



South American Dairy Market Overview

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The effects of the catastrophic flood in Brazil's Rio Grande do Sul, along with heavy rainfall in the other key milk producing areas in the region, have contacts saying milk output expectations this fall/winter are less than robust continent-wide. Argentina's dairy output, according to reports, continues to contend with myriad roadblocks, as trends continue to be bearish for current and expected milk yields in the country. Dairy farms and herd numbers are on a less-than-gradual year-over-year decrease. Heavy rainfall in the country has analysts reporting conditions are below ideal for cow comfort. Early year trends for Brazil were somewhat bullish in regard to milk production. That said, the toll of the aforementioned flooding in a notable dairy state is far from being tallied, and analysts expect it will have a clear and resounding impact on milk output there. Another hit to dairy output is the recently strong production numbers from Uruguayan farms have begun to waver. Echoing the other major dairy producing/trading countries in South America, heavy rainfall in Uruguay is a key factor in reversing the until recently bullish milk output trends in that nation.

There is a lot to be accounted for due to the climactic challenges regarding every facet of the dairy sector in the region. The effects are all-encompassing: feed quantity/quality, milk output, cow comfort, transportation, etc. That said, dairy trading activity is continuing at steady to busy levels. Customers are actively seeking out cheese and dairy powders, and trader contacts continue to say milkfat is tight and sought after. Globally firming markets have kept Brazilian importers' interests inside South America.

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ISRAEL WEBER, 608-422-8601
Email: israel.weber@usda.gov

Additional Dairy Market News Information:

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