Substantial seasonal increases in milk production are yet to be detected in South America. Contacts suggest favorable weather conditions for cow comfort will spark increases in milk production in the near term. Drought conditions persist in Mexico, but in other areas of the continent, precipitation earlier in the year has left ideal soil moisture conditions for corn harvesting. According to the USDA Foreign Agriculture Service (FAS) Argentine Grain and Feed Update published last week, corn production in marketing year 2024/2025 is projected at 49 million tons, 2 million tons lower than USDA estimates due to smaller planted acreage. Corn exports remain nearly unchanged at 35.5 million tons. Another FAS report released in July detailed the adverse effects of inflation on the Argentine dairy industry. Total milk production for 2024 is expected to fall 7 percent from 11.7 million tons in 2023 to 10.8 million tons. Rising prices for dairy products have changed purchasing behavior, and domestic fluid milk consumption for 2024 is forecast to fall 7 percent from 2024. Inflation and currency devaluation have prompted traders in Argentina to question whether to preserve stocks or trade on an international scale due to the competitiveness of current domestic price points.

Information for the period July 22 - August 2, 2024, issued biweekly.