

GDT event 211 heads-up

Event 211 is held against the background of clearly more lively market place at a time that the New Zealand milk season is winding down. In the past two weeks since the last GDT event, prices have been on the rise across the board.

On offer on tomorrow's GDT event 211;

Maximum Supply (MT) Event 211	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6
Anhydrous Milk Fat	310	1.225	590	310	330	0
Butter Milk Powder	100	250	125	75	75	0
Butter	140	445	400	270	240	0
Cheddar	80	200	0	80	60	0
Milk Protein Concentrate	0	0	0	0	0	0
Rennet Casein	50	150	100	75	50	0
Skim Milk Powder	250	1.425	500	575	560	0
Sweet Whey Powder	0	0	0	0	0	0
Whole Milk Powder	2.450	5.400	745	985	850	200

The total quantity on offer is 19.670 mt, 19.050 mt, 620 mt more than what was offered in the previous event and 3.690mt less than in the corresponding event last year.



Even at elevated prices for WMP, NZ remains the most competitive region to source from. For SMP even with a price increase in the past 10 days of around 20%, EU remains the most competitive. On Cheddar EU is the most attractive option from a price point of view with both NZ and USA about \$ 125/mt more expensive. For Butter, USA remains the most economic option with EU at a \$ 1.575/mt distance and NZ at \$ 300,-/mt.



- Labour day tomorrow and the current edition of ADPI in Chicago may imply a smaller number of participants.
- All futures currently trade at a premium.
- NZX Futures prices would suggest an approximate 3% gain on tomorrow's GDT event.
- Fundamentally, we would support that assessment in the light of the current sentiment in the market in which we see continuing strong exports, higher oil prices and the March (weather related) disruption that saw the main regions producing less milk than anticipated on the back of previous months and relatively high farm gate prices. The result could easily turn out higher. At this point we would reckon a result between + 2,5 to 5% likely.
- NZ however, has a calculated stock position (Production – export/domestic consumption + imports) approaching about 750 million kgs LME with only a month to go to the end of the season.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 211. As usual, this will be on top of the Global export, import, price, production & stock situation. As always, we will comment on any other matters that may have an impact on dairy price developments.

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