cheese, excluding cottage and cream cheese, with skimmed milk powder (SMP) recording the second-lowest variation. In terms of the masses of unprocessed milk allocated to products, the mass allocated to fresh milk decreased the most, while the mass allocated to long-life and sterilised milk products increased the most.

TABLE 12: Total kilograms of unprocessed milk used in dairy products for the years 2022 through 2025 and the volume of byproducts manufactured over the same period

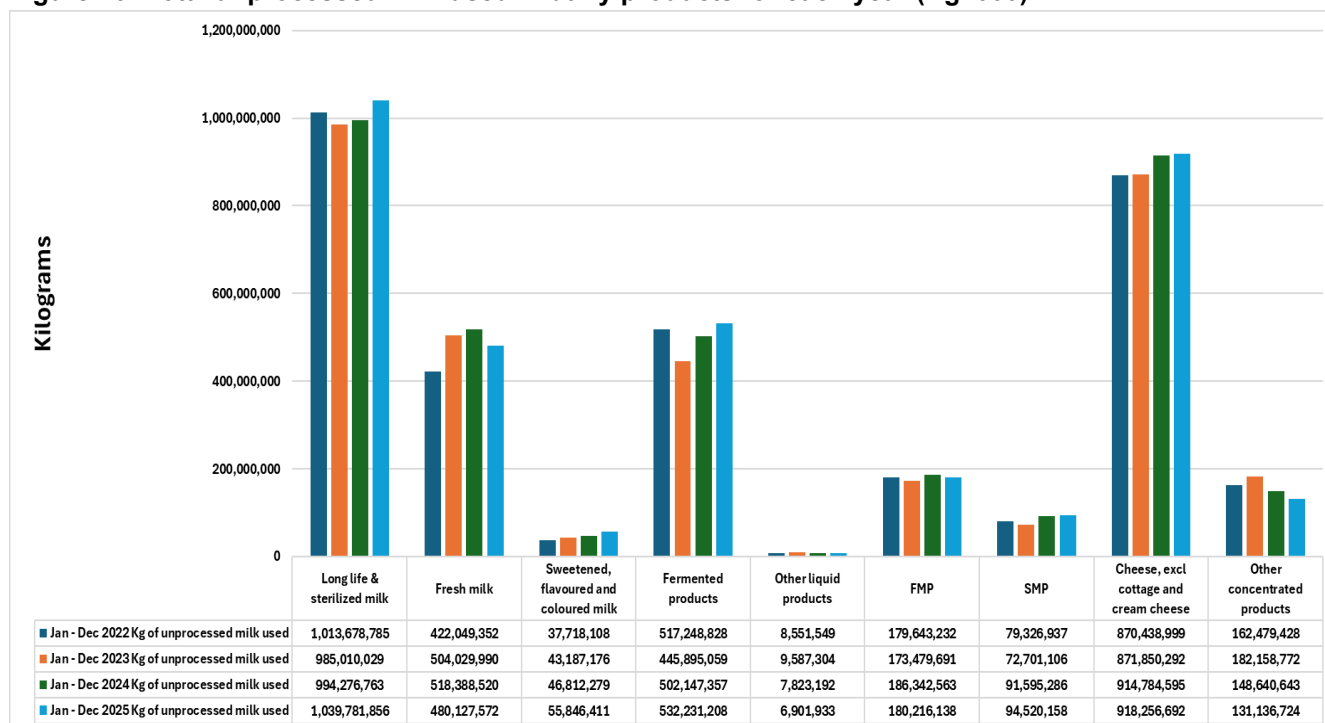
Product/Period	Jan - Dec 2022 Kg of unprocessed milk used	Jan - Dec 2023 Kg of unprocessed milk used	Jan - Dec 2024 Kg of unprocessed milk used	Jan - Dec 2025 Kg of unprocessed milk used	% Change 2025 to 2024	Change in milk allocation in mass. 2024 to 2025
Long life & sterilized milk	1,013,678,785	985,010,029	994,276,763	1,039,781,856	4.58%	45,505,093
Fresh milk	422,049,352	504,029,990	518,388,520	480,127,572	-7.38%	-38,260,948
Sweetened, flavoured and coloured milk	37,718,108	43,187,176	46,812,279	55,846,411	19.30%	9,034,132
Fermented products	517,248,828	445,895,059	502,147,357	532,231,208	5.99%	30,083,851
Other liquid products*	8,551,549	9,587,304	7,823,192	6,901,933	-11.78%	-921,259
FMP	179,643,232	173,479,691	186,342,563	180,216,138	-3.29%	-6,126,426
SMP	79,326,937	72,701,106	91,595,286	94,520,158	3.19%	2,924,872
Cheese, excel cottage and cream cheese	870,438,999	871,850,292	914,784,595	918,256,692	0.38%	3,472,096
Other concentrated products*	162,479,428	182,158,772	148,640,643	131,136,724	-11.78%	-17,503,919
<u>Total kg unprocessed milk used in dairy products</u>	<u>3,291,135,217</u>	<u>3,287,899,418</u>	<u>3,410,811,199</u>	<u>3,439,018,691</u>	<u>0.83%</u>	<u>28,207,493</u>
Whey powder	19,234,215	21,218,952	24,798,407	27,887,716	12.46%	3,089,309
Butter	171,030,977	191,746,076	156,463,835	138,038,657	-11.78%	-18,425,178

Source: Milk SA

*Other concentrated products: Products such as cottage cheese, cream cheese, condensed milk, evaporated milk, desserts, and powder blends and other liquid products: Products such as cream, ice cream, fruit and other liquid blends, and dairy snacks.

Figure 16 is a schematic representation of Table 12 regarding the mass of unprocessed milk used in dairy products for the years 2022 through 2025. Take note that the last two months of 2025 are preliminary.

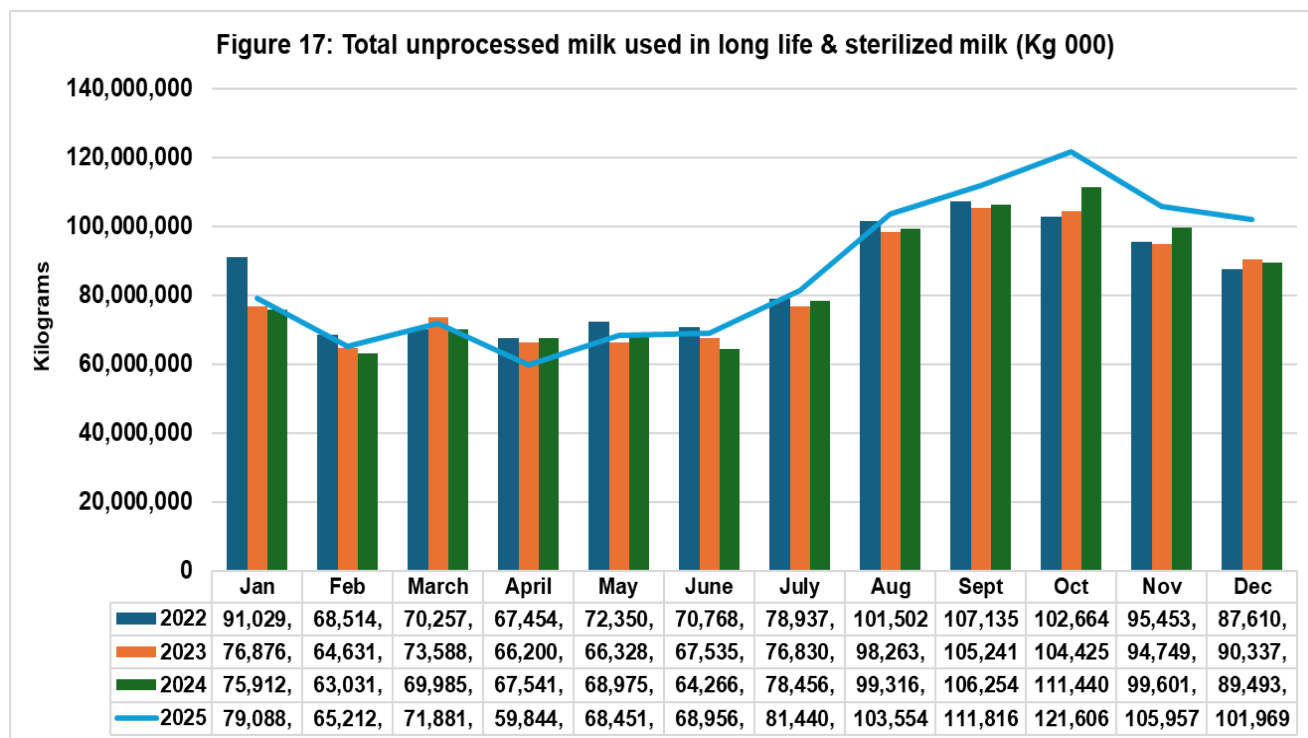
Figure 16: Total unprocessed milk used in dairy products for each year (Kg '000)



Source: Milk SA.

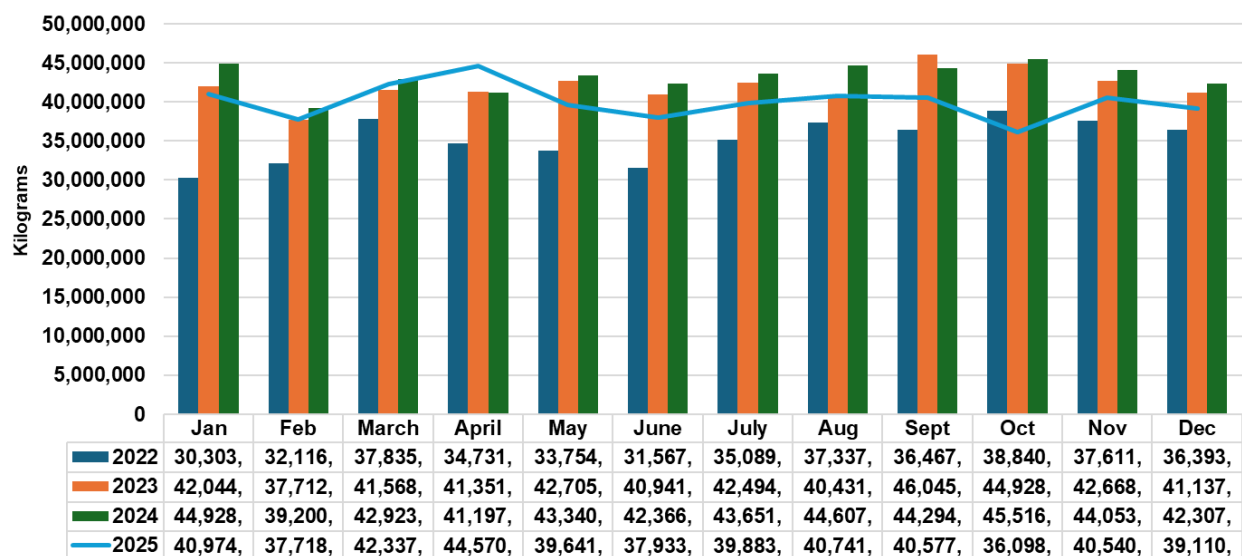
Figures 17 to 25 show the mass of unprocessed milk used in the different dairy products for 2022 through 2025. Note that the last two months of 2025 is preliminary.

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.



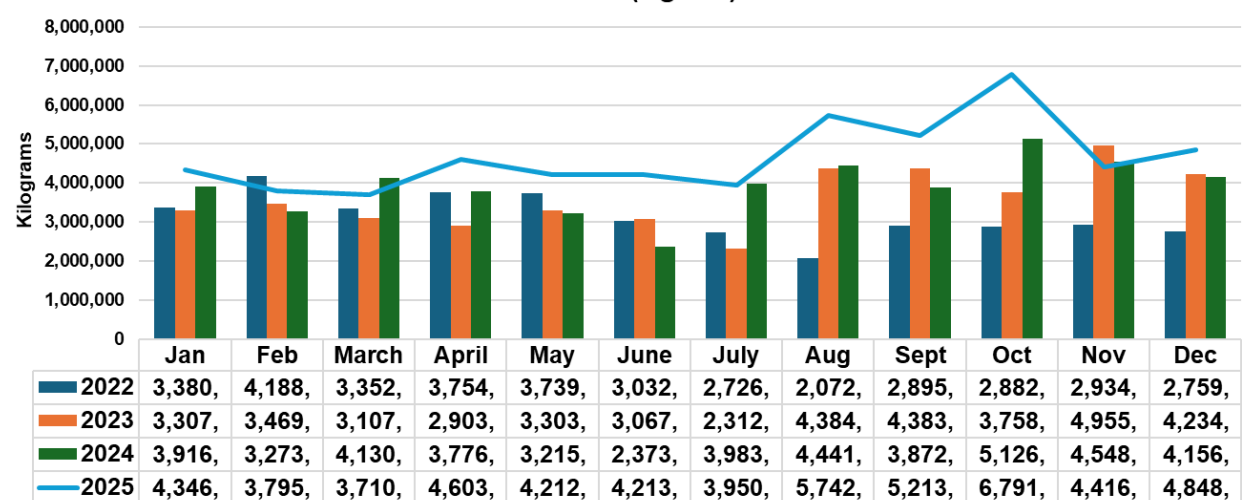
Source: Milk SA

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



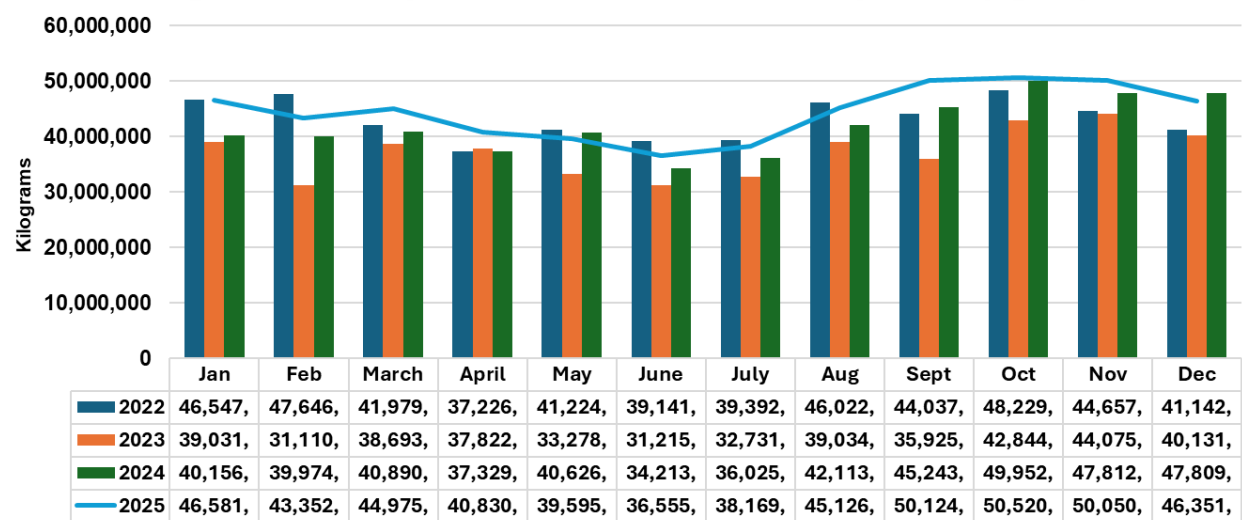
Source: Milk SA

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



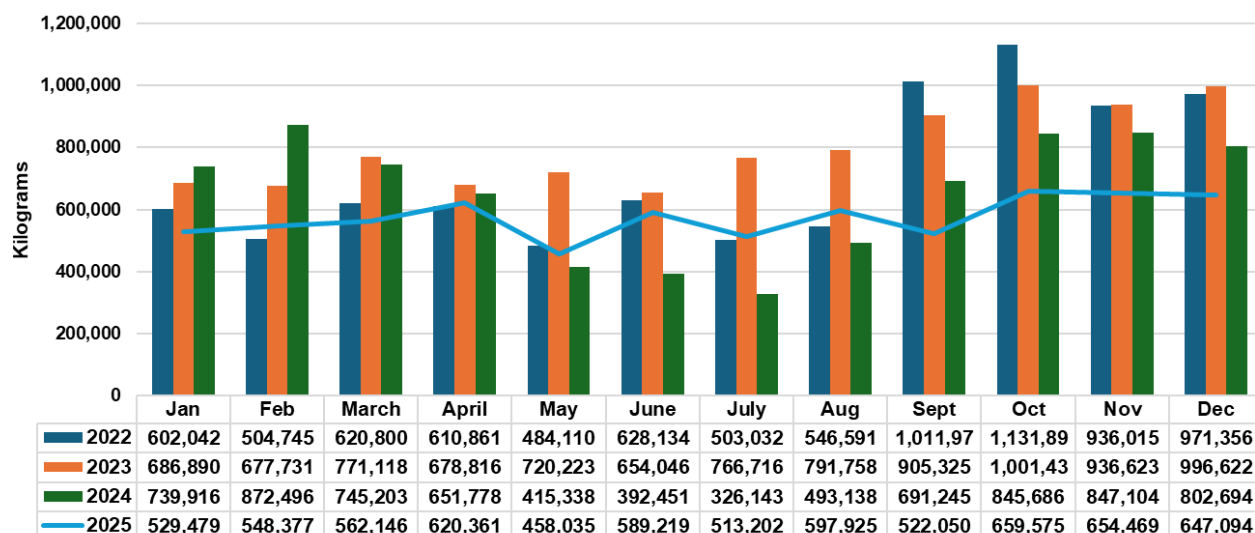
Source: Milk SA

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



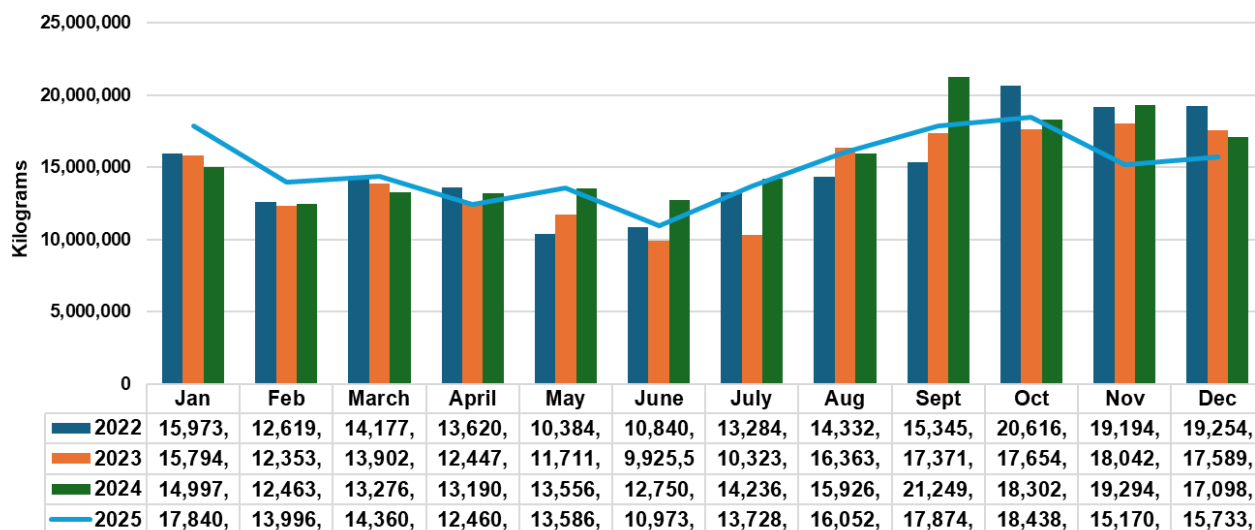
Source: Milk SA

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



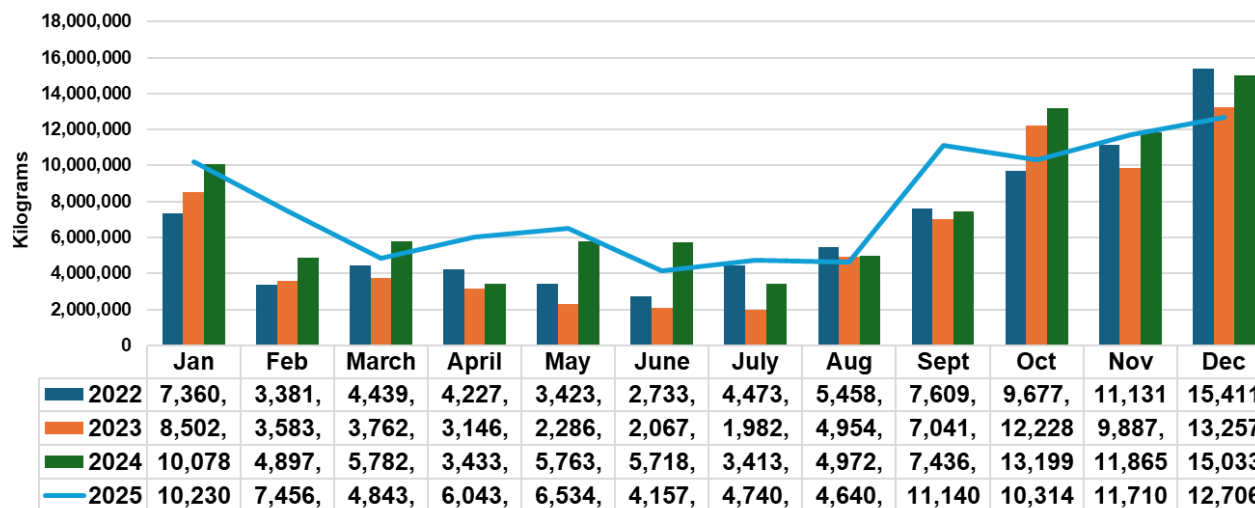
Source: Milk SA

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



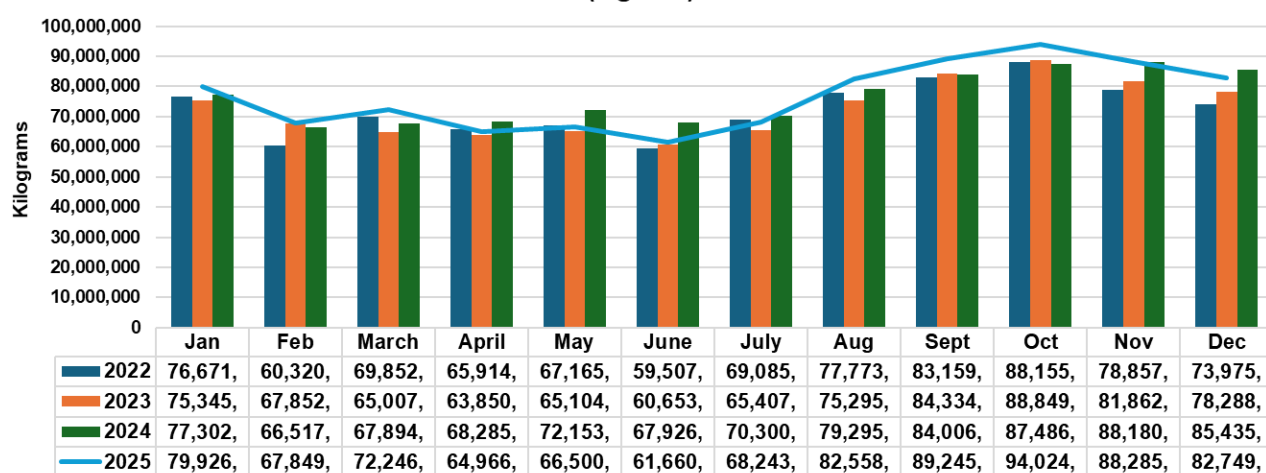
Source: Milk SA

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



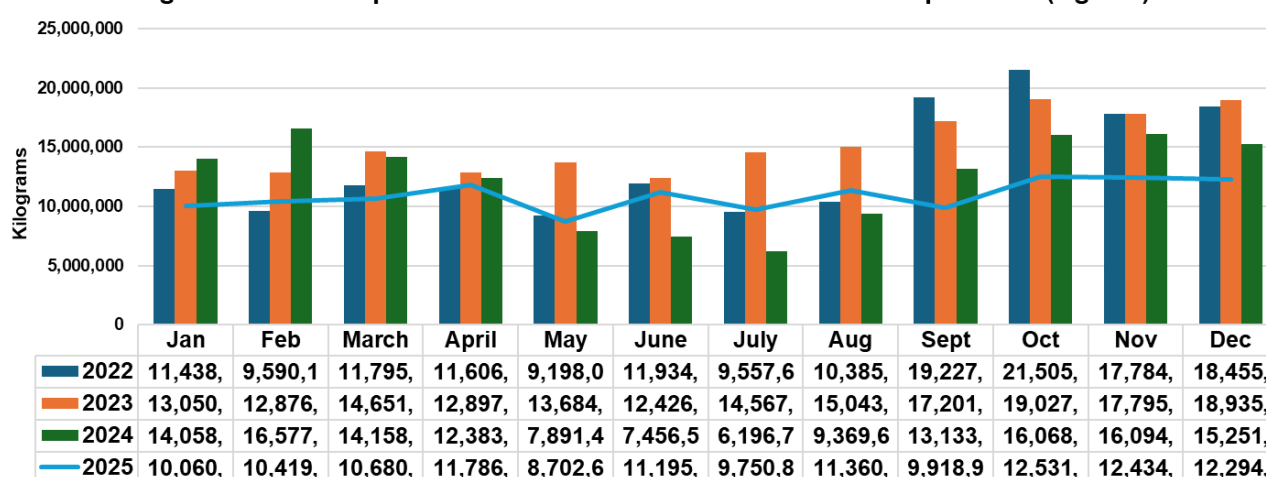
Source: Milk SA

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



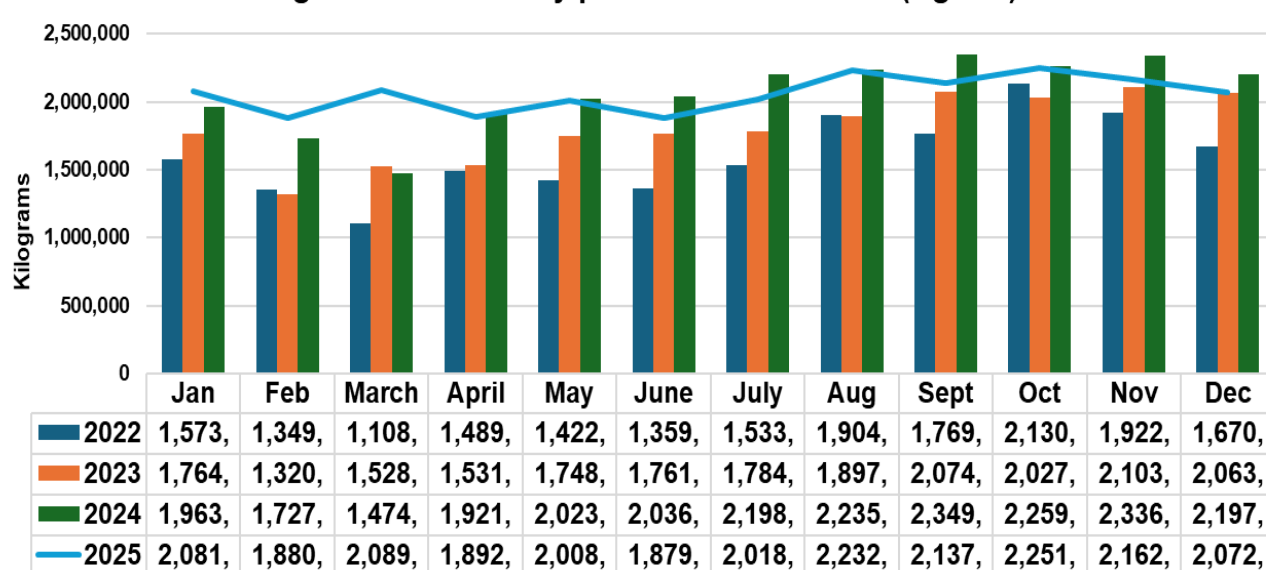
Source: Milk SA

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



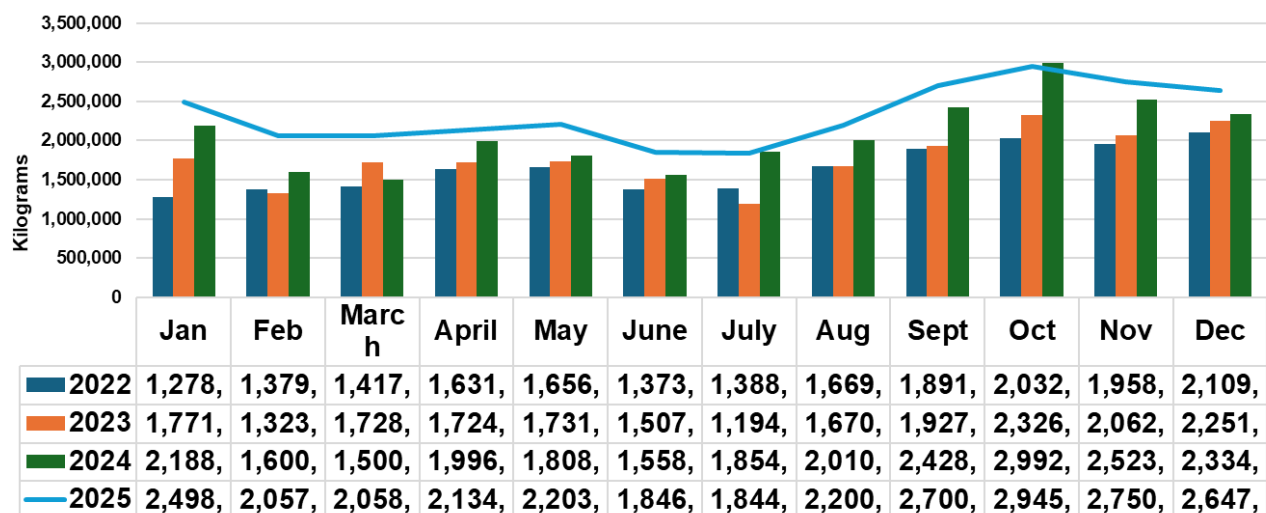
Source: Milk SA

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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