



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 RAW MILK PURCHASES IN THE YEARS 2008 TO 2020

(December 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.

1. This report is based on information regarding raw milk purchases provided by Milk SA and the following is important:
 - a) The preliminary information (estimated figures) regarding the total raw 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 figures (estimated figures) regarding the total raw 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 raw milk purchased by all registered milk buyers declared in terms of Regulation 1396 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 80 percent of the total raw milk purchases in South Africa. The average contribution to the total raw milk purchases of the sample group in the three-month period January to March 2020, is 83.24 percent. In the previous two three-month periods the percentages were 83.63 percent and 84.16 percent.*

2. The total quantity of raw milk purchased in South Africa, in each of the twelve years, 2008 to 2019, is indicated in Table 1.

TABLE 1²⁾: TOTAL PURCHASES OF RAW MILK IN SOUTH AFRICA ACCORDING TO MILK SA

YEAR	TOTAL RAW 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	2 982 734 596	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	3.02	123.97
2018	3 410 535 903	4.82	129.95
2019	3 432 802 395	0.65	130.79
2020 ³⁾	3 417 240 425	-0.45	130.20

3. The quantity of raw milk purchased in South Africa as captured in Table 1 shows, amongst other, that:
- In the three years from 2011 to 2014, the production of raw 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;
 - In the three years from 2014 to 2017, the production of raw milk increased with 9.08 percent or 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; and
 - In the eleven years from 2008 to 2019, the production of raw milk increased with 30.79 percent or compound annual growth rate of 2.47 percent.

2) Table prepared by the Office of SAMPRO based on information received from Milk SA on the total raw milk purchased by all registered milk buyers declared in terms of Regulation 1396 of the Marketing of Agricultural Products Act and two previous similar regulations.

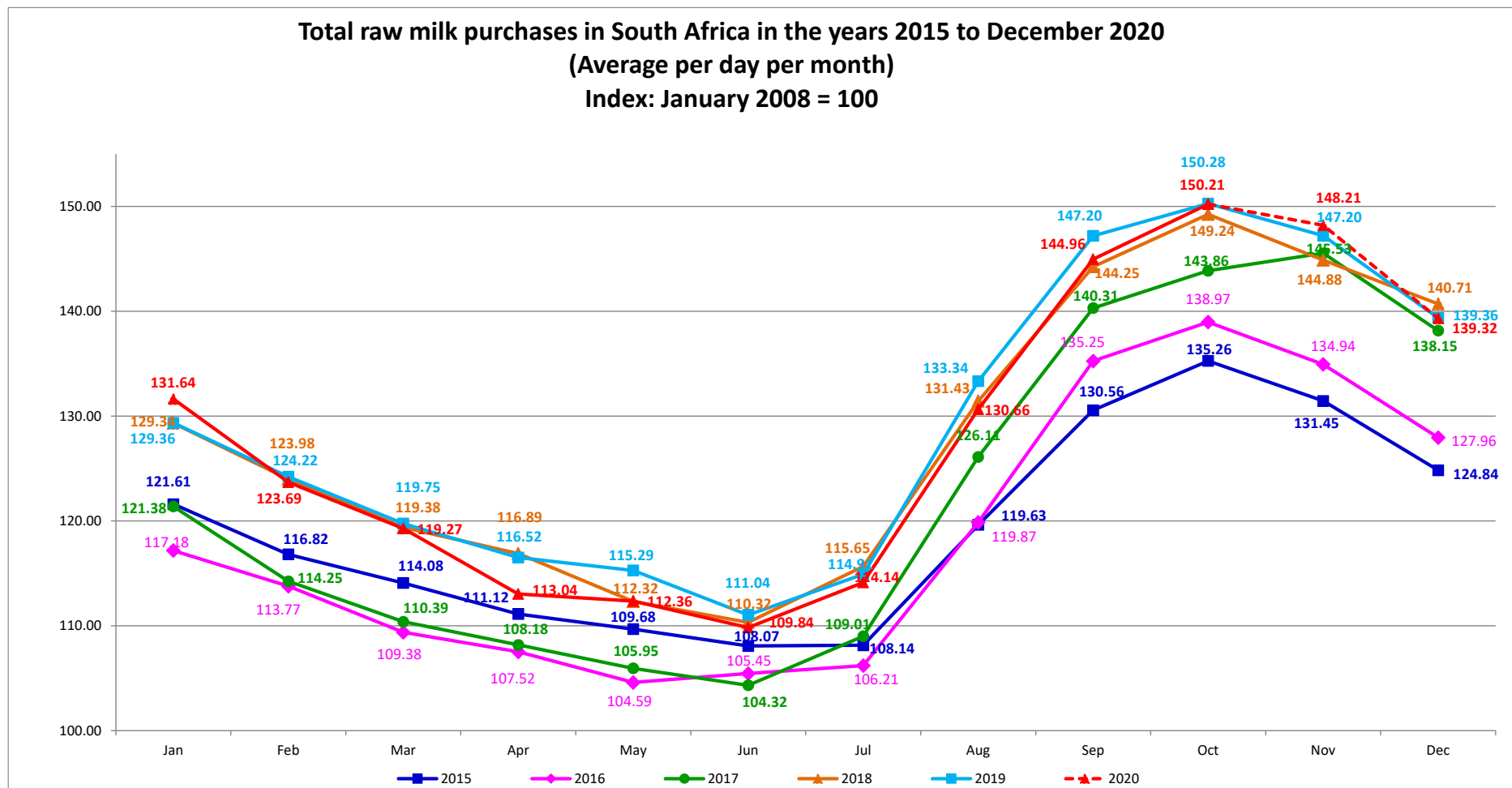
3) The total purchases of unprocessed milk in 2020, is an estimated figure and it will be revised in March 2021

4. Based on the methodology described in paragraph 1, the trends in respect of **the average quantity of raw milk purchased per day per month** in the years 2012 to September 2020 and the estimated average quantities purchased per day in November to December 2020, are indicated in Graph 1.
5. From Graph 1 and table 2, it is clear that:
- a) The mass purchased per day in January to December 2018, with the exception of November, was higher than in the same months of 2017;
 - b) The mass purchased per day in, April, July and December 2019, were lower than in the same months of 2018, while the mass purchased in January, February, March, May, June, August, September, October and November 2019, were higher than in the same months of 2018; and
 - c) The mass purchased per day in January and the estimated mass for and November 2020, is higher than in the same month of 2019, while figures for February, March, April, May, June, July, August, September, October and December 2020, are lower than in the same months of 2019.



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GRAPH 1⁴⁾



4) Graph prepared by the Office of SAMPRO based on information obtained from MILK SA. The information in respect of 2015 to August 2020, is in respect of the total raw milk purchased by all registered raw milk buyers, declared in terms of Regulation 1396 of the Marketing of Agricultural Products Act and two previous similar regulations. The figures for September and October 2020, are estimated figures determined on the assumption that the market share of the sample in the total raw milk purchased is 82.53 percent, as was the case in the three-month period, June to August 2020.

TABLE 2⁵⁾: RAW MILK PURCHASED PER DAY IN PARTICULAR MONTHS RELATIVE TO THE PURCHASES IN THE SAME MONTHS OF PARTICULAR PREVIOUS YEARS

	Percentage increase
September 2018 relative to September 2017	2.8
October 2018 relative to October 2017	3.7
November 2018 relative to November 2017	-0.4
December 2018 relative to December 2017	1.9
January 2019 relative to January 2018	0.0
February 2019 relative to February 2018	0.2
March 2019 relative to March 2018	0.3
April 2019 relative to April 2018	-0.3
May 2019 relative to May 2018	2.6
June 2019 relative to June 2018	0.7
July 2019 relative to July 2018	-0.6
August 2019 relative to August 2018	1.5
September 2019 relative to September 2018	2.1
October 2019 relative to October 2018	0.7
November 2019 relative to November 2018	1.6
December 2019 relative to December 2018	-1.0
January 2020 relative to January 2019	1.8
February 2020 relative to February 2019	-0.4
March 2020 relative to March 2019	-0.4
April 2020 relative to April 2019	-3.0
May 2020 relative to May 2019	-2.5
June 2020 relative to June 2019	-1.1
July 2020 relative to July 2019	-0.7
August 2020 relative to August 2019	-2.0
September 2020 relative to September 2019	-1.5
October 2020 relative to October 2019	-0.05
November 2020 relative to November 2019	0.7 ⁶⁾
December 2020 relative to December 2019	-0.03 ⁶⁾

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

6) The figures for November and December 2020 are estimated figures. The raw 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.