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Skim Milk Powder - South America

Report 7 - Released on February 14, 2019

Although the prices of skimmed milk powder (SMP) have continued to increase in some auctions abroad, prices within the Mercosur bloc have dropped. There are some factors that look to be softening the regional prices of SMP. For example, last week, the Brazilian government put an end to import tariffs implemented 18 years ago to the European Union and New Zealand, which were 14.8 and 3.9 percent respectively, for milk powder. In this way, regional manufacturers are lowering prices to be more competitive in a more open market. However, it is important to remember that the Mercosur tariff of 28 percent is still effective, which continues to be an advantage for regional manufacturers when exporting to Brazil. In terms of production, SMP manufacturing is more active compared to one month ago, thus, inventories are slightly more available in the market. Having said this, during the past two weeks, South America f.o.b. export prices for SMP shifted down on light to moderate trading. Prices have been very volatile during the past couple of weeks, which is typical for a niche market, especially in the current political/economic circumstances.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder

Price Range - 1.25% Butterfat; \$/MT: 2,275 - 2,575

Information for the period February 4 - 15, 2019, issued biweekly

Secondary Sourced Information:

At the GDT Event 229 on February 6, skim milk powder (SMP) prices across all contract periods averaged \$2,534 per metric ton, up 3.9 percent from the last event.

Published by:

Dairy Market News - Madison, WI

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