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GAIN Global Agricultural Information Network

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Report Name: Dairy and Products Semi-annual

Country: Argentina

Post: Buenos Aires

Report Category: Dairy and Products

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Report Highlights:

Argentina's dairy sector is forecast to continue its recovery in calendar year (CY) 2026, with Post projecting milk production at 11.72 MMT, up 2 percent from CY2025, supported by favorable weather, strong pasture conditions, and improved forage availability. Higher milk output is expected to drive growth across major dairy products, with whole milk powder production forecast at 210,000 MT, cheese at 540,000 MT, skim milk powder at 50,000 MT, and butter at 37,000 MT. Exports are also projected to increase, led by whole milk powder, cheese, and skim milk powder, with Brazil remaining Argentina's key export market. Despite improved production conditions, producer margins remain constrained by lower milk prices and elevated input costs.

Climate

During the first six months of CY2026, Argentina experienced favorable weather conditions for dairy production. Precipitation was above average in the Pampas region, particularly in western Buenos Aires Province, La Pampa, and north-central Patagonia. This helped replenish water reserves in the soil profiles and sustain availability of pastures and forage reserves throughout the fall. This scenario resulted in a 7 percent year-over-year increase in milk production during the first quarter. The excess moisture recorded in the western region of Buenos Aires, however, presented operational challenges related to road conditions and the harvesting of forage reserves. In contrast to the same period in 2025, which was marked by a water deficit, the initial six months of 2026 offered favorable weather conditions for milk production.

A moderate to strong El Niño is forecast for the latter half of 2026 which generally brings more rain across the dairy producing region in Argentina resulting in more pasture and higher production.

Milk Production

Argentine milk output in CY2025 reached 11.49 million metric tons (MMT), marking the highest volume in the last decade and the second highest in history. This represents a year-on-year growth of 8.5 percent, driven by better prices, technological advancements, and favorable weather conditions that followed two years of drought and herd decline.

The quality of the milk produced also increased, driven by a spring with good pasture and more kilos of fat and protein per liter. Of that milk, 51 percent was used to produce cheese, enabling Argentina to maintain its position as the world's fifth largest cheese producer, producing approximately 530,000 metric tons. The recovery was concentrated in dairy farms in Córdoba, Santa Fe, and Buenos Aires provinces, with higher liters per cow and a decrease in unproductive cows. However, the sector continues to face challenges related to profitability, particularly needing to purchase inputs priced in U.S. dollars while domestic inflation continues.

With favorable weather and production conditions continuing from January to May of 2026, Post forecasts total milk output for CY2026 will reach 11.72 MMT, marking a 2 percent increase compared to CY2025. This would signify the second consecutive year of growth but with slim margins due to lower milk prices offered to producers while input costs rose at the same time in the latter half of 2025.

Whole Milk Powder (WMP)

Production of whole milk powder (WMP) for CY2025 reached 195,000 MT, which represents a 12 percent increase from the prior year.

For CY2026, Post estimates WMP production at 210,000 MT, almost an 8 percent increase compared to CY2025 production.

The significant increase in powdered milk production in 2025 compared to 2024 was due to lower production in CY2024 caused by drought in some areas and higher export taxes. This was followed by favorable weather, financing, and 13 months of positive profitability for dairy farms in CY2025. In addition, useful solids grew by 11.4 percent, giving more raw material to the industry, and industrial processing increased by 11.3 percent. Increased WMP was also supported by the elimination of export taxes and a favorable milk to grain price ratio in the first half of the year. Domestic milk consumption remains flat with around one quarter of production used for powdered milk.

Exports of WMP in CY2025 were the main driver of the Argentine dairy sector. They accounted for 35 percent of total dairy exports, at approximately 148,700 MT. It was the top dairy product in shipments abroad. The volume was supported by the recovery of raw milk production to 11.49 MMT, up 8.5 the year before, and stronger international prices that made exporting surpluses competitive. Key destinations were Brazil with 41 percent of total dairy exports, followed by Algeria with 19 percent and China with 7 percent. These markets primarily use whole milk powder for reconstitution, processing, and government social programs.

Post estimates CY2026 WMP exports to increase 8 percent to 160 MMT, driven mainly by demand from Brazil, which continues to rely on powder imports.

Skimmed milk powder (SMP)

CY2025 production of skimmed milk powder (SMP) was 48,000 MT, 33 percent higher than the CY2024 production of 36,000 MT.

SMP exports in CY2025 were 29,000 MT, 45 percent more than the previous year coming off a year with lower milk production caused by drought.

For CY2026 Post estimates production at 50,000 MT due to the growth in raw milk production with expected favorable weather.

Post anticipates SMP exports in CY2026 to increase 20 percent by the end of the year. Argentina exported 29,000 metric tons in CY2025 and shipments for CY2026 are projected to reach approximately 35,000 MT. This substantial increase can be attributed to the increased production of a product with relatively static consumption in Argentina with any excess production bound for export markets.

The projected increase in exports is attributable to two factors: an increase in the volume of raw milk, and a steady demand from Brazil, which accounts for 41 percent of purchases and still relies on powdered milk imports. Algeria and China are other key markets.

Cheese

Post estimates cheese production for CY2026 at 540,000 MT, a 2 percent increase compared to CY2025 production.

Of Argentina’s 11.49 MMT of raw milk production in CY2025, 51 percent was allocated to cheese production, resulting in approximately 530,000 tons of cheese produced. 19 percent of this cheese production was exported, a ratio that reflects the recovery of external demand and Brazil's role as the main customer for Argentine dairy products. Semi-soft cheeses accounted for more than 70 percent of the exported volume, driven by foodservice and widespread consumption in the main regional export markets. In terms of value, cheese accounted for 35 percent of the total dairy exports. This is due to FOB prices of 4,200-4,500 USD/ton, much higher than prices for WMP or SMP. The increase in cheese production indicates that, given the available milk and useful solids, cheese has a significant outlet for fat and protein competing with whole milk powder. However, it is important to note that the domestic market continues to consume approximately 80 percent of total cheese production.

CY2025 cheese exports reached 98,000 MT. According to Post projections, Argentine cheese exports for CY 2026 are expected to reach 110,000 tons, an 11 percent increase compared to the previous year. The growth in demand is attributable to increased milk availability, with more than half of the milk expected to be utilized for cheese production. The destination will remain concentrated in Brazil, which primarily buys cheese for food service. Industry contacts expect to continue to export approximately 20 percent of the cheese produced.

Butter

Argentine butter production in CY2025 remained consistent with the previous year, maintaining output at 35,000 MT. Growth was more limited than that of powdered milk because the industry prioritized producing powdered milk and cheese given favorable margins and export demand for these products over butter. CY2024 butter production faced challenges due to low profitability and reduced milk output resulting from the drought. As a result, the focus shifted toward cream and cheese, with more milk fat allocated to these products. In CY2025, favorable weather and improved international fat prices enabled the industry to regain lost volume, although butter's share remains modest. Butter competes with dulce de leche and other cream-based products for the remaining 24 percent of milk production not used for powdered milk or cheese.

In CY2026, Post projects butter production will maintain moderate increases of around 5 percent, reaching 37,000 MT. However, this estimate is contingent upon the price comparison of fat to powdered milk. Argentine butter exports were 22,000 metric tons for CY2025, with Brazil the primary destination. The industry prioritized cheese and powdered milk to optimize margins, leaving little available fat content left for butter production or exports.

Post estimates a nine percent growth in butter exports to 24,000 MT for CY 2026, based on three key factors. First, the international price of fat versus powdered milk. If fat prices increase, the industry will increase its butter production. Second, Brazil's demand. Since 41 percent of production is exported and it is the main buyer of dairy fat, any increase in demand will have a significant impact on exports. Third, the milk to grain price ratio. If grain prices remain low and milk prices rise resulting in decent margins for dairy farms, Post expects more milk to be produced resulting in more available cream for butter production.

Dairy, Milk, Fluid	**2024**		**2025**		**2026**	
Market Year Begins	**Jan 2024**		**Jan 2025**		**Jan 2026**	
Argentina	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Cows In Milk (1000 HEAD)	1460	0	1480	1480	1500	1500
Cows Milk Production (1000 MT)	10590	0	11490	11490	11950	11720
Other Milk Production (1000 MT)	0	0	0	0	0	0
Total Production (1000 MT)	10590	0	11490	11490	11950	11720
Other Imports (1000 MT)	2	0	3	1	3	1
Total Imports (1000 MT)	2	0	3	1	3	1
Total Supply (1000 MT)	10592	0	11493	11491	11953	11721
Other Exports (1000 MT)	11	0	8	8	10	10
Total Exports (1000 MT)	11	0	8	8	10	10
Fluid Use Dom. Consum. (1000 MT)	1050	0	1126	1126	1181	1148
Factory Use Consum. (1000 MT)	9531	0	10359	10357	10762	10563
Feed Use Dom. Consum. (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	10581	0	11485	11483	11943	11711
Total Distribution (1000 MT)	10592	0	11493	11491	11953	11721
(1000 HEAD) ,(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query]						

Dairy, Dry Whole Milk Powder	**2024**		**2025**		**2026**	
Market Year Begins	**Jan 2024**		**Jan 2025**		**Jan 2026**	
Argentina	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Beginning Stocks (1000 MT)	50	50	44	50	31	36
Production (1000 MT)	173	0	182	195	196	210
Other Imports (1000 MT)	0	0	0	0	0	0
Total Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	223	50	226	245	227	246
Other Exports (1000 MT)	121	0	135	148	145	160
Total Exports (1000 MT)	121	0	135	148	145	160
Human Dom. Consumption (1000 MT)	58	0	60	61	63	63
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	58	0	60	61	63	63
Total Use (1000 MT)	179	0	195	209	208	223
Ending Stocks (1000 MT)	44	50	31	36	19	23
Total Distribution (1000 MT)	223	50	226	245	227	246
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query]						

Dairy, Milk, Nonfat Dry	2024		2025		2026	
Market Year Begins	Jan 2024		Jan 2025		Jan 2026	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	9	9	6	9	7	8
Production (1000 MT)	36	0	47	48	51	50
Other Imports (1000 MT)	0	0	0	0	0	0
Total Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	45	9	53	57	58	58
Other Exports (1000 MT)	20	0	27	29	29	35
Total Exports (1000 MT)	20	0	27	29	29	35
Human Dom. Consumption (1000 MT)	19	0	19	20	20	19
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	19	0	19	20	20	19
Total Use (1000 MT)	39	0	46	49	49	54
Ending Stocks (1000 MT)	6	9	7	8	9	8
Total Distribution (1000 MT)	45	9	53	57	58	62
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query]						

Dairy, Cheese	2024		2025		2026	
Market Year Begins	Jan 2024		Jan 2025		Jan 2026	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	51	51	50	58	58	61
Production (1000 MT)	500	0	540	530	555	540
Other Imports (1000 MT)	1	0	2	1	2	1
Total Imports (1000 MT)	1	0	2	1	2	1
Total Supply (1000 MT)	552	51	592	589	615	602
Other Exports (1000 MT)	99	0	102	98	105	110
Total Exports (1000 MT)	99	0	102	98	105	110
Human Dom. Consumption (1000 MT)	403	0	432	430	455	435
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	403	0	432	430	455	435
Total Use (1000 MT)	502	0	534	528	560	545
Ending Stocks (1000 MT)	50	58	58	61	55	57
Total Distribution (1000 MT)	552	58	592	589	615	602
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query]						

Dairy, Butter	2024		2025		2026	
Market Year Begins	Jan 2024		Jan 2025		Jan 2026	
Argentina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	3	3	2	3	3	1
Production (1000 MT)	35	0	39	35	40	37
Other Imports (1000 MT)	1	0	1	1	1	1
Total Imports (1000 MT)	1	0	1	1	1	1
Total Supply (1000 MT)	39	3	42	39	44	39
Other Exports (1000 MT)	23	0	22	24	24	24
Total Exports (1000 MT)	23	0	22	24	24	24
Domestic Consumption (1000 MT)	14	0	17	15	18	15
Total Use (1000 MT)	37	0	39	39	42	39
Ending Stocks (1000 MT)	2	3	3	1	2	0
Total Distribution (1000 MT)	39	3	42	40	44	39
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Attachments:

No Attachments