South American Dairy Market Overview

Agricultural Marketing Service
Dairy Market News

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Recent data releases indicate growing milk production across South America. A number of comparisons between 2024, 2025, and the first months of 2026, show milk production continues to grow, particularly in Argentina and Uruguay, with 2025 growths of 9.9 percent and 8.7 percent respectively. Favorable weather conditions and producer margins are the leading contributors to this growth. Looking ahead, shifts in weather patterns and decreasing profitability could have a negative impact on milk volumes moving forward. The National Oceanic and Atmospheric Administration (NOAA) is anticipating an El Niño weather pattern will develop later this year, negatively impacting cow comfort and pasture and crop growth. Declining milk prices are reducing dairy farm profitability despite falling operating costs.

In Argentina, the National Service for Food Safety and Quality (SENASA) confirmed the first ever case of classical scrapie in sheep in the country. Although this disease does not have any direct impact to dairy cattle, it is causing interruptions to import and export operations. The situation is improving rapidly, and authorities are implementing mitigation measures to resume normal operations within one to two weeks.

Brazil reopened an antidumping investigation into imports of dairy products from Argentina and Uruguay to determine whether these products are being sold below market value and whether such pricing practices may be affecting domestic producers.

Milk powder demand in South America is growing slightly. Argentina and Uruguay are reporting positive year over year production increases from January to March 2026 compared to the same period in 2025. Inquiries from other regions of the world are increasing for South American milk powders. Contacts indicate Algeria is expected to re-enter the market for milk powders once import derogations are granted. Brazilian demand for milk powders remains steady.

Information for the period April 13 - 24, 2026, issued biweekly

Secondary Sourced Information:

Per CLAL.it for January through March 2026 (compared to the same duration in 2025):
• SMP exports from Argentina were 6,700 MT (+ 56.2 percent)
• WMP exports from Argentina were 35,000 MT (+48.2 percent)
• SMP imports to Brazil were 12,000 MT (+11.4 percent)
• WMP imports to Brazil were 39,700 MT (- 0.69 percent)

At GDT Event 402 (April 21)
• SMP prices across all contracts averaged $3,448 per metric ton, up 3.2% from the previous GDT event.
• WMP prices across all contracts averaged $3,666 per metric ton, down 0.6% from the previous GDT event.

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