

December 22, 2025

MARKET NEWS

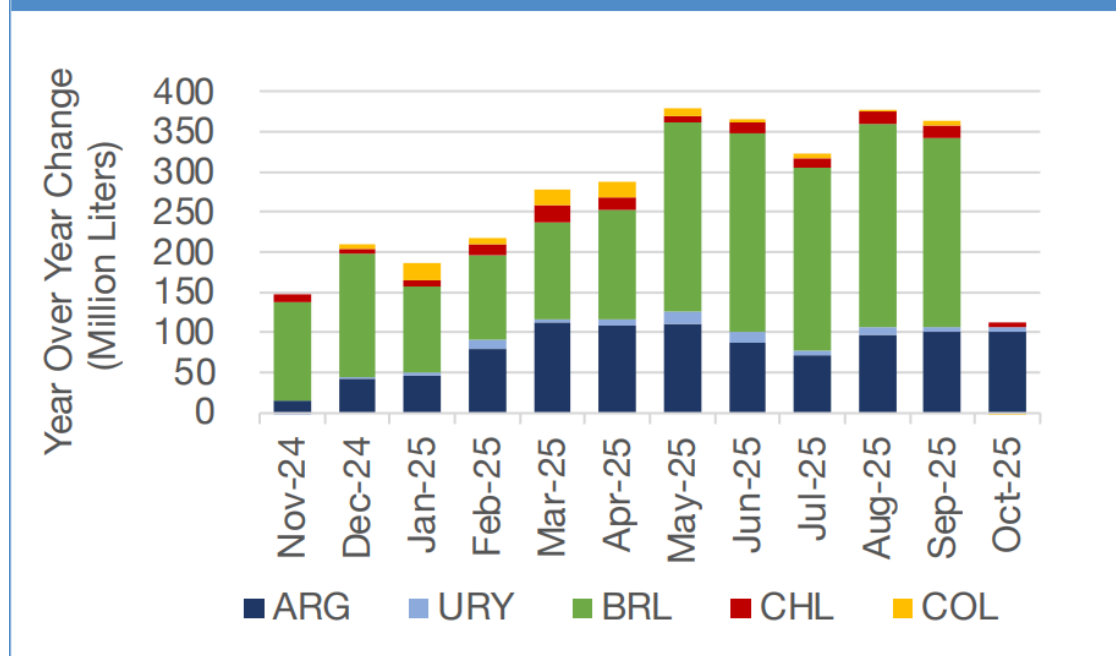
South America Adds to Rising Milk Supply

Daily Dairy Report | December 19, 2025

As has been the case in much of the rest of the world, milk production is also quickly expanding in South America. Favorable weather and margins have been driving volumes higher for most of 2025, thrusting additional product onto an already well[1]supplied global market. Notably, virtually every country in the continent has reported stronger production this year, a reflection of just how pervasive this trend has been.

While the breadth of growth has been impressive, perhaps no country has boasted as dramatic a turnaround as Argentina. After tumbling 6.7% in 2024, mostly due to economic complications, production has surged this year with cumulative volumes up 10.4% in the first 11 months of 2025. Growth has been fueled by a combination of rising productivity and an expanding national herd. In November, Argentina's dairy herd numbered 1.499 million head, an increase of 33,130 cows compared to the beginning of the year. While most of the increase in production this year has been absorbed by the domestic market, exports have grown in recent months. In October, Argentina sent more than 21,000 metric tons of whole milk powder to the global market, marking the largest volume exported in a single month since 2013.

South American Milk Production



On the other side of the Rio de la Plata, production volumes have also been on the rise. Uruguayan producers increased output by 5% between January and October. Moderate rainfall and seasonally typical temperatures have been a particular boon to volumes in

Uruguay, where producers leverage pasture heavily in their operations. Meanwhile, a small domestic population means that most of the extra milk was routed to the export market, with total 2025 exports from the country up 4.2% through November compared to the same period last year.

Although growth among South America's exporters has gotten most of the attention this year, gains recorded by the region's importers have been no less impressive.

Brazil boasted a 9.1% increase in milk production in the first nine months in the year with particularly strong growth from the southern states of Parana and Rio Grande do Sul. Chile and Colombia, two other key South American importers, also increased production, with year-to-date volumes up 7.3% and 3.4%, respectively.

While 2025 brought stronger milk production to South America, the trend will likely slow and could even reverse in 2026. As milk production gains accelerated, additional supplies have put downward pressure on prices. Nearly every country has reported lower milk prices, with particularly dramatic decreases reported in recent weeks as global commodity prices depreciated, and the Southern Hemisphere moved through its seasonal peak. Declining prices will place increasing pressure on producer margins, even as operating costs remain moderate in most markets. More challenging economics are likely to motivate South American producers to slow production growth, and if the situation becomes sufficiently dire, they could cut output in response. As a result, in the near term, South America will likely continue to contribute to the global surplus, but in the coming year, the continent will probably be part of a broader global supply correction.

The spot markets were active this week as the holidays neared. Butter gave up 6.5¢ to end Friday's session at \$1.415/ lb., the lowest prices since 2021. The market saw 61 loads of butter trade hands, including 29 today alone. Whey also dipped, falling 6¢ to end the session at 70.5¢ per pound. Cheese appreciated early in the week before descending on Thursday and Friday. Spot Cheddar blocks ended the week at \$1.36/lb., up a penny from a week ago with 21 loads moving.

NMPF NEWS ALERT

- Last week was a busy week before Congress left for Christmas break. On Monday, the House passed the Whole Milk for Healthy Kids Act, a measure that will allow schools the option to serve whole and 2% milk and benefit children's nutrition. Late on Thursday, the Senate confirmed Dr. Julie Callahan as chief ag negotiator for the Office of the U.S. Trade Representative (USTR). Her work to open new markets and opportunities for U.S. agricultural producers is second to none.
- NMPF wishes everyone a restful holiday season and a happy and healthy new year. NMPF's offices will be closed Dec. 25 – Jan. 1. The Dairy Industry News Alert will not be published Dec. 24 – Jan. 2; It will return Jan. 5.

Opinion: Diversify U.S. dairy exports to meet the China challenge ***Agri-Pulse – Dec. 19***

"China's withdrawal from the U.S. soybean marketplace for much of this year has been a painful reminder of the risk of heavy dependence on a single market. Our advice to U.S. dairy exporters, given our expanding dairy processing capacity, is to seize upon new market opportunities to diversify," NMPF President and CEO Gregg Doud and International Dairy Foods Association President and CEO Michael Dykes write in *Agri-Pulse*.

China to impose up to 42.7% provisional tariffs on EU dairy ***ABC News – Dec. 22***

China will impose up to 42.7% of provisional tariffs on dairy products including milk and cheese imported from the European Union, its Commerce Ministry said Monday. The elevated duties, which take effect Tuesday, were based on preliminary results from an investigation opened by China's Commerce Ministry in August 2024 as tensions between

Beijing and Brussels flared. Beijing reviewed subsidies provided by EU countries for their dairy and other farm products.

Farmer Focus: Randy Mooney reflects on his time as chairman

NMPF – Dec. 22

Randy Mooney saw the dairy industry weather economic swings, policy shifts, labor challenges, and an evolving consumer marketplace during his 17 years as NMPF chairman, he said in the latest NMPF Farmer Focus. He has seen farms adapt with new technology and cooperatives evolve how they serve their members, and he has witnessed the growing complexity and demand for nutrition and sustainability worldwide.

USDA confirms bird flu case in WI dairy herd as wildlife spillover

Reuters – Dec. 19

USDA confirmed that a case of highly pathogenic avian influenza in a Wisconsin dairy herd marked a new spillover event from wildlife to cattle, separate from previous outbreaks. The virus, identified as H5N1 clade 2.3.4.4b genotype D1.1., was confirmed through whole genome sequencing by the National Veterinary Services Laboratories on Dec. 17, USDA's Animal and Plant Health Inspection Service said in a statement.

Thompson hopes for remaining farm bill markup in January

Agri-Pulse Open Mic – Dec. 21

This week's Agri-Pulse Open Mic guest is House Agriculture Committee Chairman Glenn "GT" Thompson. While another year has come and gone without a completely updated farm bill, Thompson says he is pleased with financial assistance approved last year and farm program updates included in budget reconciliation this summer. He hopes to begin markup of the remaining farm bill in January and to address additional farm financial assistance.



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