



South American Dairy Market Overview

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Dairy Market News contacts from the South America region, and beyond, have shared concerns about the catastrophic flooding in the Brazilian state of Rio Grande do Sul. Hundreds of thousands of residents have been displaced, and rescue/evacuation efforts are underway.

Regarding dairy markets, clearly the aforementioned disaster is going to further impact milk availability. Rio Grande do Sul is a notable state for dairy production in the country/region, which has already been on the tighter end of the milk availability spectrum. In other areas of the continent, reports continue to suggest Uruguayan milk output in 2024 has been on a northward trajectory, and recent milk output reports suggest Argentine farmers are finally receiving some climactic benefits, which have been few and far between in recent years. All this said, processors are likely to be running under-capacity in a number of dairy manufacturing sectors near- to mid-term.

Commodity markets in the region are quiet to firm. Brokerages are looking to book Q3/Q4 quantities for cheese, butter, and milk powders. That said, even prior to the floods, there were concerns about milk shortages for processing. Brazilian cheese demand, particularly, has been hearty throughout the first months of 2024. The impact of the natural disaster which Brazil is currently facing will only add more questions to already uncertain market tones. That said, one question is already being posed: how will processors in South America obtain the necessary amounts of milk to continue manufacturing?

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