

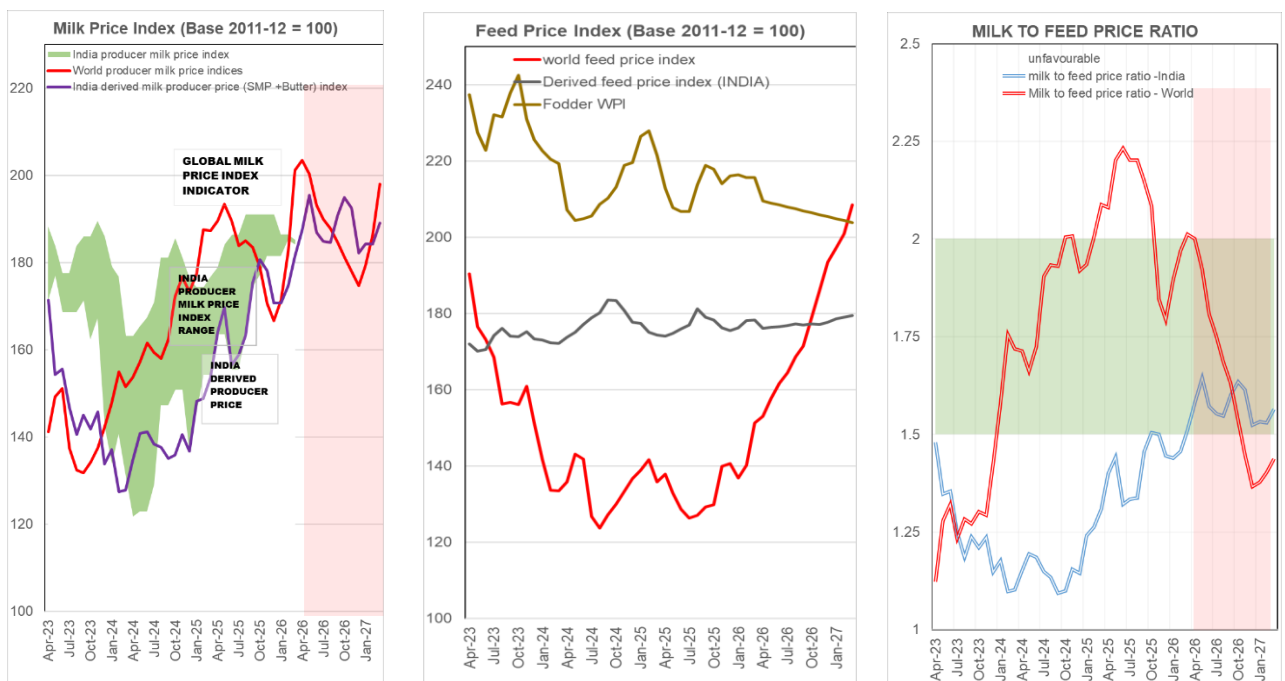
The resilience of Indian Dairy Sector through Global Linkages

Fogs Global Dairy Indices March 2026 Report and Outlook 2026-27



India's milk prices are likely to remain demand-supported but sensitive to feed cost shocks; global maize and soybean-meal markets show regional divergence and continued upside risk from logistics, policy and Asia-Pacific protein demand.

Fig 1. Milk and feed price indices development 2023-2026 and outlook 2026-27



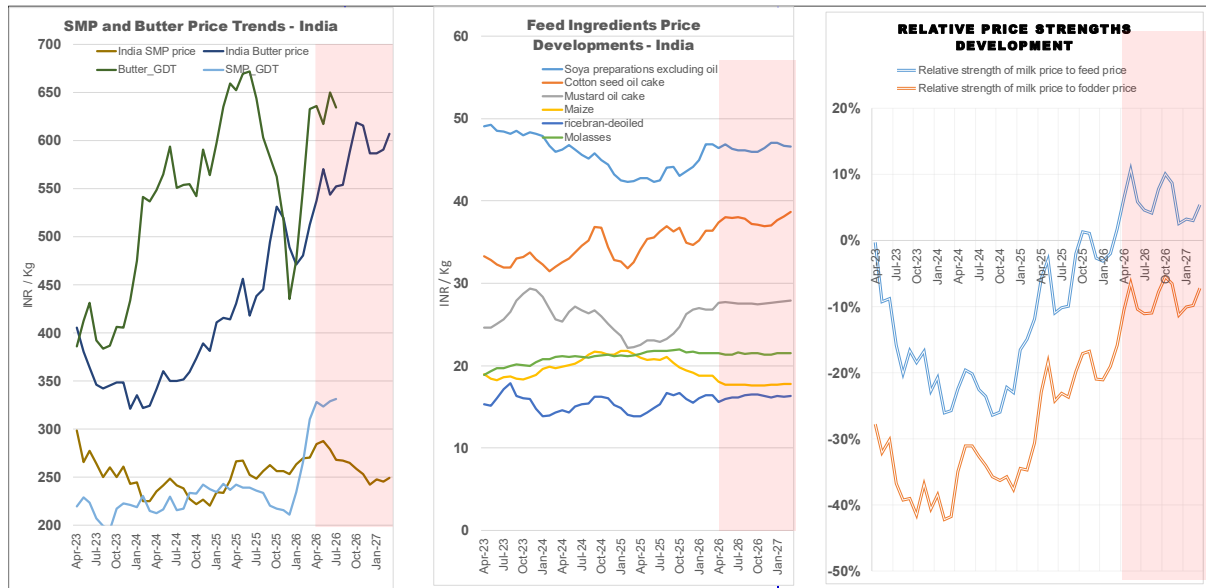
cc: fogs global dairy indices, figures in red shade is projected values

1. India Milk Prices — recent developments

Producer prices remained relatively firm as domestic demand for liquid milk and dairy products held up, supported by stable consumption and some value-added product growth.

Price drivers include input costs (feed, fuel), seasonal supply swings, and processor procurement strategies; any sustained rise in feed prices quickly compresses farm margins.

Fig 2. Drivers to Milk and feed price indices development 2023-2026 and outlook



2. India Dairy Commodity Markets

Global butter and SMP (skimmed milk powder) markets were highly volatile during 2023–25, shaped by swings in EU and Oceania export availability, freight costs, and demand from Asia.

For India, this volatility paradoxically provided resilience:

When global SMP prices spiked, Indian cooperatives could lean on domestic procurement, shielding farmers from extreme downside.

Butter price swings created arbitrage opportunities, allowing processors to balance inventories and hedge against feed-cost pressures.

The volatility acted as a “shock absorber,” ensuring Indian producer milk prices did not collapse even when feed costs rose sharply.

In effect, global commodity volatility helped Indian dairy markets maintain margin stability, as domestic milk prices tracked both local demand and international benchmarks, preventing prolonged misalignment.

3. India Feed Prices

Energy sources:

Maize (corn): Indian FOB maize price benchmarks in early 2026 were materially lower than some import parity points but remain sensitive to global export flows and freight. Reported

FOB references show wide regional spreads (e.g., Brazil ~USD 169/MT; USA ~USD 436/MT).

Rice Bran Deoiled Cake (RBDC): Prices rose moderately in 2023–25, reflecting demand from both dairy and poultry sectors. Its role as a cost-effective energy source supported ration balancing when maize prices spiked.

Molasses: Prices were relatively stable, tied to sugarcane output and ethanol blending policies. Molasses offered a dependable energy supplement, cushioning feed cost shocks.

Protein sources:

Soybean meal: India's import unit-price benchmarks sit below China's but above some South American origin prices; global crushing capacity and export policy (Argentina, Brazil) are the main supply-side levers. Tridge data show India's recent transaction benchmarks around USD 0.43–0.48/kg for meal.

Cottonseed Oil Cake (CSOC): Prices were volatile in 2023–25, influenced by cotton crop yields and oil extraction margins. Despite fluctuations, CSOC remained a widely used protein source due to its affordability and availability in cotton-growing regions.

Mustard Oil Cake (MOC): Prices tracked mustard seed harvests and edible oil demand. MOC provided a stable protein option, particularly in northern India, helping farmers diversify away from expensive soybean meal imports.

4. Outlook 2026–27

Butter:

Expected to remain firm, supported by strong demand in Asia and premium segments in Europe.

Price resilience will be underpinned by limited exportable surpluses from Oceania and EU, alongside steady demand for fat-rich dairy products.

India's processors may face higher import parity costs, but domestic demand growth should sustain producer returns.

SMP:

Outlook points to continued volatility, with Asia (China, Southeast Asia) driving demand.

EU and U.S. inventories will be critical: if stocks tighten, SMP prices could rise sharply; if inventories remain high, expect range-bound corrections.

For India, SMP remains a key benchmark for derived milk producer prices. Volatility in 2026–27 will again act as a stabilizer, aligning domestic milk prices with global competitiveness.

Maize: Expect range-bound to modestly firmer prices if global inventories tighten and export demand from Asia recovers; downside remains if South American harvests are large and logistics remain smooth. Short-term technical signals point to a corrective phase after multi-year weakness.

Rice Bran Deoiled Cake: Demand expected to rise further, driven by poultry and dairy feed sectors. Price outlook is moderately bullish.

Molasses: Stability expected, though ethanol blending policies may tighten availability, potentially raising prices.

Soybean meal: Continued volatility driven by Asia-Pacific demand, freight costs, and policy (export taxes/quotas). Structural demand growth for protein in Asia supports a medium-term price floor, but episodic spikes are likely if logistics or policy shocks occur. Market reports project continued market growth through 2026.

Cottonseed Oil Cake: Prices expected to remain firm, supported by steady cotton acreage and oil demand. Supply shocks (weather, pest) could trigger volatility.

Mustard Oil Cake: Likely stable, with moderate growth in demand as mustard acreage expands under government support schemes.

Implication for milk prices in India: If feed prices move into a high-volatility/upside scenario, expect upward pressure on farm feed costs and downward pressure on producer margins unless processors or government supports absorb part of the shock.

5. Practical implications and short recommendations

Resilience mechanism: Butter and SMP volatility ensures Indian milk prices remain tethered to global benchmarks, preventing prolonged feed-cost margin squeezes.

Diversification of feed basket: By relying on locally available protein (CSOC, MOC) and energy sources (RBDC, molasses), Indian dairy farmers reduced dependence on imported soybean meal and maize. When global feed prices surged, these indigenous ingredients acted as buffers, stabilizing ration costs and protecting farmer margins.

Regional adaptability: Feed ingredient diversity allowed cooperatives to tailor rations to local availability, ensuring resilience across varied agro-climatic zones.

Strategic actions:

1. **Dairy Commodity Management:** Cooperatives should monitor Oceania/EU export signals and freight costs. Hedging SMP imports and butter inventories can protect against sudden spikes. Policy teams may need to balance domestic buffer stocks with export parity to stabilize farmer incomes.
2. **Hedging and procurement:** Dairy processors and large cooperatives should increase forward coverage for key feed inputs and diversify origin sources to reduce landed-cost spikes.
3. **Ration and formulation:** Short-term substitution (alternative protein meals, by-products) and optimized rations can protect margins when soybean meal spikes. Continued use of CSOC, MOC, RBDC, and molasses will help Indian dairy farmers manage volatility in global maize and soybean meal markets. Introduce silage-based TMR systems to lower feed costs, improve nutrient efficiency, and stabilize rations during price spikes. Encourage cooperatives to adopt balanced formulations that maximize local ingredient use while maintaining productivity.
4. **Monitoring:** Track South American harvest reports, Argentina export policy, and freight rates—these are the highest-impact variables for 2026–27 price moves.

Monitoring government policies on oilseeds and ethanol blending will be key to anticipating feed price shifts in 2026–27.

References (5)

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Annexure:

Table 1. Milk and feed indices for March 2026 and its developments

Index	FG Indices- March 26	1-2month% (Feb-Mar 26)	3-month cumulative% (Jan-Mar 26)	YTD% (Apr-Mar 26)	1-Year% (Jan-Mar 26)
FG Producer	184.7	-1%	0%	14%	13%
FG Derived	181.4	6.3%	-1%	21%	17%
FG Wholesale	192.1	0.2%	0%	3%	3%
FG Consumer	191.0	0.0%	0%	2%	2%
FG Global milk	201.1	10.2%	8%	8%	0%
FG Feed	178.3	1.2%	1%	-1%	1%
FG Fodder	215.7	-0.3%	0%	0%	-4%
FG Global feed	151.3	7.8%	4%	0%	3%

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Table 2. Feed indices of ingredients for March 2026 and its trends

Index	FG Indices- March 26	1-2month% (Feb-Mar 26)	3-month cumulative% (Jan-Mar 26)	YTD% (Apr-Mar 26)	1-Year% (Jan-Mar 26)
FG Weighted Animal feeds	208.9	1%	2%	0%	6%
FG Cattle feed	210.8	0.4%	1%	-2%	1%
FG Rice bran extract	204.5	2.4%	1%	4%	14%
FG Soya extract	171.2	4.1%	6%	-1%	9%
FG Cotton extract	207.8	3.3%	1%	5%	11%
FG Mustard cake	215.2	-0.6%	4%	-2%	19%
FG Maize	187.4	0.0%	-4%	-6%	-13%
FG Fodder	215.7	-0.3%	0%	0%	-4%

cc: fogs global

Note: Method used: The milk price index is developed with the base year as 2011-12 considering the year having similar national and global milk producer prices and to keep in tandem with the government published data referenced to this year. FOGS GLOBAL NETWORK brings a monthly preview of the dairy prices development. Since milk price in India has a wide range, we have developed a producer milk price index using the monthly weighted SMP and Butter prices from NCDFI.

Source: Global milk price indicator, IFCN Dairy research network, India data from Ministry of Commerce and Industry ,GOI, NCDFI and internal surveys of producer prices at dairy cooperatives. Feb-March. 2026 values are based on estimates and reliable data sources like clal.it, dairynews7x7, GDT. Outlook is based on forecasts using univariate price time series analysis using ARIMA and SETAR models.

The derived milk producer price index for India is based on the wholesale SMP and butter prices for the national markets and backward calculation for its AI processing, marketing and inflation considered.

The CPI for milk and milk product is taken from ceicdata.com for time series April 2011-February 2025 and latest from published reports and news media on retail milk prices of major stakeholders.

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<https://www.linkedin.com/pulse/resilience-indian-dairy-sector-through-global-2026-report-amit-saha-l6bkc>