



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 THE PRODUCER PRICE INDICES OF RAW MILK AND DAIRY PRODUCTS UP TO **NOVEMBER 2020**

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.

Introduction

1. Statistics South Africa (Stats SA) published producer price indices for, amongst other, raw milk which measures on a monthly basis, the change of the prices for raw milk received by raw milk producers, and dairy products which measures the change of the prices received by producers of processed milk and manufacturers of other dairy products for a specific basket of dairy products consisting of full cream fresh milk, full cream UHT milk, yoghurt and cheddar cheese. The contribution of each of the products to the producer price index of dairy products is respectively 22.2 percent, 29.0 percent, 25.0 percent and 23.8 percent. Dairy products like maas, cheese other than cheddar, butter and milk powder, are not included in the relevant basket of dairy products.
2. Stats SA reviewed the producer price indices and from January 2013:

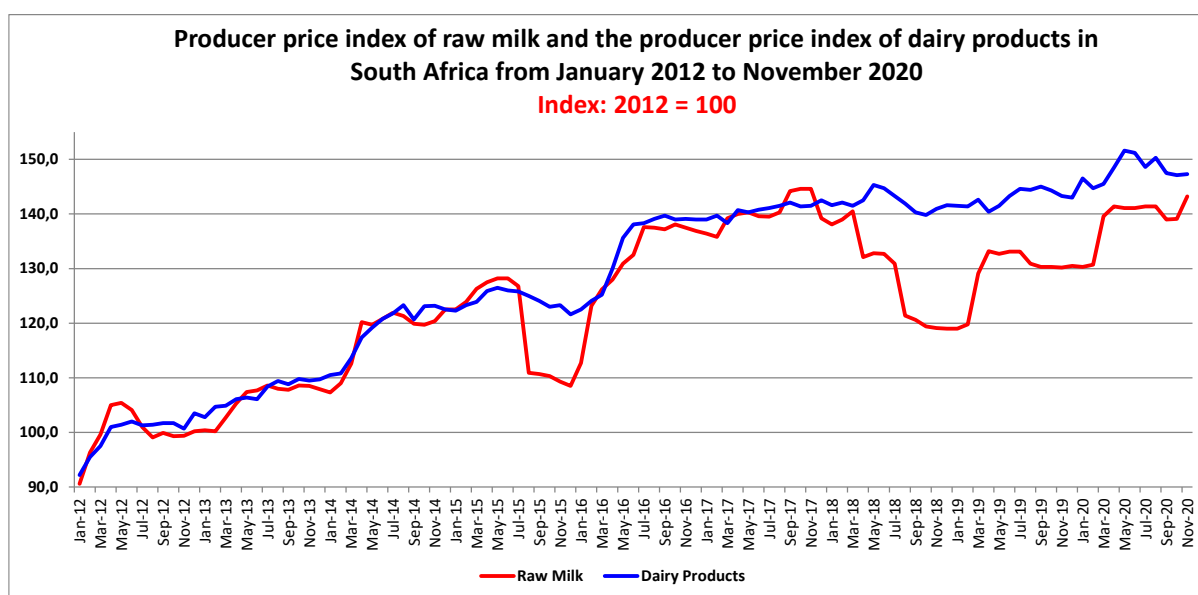


- a) Stats SA does not publish a separate index for raw milk as they replaced it with a combined index for raw milk and eggs;
- b) The base year of the producer price indices changed from 2000 to 2012 and from January 2017, the change in the index is as reflected in the price index with December 2016, as base year, as published by Stats SA; and
- c) The different categories of products in respect of which producer price indices are published, decreased.

3. After discussions with Stats SA, Stats SA approved the request from the Office of SAMPRO to provide a separate producer price index for raw milk to SAMPRO and the information is reflected in this report.

4. In the monthly analyses of Stats SA, the emphasis is on the change in the producer price indices from the previous month and on the change in the last 12 months. These changes are important market signals, but, if it is viewed in isolation, it can be misleading because these changes should be assessed in light of:
 - a) The movement of the producer price indices in the period before the last 12 months; and
 - b) The movement of the producer price indices of other products.

Graph 1 ¹⁾



1) Graph prepared by the Office of SAMPRO based on the producer price indices with base year 2012, as published by Statistics South Africa. From January 2017 the change in the 2012 index is adjusted based on the change in the price index with December 2016 as base.

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Tables reflecting the changes of the producer price indices of raw milk, other primary agricultural products, dairy products and other manufactured food products in specific periods

Table 1 ²⁾

Increase in the producer price indices of agricultural products from October to November 2020

(Index 2012 = 100)

Product	Index in October 2020	Index in November 2020	Percentage Change
Fruit and Vegetables	117.2	127.3	8.6
Milk (raw)	139.1	143.2	3.0
Other animal products	176.5	181.2	2.7
Live animals	139.6	139.7	0.1
Cereal and other crops	165.2	164.4	-0.5

Table 2 ³⁾

Increase in the producer price indices of agricultural products in the 12 months from November 2019 to November 2020

(Index 2012 = 100)

Product	Index in November 2019	Index in November 2020	Percentage Change
Cereal and other crops	129.1	164.4	27.4
Live animals	122.8	139.7	13.7
Fruit and Vegetables	113.4	127.3	12.3
Milk (raw)	130.2	143.2	10.0
Other animal products	202.4	181.2	-10.5

Table 3 ⁴⁾

Increase in the producer price indices of agricultural products in the 106 months from January 2012 to November 2020

(Index 2012 = 100)

Product	Index in January 2012	Index in November 2020	Percentage Change
Other animal products	103.9	181.2	74.4
Cereal and other crops	99.7	164.4	64.9
Milk (raw)	90.6	143.2	58.1
Fruit and Vegetables	96.6	127.3	31.8
Live animals	109.1	139.7	28.0

2), 3) and 4) Tables prepared by the Office of SAMPRO based on information of Statistics South Africa with 2012 as the base year. From January 2017 the change in the 2012 index is adjusted based on the change in the price index with December 2016 as base.

Table 4 ⁵⁾

Increase in the producer price indices of manufactured food from October to November 2020
(Index 2012 = 100)

Product	Index in October 2020	Index in November 2020	Percentage change
Starches, starch products and animal feed	171.4	176.2	2.8
Grain mill products	146.6	150.6	2.7
Meat and meat products	162.7	165.3	1.6
Oils and fats	158.8	160.3	0.9
Bakery products	175.0	175.3	0.2
Dairy products	147.1	147.3	0.2
Other food products	148.2	148.4	0.1
Sugar	131.2	130.7	-0.3
Fruits and vegetable products	148.7	147.0	-1.2

Table 5 ⁶⁾

Increase in the producer price indices of manufactured food in the 12 months from November 2019 to November 2020

(Index 2012 = 100)

Product	Index in November 2019	Index in November 2020	Percentage Change
Oils and fats	134.0	160.3	19.7
Starches, starch products and animal feed	151.0	176.2	16.7
Grain mill products	129.7	150.6	16.1
Sugar	118.9	130.7	10.0
Meat and meat products	150.6	165.3	9.7
Bakery products	165.7	175.3	5.8
Dairy products	143.3	147.3	2.8
Other food products	144.5	148.4	2.7
Fruits and vegetable products	145.5	147.0	1.0

Table 6 ⁷⁾

Increase in the producer price indices of manufactured food in the 106 months from January 2012 to November 2020

(Index 2012 = 100)

Product	Index in January 2012	Index in November 2020	Percentage Change
Starches, starch products and animal feed	93.7	176.2	88.0
Bakery products	98.2	175.3	78.5
Oils and fats	92.8	160.3	72.7
Meat and meat products	101.3	165.3	63.2
Dairy products	92.2	147.3	59.8
Grain mill products	98.0	150.6	53.6
Fruits and vegetable products	96.2	147.0	52.8
Other food products	99.6	148.4	49.0
Sugar	97.4	130.7	34.2

5, 6) and 7) Tables prepared by the Office of SAMPRO based on information of Statistics South Africa with 2012 as the base year. From January 2017 the change in the 2012 index is adjusted based on the change in the price index with December 2016 as base.