

# **KEY MARKET SIGNALS FOR THE DAIRY INDUSTRY**

**(A presentation to South African Society for Dairy Technology by the CEO of SAMPRO  
based on research reports of SAMPRO) on**

**13 May 2025**

This presentation is available to any interested party and copies can be obtained from the Office of SAMPRO – telephone number 012 991 4164.

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**South African Milk Processors' Organisation**

**The voluntary organisation of milk processors for the promotion of  
the development of the secondary dairy industry to the benefit of the  
dairy industry, the consumer and the South African society.**

## **Key Market signals for the Dairy Industry are about:**

- **CONDITIONS IN THE WORLD**
- **THE INTERNATIONAL MARKETS FOR DAIRY PRODUCTS**
- **THE UNPROCESSED MILK MARKETS IN MAJOR DAIRY COUNTRIES**
- **CONDITIONS IN SOUTH AFRICA**
- **THE UNPROCESSED MILK MARKET IN SOUTH AFRICA**
- **THE SOUTH AFRICAN MARKETS FOR DAIRY PRODUCTS**

## **Conditions in the world**

- **In 2024 uncertainty very high due to number and intensity of military and other conflicts, as well as changes in 2024, of political leadership in major countries.**
- **In the first 4 months of 2025 the very high uncertainty increased further due to:**
  - **Continuation of military and other conflicts;**
  - **New conflicts; and**
  - **Actions of USA in respect of especially:**
    - **Import tariffs;**
    - **Diplomatic relations; and**
    - **Ambition to incorporate other countries.**

- **Even if the conflicts stop immediately, negative consequences will to a large extent, be a reality in the coming years.**
- **Economic growth undermined by record high uncertainty.**

- GDP growth rate in the world, according to the World Bank, below the historic average.
- World economic growth rates stated in January 2025 and April 2025 by the IMF:

World Economies:

Emerging Economies Markets and Developing Economies:

	January	April		January	April
	%	%		%	%
2024	3,2	3.3	2024	4,2	4.3
2025	3,3	2.8	2025	4,2	3.7
2026	3,3	3.0	2026	4,3	3.9

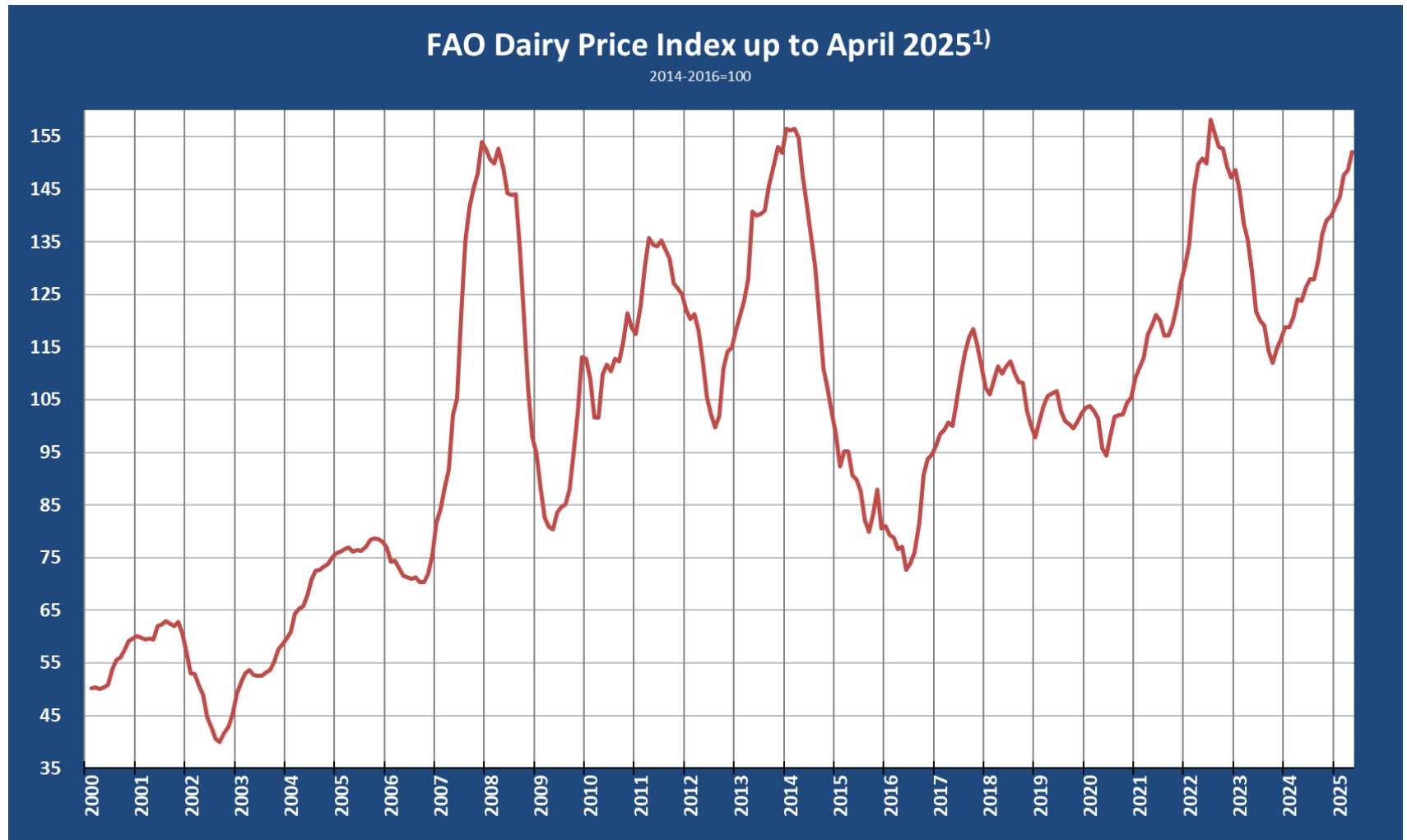
<u>Advanced Economies:</u>			<u>China:</u>		
	January	April		January	April
	%	%		%	%
2024	1,7	1.8	2024	4,8	5.0
2025	1,9	1.4	2025	4,6	4.0
2026	1,8	1.5	2026	4,5	4.0

- **According to the FAO: 45 countries, of which 33 are African countries, in need of “external assistance for food”.**
- **Downward pressure on unprocessed milk production in especially Europe, due to environmental protection measures, but growing resistance against these measures.**
- **Increased development and promotion of plant-based alternatives for dairy and meat products.**
- **Increase in number of studies which question the claims about the lower environmental impact of plant-based alternatives for dairy products.**

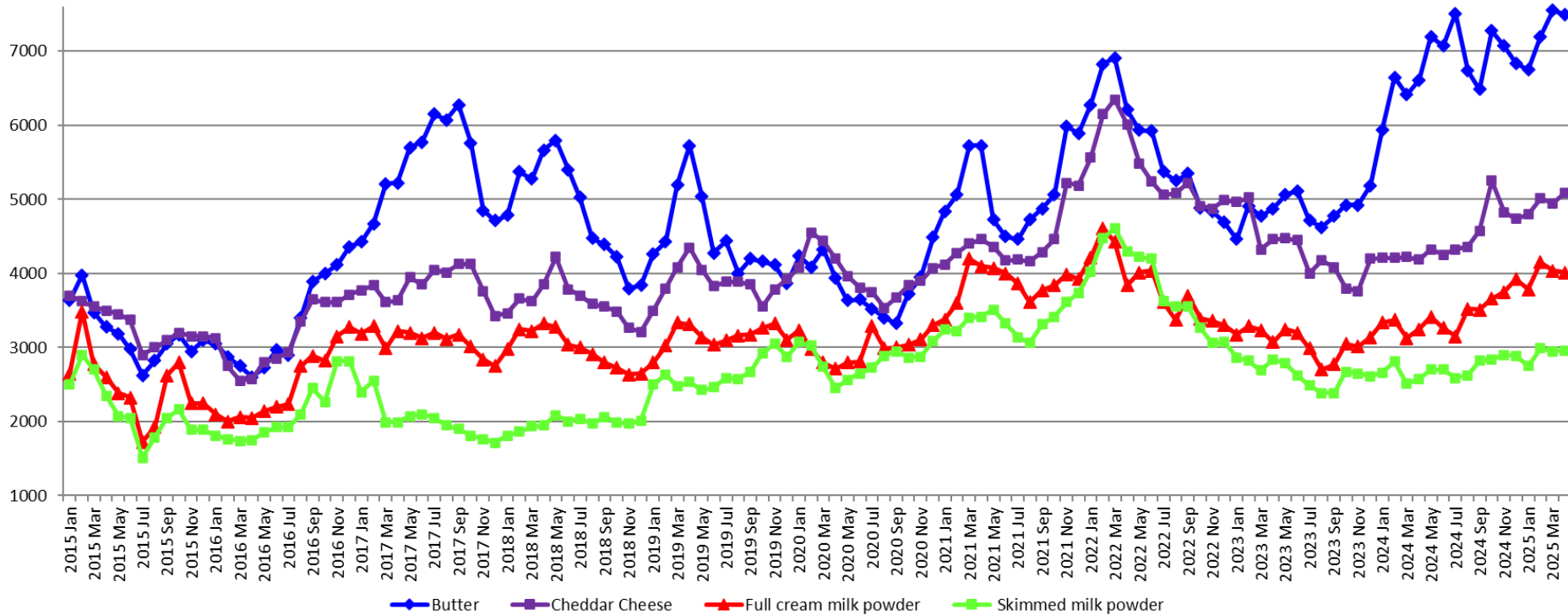
# The International Markets for dairy products

**Graph 1**

**PRICE INDEX OF DAIRY PRODUCTS TRADED INTERNATIONALLY UP TO APRIL 2025**



### Graph 2





**Table 1**

**FUTURE PRICES IN USA\$ AND RAND (\$=R18.19) PER TON ACHIEVED AT GLOBAL DAIRY TRADE AUCTION ON 6 MAY 2025, FOR DELIVERY IN JUNE 2025 TO OCTOBER 2025**

	2025				
	Jun	Jul	Aug	Sep	Oct
<b>Whole Milk Powder</b>					
PRICE: \$	4 538	4 498	4 515	4 187	4 141
PRICE: R	82 546	81 819	82 128	76 162	75 325
Index	100.0	99.1	99.5	92.3	91.3
<b>Skimmed Milk Powder</b>					
PRICE: \$	2 881	2 778	2 907	2 992	2 951
PRICE: R	52 405	50 532	52 878	54 424	53 679
Index	100.0	96.4	100.9	103.9	102.4
<b>Cheddar</b>					
PRICE: \$	5 555	5 590	5 615	5 620	5 095
PRICE: R	101 045	101 682	102 137	102 228	92 678
Index	100.0	100.6	101.1	101.2	91.7
<b>Butter</b>					
PRICE: \$	8 097	8 064	8 149	7 955	7 640
PRICE: R	147 284	146 684	148 230	144 701	138 972
Index	100.0	99.6	100.6	98.2	94.4

Table prepared by the Office of SAMPRO based on prices as published by "Global Dairy Trade" on 6 May 2025.

# **SUMMARY OF CONDITIONS IN THE INTERNATIONAL DAIRY MARKETS**

- **Prices of cheddar, WMP, SMP and butter increased and butter reached record high levels.**
- **Prices on 6 May2025 for delivery in June to October:**
  - **WMP Cheddar and Butter in October 2025 lower than in June 2025, SMP higher.**
- **Low growth in China and actions of USA will, most likely influence international trade in dairy products.**
- **Uncertainty very high and predictability very low.**

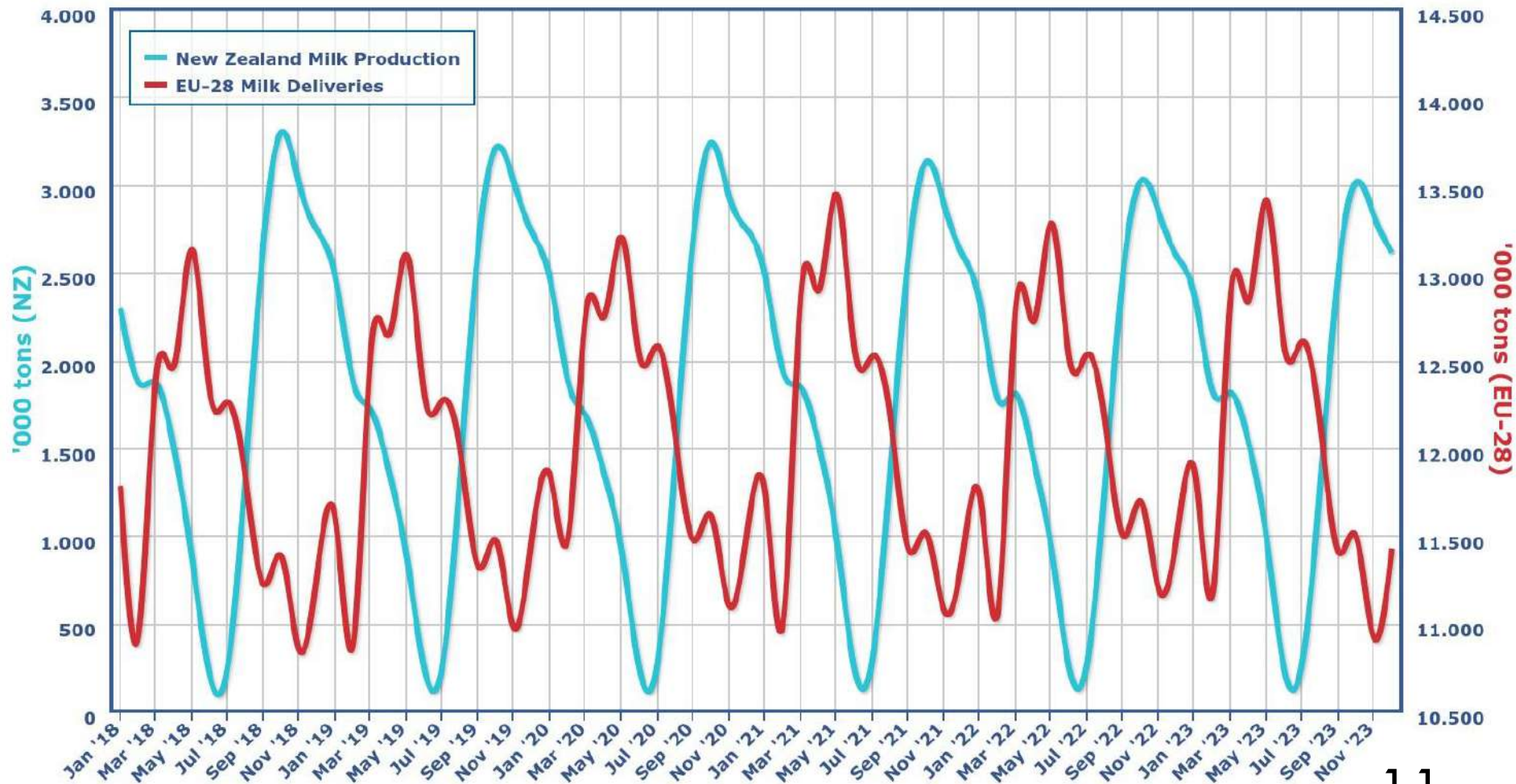
# Unprocessed milk markets in major dairy countries

Graph 3

## SEASONALITY OF UNPROCESSED MILK PRODUCTION IN NORTHERN AND SOUTHERN HEMISPHERES

### Production season overview in Europe and in New Zealand

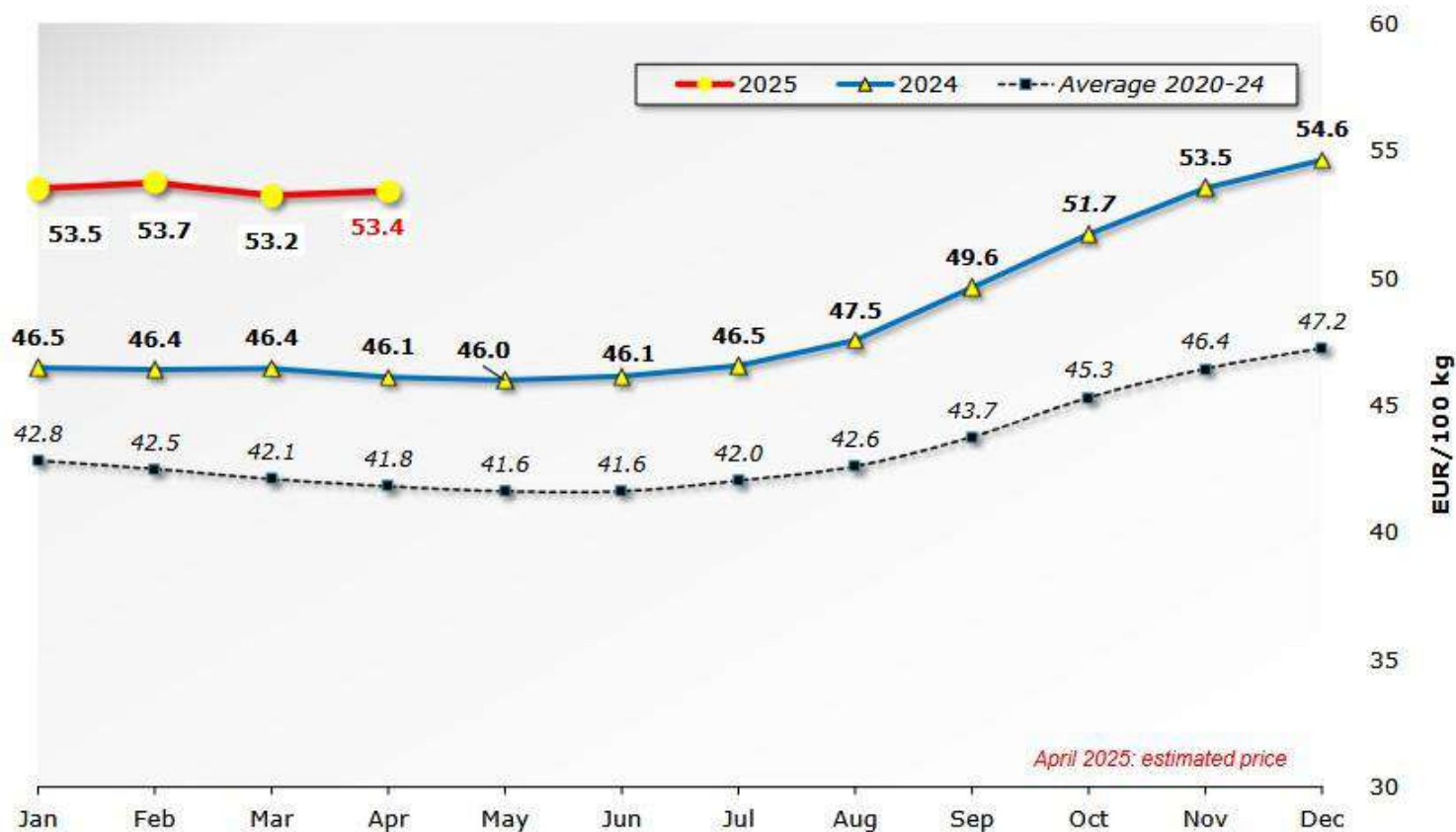
Processed by CLAL on data sourced Eurostat and Dcanz



## Graph 4

### UNPROCESSED MILK PRICES IN THE EUROPEAN UNION

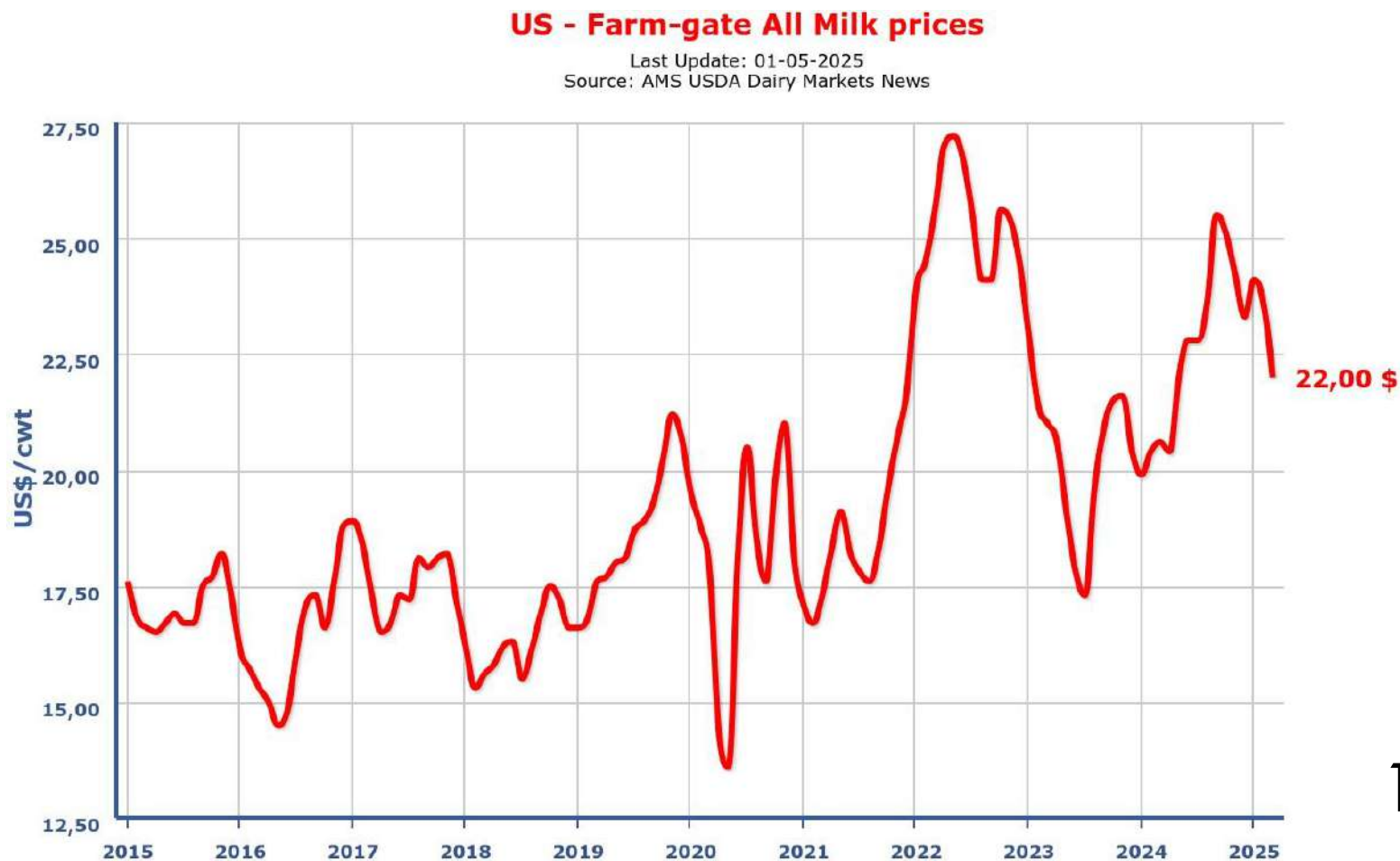
#### Milk Prices paid to the Producers EU (weight. avg.)



Source : Member States Reg. (EU) No 2017/1185 Article 12(a) - Annex II.4(a))

## Graph 5

### UNPROCESSED MILK PRICES IN THE USA



# **SUMMARY, UNPROCESSED MILK MARKETS IN MAJOR DAIRY COUNTRIES:**

- Price in EU increased in the second half of 2024 to a level in December 2024, 15.67 % higher than in December 2023 and remained high in first 4 months of 2025.
- Price in USA in 2024 moved up and down, but remained higher than in 2023 and lower than in 2022.
- Price in USA decreased in first 4 months of 2025.
- Prices in EU and USA more volatile than in SA.
- Negative sentiment in especially Europe in respect of environmental impact of unprocessed milk production and animal products and more measures to limit the impact which put downward pressure on the production of unprocessed milk.
- Protest by producers of unprocessed milk in EU about environmental protection measures and prices.

## **Conditions in South Africa**

- ❖ **In 2024 optimism increased due to:**
  - **Lack of loadshedding;**
  - **Establishment of Government of National Unity;**
  - **Intention of new Government to improve service delivery and to focus on inclusive growth and prevention of corruption;**
  - **Lower inflation;**
  - **Possible lower interest rates.**

## **Conditions in South Africa**

- ❖ **The optimism, should be tempered by:**
  - **The extremely high level of uncertainty in the world;**
  - **Considerable weakening of diplomatic relations of South Africa with the USA and possible termination of the preferential access of particular South African products to the USA market;**
  - **The fragile nature of the Government of National Unity;**



## **Conditions in South Africa**

- The weak financial position of institutions in the public sector and especially of local authorities and state enterprises;
- Increased prices of electricity and particular other inputs; and
- Weak infrastructure in respect of especially water and transport.
- *“Most severe scenario”* of the Reserve Bank is that expected growth rate of GDP in 2025, decreases from 1.7 percent to 1.0 percent.
- IMF changed in April 2025 the expected GDP growth rate in 2025 from 1.5% to 1%.

**Table 2****The GDP of South Africa at constant 2015 prices and mid-year population estimates<sup>1)</sup>**

	GDP		Mid-year population estimate	
	R million	Index	Total	Index
2018	4 571 783	100.0000	57 725 600	100.00
2019	4 583 667	100.2599	58 775 022	101.82
2020	4 300 904	94.0750	59 622 359	103.28
2021	4 514 016	98.7364	60 142 978	104.19
2022	4 600 300	100.6238	60 604 992	104.99
2023	4 632 433	101.3266	Not available from Stats SA	Not available from Stats SA
2024 <sup>2&amp;3)</sup>	4 659 294	101.9142	63 015 904	109.16
2025 Estimates				
IMF <sup>4)</sup>	4 705 887	102.9333		
SA Reserve Bank <sup>5)</sup>	4 738 502	103.6467		

1) Table prepared by the Office of SAMPRO based on information published in Statistical Release P0441 Gross Domestic Product, on a Quarterly basis by Stats SA, announced the growth rate for the year 2024 as 0.5798%. Mid-year population estimates as published by Statistics SA on 31 July 2024.

2) The IMF stated an expected growth rate for SA of 1 percent in January 2024, 0.9 percent in April 2024, 1.1 percent in October 2024 and 0.8 percent in January 2025.

3) The South African Reserve Bank stated in January 2024 an expected growth rate of 1.2 percent and in October 2024 a growth rate of 1.1 percent. Stats SA published on 4 March 2025 figures which showed a growth rate in respect of 2024 of 0.5798 percent which is stated by the SARB as 0.6 percent.

4) In October 2024 and again in January 2025 the IMF stated an expected growth rate of 1.5 percent for 2025.

5) In March 2025, the Monetary Policy Committee of the SARB predicted a growth rate of 1.7 percent for 2025 and stated that "We assess that the risks to growth are to the downside".

**Expected growth rate of South African economy in 2025 does not support optimistic expectations about consumer demand**

- ❖ The truth that economic growth, lower unemployment and transformation are dependent on improvement of the competitiveness (productivity) of the public and private sectors, does not receive enough attention in the determination of government policies and measures and in public debates.**

# The unprocessed milk market in South Africa

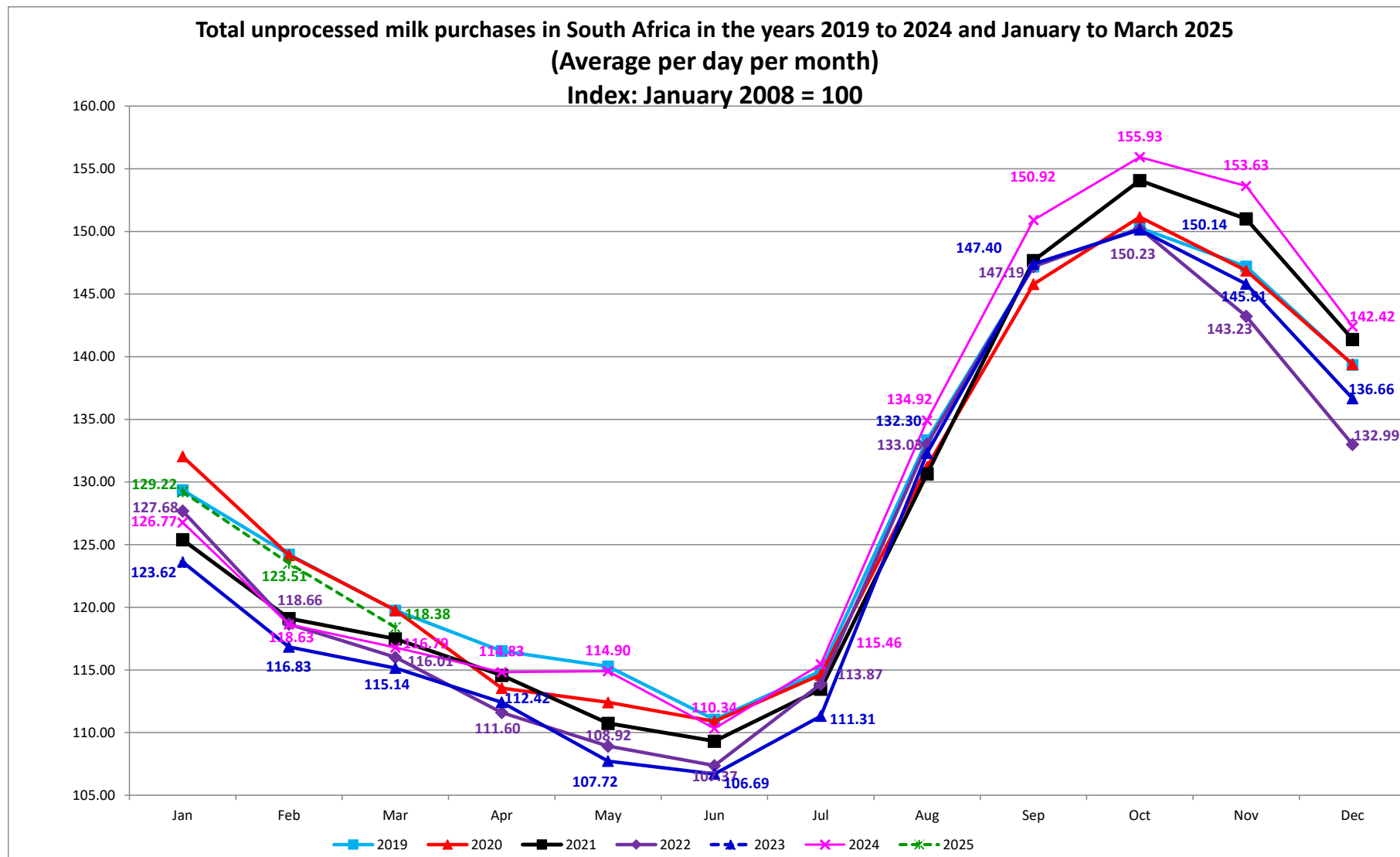
Table 3

**TOTAL QUANTITY OF UNPROCESSED MILK PURCHASED IN SOUTH AFRICA DURING THE YEARS 2008 TO 2024**

YEAR	UNPROCESSED MILK KILOGRAM	PERCENTAGE CHANGE FROM PREVIOUS YEAR	INDEX 2008 = 100
2008	2 624 511 678	2.50	100.00
2009	2 586 868 067	-1.43	98.57
2010	2 711 236 032	4.81	103.30
2011	2 720 402 147	0.34	103.65
2012	2 842 810 159	4.50	108.32
2013	2 905 811 947	2.22	110.72
2014	2 982 734 569	2.65	113.65
2015	3 172 655 770	6.37	120.89
2016	3 158 466 390	-0.45	120.34
2017	3 253 682 081	3.02	123.97
2018	3 410 535 904	4.82	129.95
2019	3 432 802 396	0.65	130.80
2020	3 427 335 378	-0.16	130.56
2021	3 403 100 413	-0.71	129.67
2022	3 349 861 004	-1.56	127.64
2023	3 339 272 379	-0.32	127.23
2024	3 458 059 966	3.56	131.76

*Table prepared by the Office of SAMPRO based on information obtained from Milk SA and the total quantity of unprocessed milk purchased in 2024, is still an estimate quantity and it will be finalised in March 2025.*

## Graph 6

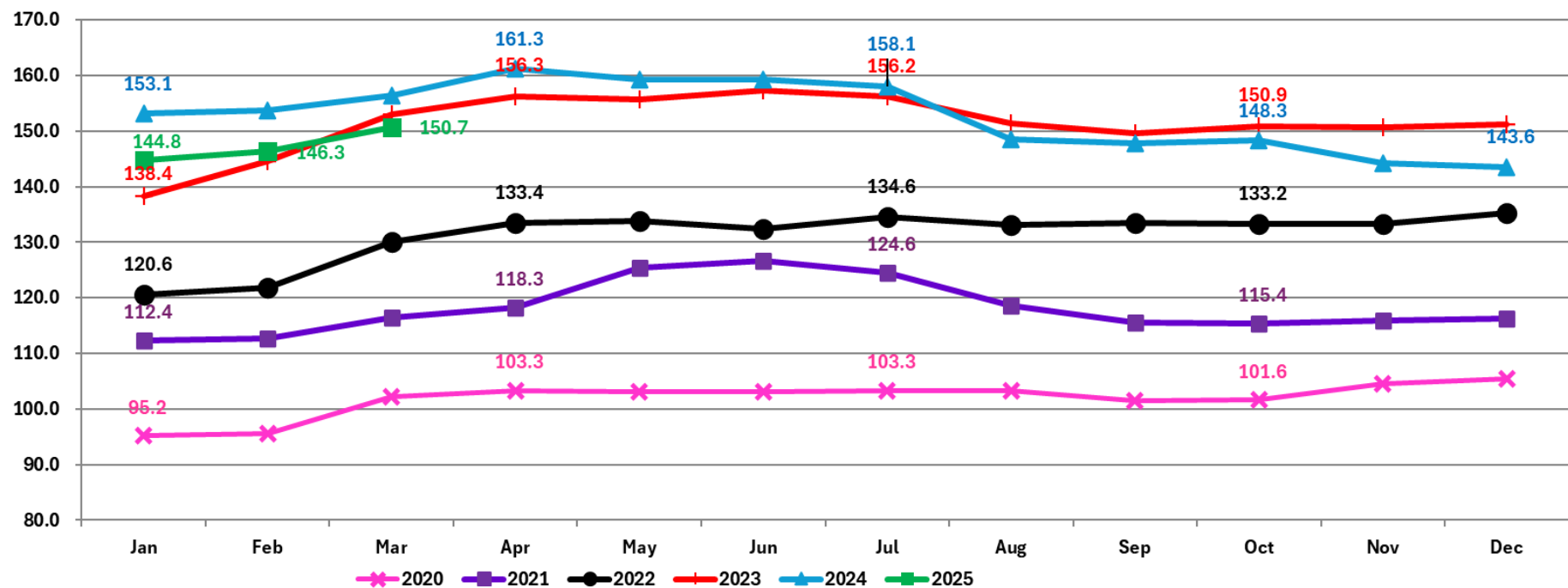


Graph prepared by the Office of SAMPRO based on information obtained from MILK SA. The information in respect of 2019 to March 2025, is in respect of the total unprocessed milk purchased by all registered unprocessed milk buyers, declared in terms of Regulation 1652 of the Marketing of Agricultural Products Act and previous similar regulations. The figures for February and March 2025, are estimated figures determined on the assumption that the market share of the sample in the total unprocessed milk purchased is 89.83 percent, as was the case in the three-month period, November 2024 to January 2025.

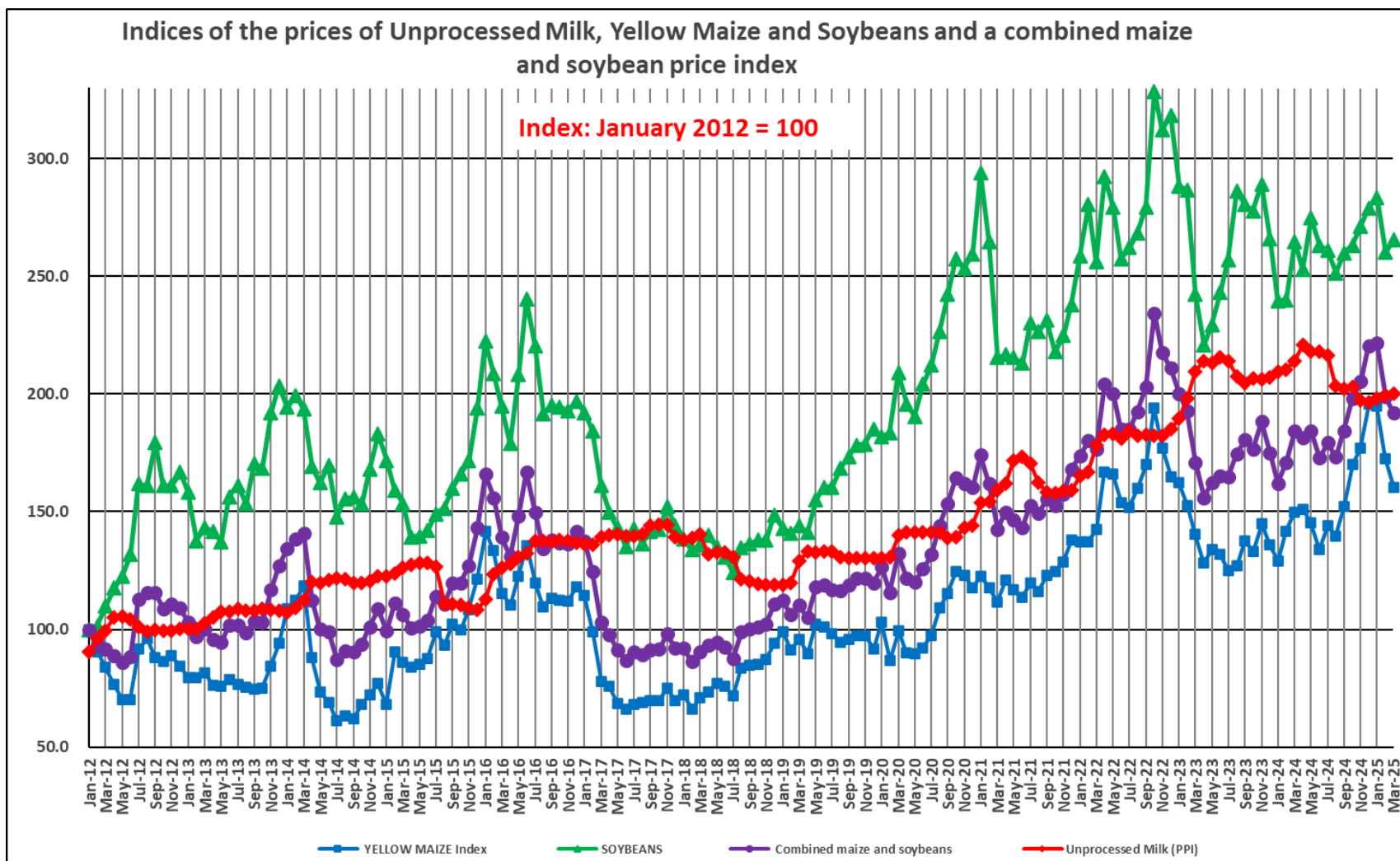
**Graph 7**

## Producer price index of unprocessed milk in South Africa

Index December 2016=100



**Graph 11**



**INCREASE IN UNPROCESSED MILK PURCHASES RELATIVE TO PREVIOUS YEAR (PERCENT)<sup>23</sup>**

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
4.5	2.22	2.65	6.32	-0.45	3.02	4.82	0.65	-0.16	-0.71	-1.56	-0.32	3.56

23

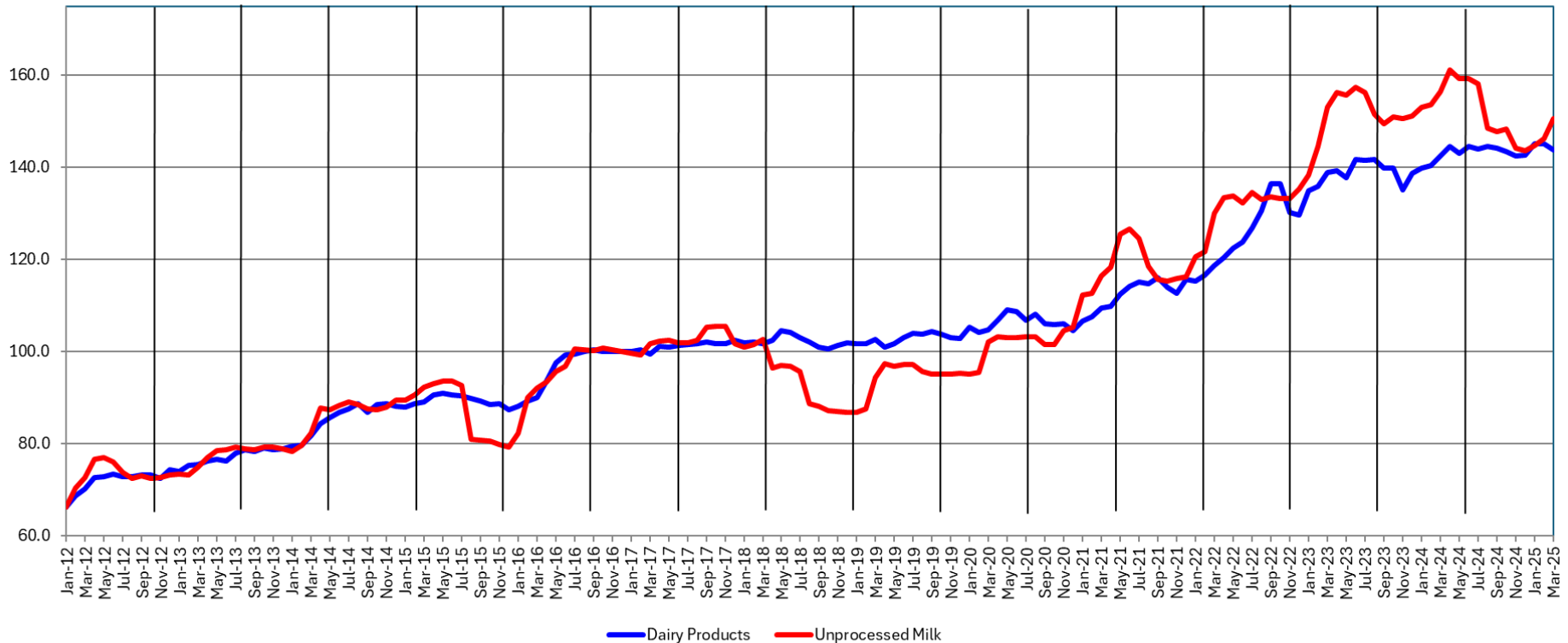
<sup>23</sup> The combined maize and soya price index is an index of prices equal to 70 percent of the maize price, plus 30 percent of the soya price.

Graph prepared by the Office of SAMPRO based on information obtained from Statistics SA, SAFEX middle of the month prices and unprocessed milk purchases from Milk SA.

**Graph 8**

**Producer price index of unprocessed milk and the producer price index of dairy products in South Africa from January 2012 to March 2025**

**Index: Dec 2016=100**





# **SUMMARY OF UNPROCESSED MILK MARKET IN SA**

- **Production of unprocessed milk**
  - **Decreased in the 4 years (2020 – 2023);**
  - **In 2023 lower than in previous 5 years (2018 – 2022); and**
  - **In 2024 higher than production in each of the previous 16 years.**
- **Producer price index of unprocessed milk in 2024:**
  - **Decreased from record high level earlier in 2024;**
  - **Moved at the end of 2024 to the same level as PPI of dairy products; and**
  - **Indicates supply higher than the demand.**

- **Favourable relationship between producer price index of unprocessed milk and the index of the combined yellow maize and soybeans disappeared at the end of 2024 but expected lower prices of yellow maize and soybeans can give some relief in future.**
- **Prevention of the spread of Foot and Mouth Disease of critical importance.**
- **Uncertainty about future weather conditions and the impact of it on the production of unprocessed milk.**
- **Future demand for unprocessed milk will be determined by future sales of dairy products.**

# South African Markets for Dairy products

**Table 4**

**TOTAL IMPORT AND EXPORT OF DAIRY PRODUCTS BY SOUTH AFRICA AND THE EXPOSURE OF THE SOUTH AFRICAN DAIRY INDUSTRY TO INTERNATIONAL COMPETITION**

**(INDEX OF THE SUM OF THE MASS OF IMPORTS AND EXPORTS)**

INDEX: 2002 = 100

YEAR	IMPORT		EXPORT		IMPORT PLUS EXPORT	
	TON	INDEX	TON	INDEX	TON	INDEX
2002	24 617.40	100.0	34 328.20	100.0	58 945.60	100.0
2003	24 458.80	99.4	22 905.20	66.7	47 364.00	80.4
2004	18 289.50	74.3	23 508.10	68.5	41 797.60	70.9
2005	30 771.40	125.0	17 216.00	50.2	47 987.40	81.4
2006	30 878.60	125.4	26 543.30	77.3	57 421.90	97.4
2007	44 313.00	180.0	18 516.50	53.9	62 829.50	106.6
2008	34 009.40	138.2	42 781.00	124.6	76 790.40	130.3
2009	32 373.40	131.5	41 770.70	121.7	74 144.10	125.8
2010	35 061.20	142.4	33 950.60	98.9	69 011.80	117.1
2011	37 714.40	153.2	41 817.10	121.8	79 531.50	134.9
2012	59 102.53	240.1	52 500.96	152.9	111 513.49	189.2
2013	35 673.76	144.9	70 481.90	205.3	106 155.66	180.1
2014	40 199.03	163.3	71 098.95	207.1	111 297.98	188.8
2015	69 353.98	281.7	61 296.87	178.6	130 650.85	221.6
2016	58 000.35	235.6	50 247.54	146.4	108 247.89	183.6
2017	83 504.44	339.2	48 626.69	141.7	132 131.13	224.2
2018	68 652.58	278.9	45 257.49	131.8	113 910.08	193.2
2019	75 596.08	307.1	45 051.75	131.2	120 647.83	204.7
2020	60 579.33	246.1	46 695.39	136.0	107 274.72	182.0
2021	75 618.94	307.2	50 990.95	148.5	126 609.89	214.8
2022	52 917.65	215.0	51 944.67	151.4	104 862.32	177.9
2023	48 468.87	196.9	56 074.63	163.3	104 543.50	177.4
2024	33 909.33	137.7	53 547.92	156.0	87 457.25	148.4

Table prepared by the Office of SAMPRO based on information published by SARS and estimated figures calculated by the Office of SAMPRO.

**Table 5**

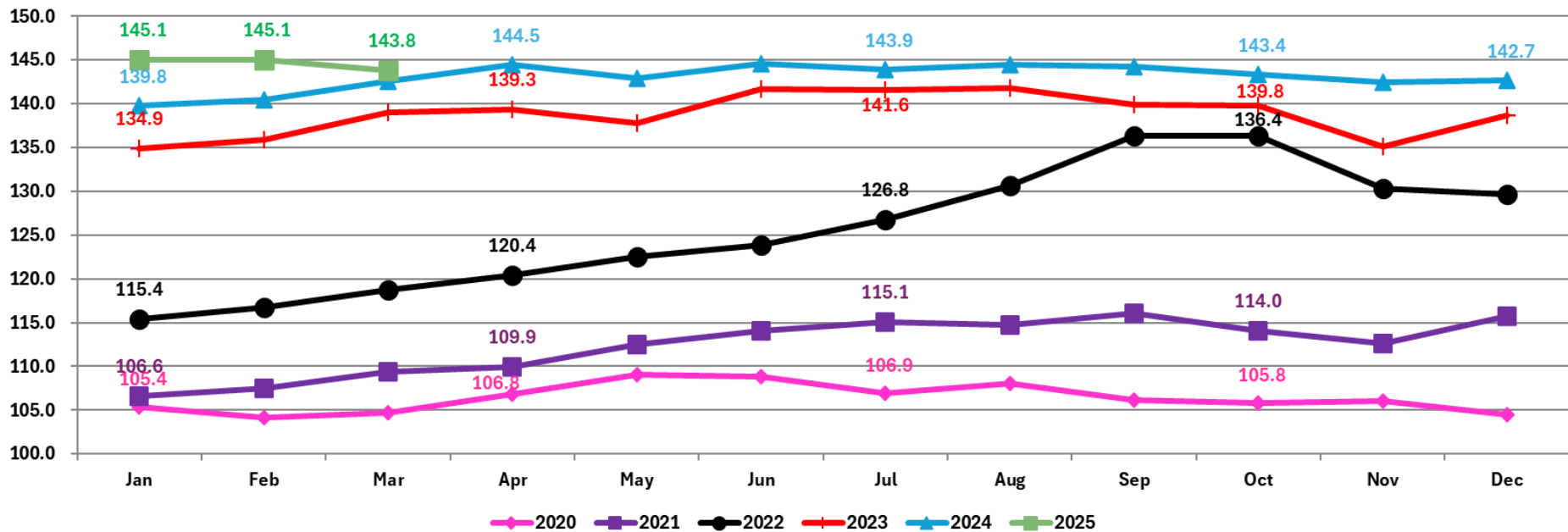
**MASS OF IMPORT AS PERCENTAGE OF THE MASS OF EXPORT, OF THE DIFFERENT TYPES OF DAIRY PRODUCTS BY SOUTH AFRICA**

Heading	Description	2016	2017	2018	2019	2020	2021	2022	2023	2024
04.01	Milk and cream, unsweetened	84.3	217.1	103.7	90.2	26.4	95.2	18.4	25.0	1.6
04.02	Milk, concentrated	196.3	146.4	159.5	227.9	252.8	257.6	153.4	174.1	103.7
04.03	Buttermilk powder, yoghurt	19.7	28.4	27.9	31.7	40.3	32.6	32.3	34.6	48.8
04.04	Whey, whey powder, etc	185.9	192.9	1 741.3	2 917.9	1 257.6	888.3	954.9	640.0	627.6
04.05	Butter, butter spreads and butter oil	396.7	491.2	735.1	355.5	540.6	340.4	293.9	145.6	88.7
04.06	Cheese and curd	330.3	338.7	272.5	252.7	141.7	144.6	118.7	87.0	50.5
TOTAL		115.4	171.7	151.7	167.8	129.7	148.3	101.9	86.4	43.3

**Graph 9**

## Producer price index of dairy products

Index December 2016=100



The producer price index of dairy products reflects the changes of the producer prices of pasteurised and UHT milk, yoghurt, cheddar cheese and ice cream and not that of the other dairy products like maas, cheese other than cheddar cheese and milk powder.  
Graph prepared by the Office of SAMPRO based on information published by Statistics SA

**Table 6**

**CHANGES IN RETAIL SALES QUANTITIES FROM THE YEAR JANUARY 2023 TO DECEMBER 2023, TO THE YEAR JANUARY 2024 TO DECEMBER 2024; AND CHANGES IN THE RETAIL PRICES FROM DECEMBER 2023 TO DECEMBER 2024**

PRODUCT	CHANGE IN RETAIL SALES QUANTITIES	CHANGE IN RETAIL PRICES
	PERCENT	PERCENT
FRESH MILK	-2.0	0.1
LONG LIFE MILK (UHT MILK)	5.8	-3.7
FLAVOURED MILK	0.5	6.0
YOGHURT	2.8	3.9
MAAS	6.8	-0.4
PRE-PACKAGED CHEESE	4.0	-3.1
CREAM CHEESE	4.1	2.2
BUTTER	5.1	-1.2
CREAM	2.6	0.8

30

**Table 7****CHANGES IN THE QUANTITIES OF RETAIL SALES OF SPECIFIC DAIRY PRODUCTS IN SOUTH AFRICA**

PRODUCT	Sales in the month of December 2024 versus the sales in the month of December 2023	Sales in the 3 months from October 2024 to December 2024 versus the sales in the 3 months from October 2023 to December 2023	Sales in the 6 months from July 2024 to December 2024 versus the sales in the 6 months from July 2023 to December 2023	Sales in the 9 months from April 2024 to December 2024 versus the sales in the 9 months from April 2023 to December 2023	Sales in the 12 months from January 2024 to December 2024 versus the sales in the 12 months from January 2023 to December 2023
	percent	percent	percent	percent	percent
Fresh Milk	-0.1	-0.7	-0.7	-0.8	-2.0
UHT milk	32.2	7.0	6.3	7.1	5.8
Flavoured milk	2.3	-1.0	-0.6	1.9	0.5
Yoghurt	9.5	4.1	3.9	4.0	2.8
Maas	16.2	8.8	7.2	8.5	6.8
Pre-packaged cheese	16.5	6.0	6.3	5.3	4.0
Cream cheese	0.6	2.9	3.4	3.2	4.1
Butter	25.3	4.5	6.7	5.9	5.1
Cream	3.2	3.8	3.7	2.7	2.6

**Table 8**

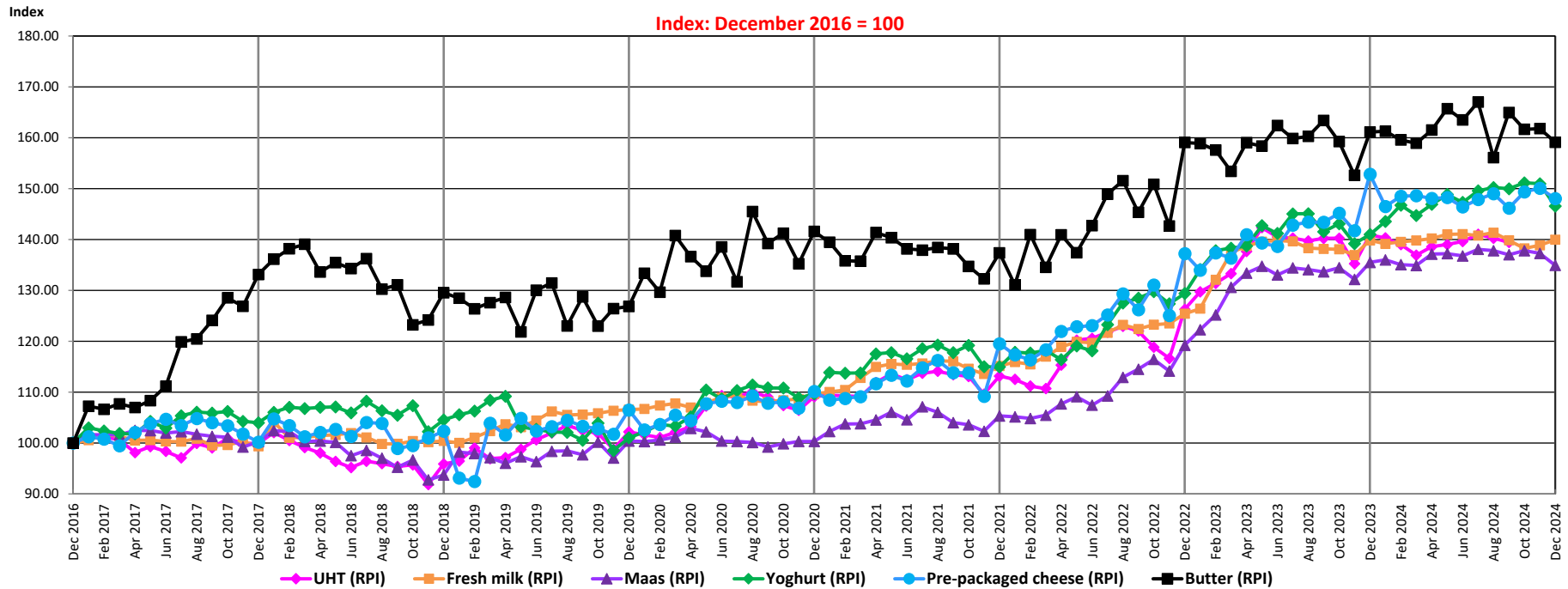
**THE AVERAGE RETAIL PRICES OF SPECIFIC DAIRY PRODUCTS IN DECEMBER 2024, COMPARED TO THE AVERAGE RETAIL PRICES OF THE PRODUCTS CONCERNED IN SPECIFIC PREVIOUS MONTHS OF 2023 AND 2022**

PRODUCT	December 2024 versus November 2024 (1 month ago)	December 2024 versus September 2024 (3 months ago)	December 2024 versus June 2024 (6 months ago)	December 2024 versus March 2024 (9 months ago)	December 2024 versus December 2023 (12 months ago)	December 2024 versus June 2023 (18 months ago)	December 2024 versus December 2022 (24 months ago)
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
FRESH MILK	0.8	0.1	-0.8	0.1	0.1	0.1	11.6
UHT MILK	-3.4	-2.7	-2.8	-0.9	-3.7	-3.4	7.4
FLAVOURED MILK	-2.0	-2.9	1.3	1.5	6.0	1.7	11.9
YOGHURT	-2.9	-2.3	-0.5	1.3	3.9	3.8	13.3
MAAS	-1.7	-1.5	-1.4	0.0	-0.4	1.4	13.2
PRE-PACKAGED CHEESE	-1.4	1.3	1.1	-0.4	-3.1	6.8	7.9
CREAM CHEESE	3.5	4.6	2.0	8.5	2.2	7.6	14.4
BUTTER	-1.7	-3.5	-2.7	0.1	-1.2	-2.0	0.03
CREAM	-0.3	0.1	0.3	1.6	0.8	3.1	10.4

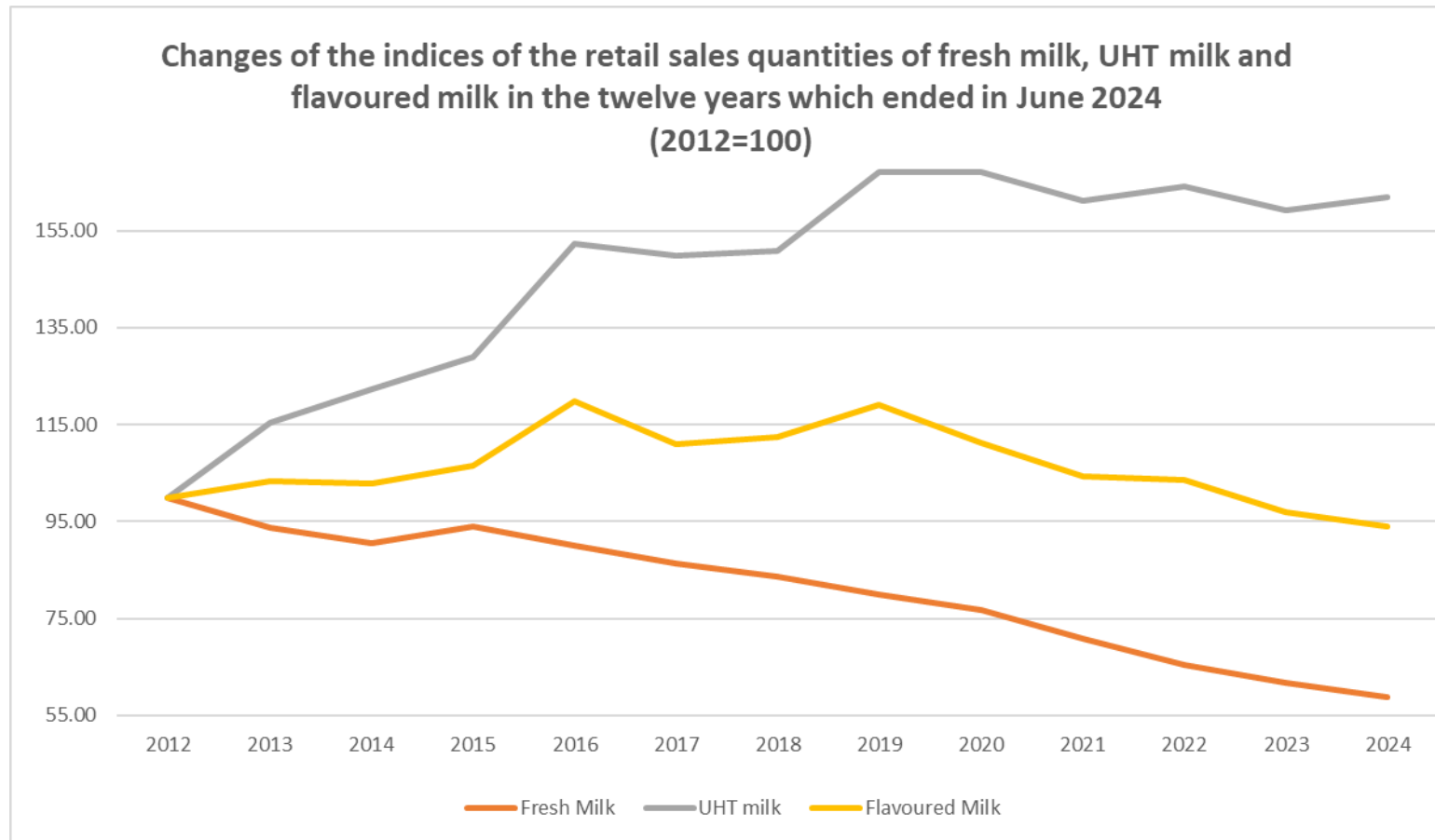


**Graph 10**

**Changes in the retail price indices (RPI) of fresh milk, UHT milk, yoghurt, maas, pre-packaged cheese and butter.**



**Graph 11**



# **Summary and Conclusion:**

- **Future growth of demand for consumer goods, including dairy products, hugely dependant on level of economic growth in South Africa.**
- **Optimistic expectations about consumer demand in 2025, not supported by:**
  - **Extremely high uncertainty in the world and very high uncertainty in SA;**
  - **In 2024, the GDP increased by 0.6%;**
  - **Expected increase of GDP in 2025:**
    - **Reserve Bank stated 1.7% on 20 March 2025, but with import tariffs on SA exports by the USA and without AGOA, 1.0% with higher inflation, devaluation of the Rand and no meaningful decrease in interest rates; and**
    - **IMF expected at the beginning of 2025, 1.5%, but in April 1.0%**

- **Retail sales quantities of dairy products in 2023, lower than in 2022.**
- **In 2024, retail sales quantities of 8 of the 9 dairy products, higher than in the previous year.**
- **As foreseen as a realistic possibility, the higher supply of dairy products in 2024 created amidst very low economic growth, downward pressure on prices. The retail prices of 4 of the 9 dairy products decreased in 2024 and in the quarter which ended in December 2024, the retail prices of 5 of the 9 dairy products decreased.**
- **Higher sales quantities of dairy products, achieved at the expense of price.**
- **Prices of electricity, water and particular other inputs of primary and secondary dairy industries, higher than inflation.**
- **Most elements of the situation can change fairly quickly and meaningfully, the relevant variables should continuously be monitored, and changes should timeously be reacted to, in order to ensure that in South Africa, the supply of unprocessed milk and dairy products follows the demand for these products as closely as possible.**

**Alwyn P Kraamwinkel (M.Com)**  
**CEO: SAMPRO**  
**9 May 2025**

The following contributions to this presentation are acknowledged:	
De Wet Jonker (B.Econ/B.Com Hons), Dr Ndumiso Mazibuko (Bsc Agric Econ, Msc, MBA, PhD) Jan Theron, (B.Com Economy), and Marietjie le Roux (B.Com Human Resources)	Collecting information, compiling of tables and graphs and assessment of information.
Gerhard Venter (M.Sc Agric Food Science)	Dairy Technical advice.
Sonja van Jaarsveldt	Assistance in preparing documents