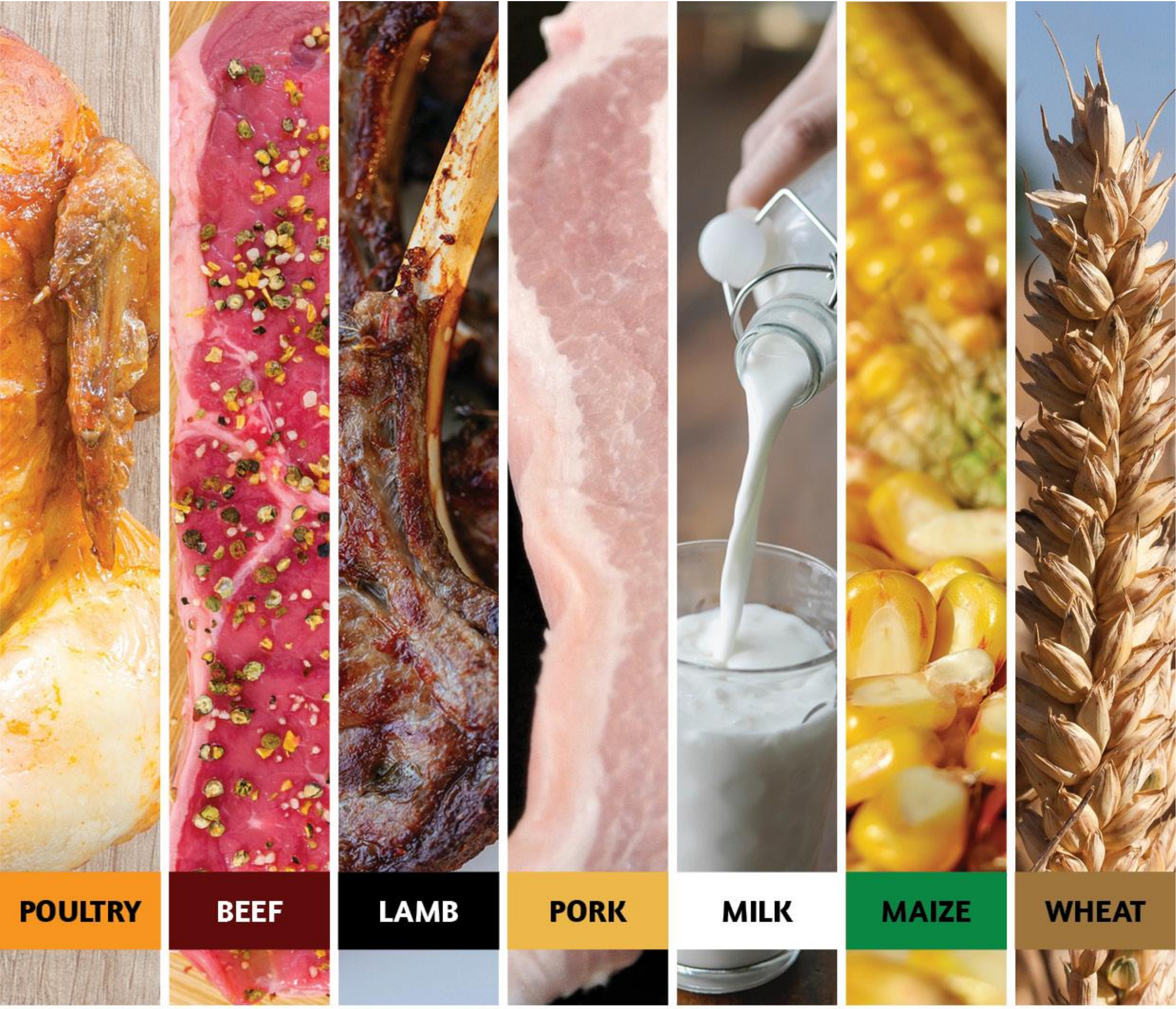

FARM-TO-RETAIL-PRICE-SPREAD

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FARM-TO-RETAIL-PRICE-SPREAD

EXECUTIVE SUMMARY

The farm value share is the value of a farm product's equivalent to the final food product purchased by consumers. The Farm-to-Retail Price Spread (FTRPS) is the difference between what the consumer pays for a food product at the retail level and the value of the farm product used in that product. Price spreads measure the aggregate contributions of food manufacturing, distribution, wholesale, and retail firms that transform farm commodities into final products:

- ***Poultry:*** the real farm value share of fresh whole chicken increased by 2.57%, reaching 65.16% in October 2025. Over the period (October 2024 – October 2025), the farm value share increased significantly by 23.47%, although the real farm-to-retail price spread declined steeply by 30.59%. this suggests shrinking retail margins and stronger farmers positioning.
- ***Beef:*** the real FTRPS for class A2/A3 beef decreased by 0.70% between August and October 2025, while the farm value share increased by 0.06% to 52.54%. On a year-on-year basis, Farm-to-Retail-Price spreads increased by 19.49% with farm share also rising by 5.89% indicating that price gains slightly favoured farmers.
- ***Lamb:*** The real farm-to-retail price spread of class A2/A3 lamb increased by 3.04% (from R84.34/kg to R86.90/kg), while the farm value share decreased slightly by 1.46% from 54.90% in August 2025 to 54.10% in October 2025. Year-on-year, the farm value share increased slightly by 3.62% alongside the real farm-to-retail price that increased by 5.68%, suggesting improved relative margins for retailers.
- ***Pork:*** between August and October 2025, pork's real farm-to-retail price spread declined by 2.77% (from R59.88/kg to R58.22/kg) while the farm value share rose by 6.90% (from 36.35% to 38.86%). On a yearly basis, real farm-to-retail price spread increased slightly by 1.76% while farm value share increased by 6.57%, pointing to gradual but consistent farmer gains.
- ***Milk:*** the real farm-to-retail price spread for full-cream milk (1ℓ) declined by 2.32% from R12.42/ℓ in August to R12.14/ℓ in October 2025, while the farm value share increased by 2.64%. Compared to July 2024, FTRP spreads declined slightly by 1.73% and farm value shares contracted by 3.54, which is attributable to improved farm gate prices.

Introduction

The Farm-to-Retail Price Spread (FTRPS) captures the difference between the farm price of raw commodities and the retail prices paid by households, reflecting the value added through processing, logistics, distribution, and retailing. By examining shifts in farm value and retail price spreads, this publication seeks to unravel the dynamics driving food price margins between August and October ***2025.***

This report draws on official data sources and NAMC calculations to track margins across key commodities, including poultry, beef, lamb, pork, and milk, representing both staple proteins and essential dairy. These commodities are not only central to consumer expenditure but also anchor the livelihoods of farmers. The margin between farm gate prices and the price paid by consumers for selected food items is a topic that is frequently debated. By situating the data within broader market conditions, the report offers a grounded perspective on how farm and retail dynamics interact to influence food affordability and producers' resilience. For more details on the methodology, please read here.

Price Trends, Farm Values and Price Spreads

- ***Poultry:*** **Figure 1** indicates that between August and October 2025, the real farm value share of fresh whole chicken increased by 2.57% while the real FTRPS declined by 4.20%. In October 2025, the real farm value share increased to 65.16% of the retail price. On a year-on-year basis (October 2024 – October 2025), the farm value share surged by 23.47%, even though the real FTRPS declined significantly by 30.69%.

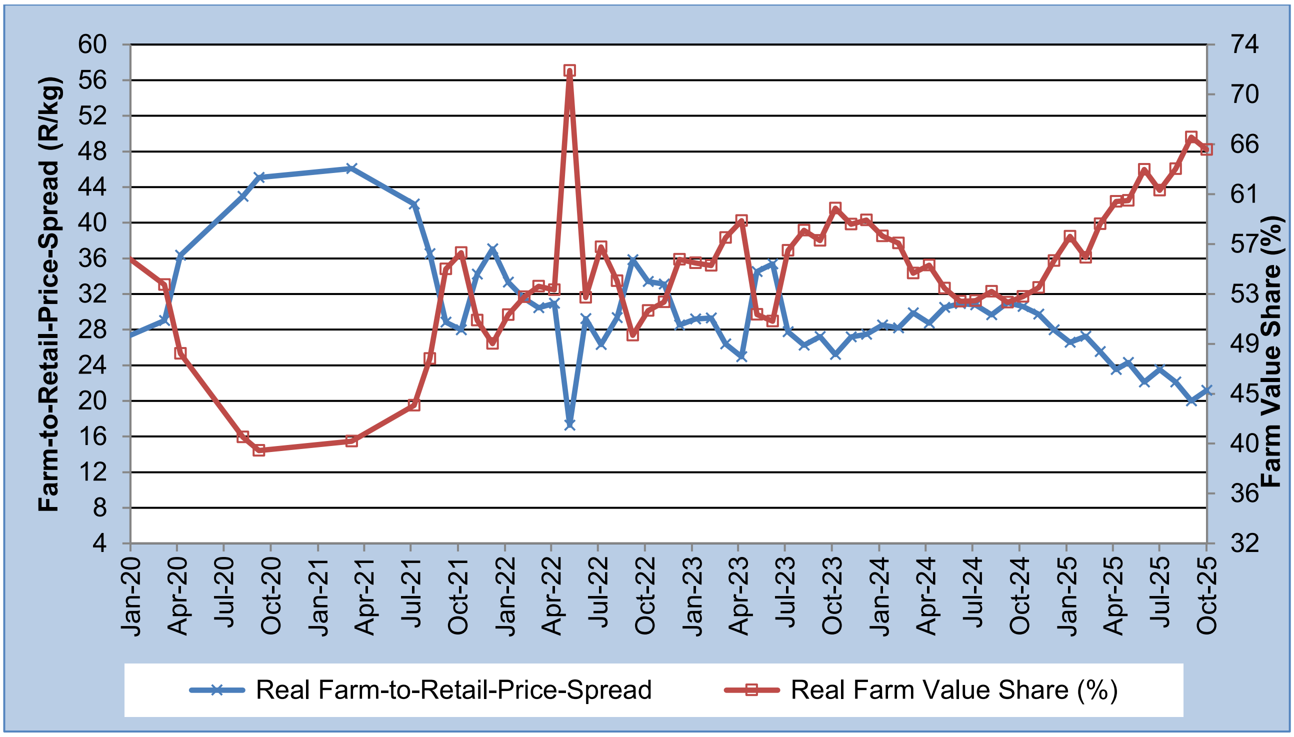

Figure 1: Real farm-to-retail-price-spread and farm value share of poultry meat

Source: Stats SA, 2025; AMT, 2025 and own calculations

The increase in the real farm value share of fresh whole chicken between August and October 2025, alongside a decline in the real farm-to-retail price spread, suggests a partial rebalancing of margins in favour of producers. The recovery in poultry imports in August 2025, following the lifting of the nine-week ban on Brazilian imports after the avian influenza outbreak, helped to ease retail-level price pressures. This contributed to the observed contraction in the real farm-to-retail price spread. Concurrently, producers benefited from relatively lower feed input costs, supported by a decent domestic maize and soybean harvest, as well as a stronger rand, which improved farm-level margins. However, as highlighted in the recent Poultry Products Price Monitor Report, the poultry market has remained highly sensitive to both domestic production costs and international trade dynamics.

Link to Poultry Report: [***https://www.namc.co.za/wp-content/uploads/2025/12/Final-Q3-Poultry-Products-Price-Monitor-Report_Nov-2025.pdf***](https://www.namc.co.za/wp-content/uploads/2025/12/Final-Q3-Poultry-Products-Price-Monitor-Report_Nov-2025.pdf)

- ***Beef:*** *The FTRPS of beef includes additional cuts, i.e., sirloin, stew, and fillet, in the calculation of the spread from January 2017 onwards, but excludes beef offal in the calculation of the spread.*
  Figure 2 shows that between August and October 2025, the real FTRPS of class A2/A3 beef decreased by 0.70%, whereas the real farm value share increased by 0.06%. In October 2025, the real farm value share increased to 52.54%. On a year-on-year basis, from October 2024 to 2025, the real FTRPS increased by 19.49%, and the real farm value share also increased by 5.89%.

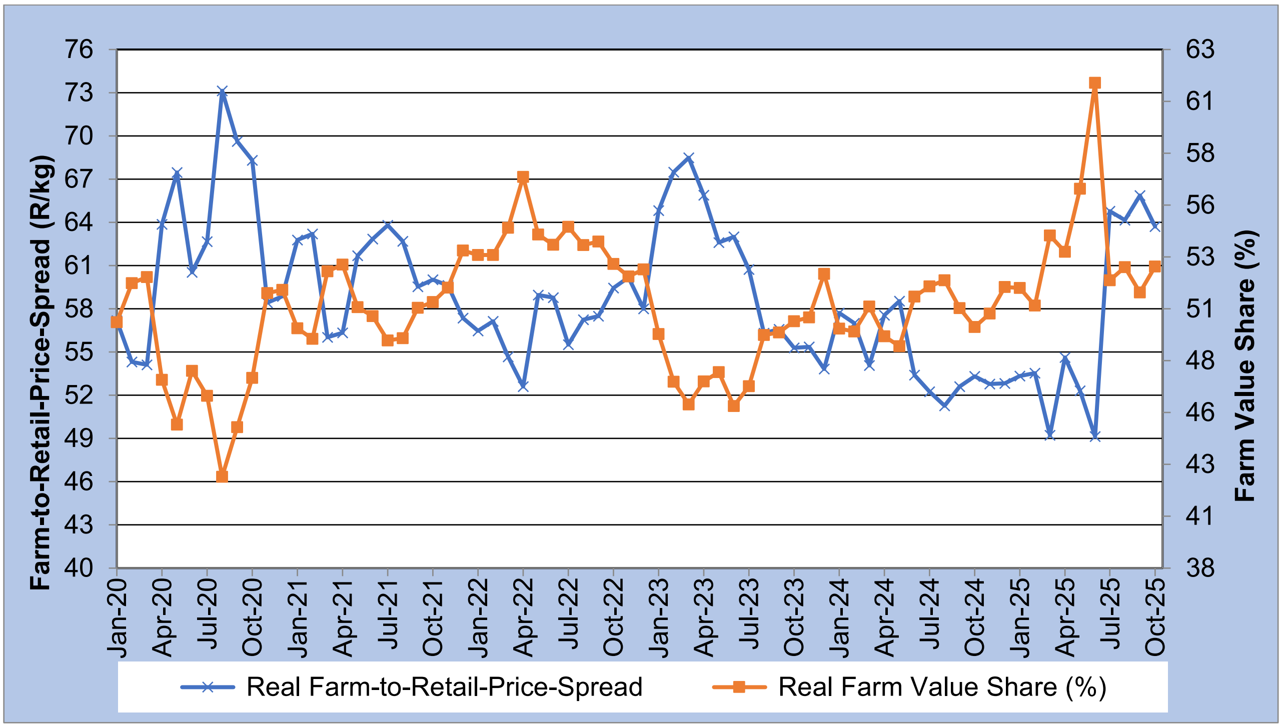

Figure 2: Real farm-to-retail-price-spread and farm value share for beef
Source: Stats SA, 2025; AMT, 2025, and own calculations

In the beef market, developments between August and October 2025 were heavily shaped by one of the most severe foot-and-mouth disease (FMD) outbreaks in South Africa's history. The large number of unresolved outbreaks across 5 provinces, namely: Kwa-Zulu Natal, Gauteng, North West, Mpumalanga, and the Free State, led to strict livestock movement controls, vaccine shortages, and in some cases, forced hard culling. This supply-side tightness explains the marginal increase in the real farm value share during this period.

- ***Lamb:*** *The FTRPS of lamb includes leg, loin chops (saddle chops), neck, rib chops and stew, but excludes lamb offal in the calculation of the spread.*

Figure 3 shows that the real FTRPS of class A2/A3 lamb increased by 3.04% (from R84.34/kg to R86.90/kg). The real farm value share declined by 1.46% from 54.90% in August 2025 to 54.10% in October 2025. From October 2024 to October 2025 (y-o-y), the real farm value share increased by 3.62%, while the real FTRPS increased by 5.68%.

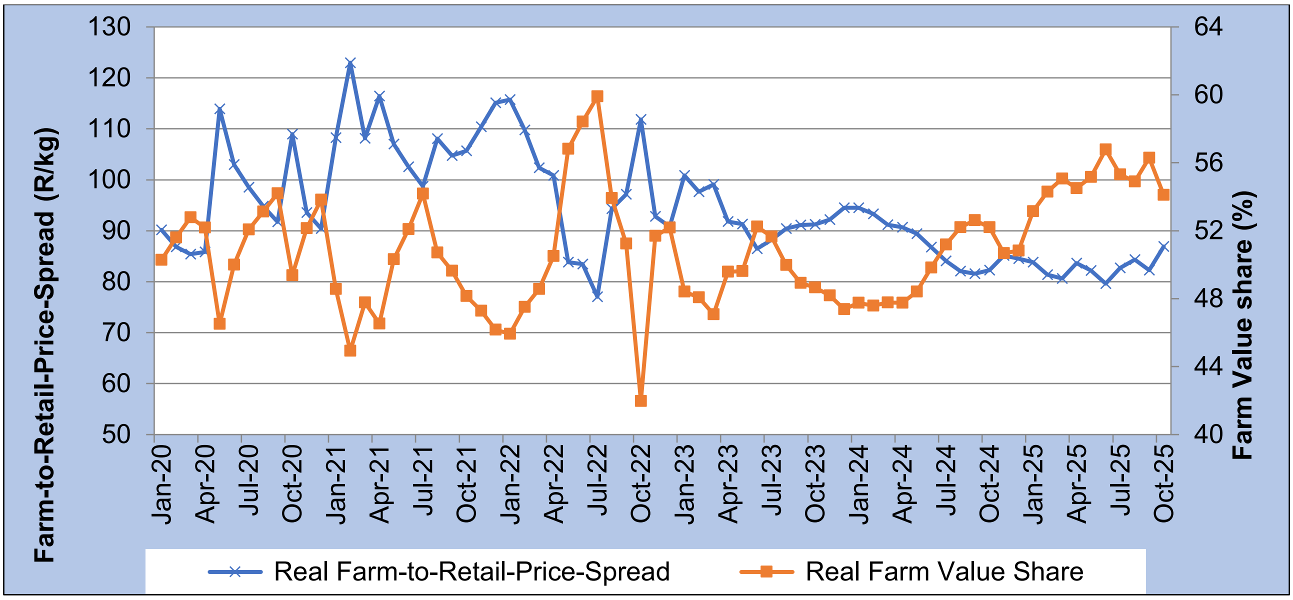

Figure 3: Real farm-to-retail-price-spread and farm value share of lamb
Source: Stats SA, 2025; AMT, 2025, and own calculations

The lamb market exhibited a slightly dynamic price trend, as it was also strongly influenced by the broader red meat FMD crisis. From August to October 2025, as illustrated above, the real farm-to-retail price spread increased modestly while the farm value share declined. This reflects a period in which strong producer prices were recorded both on a month-to-month and year-on-year basis in August, which began to ease slightly by October, as some demand resistance emerged at the retail level.

- ***Pork:*** *The FTRPS of pork includes pork ribs effective from January 2013.*
  Figure 4 shows that real FTRPS declined by 2.77% on average, from 59.88/kg in August 2025 to R58.22/kg in October 2025. Meanwhile, the real farm value share increased by 6.90% from 36.35% in August 2025 to 38.86% in October 2025. Over the period (October 2024 to October 2025), the real FTRPS increased slightly by 1.76% (from R57.21/kg to R58.22/kg), while the real farm value share increased moderately by 6.57% (from 36.47% to 38.86%).

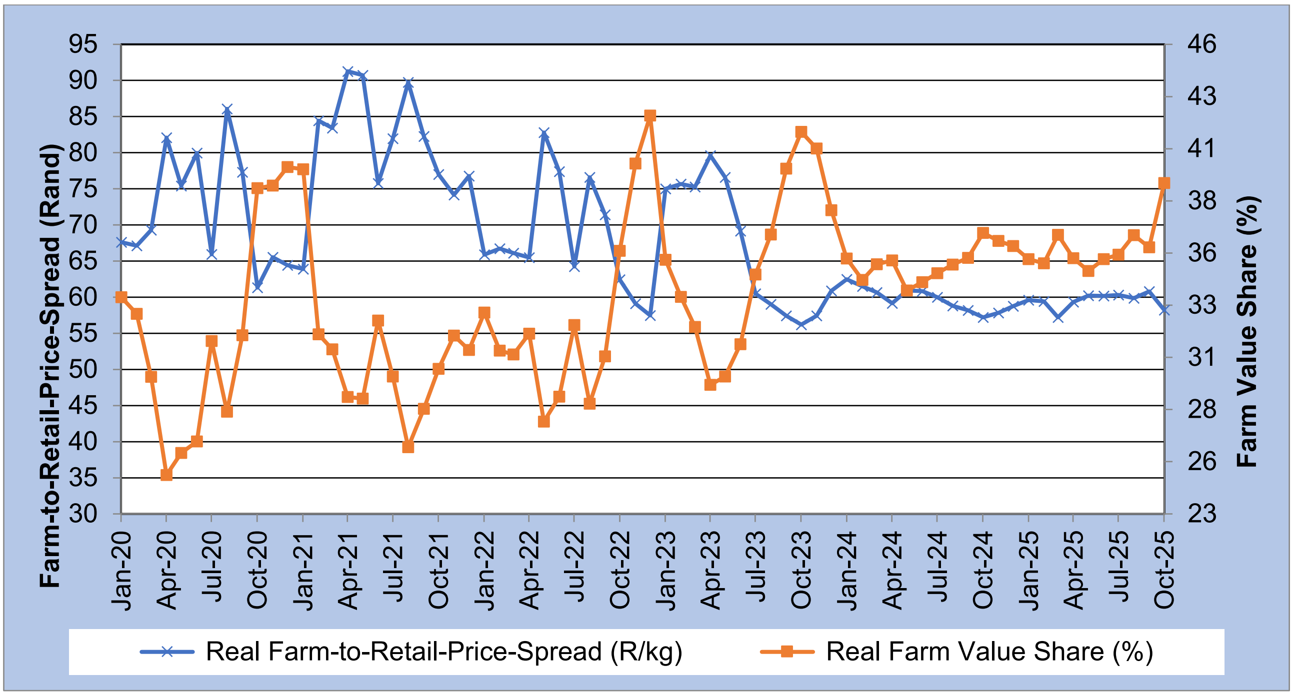

Figure 4: Real farm-to-retail-price-spread and farm value share of pork
Source: Stats SA, 2025; AMT, 2025, and own calculations

The decline in the pork real farm-to-retail price spread alongside a marked increase in the farm value share indicates a compression of downstream margins and a relative improvement in producer prices. This pattern could be attributable to improved production efficiency or stabilization in feed costs, which allowed for some cost savings through the value chain. On a year-on-year basis, the modest increase in the real farm-to-retail price spread combined with a stronger increase in the farm value share suggests that producers were able to capture a greater proportion of the final price, even as retail prices increased slightly in real terms.

- ***Milk:*** Milk is a staple and essential food product in a consumer's basket. Moreover, milk is one of the top 10 food expenditure items for low-income households in South Africa.

Figure 5 illustrates that the real FTRPS for full cream milk (1ℓ) declined on average from R12.42/ℓ to R12.14/ℓ, representing a 2.32% reduction between August to October 2025. The real farm value share increased by 2.64% during the same period. From October 2024 to October 2025 (y-o-y), the real FTRPS reflected a relatively small decline of 1.73% (from R12.35/ℓ to R12.14/ℓ), and the real farm value share decreased by 3.54% (from 38.53% to 37.17%)

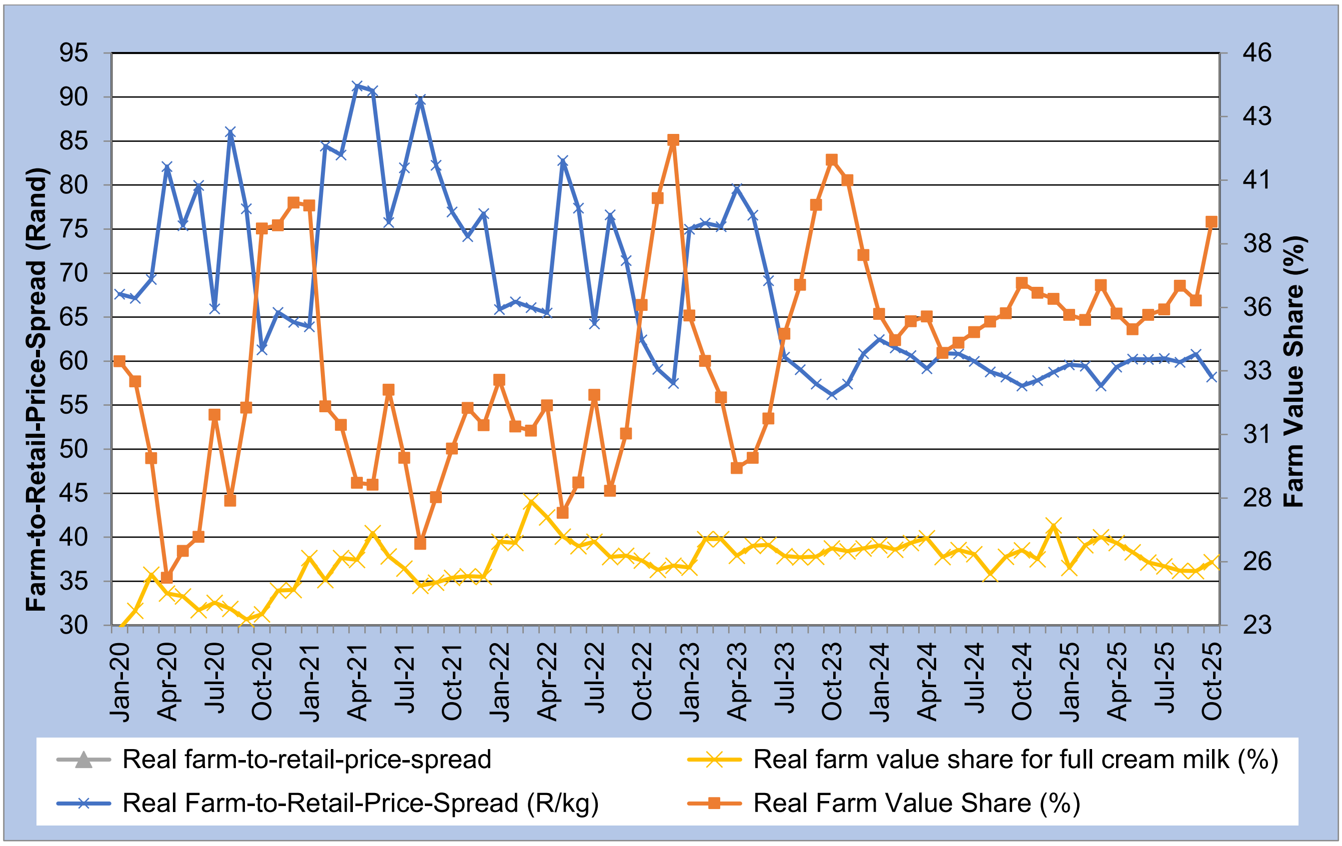

Figure 5: Real farm-to-retail-price-spread and farm value share of milk
Source: Stats SA, 2025; AMT, 2025, and own calculations.

In the dairy market, the decline in the real farm-to-retail price spread during this period indicates competitive pricing at the retail level and limited scope for margin expansion in a price-sensitive market. The concurrent increase in the farm value share suggests an improvement in farm gate returns, indicating that producers are capturing a larger proportion of the final value. When accompanied by favourable input market conditions, such as lower feed costs and more stable on-farm input prices, this can alleviate cost pressures and improve profitability for dairy producers.

However, on a yearly basis, both the real farm-to-retail price spread, and the farm value share declined, and retailers appear to have absorbed part of these pressures to maintain affordability, resulting in a smaller share of the retail price gained by farmers over the longer term.

Conclusion

Across all commodities, the period under review illustrates how exogenous shocks, such as animal disease outbreaks, can significantly influence farm-to-retail price relationships. The shifts in farm value shares and real spreads reflect ongoing adjustments to input costs, supply availability, consumer demand, and competitive behaviour within value chains.

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