

FARM-TO-RETAIL-PRICE-SPREAD



July – September 2026

Quarter 2

NAMC
National Agricultural Marketing Council

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FARM-TO-RETAIL-PRICE-SPREAD

EXECUTIVE SUMMARY

The farm value share (FVS) is the value of the final food product embodied in a retail food product, expressed as a percentage of its retail price paid 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 farm value share of fresh whole chicken declined by 9.90%, while the real farm-to-retail price spread (FTRPS) increased by 13.90%. By September 2026, the farm value share stood at 54.35% of the retail price. On a year-on-year basis, between September 2025 and September 2026, the farm value share declined substantially by 17.91%, while the real FTRPS increased by 34.07%.
- ***Beef:*** the farm value share for Class A2/A3 beef declined by 8.13% in relative terms, from 53.65% in July to 49.29% in September, while the real FTRPS increased by 9.79%. On a year-on-year basis, however, both the real FTRPS and farm value share declined by 6.85% and 3.89%, respectively.
- ***Lamb:*** the farm value share of Class A2/A3 lamb declined by 2.50% in relative terms, while the real FTRPS increased by 1.66%, from R88.14/kg to R89.61/kg. On a year-on-year basis, from September 2025 to September 2026, the farm value share declined by 7.76%, from 56.30% to 51.93%, while the real FTRPS increased by 8.96%.
- ***Pork:*** the real FTRPS for pork declined by 7.56%, from R69.12/kg to R63.89/kg, while the farm value share increased by 3.54% in relative terms, from 29.52% to 30.56%. Between September 2025 and September 2026, the real FTRPS increased by 5.09%, while the farm value share declined by 14.58%
- ***Milk:*** the farm value component of full-cream milk (1ℓ) increased from R12.62/ℓ in July to R12.94/ℓ in September 2026, representing an increase of approximately 2.54% over the period. Meanwhile, the real FTRPS declined by 5.29%. On a year-on-year basis, the reported real FTRPS declined from 36.17% to 33.19%, equivalent to a decrease of approximately 8.24%, while the farm value component increased from R12.29/ℓ to R12.94/ℓ, representing a relative increase of approximately 5.29%.
- ***Wheat:*** on a quarterly basis, the farm value shares for brown and white bread declined by 1.91% and 2.58%, respectively. The real FTRPS for brown bread also declined by 0.72%, while the real FTRPS for white bread increased marginally by 0.13%. Annually, the real FTRPS for white bread recorded a moderate increase of 2.27%, while the real FTRPS for brown bread declined by 1.39%. The farm value shares for brown and white bread also declined, by 11.64% and 14.02%, respectively.

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 examine price movements and discusses possible contributing factors between July and September 2026.

This report draws on official data sources and NAMC calculations to track margins across key commodities, including poultry, beef, lamb, pork, milk, and wheat representing staple food items. 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** illustrates that between July and September 2026, the farm value share of fresh whole chicken declined by 9.90%, while real FTRPS increased by 13.90%. The farm value share of fresh whole chicken meat was 54.35% of the retail price in September. On an annual basis (September 2025 – September 2026), the farm value share declined sharply by 17.91%, while the real FTRPS increased significantly by 34.07%.

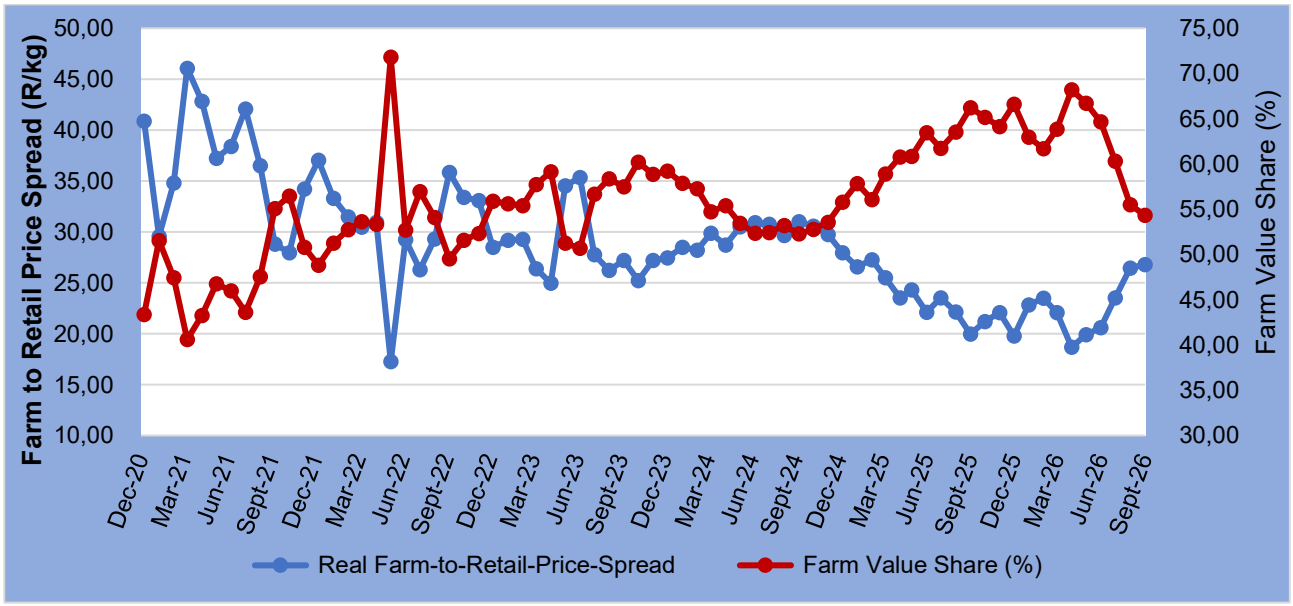

Figure 1: Real Farm-to-Retail-Price-Spread and farm value share of poultry meat
Source: Stats SA, 2026; AMT, 2026 and own calculations

The simultaneous decline in the farm value share and increase in the real farm-to-retail price spread may reflect rising cost pressures and structural inefficiencies in the downstream

segments of the poultry value chain, particularly slaughtering, processing, packaging and distribution. While the availability of birds may be associated with downward pressure on abattoir prices, favourable feed availability following the bumper crop harvest may have moderated some of the production costs at farm level. However, lower feed costs do not necessarily translate into lower overall production and processing costs, especially where other operational expenses remain high.

Industry reports have highlighted deteriorating municipal infrastructure as a key constraint on poultry processing efficiency. Importantly, unreliable water supply, inconsistent water quality and electricity-related disruptions in key processing hubs have increased operational difficulties for abattoirs and processors. These challenges can result in additional expenditure on alternative water supplies, backup electricity generation, production downtime and compliance with food safety requirements. These costs may ultimately be reflected in processing and distribution margins, thereby contributing to an increased farm-to-retail price spread.

- ***Beef:*** *The FTRPS of beef retail price includes eights (8) cuts, e.g., 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 July and September 2026, the farm value share for class A2/A3 beef decreased by 8.13% in relative terms, while the real FTRPS increased by 9.79%. The farm value share decline from 53.65% in July to 49.29% in September. On a year-on-year basis, from September 2025 to September 2026, both the real FTRPS and the farm value share declined by 6.85% and 3.89%, respectively.

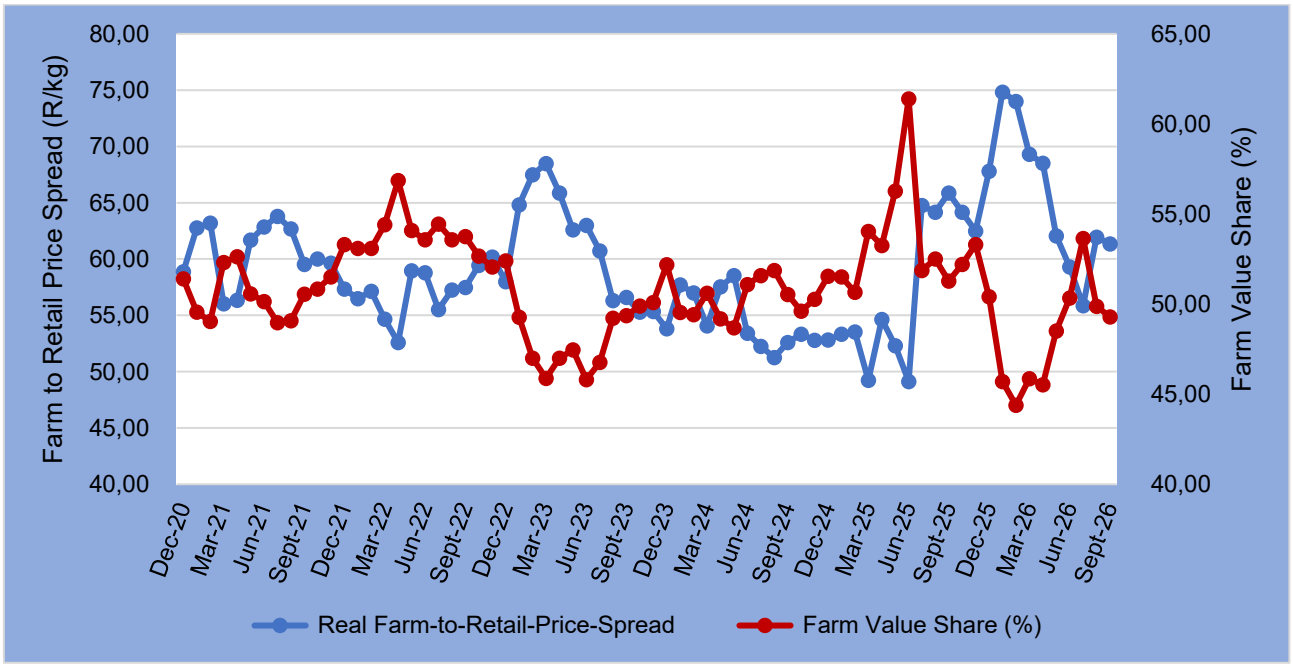

Figure 2: Real Farm-to-Retail-Price-Spread and farm value share for beef
Source: Stats SA, 2026; AMT, 2026, and own calculations

The quarterly decline in the farm value share, accompanied by an increase in the real farm-to-retail price spread, may partly be associated with the effects of Foot-and-mouth disease (FMD) containment measures and localized livestock movement restrictions. These measures have disrupted normal livestock marketing channels, affected the movement of animals to abattoirs and altered the geographical distribution of slaughter-ready cattle. Additionally, restrictions on exports and reduced access to certain international markets, including premium export markets such as China, may have contributed to additional beef supplies being redirected towards the domestic market. Where export opportunities are constrained, export-grade beef that would ordinarily have entered international markets was instead absorbed locally. This likely increased the availability of certain beef cuts and grades in the domestic market, reducing producer and carcass prices, particularly where domestic demand is insufficient to absorb the additional supply without price adjustment.

On the other hand, retailers and processors operate with existing procurement arrangements, contractual commitments and other operating costs, which can delay the transmission of lower farm-gate prices to consumers. Consequently, even where additional domestic supplies place downward pressure on livestock and carcass prices, retail prices may remain relatively firm, resulting in a temporary widening of the farm-to-retail price spread.

- ***Lamb:*** *The FTRPS of lamb retail price includes six (6) cuts, e.g., 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 farm value share of class A2/A3 lamb decreased by 2.50% in relative terms between July and September 2026, whereas the real FTRPS increased by 1.66% (from R88.14/kg to R89.61/kg). On a yearly basis (September 2025 – September 2026), the farm value share declined by 7.76% in relative terms (from 56.30% in September 2025 to 51.93% in September 2026), while the real FTRPS increased by 8.96%.

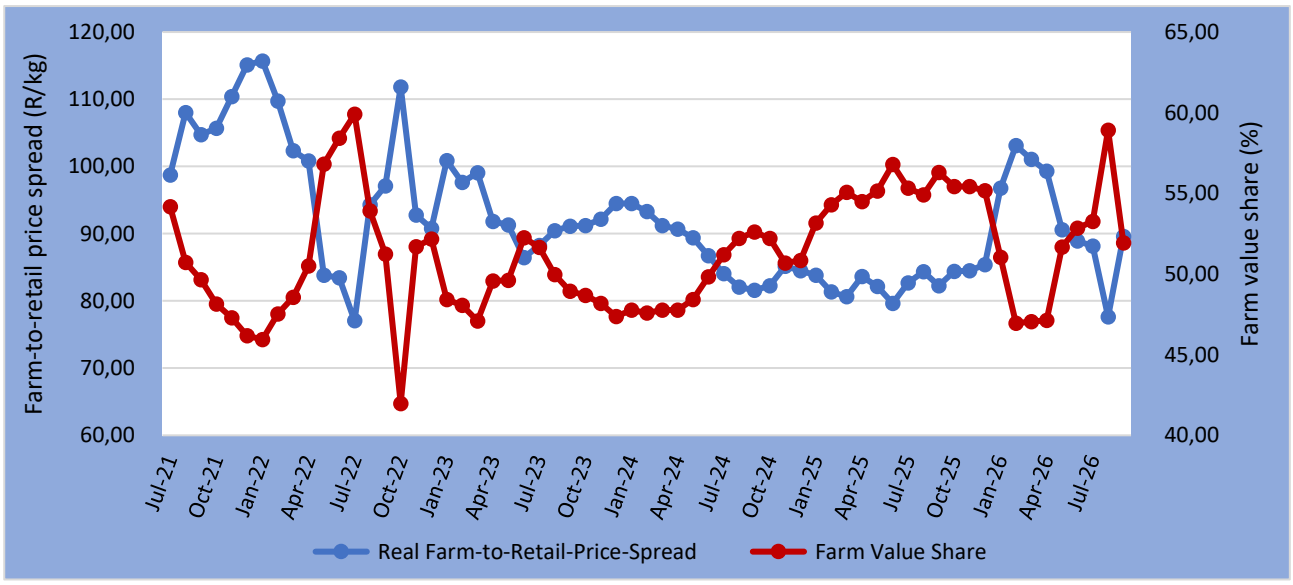

Figure 3: Real Farm-to-Retail-Price-Spread and farm value share of lamb
Source: Stats SA, 2026; AMT, 2026, and own calculations

The decline in the farm value share may partly reflect the rebuilding strategies adopted by sheep producers following the declining flock numbers, animal-health challenges and other production pressures. Improved grazing conditions following favourable rainfall provided producers with an opportunity to rebuild their flocks and restore breeding capacity. However, flock rebuilding is not necessarily accompanied by an immediate increase in slaughter volumes. Producers who retain breeding ewes and replacement animals to strengthen future production reduce the number of animals available for slaughter in the short term. This can constrain the supply of slaughter-ready lambs and mutton, even when pasture conditions improve and the broader outlook for sheep production becomes more favourable.

The year-on-year decline in farm value share, alongside the increase in the real FTRPS, suggests that retail prices and downstream costs did not adjust in proportion to farm-level prices. This may reflect a combination of constrained slaughter supply, processing and distribution costs, product-specific demand, inventory management and retail pricing decisions. The relatively small quarterly increase in the spread indicates that the adjustment between farm and retail prices was more moderate than in poultry and beef, but the annual figures suggest that the pressure on producers' relative share of the retail price persisted.

- ***Pork:*** *The FTRPS of pork includes pork ribs effective from January 2013.*
  Figure 4 shows that the real FTRPS declined by 7.56%, from R69.12/kg in July 2026 to R63.89/kg in September 2026. Meanwhile, the farm value share increased by 3.54% in relative terms from 29.52% in July 2026 to 30.56% in September 2026. Between September 2025 and September 2026, the real FTRPS increased by 5.09%, while the farm value share continued to decline by 14.58%

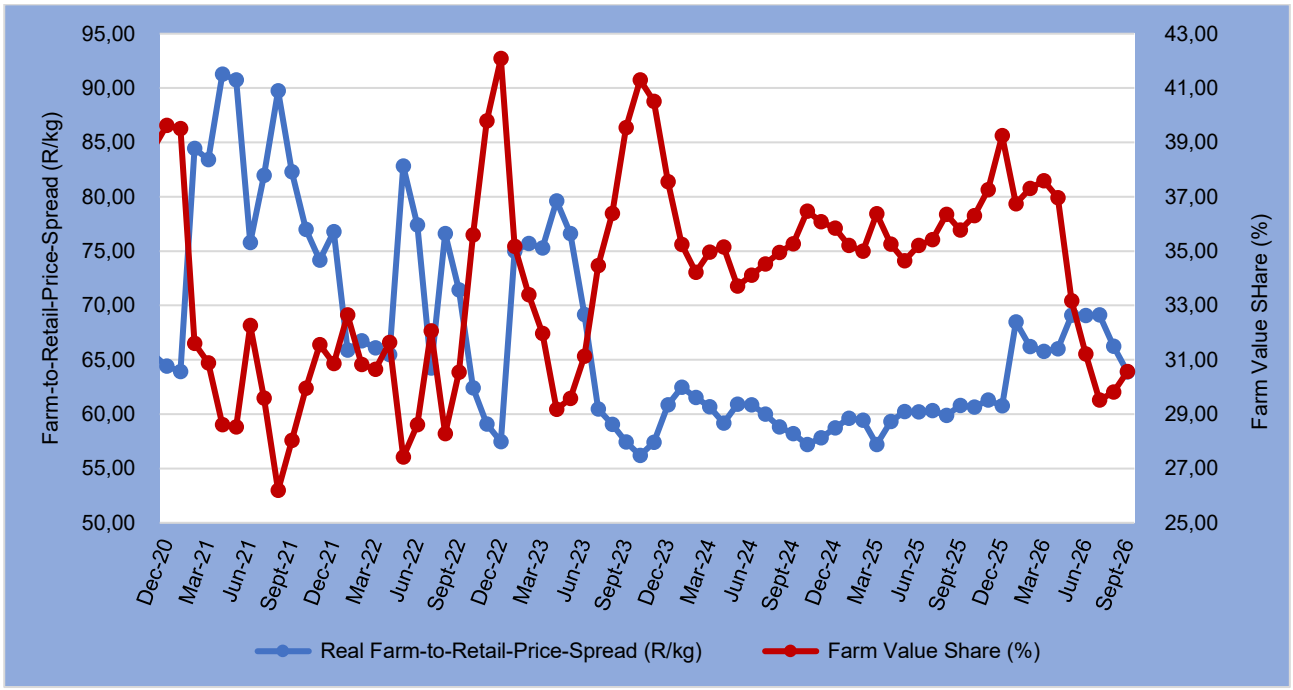

Figure 4: Real Farm-to-Retail-Price-Spread and farm value share of pork
Source: Stats SA, 2026; AMT, 2026, and own calculations

The domestic pork industry continued to recover from the combined effects of African Swine Fever (ASF) and FMD, both of which affected production, animal movement, biosecurity and

market confidence. Disease-related disruptions can result in production losses, additional veterinary and biosecurity expenditure, reduced access to conventional marketing channels and increased uncertainty around livestock procurement.

The South African Pork Producers' Organization (SAPPO) indicated that producers were recovering, with margins supported by relatively favourable feed costs and firm pork prices, although increased imports and continuing disease risks remained important concerns. The recovery was therefore not uniform across producers or regions. The recovery in domestic production may be partly explaining the narrowing of the real FTRPS. As the number of pigs available for slaughter gradually improves, processors may secure domestic supplies more consistently, reducing procurement uncertainty and potentially easing some supply-related pressures. The year-on-year decline in the farm value share, however, suggests that the improvement during July–September did not fully reverse the longer-term pressure experienced by producers. The industry was still recovering from production losses, adjusting to changes in import competition and managing the costs of disease management.

- ***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 farm value share for full-cream milk (1ℓ) increased from R12.62/ℓ to R12.94/ℓ, representing a 2.52% increase in relative terms between July and September 2026. The real farm-to-retail price spread declined by 5.29% during the same period. On an annual basis, from September 2025 to September 2026 (y-o-y), the real FTRPS declined by 8.24% in relative terms (from 36.17% to 33.19%), and the farm value share increased moderately by 5.29% in relative terms (from R12.30% to R12.94%).

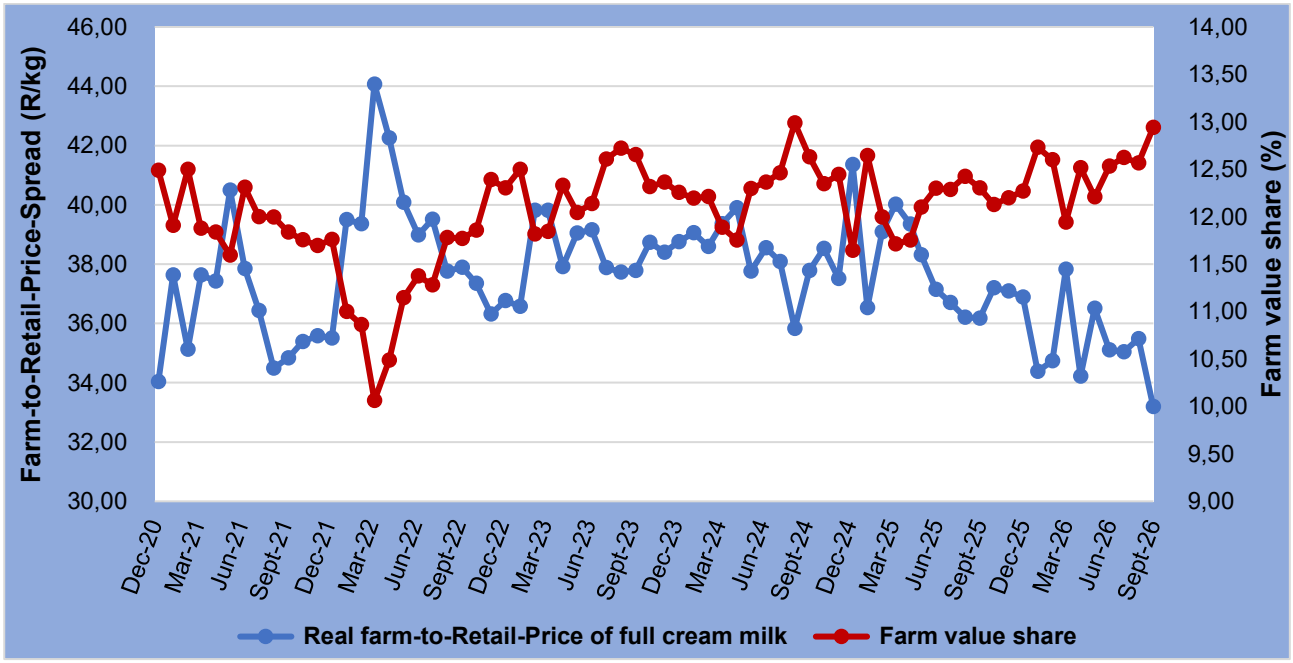

Figure 5: Real Farm-to-Retail-Price-Spread and farm value share of milk
Source: Stats SA, 2026; AMT, 2026, and own calculations.

On a quarterly basis, farm-level milk prices strengthened relative to the retail price, while the real FTRPS narrowed, indicating that the farm and retail price components adjusted differently. Similarly, the real FTRPS declined on an annual basis, and the real farm value

share for producers recorded a small increase. These movements suggest a more favourable relative position for milk producers compared with the previous year.

The narrowing of the real FTRPS during the second quarter may consequently reflect a combination of stronger farm-level milk prices, relatively gradual retail price adjustments and the competitive nature of the liquid milk market. Retailers may have maintained relatively restrained price increases to protect consumer affordability, while the farm component strengthened. This would result in a greater proportion of the retail price accruing to the farm sector, even if the absolute retail price did not decline.

- ***Wheat:*** Wheat is a strategically important commodity in South Africa as it underpins the production of flour, bread, and a wide range of other staple food products. Bread, in particular plays an important role in household food expenditure and food security.

Figure 6 illustrates that quarter-on-quarter (July – September 2026) both the farm value shares for brown and white bread declined by 1.91% and 2.58% in relative terms, respectively. The real farm-to-retail-price spread for brown bread also recorded a decline of 0.72%, while the real FTRPS of white bread recorded a slight increase of 0.13%. On an annual basis (September 2025 – September 2026), real FTRPS for white bread was the only indicator that recorded an increase of 2.27%, while the real FTRPS for brown bread declined by 1.39%. Farm value shares for both brown and white bread declined significantly; brown bread by 11.64% and white bread dropped by 14.02%.

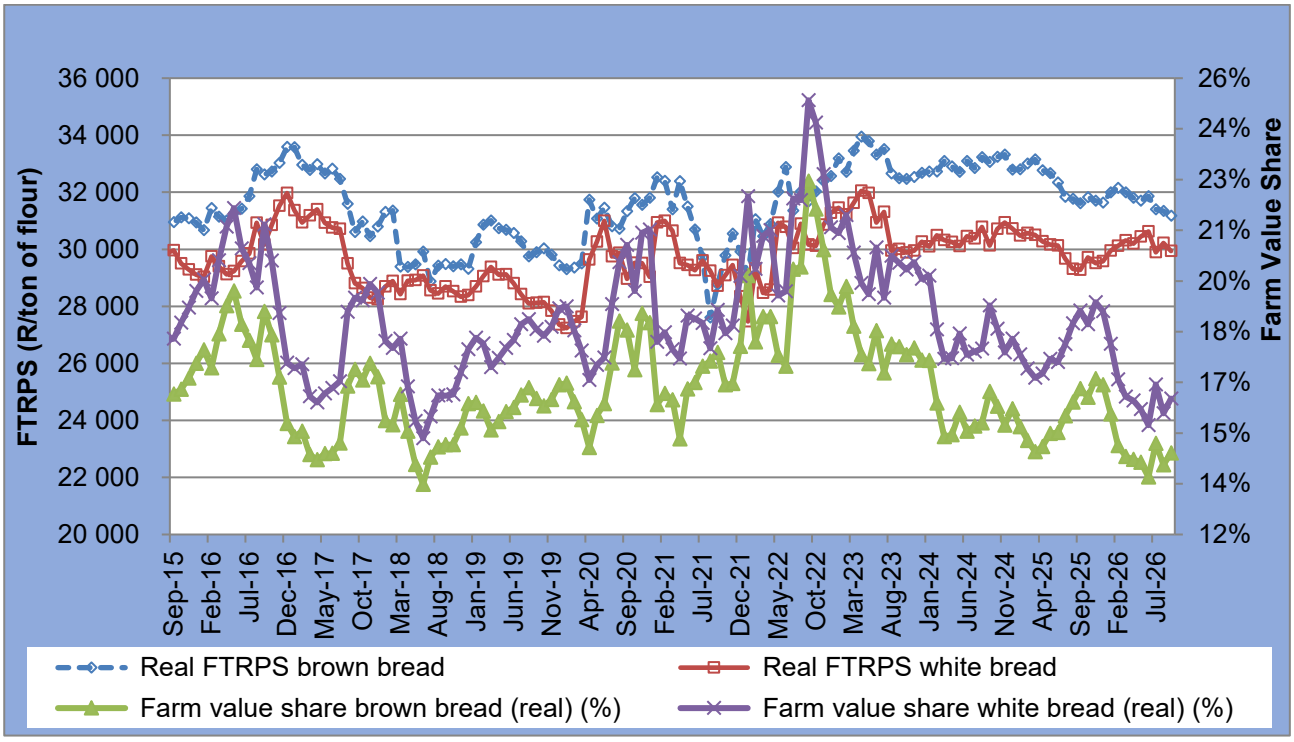

Figure 6: Real Farm-To-Retail-Price-Spread and Real Farm Value Share of Wheat
Source: GrainSA 2026, SAFEX 2026, StatsSA 2026, and own calculations.

South Africa is a net importer of wheat and relies on international markets to supplement domestic production. Domestic wheat prices are influenced not only by local harvest conditions but also by international prices, exchange rate movements, import parity prices, and the availability of wheat from major exporting countries. During the early stages of the

2026/27 planting season, global wheat supplies were relatively ample, placing downward pressure on international wheat prices. This likely affected the price outlook facing South African producers and contributed to concerns about the profitability of local wheat production.

The quarterly movements of both the real farm-value-share and real FTRPS suggests that the relationship between wheat producer prices and retail prices differed between brown and white bread, with the real FTRPS of brown bread decline slightly, while the real FTRPS of white bread increase marginally. Annually, the trend suggests that the relationship between the farm-level wheat value and the retail price of bread evolved differently across product categories, with white bread experiencing a widening spread over the year and brown bread experiencing a narrowing spread. However, both products recorded a decline in their farm value shares, indicating a smaller relative contribution from the farm component of the retail price. During this period farmers faced elevated input costs, particularly fuel and fertilizer, which affected planting decisions and the profitability of producing wheat. According to Grain SA, local producers are facing structural challenges related to production costs, climate risk, poor returns on capital and the market's price-formation mechanism.

At the retail level, bread pricing is influenced by more than the cost of wheat. Milling and baking are energy-intensive activities, and manufacturers face costs associated with electricity, fuel, labour, packaging, transport and distribution. The retail price may therefore remain relatively stable when wheat prices decline if other production costs remain elevated. Similarly, a rise in wheat prices may not immediately result in a corresponding increase in bread prices if millers and bakers absorb some of the cost, adjust margins, use existing stocks or operate under supply contracts. These differences in price transmission can contribute to the divergent movements observed between brown and white bread.

Conclusion

The price movements observed across South Africa's agricultural and food value chains during July–September 2026 reflect a complex interaction between agricultural supply conditions, biosecurity lapses and disruptions, uncertain geopolitics, high and escalating input costs, consumer affordability and the ability of businesses to transmit price changes along the value chain. While favourable grain availability provided some relief to livestock producers, the benefits were uneven, as poultry and pork remained exposed to high feed costs, import competition and sluggish production recovery, while beef and lamb were affected by livestock availability, herd-rebuilding decisions and the ongoing economic consequences of FMD. The divergent movements in farm value shares and real FTRPS demonstrate that improvements or deteriorations at farm level do not necessarily translate proportionately into retail prices, particularly where processing, packaging, refrigeration, storage, distribution and other downstream expenses remain elevated. The renewed increases in fuel prices and electricity-related costs are particularly important, as they exert pressure on the entire food value chain, from farm machinery, feed production and irrigation to slaughtering, milling, refrigeration, transport and retail operations.

The quarter therefore underscores the importance of looking beyond individual price movements and considering the broader distribution of costs, risks and value across the agricultural value chain. Although certain commodities recorded improvements in their farm value shares while others experienced deterioration, the underlying challenge remains

ensuring that agricultural producers receive sustainable returns, downstream businesses remain viable and efficient, and consumers are not disproportionately burdened by rising operating and food costs.

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Stats SA is acknowledged for assistance provided to the NAMC in terms of food price data.

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