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**Report Name:** Dairy and Products Annual

**Country:** Brazil

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**Report Category:** Dairy and Products

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**Report Highlights:**

Post forecasts dairy production to increase by two percent in 2020, mostly driven by higher exports of dairy products and an increase in domestic demand attributed to economic improvement. The outlook for the Brazilian economy in 2020 is cautiously optimistic after a period of recession. The increase in production is driven by high demand for fluid milk used for dairy products, such as sweetened condensed milk and cheeses.

**Commodities:**

**Dairy, Milk, Fluid**

**Production:**

The Southeast and South regions of Brazil are the main milk producing areas with Minas Gerais being the largest milk producing state, accounting for 25 percent of total milk production in 2018. Last year, Rio Grande do Sul accounted for 14 percent, and Paraná accounted for 13 percent, which is an increase of two percent from 2017. Average milk production in Brazil was 27.9 liters/cow/day in 2018, an increase of 3.2 percent compared to the previous year.

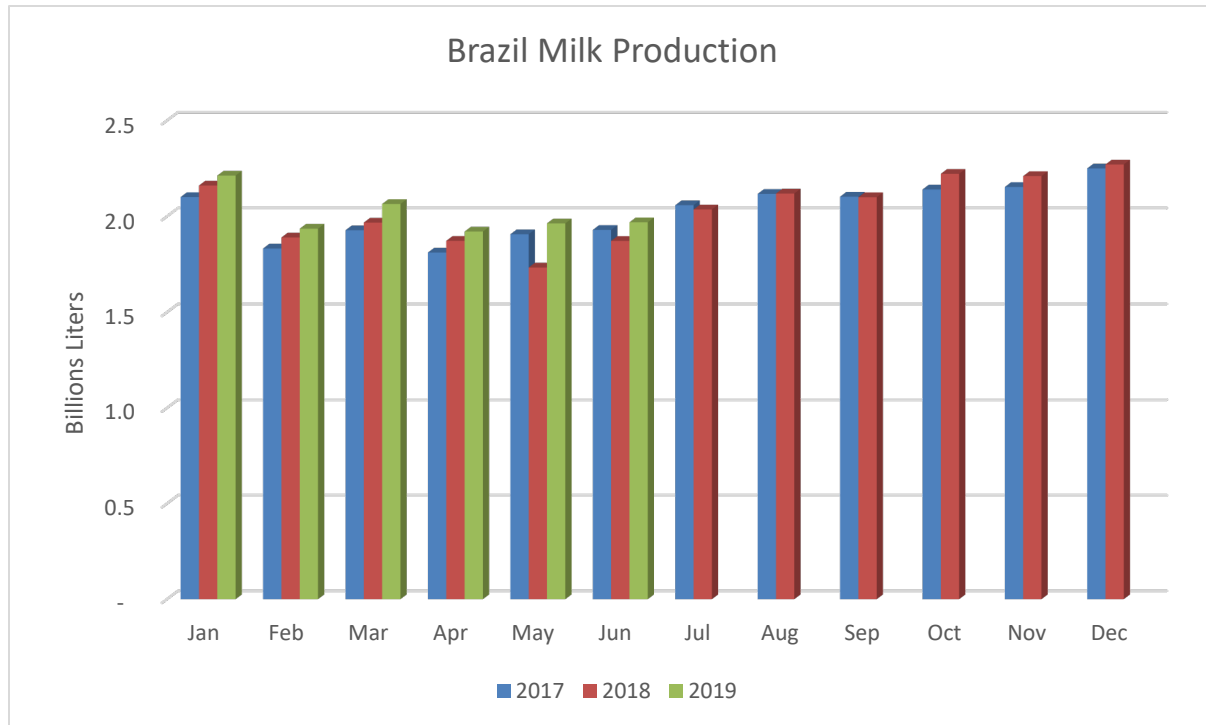


Source: Reproduced from 4.bp.blogspot.com

Regions	Total Cow Milk Production by region in 2018/ MMT
North	1.018
Northeast	1.365
Central-West	3.071
Southeast	9.353
South	8.935
<b>TOTAL</b>	<b>23.745</b>

Source: IBGE

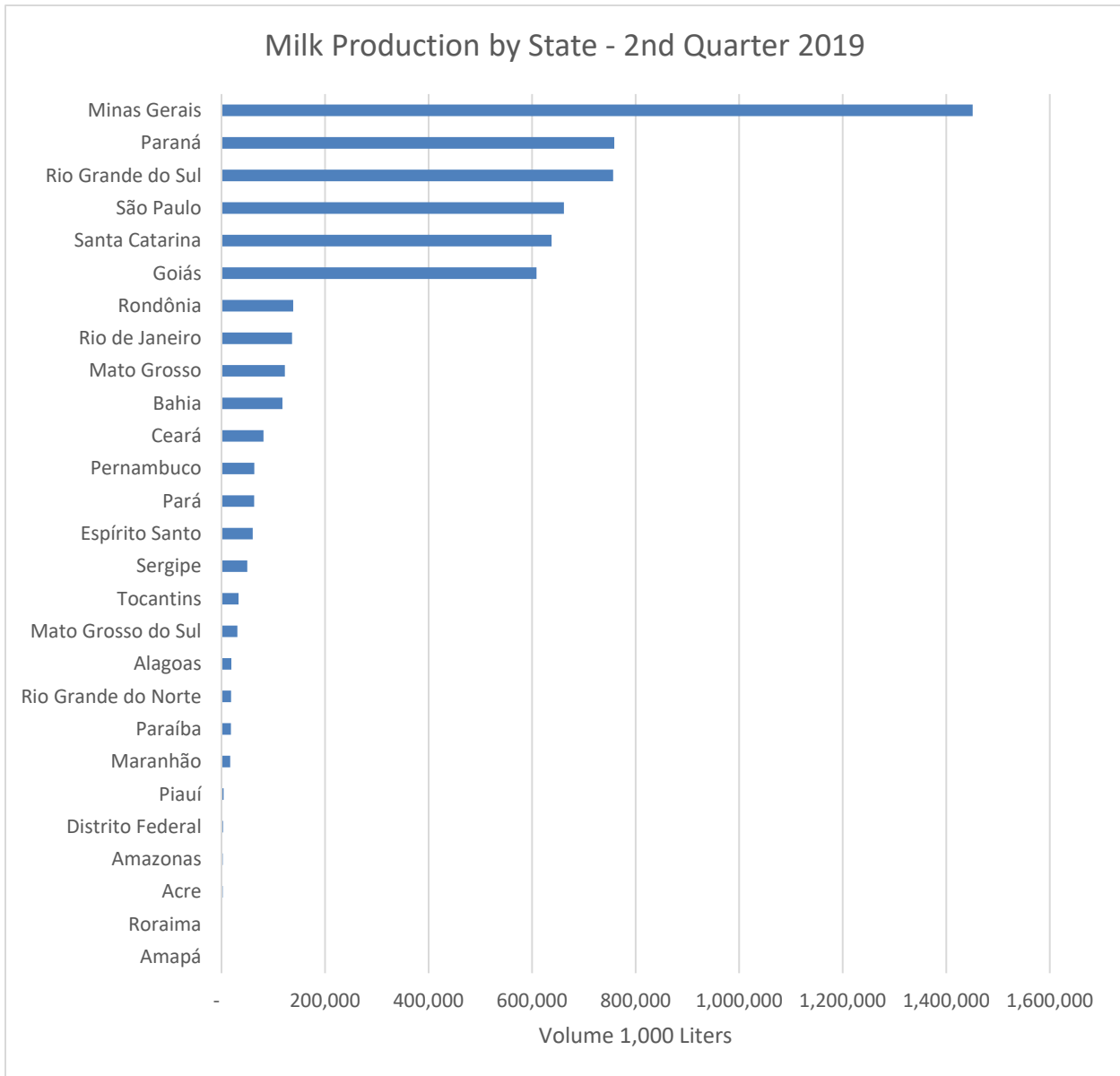
Post forecasts milk production in 2019 up three percent to 24.450 MMT (million metric tons). This forecast growth is due to investment by milk producers. Many producers saw favorable returns in 2018 due to the high milk prices and used this profit to re-invest in technology, proper nutrition, increased herd size, and pasture improvement. Some producers are taking advantage of several government programs, such as subsidized agricultural credit for pasture improvement, recovery of degraded pastures, crossbreeding programs using imported cattle genetics, improved health management, and increasing use of reproductive technologies.



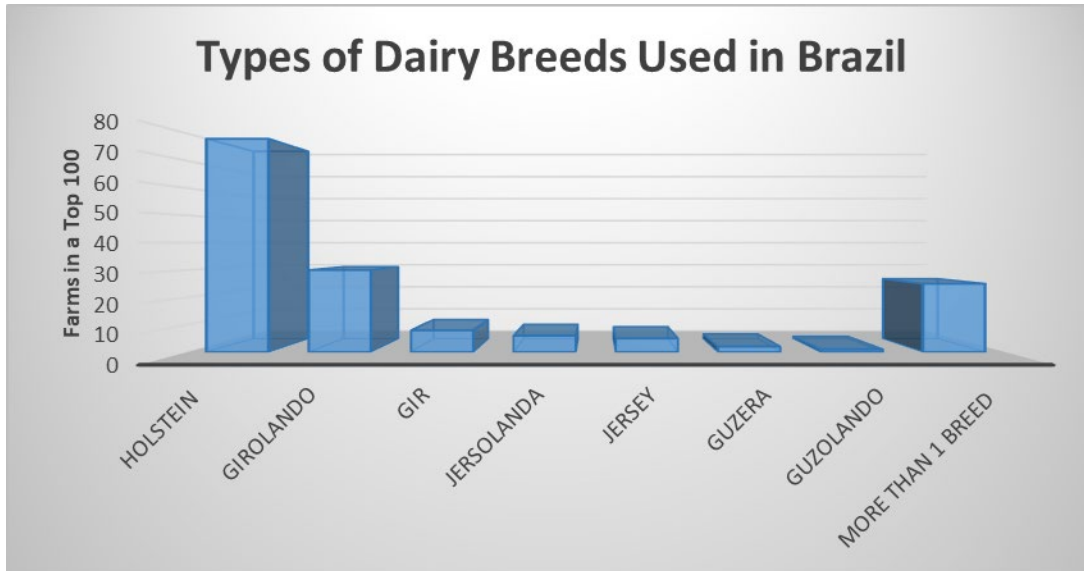
Data Source: IBGE 2019

Calendar year (CY) 2019 started on a bullish note for production and increases, compared to last year, continued each month until July, as seen in the chart above. The month of May 2019 showed a considerable increase of 13.3 percent in milk production compared to the same period in 2018. Although milk production is strong this year, the large increase from last year is partially explained by the trucker strike that started on May 21, 2018. Hundreds of thousands of Brazil’s nearly 2 million truck drivers began an 11-day strike to protest high diesel prices, a move that slowed Brazil’s economy, crippled transportation-dependent industries, and caused estimated losses of US\$ 1.75 billion to Brazil’s agricultural sector. Dairy producers across Brazil were severely affected by the transportation paralysis, with news media depicting dire scenes of the disposal of hundreds of millions of liters of milk by farmers who could not store their perishable product. The discarded milk alone was valued at more than R\$ 1 billion (US\$ 260 million). During this period, dairy farmers struggled to stay supplied with feed, which caused concerns regarding the condition of cows for the remainder of the lactation period. Farmers reported that they had to slowly decrease feed intake, even after the strike was over.

The outlook for milk production in 2020 calls for an increase of two percent, compared to 2019, to 24.950 MMT. The main drivers supporting this production outlook are projected record exports of dairy products in 2020, mostly to China, and the strengthening in domestic demand due to a rebound in economic activity expected next year. Dairy producer contacts have reported that they will continue to invest and expand production over the next 3 years.

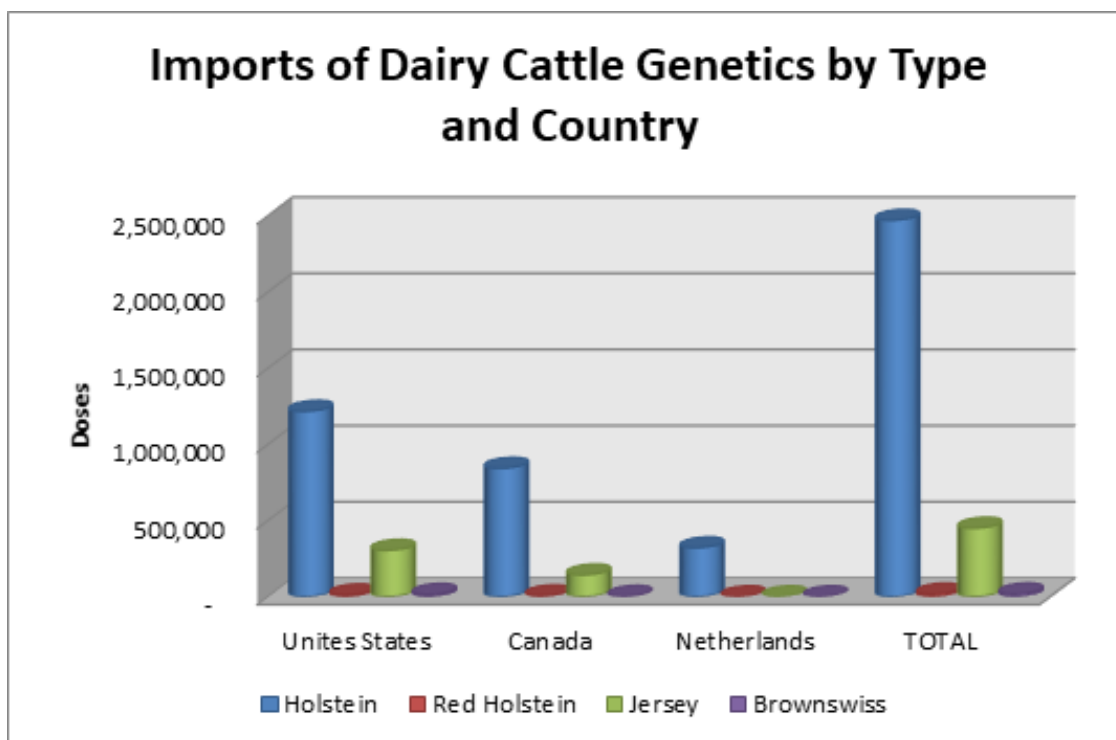


In Brazil, there are an estimated 1,921 dairies. The state of Minas Gerais has the largest number of dairies, with 44 dairies among the 100 largest milk-producing operations nationwide, according to research by Milkpoint. The size of dairy farms in the state of Minas Gerais reaches up to a 100 hectares. In contrast, the state of Paraná has just less than half the number of large operations as Minas Gerais, with 19 farms ranking among the top 100 largest in Brazil. However, Rio Grande do Sul remains the second-largest milk-producing state by volume, due to a large number of medium and small properties, with an average size of 30 hectares.



Data source: MilkPoint, 2018 (<https://www.milkpoint.com.br/>)

The Holstein breed remains the most popular among dairies in Brazil, with 78 of the 100 largest farms in the country using at least some cows from the breed, according to data collected by Milkpoint. The Girolando breed is used by 30 of the top 100 dairies. A quarter of the 100 biggest dairies report using more than one breed on their farm. With improving genetics and use of the Holstein breed, productivity is on the rise. The top ten farms reached 19,238 liters/day, while the single largest farm produced about 73,730 liters/day in 2018.



Data source: Associação Brasileira de Inseminação Artificial (ASBIA)

Brazil is not a significant importer of live cattle, but a major importer of beef and dairy cattle genetics and the United States is a traditional supplier. Traders expect cattle semen imports to increase in 2020 due to the improvement of domestic cattle prices, availability of government funds, subsidized interest rates under the cattle genetic improvement program, and a stable exchange rate. The United States recovered market share in the Brazilian market growing by 22 percent Jan-Jul 2018 and by 68 percent during the same period in 2019, as Canada lost sales in the Brazilian market.

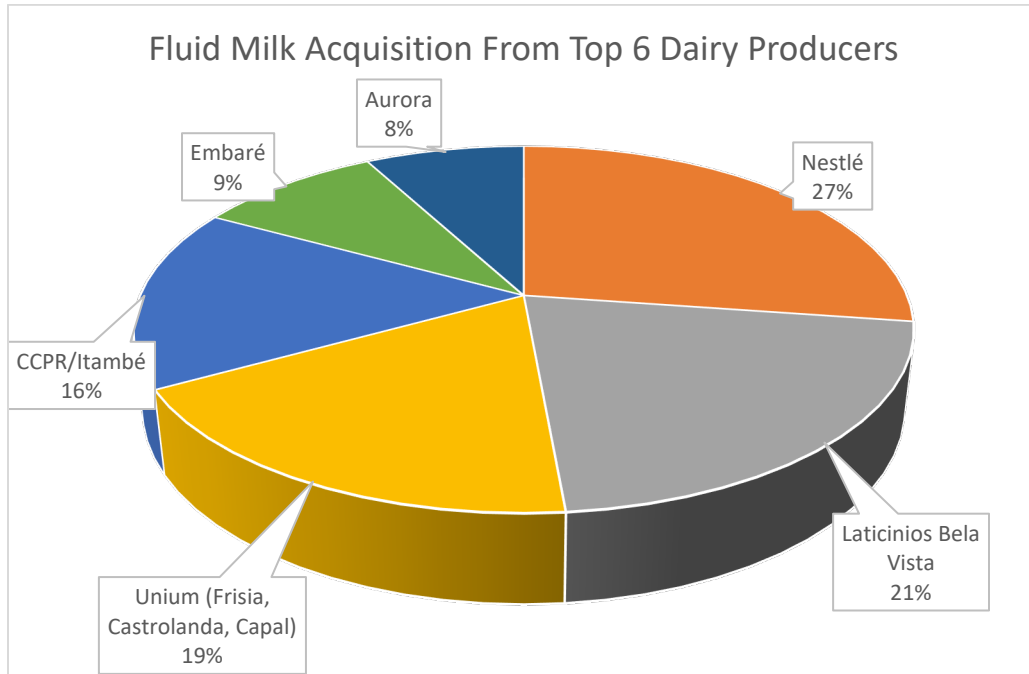
In general, most of the farms located in the South and Southeast areas of Brazil are confinement operations, while 14 percent have a pasture-based system. About 22 percent have mixed systems, where pasture assumes variable importance but is not the main source of feed. Lactating cows have access to pasture in the Northeast region, while in the South and Southeast regions it is more common to use a confined feeding system, with animals not exposed to no grazing throughout the year.

Dairy cows on large properties located in the South and Southeast regions are commonly housed in free-stall barns. The compost dairy barn is another system used in many dairy farms and some experts recommend this as a housing method to prevent mastitis. Other farms use the more economical system of loose housing, which is defined as a system where animals are kept loose except for milking and at the time of treatment.

#### **Dairy Sector:**

The Brazilian dairy sector has undergone a consolidation process in recent years. The company French Lactalis, in litigation since 2017, announced in 2019 that it has taken control over Itambé, which was created by Cooperativa Central de Produtores Rurais de Minas Gerais (CCPR). Itambé was half owned by Vigor, which Lala purchased in 2017. With the acquisition, Lactalis's Brazil business is now expected to reach annual revenues of US\$ 2.1 billion and process 2.3 billion liters of milk.

Nestle announced that it will invest US\$ 250 million (1 billion Reais) in the state of Sao Paulo over the next three years to introduce new production lines and technologies in existing plants, as well as push forward with digital transformation. In general, most of the Brazilian dairy companies are investing in new plants and new technologies such as UHT milk without lactose, which is popular in supermarkets. In addition, some companies are investing in organic milk to meet growing demand.



Source: Valor Economico, Dated: April 12, 2018 / Lactalis did not participate in this research.

**Consumption:**

Post forecasts fluid milk consumption to increase by 2.6 percent in CY 2019, as forecast in the previous Post report. Even though many indicators show that Brazil’s economic situation is gradually improving, consumer purchases of fluid milk are still weak. Dairy companies are focusing on producing sweetened condensed milk and cheeses. Most market analyst project that economic growth, combined with lower inflation and unemployment rates, will lead to an increase in income next year, which will boost consumption of dairy products. Post forecasts fluid milk consumption to increase by one percent in CY 2020. Fluid milk usage will increase mainly in the industrial sector. In Brazil there is several milk categories, whole fluid milk is the principal of dairy product, but there is a second category that is increasing in popularity, called “milk derivatives”. This category is composed of products that have no more than 50 percent fluid milk in the composition and contains chocolate, strawberry flavor, starch, fruit juice and other nondairy ingredients in the formulation. This is also a cheaper alternative to the regular fluid milk. The popularity of “other milk alternatives” continues to expand, resulting in retailers dedicating more shelf space to these products instead of fluid milk.

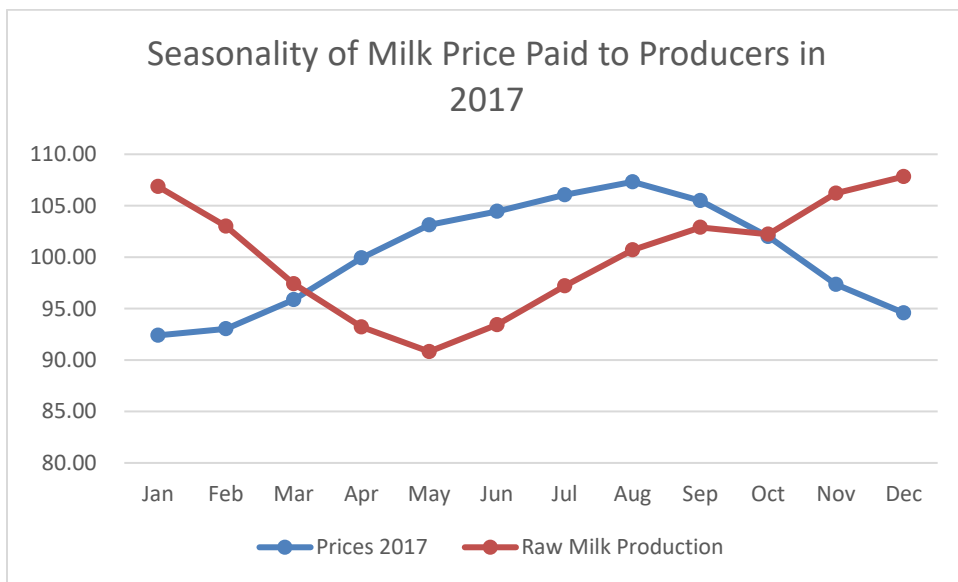
**Trade:**

Brazil imports and exports insignificant volumes of fluid milk while small volumes of packaged UHT milk are imported from Argentina and Uruguay. Brazilian food processors import milk powder due to its shelf life, quality, and versatility.

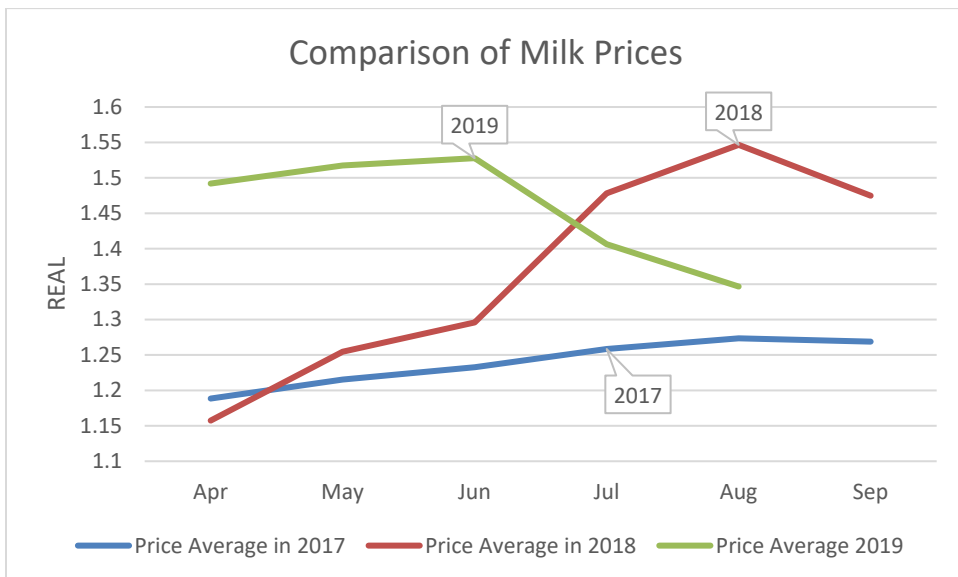
In the past 5 years, Brazil has exported a total of around 8,000 MT of milk cream (Harmonized Tariff System: 0401.50), mainly to the Philippines and United Arab Emirates. This volume is insignificant when compared to total Brazilian milk production.

**Prices:**

Historically, milk prices paid to producers follow a specific seasonality, related to rainfall and, consequently, the availability of pastures. August is typically the month with the highest milk prices, with prices falling in September in response to rising production levels.



Data source: CEPEA/ESALQ - USP



Data source: CEPEA/ESALQ - USP



The producer milk price in August was 13 percent lower than in August 2018 at R\$ 1.3466 per liter and was the lowest price in eight months. Plentiful milk supply, combined with lethargic demand, are pulling milk prices down. In addition, Brazil suffered from the truckers strike in 2018, as already reported. After registering a strong accumulated fall, the prices of milk received by producers may recover in September.

According to the latest price data from CEPEA, a department of the São Paulo University (USP), the August “net Brazil average price”, which refers to July prices, closed at R\$1.3466 / liter, a 4.25 percent decrease compared to the previous month (or almost 6 cents / liter). In August, dairy companies suffered due to their tight margins in the first half of 2019 given the higher price of raw milk. Prices for spot fluid milk stabilized in September. This suggests that the dairy product market found balance at a new price floor.

**Stocks:**

Current milk and dairy product stocks held by major dairy companies are considered operating stocks to meet short-term demand. There are no government-held stocks of milk or milk products in Brazil.

**Production, Supply, and Distribution Statistics:**

Dairy Milk and Fluid (HTS: 0401.10; 0401.20)

*PS&D data for fluid milk are reported in 1,000 metric tons and not in 1,000 kiloliters. One liter of cow's milk weighs approximately 1.03 kg.*

Dairy, Milk, Fluid Market Begin Year Brazil	2018		2019		2020	
	Jan 2018		Jan 2019		Jan 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Cows In Milk	16215	16300	16300	16500	0	16850
Cows Milk Production	22659	23745	23150	24450	0	24950
Other Milk Production	3003	3000	3060	3030	0	3050
<b>Total Production</b>	25662	26745	26210	27480	0	28000
Other Imports	0	0	0	0	0	0
<b>Total Imports</b>	0	0	0	0	0	0
<b>Total Supply</b>	25662	26745	26210	27480	0	28000
Other Exports	6	0	0	0	0	0
<b>Total Exports</b>	6	0	0	0	0	0
Fluid Use Dom. Consum.	9749	10762	10050	11040	0	11155
Factory Use Consum.	15724	15800	15970	16250	0	16650
Feed Use Dom. Consum.	183	183	190	190	0	195
<b>Total Dom. Consumption</b>	25656	26745	26210	27480	0	28000
<b>Total Distribution</b>	25662	26745	26210	27480	0	28000
(1000 HEAD), (1000 MT)						

## Commodities:

### Dairy, Cheese

#### Production:

*Note: There are no official statistics on production and consumption of cheese in Brazil. FAS/Brasilia production estimates for cheese are based on trade sources and include “informal” cheese production.*

Post forecasts cheese production in CY 2019 to increase to 775 MT, up from 760 MT in CY 2018, the slight increase is mainly due to higher domestic demand, principally from the fast food industry. The forecast for cheese production in CY 2020 is 790 MT. which is a two percent increase. This slight increase is due to internal market factors with positive sales growth in cheese in 2019, attributed to the increase in consumption, and plentiful supplies due to carry-over stocks to 2020. The small recovery of the country’s economy has made cheese more affordable in general.

#### Consumption:

Current Brazilian cheese consumption is estimated at 3.23 kilograms per person/year, below the recommended value by the Food and Agriculture Organization of the United Nations (FAO) of 9 kilos/person/year.

Consumption of fresh cheese is expected to continue to increase in 2019, but most of the increase in demand will continue to come from the fast food industry and institutional and domestic consumers of other “specialty” cheeses (gruyere, camembert, brie, gouda, and cheddar). Demand from the Brazilian fast-food industry mainly comes from a large number of pizzerias, snack shops, and bakery stores.



Processed cheese is preferred by Brazilians. A driver in processed cheese demand is “requeijao,” a type of spreadable, pasteurized processed cheese. This processed cheese has a variety of uses, including for breakfast and dinner meals as well as snacks. The other popular types of cheeses in Brazil are mozzarella, “queijo prato” (plate cheese) and “minas frescal” (white fresh cheese).

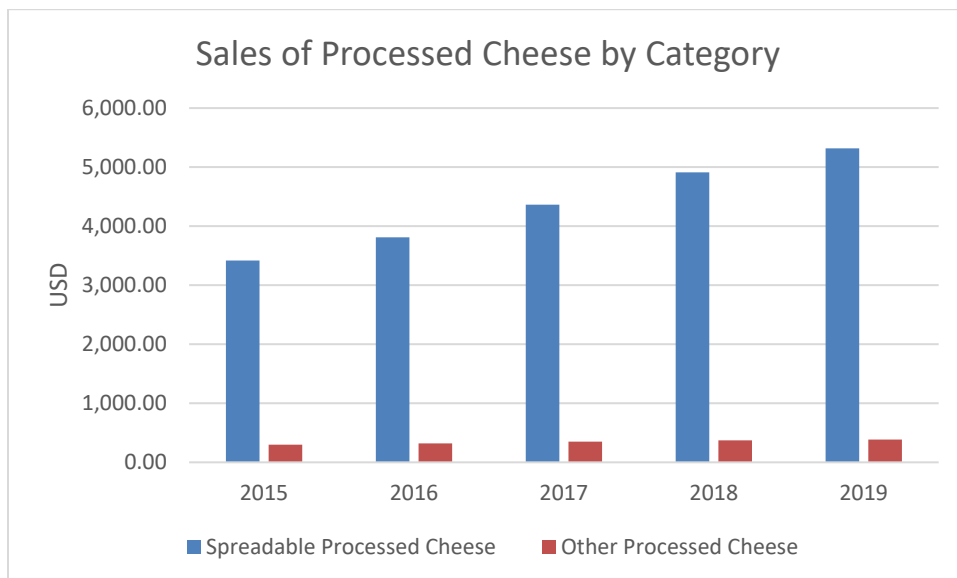


Plate cheese (queijo prato)

Photo: *Wikipédia*

White fresh cheese (queijo minas frescal)

Photo: *Wikipédia*



Data source: Euromonitor, 2019

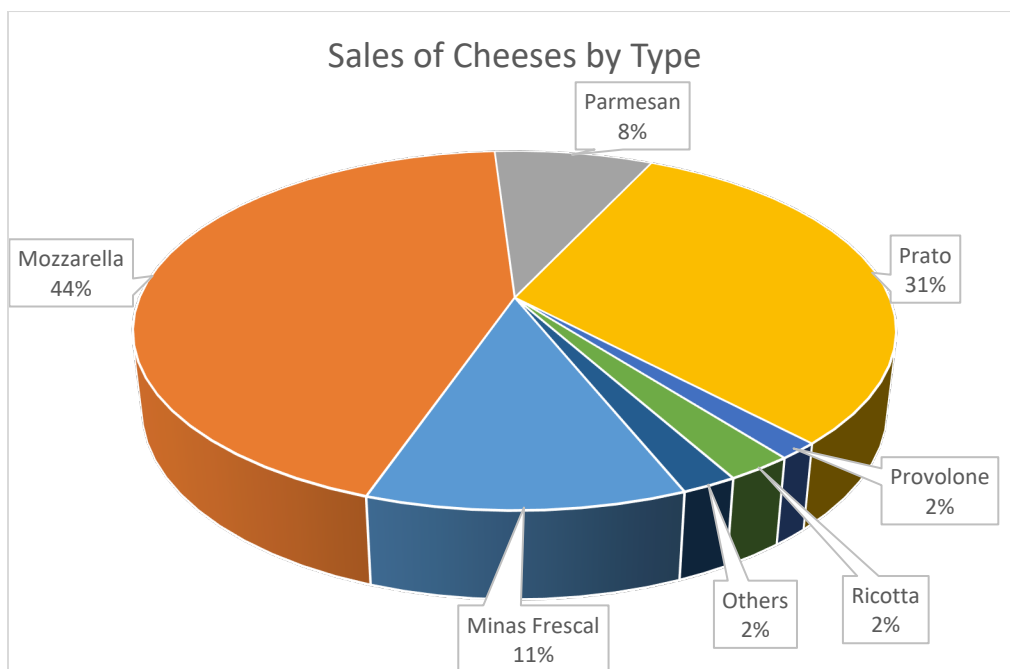
There is fierce competition within the cheese sector, characterized by a high degree of fragmentation. The bulk of sales are concentrated in products offering only low margins, such as mozzarella, “queijo prato,” and other semi-hard cheeses. This has stimulated manufacturers to invest in value-added products such as unprocessed cheese fortified with fiber or probiotics and reduced-fat spreadable processed cheese fortified with fiber.

The cheese sector in Brazil is dominated by domestic manufacturers that are launching new products in line with Brazilian needs. Pack size reduction, for example, is one of the strategies used by the industry to avoid increasing prices of their products and therefore maintain sales in terms of units.

Mozzarella remains the most popular type of matured and unprocessed cheese consumed in Brazil. It is mainly used for pizzas and sandwiches. Mozzarella accounts for 44 percent of total unprocessed cheese sales by value. However, it is notable that a local cheese variety, Minas Frescal, was the fastest-growing unprocessed cheese type in Brazil last year, with a 2-percent increase in sales, while another domestic variety, prato, also increased its share of the overall unprocessed cheese market.

Some cheese manufacturers are strengthening their business through acquisitions or joint ventures. This is likely to stimulate small and medium-sized companies to improve their operations by investing in machinery, broadening distribution, reducing costs and diversifying their product portfolio. Some of these medium-sized companies are investing in new types of artisanal cheeses, such as:

- “Canastra,” a hard cheese with geographical indication recognized;
- “Tulha,” hard cheese with red peel and aged 12 months; and
- “Giramundo,” sweet artisanal cheese with a red peel colored with beet and aged 5 months.



Source: Euromonitor International, 2018

Brazil approved new regulations to control the manufacture of artisanal cheese and it is likely that will spur growth in sales of these products during the forecast period. According to research by Euromonitor, currently the sales of artisanal cheese products are restricted to the city or state of Brazil in which the product is manufactured and subsequently inspected by health authorities. With the approval of these new regulations, these products will now be authorized for sale outside of their home city or state, provided a stamp (artisan product) is included. This will benefit small producers throughout Brazil, offering them access to the large formal consumer market.

**Prices:****Locally Produced Cheeses:**

<b>Cheese Types</b>	<b>Description</b>	<b>Price - US\$ /Kg</b>	<b>Price – R\$/kg</b>
Minas Padrao	Semi-soft white cheese	13.95	55.80
Queijo Prato	Soft yellow cheese	13.11	52.45
Queijo Prato Light	Light yellow cheese	13.30	53.20
Parmesan	Hard, slow-ripened	18.75	75.00
Queijo Reino	Matured, semi-hard cheese	23.65	94.58

Source: Local supermarket – September 27, 2019

**Imported Cheeses:**

<b>Cheese</b>	<b>Price - US\$ /Kg</b>	<b>Price – R\$/kg</b>
Cheddar (United Kingdom)	37.50	150.00
Gorgonzola (Italy)	52.50	210.00
Brie (France)	39.75	159.00
Gouda (Netherlands)	21.25	85.00
Dutch Cheese - <i>Holandes Cabra Frans</i> (Cured Goat cheese)	44.25	177.00

Source: Local supermarket – September 27, 2019

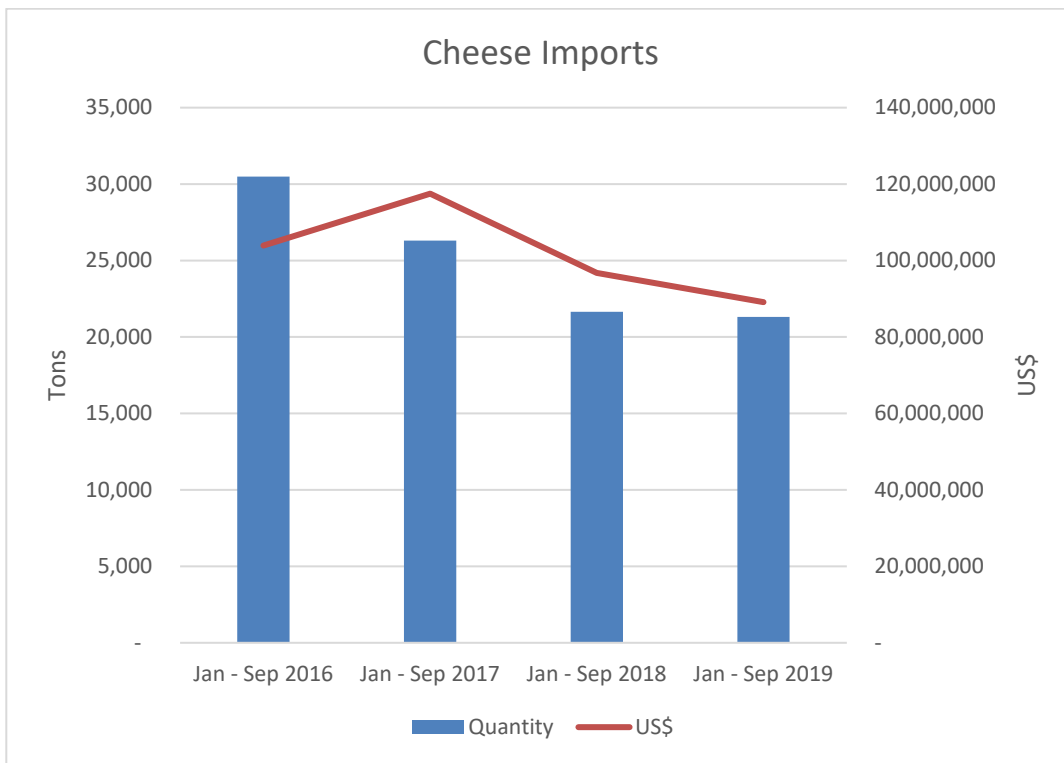
**Trade:**

**Imports:**

Cheese imports are expected to maintain the same level in CY 2019, at 29.400 MT, as 2018 due to the lower value of the Brazilian real. Post forecasts roughly the same import volume in CY 2020. Argentina and Uruguay remain the main suppliers of cheese to Brazil, due to preferential tariff treatment under the MERCOSUL agreement.

Cheese imports from Argentina and Uruguay account for a 68 percent and 23 percent market share, respectively. Brazil is a buyer of low-cost cheeses produced in these two countries, mainly mozzarella, parmesan, and “prato cheese.” Mozzarella is used primarily in the food service sector, while parmesan and “prato” are sold at retail stores. The United States does not have a significant market share, generally only small quantities of bulk cheeses for further processing or high-valued cheeses are sold in Brazil.

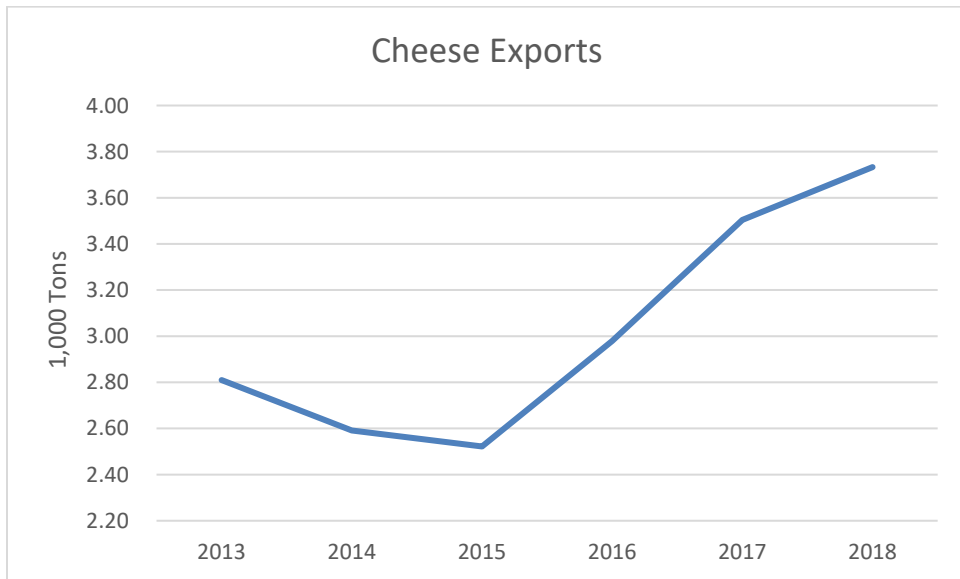
Domestic cheeses dominate the Brazilian market with imported cheese priced at up to 3 times as much as domestic. The high price of imported product is due to import tariffs and other taxes that importers pay. The U.S. cheese industry has opportunities for growth in the Brazilian market and could take advantage of only having two major foreign competitors already in the market (Argentina and Uruguay).



Data source: Trade Data Monitor, LLC

**Exports:**

Post forecasts cheese exports in CY 2010 at 4,000 MT (metric tons), unchanged from 2019. Brazil is not a strong cheese exporter, but cheese manufacturers are trying to improve in terms of machinery and technology and are trying to target exports in Russia and Taiwan. The Russian market is now open to Brazilian product and exports have been increasing. However, the volume is still very low. Cheese manufacturers are taking advantage of the devaluation of the Brazilian real, which is making Brazilian cheeses competitive in the international market for low-cost cheese. China is another promising market as China has authorized 34 Brazilian plants for export. Although Brazil is a net importer, many processors are enthusiastic to capitalize on these new opportunities.



Source: Trade Data Monitor, LLC

**Stocks:**

There are no official government stocks of cheese in Brazil.



**Production, Supply, and Distribution Statistics:**

Dairy, Cheese (HTS: 0406)

Dairy, Cheese	2018		2019		2020	
	Jan 2018		Jan 2019		Jan 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Begin Year						
Brazil						
Beginning Stocks	0	0	0	0	0	0
Production	755	760	770	775	0	790
Other Imports	29	29	33	29	0	29
Total Imports	29	29	33	29	0	29
Total Supply	784	789	803	804	0	819
Other Exports	4	4	4	4	0	4
Total Exports	4	4	4	4	0	4
Human Dom. Consumption	780	785	799	800	0	815
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	780	785	799	800	0	815
Total Use	784	789	803	804	0	819
Ending Stocks	0	0	0	0	0	0
Total Distribution	784	789	803	804	0	819
(1000 MT)						

## **Commodities:**

### **Dairy, Butter**

#### **Production:**

***Note:** There are no official statistics on production and consumption of butter in Brazil. FAS/Brasilia production estimates for butter are based on trade sources and include “informal” butter production.*

Post forecasts butter production to increase by 1 percent in CY 2020 to 87,000 MT (metric tons), reflecting an increase in domestic demand, despite strong competition from low-priced margarine. Production is supported by economic recovery and migration of consumers from vegetable fat to dairy fat. This trend is happening due to a change in consumer’s perception of the effects of butter on health.

#### **Consumption:**

Post forecasts butter consumption to increase by one percent to 93,000 MT in CY 2020, following the trend for healthier foods.

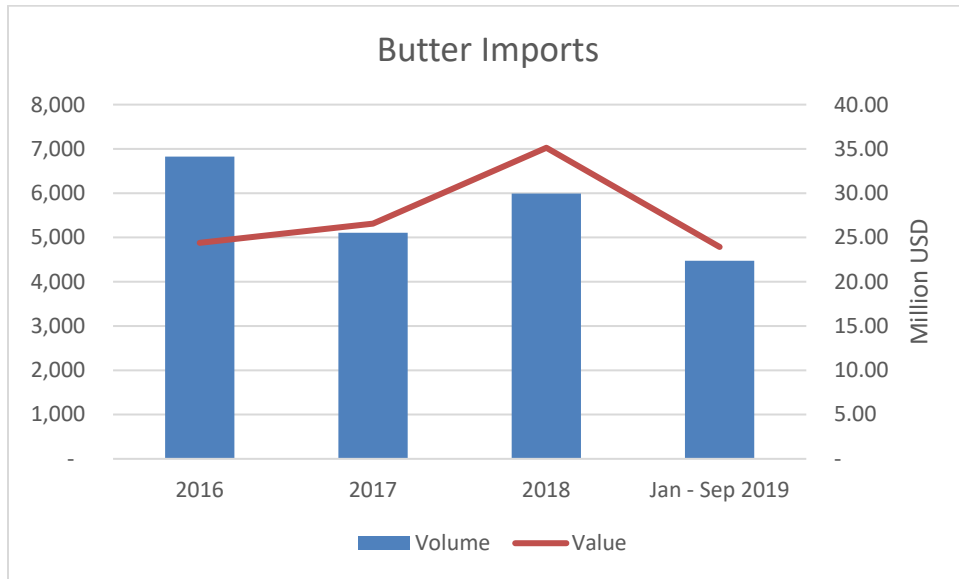
As the raw material for the production of butter is milk fat (Brazilian milk generally contains around 3 to 3.5 percent fat) the production of skim milk powder generates a surplus of fat, which is used to manufacture “requeijão,” butter, cream cheese, and sour cream. Even the production of long-life whole milk (UHT milk) generates excess fat, since there is a standardization of the product at around 3 percent fat.

Brazil does not produce significant volumes of skim milk, as whole milk accounts for about 75 percent of milk consumed in the country. As the production of skim milk is limited, the supply of fat to manufacture butter and other items is restricted. As mentioned previously, Brazil is a consumer of “requeijao,” and fat is primarily destined for the production of this processed cheese spread.

Considering this scenario and with consumers searching for healthier diet alternatives, the industry is focusing efforts to transform some of the fluid milk into fat that will go for the manufacture of butter instead of “requeijao,” which will fuel increased consumption in the coming years.

**Trade:**

Brazil typically imports around 5,500 MT of butter annually for industrial and retail purposes, as production in country is limited. The main supplier is Argentina.



Export volumes of butter are insignificant. Brazil mainly produces butter for its own consumption, so there is little surplus butter production to export.

**Stocks:**

There are no official government stocks of butter in Brazil.

**Production, Supply, and Distribution Statistics:**

Dairy, Butter (HTS: 0405)

Dairy, Butter	2018		2019		2020	
	Jan 2018		Jan 2019		Jan 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Begin Year						
Brazil						
Beginning Stocks	0	0	0	0	0	0
Production	85	85	86	86	0	87
Other Imports	6	6	7	6	0	6
Total Imports	6	6	7	6	0	6
Total Supply	91	91	93	92	0	93
Other Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
Domestic Consumption	91	91	93	92	0	93
Total Use	91	91	93	92	0	93
Ending Stocks	0	0	0	0	0	0
Total Distribution	91	91	93	92	0	93
(1000 MT)						

**Commodities:****Dairy, Dry Whole Milk Powder****Production:**

*Note: There are no official statistics on production and consumption of powdered milk in Brazil. Post estimates for powdered milk production (nonfat and whole milk) are based on trade sources and field visits.*

Post forecasts whole milk powder (WMP) production to increase to 598,000 MT (metric tons) in CY 2019 and to increase by two percent in CY 2020, reaching 610,000 MT. Strong domestic demand and reduced imports from Argentina and Uruguay are behind the increase.

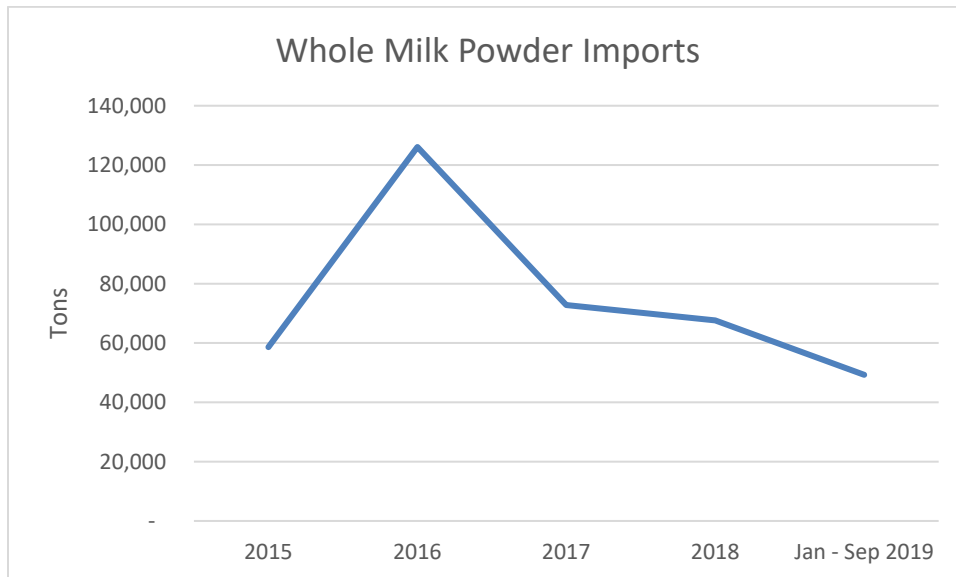
Milk powder is used mainly by the food processing industry, which continues to grow and increase utilization of milk powders. The forecast increase in production is based on actions taken by the dairy sector to be more competitive and increase exports of whole milk powder. A factor that will help in this effort is that China has diversified its supplier base by authorizing 34 Brazilian plants for export. Although Brazil is a net importer, many processors are anxious to capitalize on this new opportunity. The two countries have an agreement since 2007, but until recently no plants had been authorized to supply to China.

**Consumption:**

Post forecasts CY 2020 powdered milk consumption to increase by two percent to 672,000 MT. This increase is supported by expected economic recovery and higher domestic demand that should return to the 2016 level.

**Trade:**

Whole milk powder continues to be the main dairy product imported by Brazil, accounting for 67.645 MT, or 36 percent of total dairy imports in 2018. Skim milk powder (SMP) and mozzarella cheese were in second and third place with 16 percent and 9 percent, respectively. The economic downturn and the decrease in the value of the Brazilian currency in CY 2019 have thus far resulted in lowered import demand.



Data Source: Trade Data Monitor, LLC

In the first quarter of 2019, Brazil exported very little WMP. Instead of exporting this milk was sold in the internal market. In the past, Venezuela was a major importer of WMP from Brazil, but imports fell due to a severe economic crisis in that country. Therefore, it is expected that Brazil will export around 1,000 MT, mainly to Algeria and Bolivia. As reported, China is also a target for Brazilian exporters.

Post forecasts an increase in milk powder exports in 2020. According to trade contacts, shipments could reach up to 2,000 MT. Exports are supported by large investments made by manufacturing companies.

**Policy:**

On February 6, 2019 the Ministry of Economy, suspended the antidumping duty for importers of whole and skim milk powder from the European Union and New Zealand. The Minister of Agriculture, Livestock and Food Supply (MAPA) is studying several measures that can minimize negative impacts on domestic production from this decision. The antidumping rate of 14 percent was renewed successively each year since 2001. The import duty is 28 percent, where previously it was 42 percent for European Union and New Zealand. MAPA considers the dairy sector, of great social and economic importance for Brazil. According to MAPA, this sector is composed of small farms with an area of up to 50 hectares, and responsible for 51% of the net milk sold in the field. In all, about 1.2 million rural establishments are dedicated to milk production in the country. The antidumping duty was effective. Before the antidumping duty was implemented, prices paid to milk producers were falling. With the measure, there was an improvement in the values received by milk producers.

Therefore, raising the duties again would appease the dairy sector that fears a flood of European and New Zealand product in the domestic market with a resulting fall in prices. The Ministry of Agriculture has been studying a way to circumvent the decision taken by the Ministry of Economy and override the practical effect of ending the antidumping duty. At this point, no action has been taken.

If the Brazilian government pursues with the course of increasing the whole and skim milk powder tariff to 42 percent, it will likely not affect United States exports of milk to Brazil. The United States is competitive in other dairy categories, such as ingredients; sweet whey powder, lactose, and whey powder concentrate

**Stocks:**

There are no official government stocks of whole milk powder in Brazil.

**Production, Supply, and Distribution Statistics:**

Dairy, Dry Whole Milk Powder (HTS: 0402.21; 0402.29)

Dairy, Dry Whole Milk Powder	2018		2019		2020	
	Jan 2018		Jan 2019		Jan 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Begin Year						
Brazil						
Beginning Stocks	0	0	0	0	0	0
Production	585	585	596	598	0	610
Other Imports	68	68	66	65	0	63
Total Imports	68	68	66	65	0	63
Total Supply	653	653	662	663	0	673
Other Exports	1	1	1	1	0	1
Total Exports	1	1	1	1	0	1
Human Dom. Consumption	652	652	661	662	0	672
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	652	652	661	662	0	672
Total Use	653	653	662	663	0	673
Ending Stocks	0	0	0	0	0	0
Total Distribution	653	653	662	663	0	673
(1000 MT)						

**Commodities:****Dairy, Milk, Nonfat Dry****Production:**

*Note: There are no official statistics on production and consumption of powdered milk in Brazil. Post estimates for powdered milk production (nonfat and whole milk) are based on trade sources.*

Post forecasts nonfat dry milk (NFDM) production in 2019 to increase by two percent and reach 158,000 MT. This projected increase in NFDM production is be mostly driven by a moderate increase in domestic demand. Post forecasts an increase of two percent in CY 2020, reaching 161,000 MT.

**Consumption:**

Post projects NFDM consumption to increase by nearly 2 percent in 2020. Most market analysts project that domestic demand for dairy products will strengthen in 2020 due to a rebound in economic activity. The outlook for Brazil's GDP in 2020 calls for an increase of 2.3 percent, with lower inflation and unemployment rates, and higher consumer purchasing power.

**Trade:**

Nonfat dry milk powder imports largely come from Argentina and Uruguay. Depending on the type of the product, some companies import from the United States to meet specific demand, such as special milk for infant formulas. Brazil does not have a competitive industry or surplus NFDM supplies to export.



**Brazil Import Statistics**

Commodity: 040210, Milk And Cream, Concentrated, Whether Or Not Sweetened, In Powder, Granules Or Other Solid Forms, Of A Fat Content, By Weight, Not Exceeding 1.5%

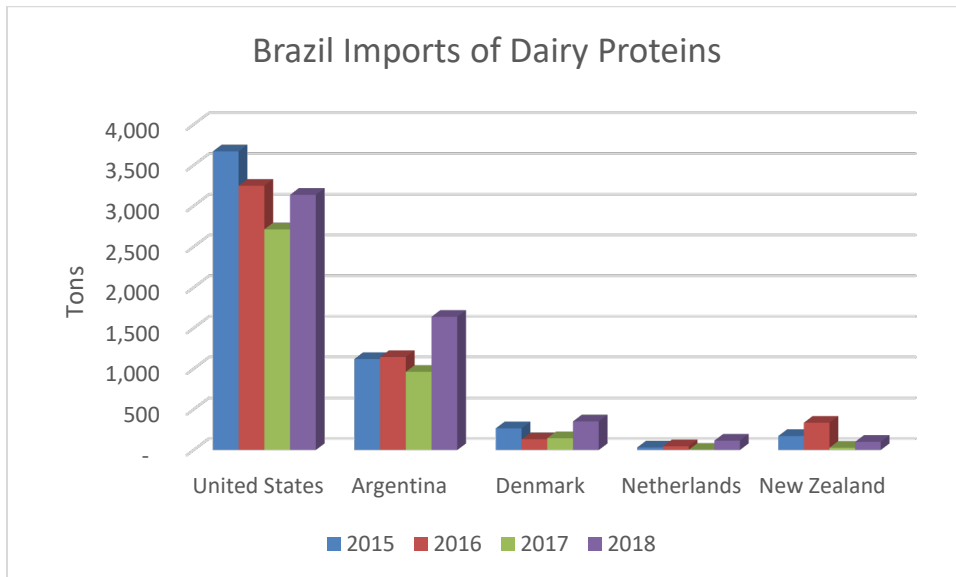
Year To Date: January - September

Partner Country	Unit	2017		2018		2019	
		USD	Quantity	USD	Quantity	USD	Quantity
World	T	61,108,684	21,675	42,345,858	18,325	44,084,609	18,930
Argentina	T	25,663,275	9,081	24,942,731	10,920	23,190,310	9,669
Uruguay	T	25,015,769	8,349	10,898,499	4,532	17,884,011	8,055
Chile	T	2,458,205	800	3,199,351	1,200	1,219,018	400
United States	T	6,014,649	2,648	1,865,741	1,034	940,793	413
Finland	T	1,099,437	456	1,312,011	564	431,991	192
Canada	T	-	-	127,525	75	418,235	200
France	T	-	-	-	-	-	251
New Zealand	T	314,847	140	-	-	-	-
Poland	T	542,502	200	-	-	-	-

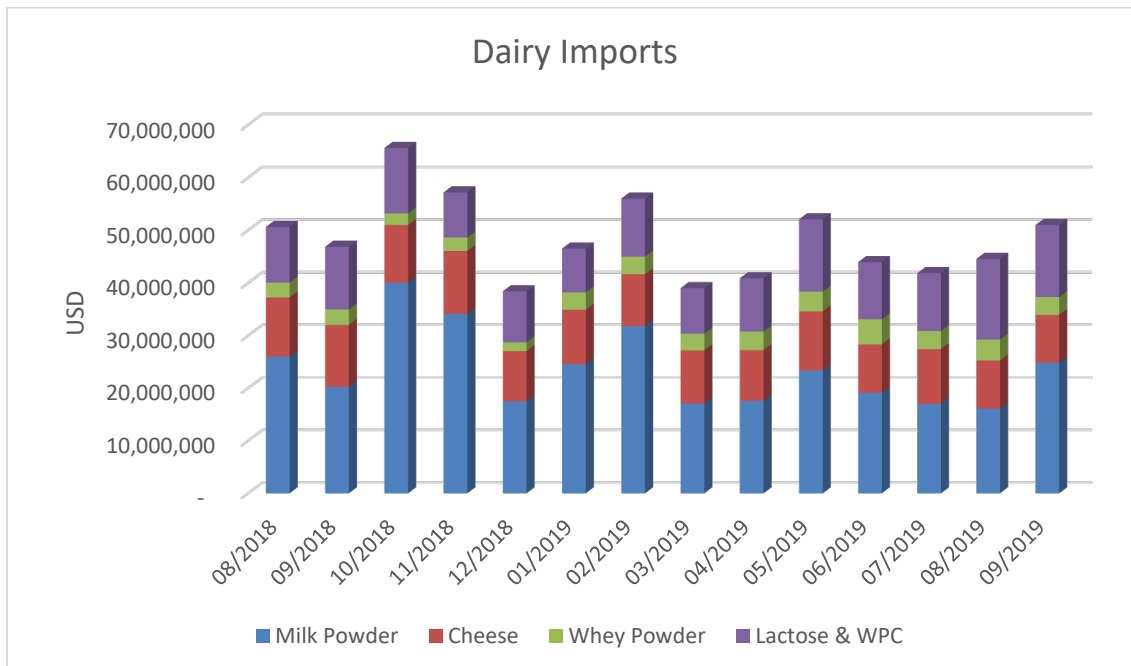
Source: Trade Data Monitor, LLC

**Imports from the United States:**

The United States continues to be competitive in other dairy categories, such as ingredients; sweet whey powder, lactose, and whey powder concentrate. The category in which the United States is most competitive is whey protein concentrates/isolate (WPC/WPI), accounting for 59 percent of Brazilian market share. Most sweet whey and lactose are used in the feed sector, but WPC/WPI is also used in the supplement industry and some other food sectors.



Data source: Trade Data Monitor, LLC



Data source: Trade Data Monitor, LLC

**Stocks:**

There are no official government stocks of nonfat dry milk in Brazil.

**Production, Supply, and Distribution Statistics:**

Dairy, Nonfat Milk Powder (HTS: 0402.10)

Dairy, Milk, Nonfat Dry	2018		2019		2020	
	Jan 2018		Jan 2019		Jan 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Market Begin Year						
Brazil						
Beginning Stocks	0	0	0	0	0	0
Production	155	155	158	158	0	161
Other Imports	29	29	30	29	0	29
Total Imports	29	29	30	29	0	29
Total Supply	184	184	188	187	0	190
Other Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
Human Dom. Consumption	184	184	188	187	0	190
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	184	184	188	187	0	190
Total Use	184	184	188	187	0	190
Ending Stocks	0	0	0	0	0	0
Total Distribution	184	184	188	187	0	190
(1000 MT)						

**Attachments:** No Attachments