

"Feed prices are likely to remain volatile over the next 12 months"

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Feed is the single biggest cost lever in poultry production, and when maize and soybean meal move sharply, the impact travels almost immediately from the feed mill to the farm and eventually to the consumer. In this exclusive AgroSpectrum interview, Divya Kumar Gulati, Chairman, CLFMA of India, examines why feed-price volatility has become a structural threat to poultry margins rather than a temporary cost cycle and much more. Edited excerpts;

What are the biggest drivers behind the rise in feed prices this year, and which raw materials have seen the sharpest cost escalation?

Feed remains one of the largest components of poultry production costs, accounting for nearly 60–70 per cent of the total cost. This year, the sharp increase in feed prices has primarily been driven by the escalation in the cost of key protein and energy ingredients, particularly soybean meal and maize.

Soybean meal has witnessed the most significant pressure, with prices rising sharply due to tightening domestic availability, strong demand from the poultry, dairy and aquaculture sectors, and supply constraints. Recent market reports indicate that soybean meal prices rose by more than 40 per cent during the recent period, putting considerable pressure on feed formulations.

Maize, which is a major energy source in poultry feed, has also remained firm amid competing demand from the feed, industrial and ethanol sectors. In addition, logistics and weather-related disruptions can add to the landed cost of raw materials, particularly during the monsoon. Recent reports have linked the rise in poultry feed costs directly to higher maize and soybean prices.

Given that maize and soybean meal together form the core of most poultry feed formulations, sustained volatility in their prices has an immediate impact on the economics of poultry production. The industry therefore needs greater predictability in the availability and pricing of feed raw materials, along with policy measures that ensure adequate domestic supply while keeping feed costs competitive.

To what extent are feed costs versus other production expenses responsible for the retail poultry price increases being seen today?

It is important to look at poultry prices across the entire production and supply chain rather than attributing retail price increases solely to farmers. Feed is undoubtedly the single largest cost component, accounting for around 60–70 per cent of commercial poultry production costs. Maize and soybean meal are the principal ingredients, so any sharp movement in their prices has a direct impact on the cost of producing eggs and chicken.

However, feed is only one part of the overall cost structure. Farmers also incur expenses on day-old chicks or replacement birds, labour, electricity and fuel, housing and equipment, medicines and vaccination, litter, water, mortality and biosecurity, as well as transportation and other farm-level operations. These costs can rise simultaneously, particularly during periods of extreme weather or disease-related pressures.

There is also an important distinction between farm-gate prices and retail prices. The price ultimately paid by consumers reflects not only the farmer's production cost but also procurement, transportation, storage, processing where applicable, wholesale and retail margins, and the balance between supply and demand. In the case of eggs, for instance, recent price increases have been linked to both higher feed costs and tighter supply. Therefore, while feed-cost inflation can be a major contributor to higher poultry prices, it would be misleading to suggest that farmers are solely responsible for retail price increases.

Has the domestic supply of yellow corn and other locally sourced feed ingredients improved this year, or are structural supply gaps continuing to force manufacturers toward higher-cost imports?

Domestic yellow-corn supply has improved in terms of production initiatives, but the structural supply gap has not been closed in 2026. The Philippine Department of Agriculture itself notes that, despite rising yellow-corn production, domestic output remains below the requirements of feed processors, forcing manufacturers to supplement supplies through imported yellow corn and feed wheat. The latest USDA outlook reinforces this situation: corn imports are forecast at around 2.0 million tonnes in MY 2026/27, as domestic production growth remains insufficient to match expanding feed and food demand. Feed manufacturers continue to prefer locally produced yellow corn but are willing to increase imported corn use when domestic availability or pricing is less competitive. The issue is therefore not a lack of domestic production efforts, but insufficient supply relative to feed demand. Weather risks, fertilizer and logistics costs, and farmer planting decisions continue to constrain faster expansion of local production. The government's proposal to raise the corn import MAV to 500,000 tonnes is another indication that additional imports may be required when domestic supply tightens.

Other local ingredients such as cassava and rice-based by-products provide some substitution, but they cannot fully replace yellow corn across feed formulations. Consequently, manufacturers are likely to maintain a mixed procurement strategy, combining local corn with imported corn, feed wheat and other ingredients.

Overall, local supply is improving, but not sufficiently to eliminate the structural gap. Imports remain an important balancing mechanism for Philippine feed manufacturers, particularly when domestic corn availability tightens or imported ingredients become price-competitive.

How are feed manufacturers responding to these challenges?

Feed manufacturers are increasingly responding through precision nutrition and formulation optimisation. Companies are using enzymes, amino-acid balancing, feed additives and data-driven formulations to improve nutrient utilisation and reduce dependence on expensive conventional ingredients. There is also growing interest in alternative and locally available feed ingredients, including by-products and novel protein sources, where they are nutritionally viable, safe and commercially scalable. The objective is not simply to reduce feed costs, but to improve feed conversion, animal performance and overall efficiency while maintaining consistent quality. Going forward, greater adoption of precision feeding, enzyme technologies and alternative ingredients will be important in making feed production more resilient to raw-material price volatility without compromising animal health or productivity.

What policy interventions would have the greatest impact on stabilizing feed costs?

The most effective approach would be a combination of measures rather than any single intervention. Strengthening domestic production of key feed grains such as maize, improving storage and logistics infrastructure, and ensuring predictable import policies can help reduce supply and price volatility. At the same time, strategic reserves and timely, calibrated tariff adjustments can provide a buffer during periods of domestic shortages or global price spikes. Greater investment in agricultural productivity, irrigation, post-harvest infrastructure and market connectivity would also improve long-term supply resilience.

What is your outlook for feed prices over the next 12 months?

Feed prices are likely to remain volatile over the next 12 months, rather than seeing a sustained decline. While improved crop availability and softer global commodity prices could provide some relief, weather disruptions, geopolitical tensions, currency movements and freight costs will continue to create uncertainty. For poultry producers, this means feed costs are likely to remain a structural challenge, particularly as feed accounts for a significant share of production costs. However, greater availability of key ingredients, improved domestic production and wider adoption of efficient feed formulations could help moderate the pressure. Overall, we expect periodic relief rather than a sharp or sustained reduction in feed costs, making supply diversification, efficient nutrition and better risk management increasingly important for the poultry industry. A5

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