



South American Dairy Market Overview

Agricultural Marketing Service
Dairy Market News

Report 51

December 19, 2024

MMN Slug ID 1040 / Slug Name: MD_DA130

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Summer is fast approaching the Southern Hemisphere. As the peak milking season dissipates, weather related delays at the beginning of the season have kept milk and dairy commodity availability in check. Contacts in the major dairy production areas in the region have said there were seasonal improvements in recent weeks. Despite availability concerns, trading activity of some commodities has been somewhat robust this year when compared to 2023.

Brazil has edged back on purchases due to currency valuations and logistical costs. Traders there have regularly reported concerns regarding hauling/shipping costs throughout the final half of this year. In Brazil, skim milk powder and cheese importing saw some year-over-year upticks, while whole milk powder slid lower than last year per some traders in the region. Algerian interest has been somewhat consistent this year, but in recent weeks, traders in Uruguay and Argentina relay upticks in regional inquiries from North African importers.

Last year, trading slowed down at the end of the year, as it has this year. Last year, though, trading activity was expected to perk up in Q1 2024. There are growing concerns that the aforementioned commodity inventory limitations will keep Q1 2025 spot market activity quieter. The onset of last year was somewhat different than expectations for early 2025 in regards to Brazil's internal milk production and dairy manufacturing, as severe floods followed by widespread drought conditions have made notable impacts this year.

Information for the period December 9 - 20, 2024, issued biweekly

Published by:

Dairy Market News - Madison, WI
ISRAEL WEBER, 608-422-8601
Email: israel.weber@usda.gov

Additional Dairy Market News Information:

Dairy Market News (DMN) by Phone: (608)422-8587
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