

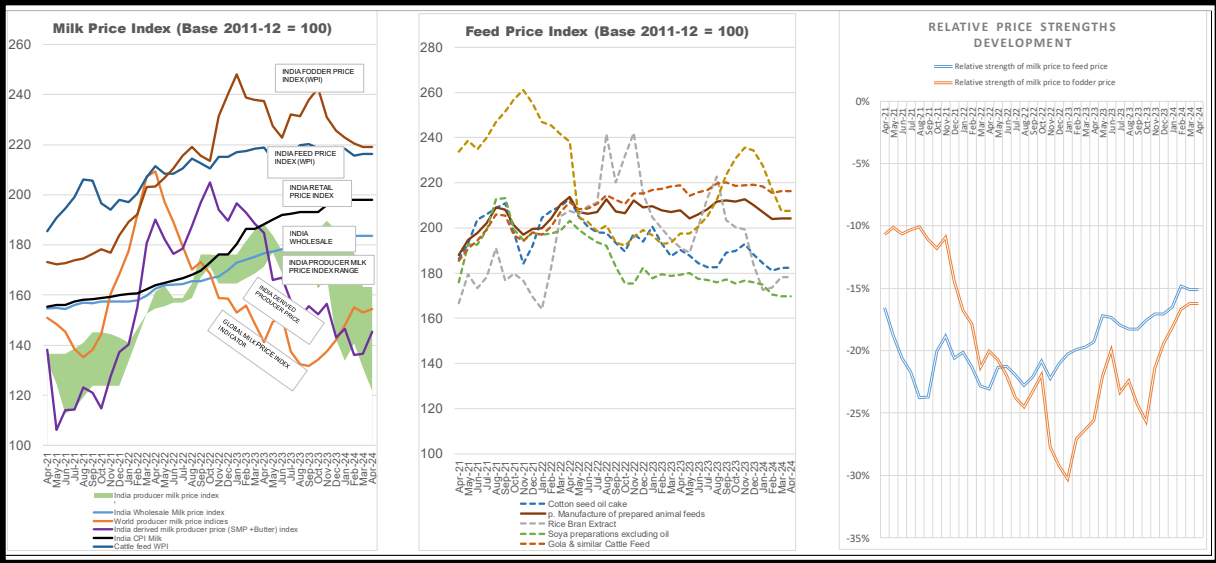
With stable national supplies, Indian dairy markets likely to remain calm this summer : April 2024 Fogs Global report



CC: fogsglobal, https://www.youtube.com/watch?app=desktop&v=p5_gF17KeUj, <https://kateris.org/dairy-products-nutritional-value-allies-weight-loss/>

Indian milk producer price indices fell in normal ranges as extended flush supply continues. Good news is the recovery in dairy commodities markets begins. With stable supplies, major flux in consumer markets unlikely this summer. The global markets, tending to stabilize, is guided by lower supplies and demand as well. This april edition for 2024/25 looks into these issues and trends.

Figure 1. The Fogs Global Dairy and Feed Price indices 2021-24



KEY HIGHLIGHTS

- ✚ The **FG India producer milk price index©** has decreased by 10% at 142 basis points in April 2024 over last three months, mainly on account of high inventories amidst flush supply.

However, there is wide variability in the prices by over 20 basis points across regions. With summers onset, producer prices likely to rise, as heat stress has its impact on cows.

- ✚ The **FG India derived producer price index**© at 145.3 basis points begin its recovery in 2024 by over 10 basis points in e-auctions of NCDFI trends. Though, the markets are over 19% lower levels over previous year. This could see a upturn in the derived price indices in the short run as commodity prices regain.

Table 1: FG Milk and Feed price indices trends India vs Global in April 2024

Index	FG Indices- April 2024	1-3month% (Feb / April 24)	3-month% Feb - Apr 24)	YTD% (Apr 24-)	1-Year% (Jan-Apr 24)
FG Producer	142.4	-13%	-10%	-21%	-14%
FG Derived	145.3	1.5%	-6%	-21%	-26%
FG Wholesale	183.6	1.0%	1%	4%	5%
FG Consumer	198.0	0.0%	0%	5%	7%
FG Global	154.4	-0.4%	8%	9%	2%
FG Feed	216.3	-1.3%	-1%	-1%	-1%
FG Fodder	219.1	-2.9%	-3%	-8%	-8%

- ✚ The **FG India whole sale milk price index**© at 184 basis points has almost stabilized in last 6 months due to the inflationary control policies of the government. It needs to be seen how long can the prices remains stable enough to keep inflation tamed. Wholesale prices are over 4% over previous year.

- ✚ The **FG India consumer milk price index**© at 198 basis points has also been stabilized largely in the last quarter and likely to remain so till the end of April 2024 due to stable supplies. The yearly indices are up by over 5% over previous year.

✚ The **FG global milk price index**© at 154 basis points showed resistance to its recovery since the fifth consecutive month. Global price indices fell marginally by 0,4% over last month, driven by poor milk powder demands and higher stocks. In addition, recession and inflation are affecting consumer purchasing capacity. Besides, China is producing more locally, reducing their import demand. On the supply side, major milk-producing and exporting regions are experiencing negative growth in production. Both New Zealand and the EU have seen declines in milk production at the onset of 2024 compared to the same period in 2023. Squeezed farmers' margins and stagnating milk prices are not motivating milk production. Moreover, the United States is encountering difficulties in improving milk production growth, with both milk yield and herd size lower than the previous year. On the other side, demand for powders is still weak and keeping the market quiet. All three key export price markets are aligned at the moment, without strong price competition. But according to the futures, NZ prices are about to be pushed on a lower level starting with the new production season.

- ✚ **The FG Feed wholesale price index** © at 216 basis points has almost stabilized in last 3 months. However, prices are marginally lower by 1% in the year 2024 over previous year. We have been tracking the price developments of the major feed ingredients and will be discussed in next section.

- ✚ **The FG Fodder wholesale price index** © at 219 basis points in April 2024 has decreased by 3% in last 3 months. This provides good margin to dairy farmers in meeting their costs amidst fall in milk prices significantly in some regions. Overall, for the year 2024, fodder prices indices are lower by 8% over previous year.

FEED PRICE INDICES DEVELOPMENT (2021-24)

From last 5 month onwards, we are also tracking the development of feed price indices of the manufactured cattle feed and its ingredients.

As can be seen from the chart below, the manufactured cattle feed weighted indices has seen a drop by 1% in last 3 months at 216 basis points . This is mainly driven by the fall in mustard cake price indices.

A comparative analysis of the various feed indices is done in table 2. Overall, it can be seen that in last 3 months, most of the feed ingredients have registered a fall in the wholesale price indices ranging from 1 to 9%. This could be a promising sign for India' milk supply to sustain to good growth in the year 2024-25. Added to this a significant fall in fodder price indices by over 3% in last 3 months and 8% over previous year could suggest meeting national demands easily and also increase its export share in the future global markets if recovery happens.

Table 2: FG Feed and fodder price indices trends India in April 2024 over previous year same period

Index	FG Indices- April 2024	1-3month% (Feb / April 24)	3-month% Feb - Apr 24)	YTD% (Apr 24-)	1-Year% (Jan-Apr 24)
FG Weighted Animal feeds	204.1	-3%	-3%	-2%	-2%
FG Cattle feed	216.3	-1.3%	-1%	-1%	-1%
FG Rice bran extract	178.3	-3.0%	-5%	-7%	-11%
FG Soya extract	169.7	-3.5%	-3%	-5%	-4%
FG Cotton extract	182.3	0.7%	-4%	-4%	-5%
FG Mustard cake	207.5	-11.4%	-9%	5%	10%
FG Fodder	219.1	-2.9%	-3%	-8%	-8%

Overall, we see indications for a stable Indian dairy markets this summer. As dairy commodities demand pick up, producer prices likely to recover. Globally, a deficit supply with subdued demand, is making markets remain dormant. Dairy market corrections globally, reducing milk supply, could raise demand and prices long overdue for the benefit of dairy stakeholders.

Looking forward to your comments and feedback in these issues.

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. April 2024 values are based on estimates and reliable data sources like clal.it, dairynews7x7

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 processing, marketing and inflation considered.

The CPI for milk and milk product is taken from ceicdata.com for time series April 2011-December 2023 and latest from published reports and news media on retail milk prices of major stakeholders.

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<https://www.linkedin.com/pulse/stable-national-supplies-indian-dairy-markets-likely-remain-amit-saha-mtpdc>