



South American Dairy Market Overview

Agricultural Marketing Service
Dairy Market News

Report 39

October 3, 2023

MMN Slug ID 1040 / Slug Name: AMS_1040

South American milk output has improved following years of drought in the Southern Cone, but question marks remain for producers/processors in the region. Reports suggest Argentina's key dairy sector has continued to experience a somewhat dry summer. Moving northbound in the region, the El Nino phenomenon is expected to increase precipitation amounts, but how much rain is the question that remains. Brazilian milk output continues to grow in general, despite reported drops in key dairy states of the country. All said, spring is upon the region, and milk availability expectations have increased.

Generally, across the continent, inflation has settled, and analysts suggest this is keeping the retail dairy aisle busier. Some notable countries in the area are still experiencing higher inflation rates, but improvements have been noted in some key parts of the region. Brazilian importing interests remain somewhat hearty, despite drop-offs when compared to a robust 2022. Argentinian exporters have said for the past two to three weeks that Brazilian interests for commodities, namely whole milk powder, have rebounded. Pipelines are being refilled, and Q1 contracts are being negotiated in earnest. Uruguayan exporters maintain strong trading relationships with North African countries, namely Algeria.

Information for the period September 19 - 30, 2022, issued biweekly

Published by:

Dairy Market News - Madison, WI
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