



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.

TRENDS IN RESPECT OF UNPROCESSED MILK PURCHASES IN THE YEARS 2008 TO 2022

(July 2022)

This report was compiled by the Office of SAMPRO and forms part of the Industry Information Project of SAMPRO. The purpose of the project is to make market signals available to members and other interested parties, which is a pre-requisite for effective competition, as envisaged by the Competition Act.

All activities of the Industry Information Project of SAMPRO are designed and implemented in accordance with the Competition Act and independently from commercial interest of any and all the members of SAMPRO.

1. This report is based on information regarding unprocessed milk purchases provided by Milk SA and the following is important:
 - a) The preliminary information (estimated figures) regarding the total unprocessed milk purchases per month is based on the sample¹⁾ results, inflated by taking into account the percentage which the sample results represented of the actual total purchases in respect of the previous 3 months of which actual total figures are available. It should be noted that if the actual market share of the sample group is higher than the figure (percentage) used to estimate the total milk purchases, the estimated total milk purchases will be higher than the actual total milk purchases in that particular month. The opposite is also true; and
 - b) The preliminary figures²⁾ (estimated figures) regarding the total unprocessed milk purchases in a month (which is the sample figure inflated as described under a)) are replaced in the third month following the month concerned by the ***total unprocessed milk purchased by all registered milk buyers declared in terms of Regulation 1652 of the Marketing of Agricultural Products Act.***

1) *This report is based on the results of surveys by Milk SA which involves a sample consisting of firms which are collectively responsible for more than 85 percent of the total unprocessed milk purchases in South Africa. The average contribution to the total unprocessed milk purchases of the sample group in the three-month period March to May 2022, is 88.42 percent. In the previous two three-month periods the percentages were 88.53 percent and 88.87 percent.*

2) *If the information received by Milk SA after the first publication of the preliminary figure (estimated figure) for a particular month, warrants an adjustment to the published preliminary figure, the adjustment is made and the adjusted estimated figure is published in the next publication.*

- c) At the end of March of each year a workgroup of Milk SA³⁾ evaluates the total unprocessed milk purchases declared by all registered buyers and finalises the figures for the previous calendar year (see Table 1).
- d) The composition of the sample is reviewed by the workgroup³⁾:
 - i. In March of each year; and
 - ii. When the unprocessed milk purchases of a firm which is a member of the sample group, decreased to a significant lower level than that of a firm which is not a member of the sample group.

In terms of ii. an adjustment in the composition of the sample was made in November 2015, March 2016, April 2017 and again in May 2019.

- 2. The total quantity of unprocessed milk purchased in South Africa, in each of the fourteen years, 2008 to 2021, is indicated in Table 1. Note that 2008, 2012, 2016 and 2020 each covers 366 days.

TABLE 1⁴⁾: TOTAL PURCHASES OF UNPROCESSED MILK IN SOUTH AFRICA ACCORDING TO MILK SA

YEAR	TOTAL 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	4.82	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	2 982 734 596	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	3.01	123.97
2018	3 410 535 903	4.82	129.95
2019	3 432 802 395	0.65	130.79
2020	3 427 335 376	-0.16	130.58
2021 ⁵⁾	3 403 100 413	-0.71	129.67

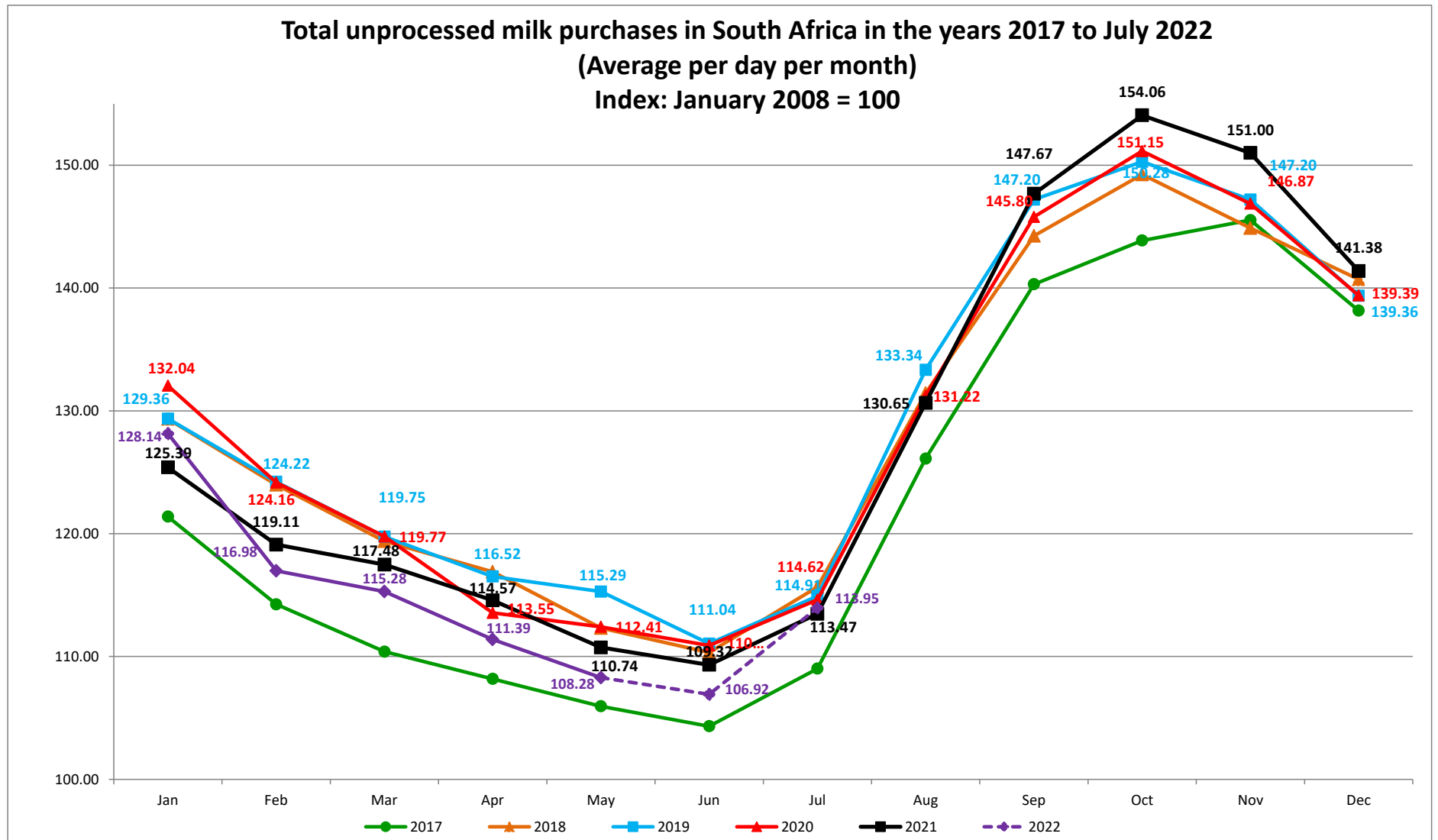
3. *Workgroup of the Industry Information Advisory Committee of Milk SA, consisting of the CEO of Milk SA, Nico Fouchè, Mr Bertus van Heerden, Mr Alwyn Kraamwinkel and Mr De Wet Jonker.*

4. *Table prepared by the Office of SAMPRO based on information received from Milk SA on the total unprocessed milk purchased by all registered milk buyers declared in terms of Regulation 1652 of the Marketing of Agricultural Products Act and previous similar regulations.*

5. *The total purchases of unprocessed milk in 2021, was finalized in March 2022.*

6. The quantity of unprocessed milk purchased in South Africa as captured in Table 1 shows, amongst other, that:
- a) The production in four of the last fourteen years (28.6 percent of the years) namely 2009, 2016, 2020 and 2021⁵⁾, were respectively 1.43, 0.45, 0.16 and 0.71 percent lower than in the relevant previous years;
 - b) The production of unprocessed milk in 2017, was 3.01 percent higher than the production in 2016, mainly due to the higher production in the last six months of 2017;
 - c) The production of unprocessed milk in 2018, was 4.82 percent higher than the production in 2017, mainly due to the higher production in the first ten months of 2018;
 - d) The production of unprocessed milk in 2019, was 0.65 percent higher than the production in 2018, due to the higher production in nine of the twelve months of 2019;
 - e) The production of unprocessed milk in 2020, was 0.16 percent lower than the production in 2019, due to the lower production in eight of the twelve months of 2020;
 - f) The production in 2021, was 0.71 percent lower than in 2020, due to lower production in seven of the first eight months of 2021;
 - g) In the three years from 2011 to 2014, the production of unprocessed milk increased with 9.64 percent, or a compound annual growth rate of 3.12 percent, which is higher than the increase in the previous three years (from 2008 to 2011) of 3.65 percent or a compound annual growth rate of 1.20 percent;
 - h) In the three years from 2014 to 2017, the production of unprocessed milk increased with 9.08 percent or a compound annual growth rate of 2.94 percent, which is lower than the increase of 9.64 percent in the previous three years (2011 to 2014) or a compound annual growth rate of 3.12 percent;
 - i) In the three years from 2017 to 2020, the production of unprocessed milk increased with 5.34 percent or a compound annual growth rate of 1.75 percent, which is lower than the increase of 9.08 percent in the previous three years (2014 to 2017) or a compound annual growth rate of 2.94 percent; and
 - j) In the thirteen years from 2008 to 2021, the production of unprocessed milk increased with 29.67 percent or a compound annual growth rate of 2.02 percent.
7. Based on the methodology described in paragraph 1, the trends in respect of **the average quantity of unprocessed milk purchased per day per month** in the years January 2017 to May 2022 and the estimated figures in respect of June and July 2022, are indicated in Graph 1. The same trends are also shown in an index in Table 2.

GRAPH 1⁶⁾



6) Graph prepared by the Office of SAMPRO based on information obtained from MILK SA. The information in respect of 2017 to May 2022, 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 June and July 2022, are estimated figures determined on the assumption that the market share of the sample in the total unprocessed milk purchased is 88.42 percent, as was the case in the three-month period, March to May 2022.

8. From Graph 1, it is clear that:
- The mass purchased per day in April, July and December 2019, was lower than in the same months of 2018, while the mass purchased in January, February, March, May, June, August, September, October and November 2019, was higher than in the same months of 2018;
 - The mass purchased per day in January, March, October and December 2020, was higher than in the same months of 2019, while figures for February, April, May, June, July, August, September and November 2020, were lower than in the same months of 2019;
 - The mass purchased per day in January, February, March, May, June, July and August 2021, is lower than in the same months of 2020, while the opposite is true in respect of April, September, October, November and December 2021; and
 - The mass purchased per day in January and July 2022, is higher than in the same months of 2021, while the opposite is true in respect of February, March, April, May and June 2022.
9. In Table 2, the index of the average mass of unprocessed milk purchased per day per month in different years, is illustrated.

TABLE 2⁷⁾: TRENDS OF UNPROCESSED MILK PURCHASED (AVERAGE PER DAY PER MONTH) IN THE YEARS 2011 TO 2021 AND IN JANUARY TO JULY 2022

INDEX JANUARY 2008 = 100

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Jan	106.99	106.41	107.73	109.56	121.61	117.18	121.38	129.34	129.36	132.04	125.39	128.14
Feb	99.59	101.25	104.65	103.64	116.82	113.77	114.25	123.98	124.22	124.16	119.11	116.98
Mar	92.88	98.18	100.41	99.20	114.08	109.38	110.39	119.38	119.75	119.77	117.48	115.28
Apr	90.46	95.30	97.29	97.41	111.12	107.52	108.18	116.89	116.52	113.55	114.57	111.39
May	89.73	96.42	97.58	98.31	109.68	104.59	105.95	112.32	115.29	112.41	110.74	108.28
Jun	90.06	96.91	97.75	98.79	108.07	105.45	104.32	110.32	111.04	110.90	109.32	106.92
Jul	92.39	97.86	100.04	100.90	108.14	106.21	109.01	115.65	114.91	114.62	113.47	113.95
Aug	102.20	107.96	111.45	114.06	119.63	119.87	126.11	131.43	133.34	131.22	130.65	
Sep	116.68	119.17	123.07	128.31	130.56	135.25	140.31	144.25	147.20	145.80	147.67	
Oct	118.44	122.92	126.40	134.09	135.26	138.97	143.86	149.24	150.28	151.15	154.06	
Nov	115.97	122.32	124.69	132.39	131.45	134.94	145.53	144.88	147.20	146.87	151.00	
Dec	111.82	114.78	119.69	128.49	124.84	127.96	138.15	140.71	139.36	139.39	141.38	

7) Table prepared by the Office of SAMPRO based on information obtained from MILK SA. The information in respect of 2011 to May 2022, 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 June and July 2022, are estimated figures determined on the assumption that the market share of the sample in the total unprocessed milk purchases is 88.42 percent, as was the case in the three-month period, March to May 2022. The figures printed in blue are estimated figures. The lowest figures in each of the years are printed in orange and the highest in green.

10. Table 2, illustrates:
- The similarity between the different years in respect of the extent of the change from month to month;
 - The sharp increase from June to October;
 - The sharp decrease from November to April, May or June;
 - The significant difference between the highest and the lowest index figures in each year;
 - That the **highest** index figures in the eleven years concerned (2011 to 2021) are in October (ten years), or November (one year) and the **lowest** in April (three years), May (two years) or June (six years); and
 - The lowest index figure in the eleven years (2011 to 2021), occurred in June 2011 and the highest in October 2021.
11. In Table 3, the unprocessed milk purchased in particular months is compared to the unprocessed milk purchased in the same months of particular previous years.

TABLE 3⁸⁾: UNPROCESSED MILK PURCHASED PER DAY IN PARTICULAR MONTHS RELATIVE TO THE PURCHASES IN THE SAME MONTHS OF PARTICULAR PREVIOUS YEARS

	Percentage increase
July 2020 relative to July 2019	-0.3
August 2020 relative to August 2019	-1.6
September 2020 relative to September 2019	-1.0
October 2020 relative to October 2019	0.6
November 2020 relative to November 2019	-0.2
December 2020 relative to December 2019	0.02
January 2021 relative to January 2020	-5.0
February 2021 relative to February 2020	-4.1 ⁹⁾
March 2021 relative to March 2020	-1.9
April 2021 relative to April 2020	0.9
May 2021 relative to May 2020	-1.5
June 2021 relative to June 2020	-1.4
July 2021 relative to July 2020	-1.0
August 2021 relative to August 2020	-0.4
September 2021 relative to September 2020	1.3
October 2021 relative to October 2020	1.9
November 2021 relative to November 2020	2.8
December 2021 relative to December 2020	1.4
January 2022 relative to January 2021	2.2
February 2022 relative to February 2021	-1.8
March 2022 relative to March 2021	-1.9
April 2022 relative to April 2021	-2.8
May 2022 relative to May 2021	-2.2
June 2022 relative to June 2021	-2.2 ¹⁰⁾
July 2022 relative to July 2021	0.4 ¹⁰⁾

8) Table prepared by the Office of SAMPRO based on information obtained from Milk SA.

9) The unprocessed milk purchases in February 2020, were adjusted to reflect the purchases during 28 of the 29 days in order to compare it with the purchases in February 2019, which covered 28 days.

10) The figures for June and July 2022, are estimated figures.

12. In Table 4, the estimated total mass of unprocessed milk purchased in January to July 2022, is compared to the total mass purchased in the same months of the previous three years.

TABLE 4¹¹⁾ THE ESTIMATED TOTAL MASS OF UNPROCESSED MILK PURCHASED IN JANUARY TO JULY 2022, COMPARED TO THE TOTAL MASS OF UNPROCESSED MILK PURCHASED IN THE SAME MONTHS OF EACH OF THE PREVIOUS THREE YEARS

Month	PERCENTAGE CHANGE RELATIVE TO THE SAME MONTHS OF THE THREE PREVIOUS YEARS
January to July 2019	-3.59
January to July 2020	-3.65
January to July 2021	-1.11

13. As indicated in Table 4, the estimated total mass of unprocessed milk purchased in January to July 2022, is lower than in the same months of 2019, 2020 and 2021.
14. In Table 5, the estimated total mass of unprocessed milk purchased in the three-month period which ended in July 2022, is compared to the unprocessed milk purchased in the three-month periods which ended in July 2019, July 2020 and July 2021.

TABLE 5¹²⁾ : THE ESTIMATED TOTAL MASS OF UNPROCESSED MILK PURCHASED IN THE THREE-MONTH PERIOD WHICH ENDED IN JULY 2022, COMPARED TO THE TOTAL MASS OF UNPROCESSED MILK PURCHASED IN THE SAME MONTHS OF EACH OF THE PREVIOUS THREE YEARS

THREE-MONTH PERIOD	PERCENTAGE DIFFERENCE
May 2019 to July 2019	-3.54
May 2020 to July 2020	-2.59
May 2021 to July 2021	-1.30

15. As indicated in Table 5, the estimated mass of unprocessed milk purchased in May to July 2022, is lower than the same months of 2019, 2020 and 2021.

11 and 12) Table prepared by the Office of SAMPRO based on information obtained from MILK SA. The information in respect of 2019 to July 2022, 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 the previous similar regulation. The figures for June and July 2022, are estimated figures, determined on the assumption that the market share of the sample in the total unprocessed milk purchased is 88.42 percent, as was the case in the three-month period March to May 2022.