

## The Greenmark GDT heads-up, event 247

Event 247 is held against a continuing more positive market sentiment that is, in a way, undetermined in its course as in the EU we see milk production rising again while overall, Chinese imports are slowing. To hold up the increased farm gate price of Fonterra, GDT has to perform.

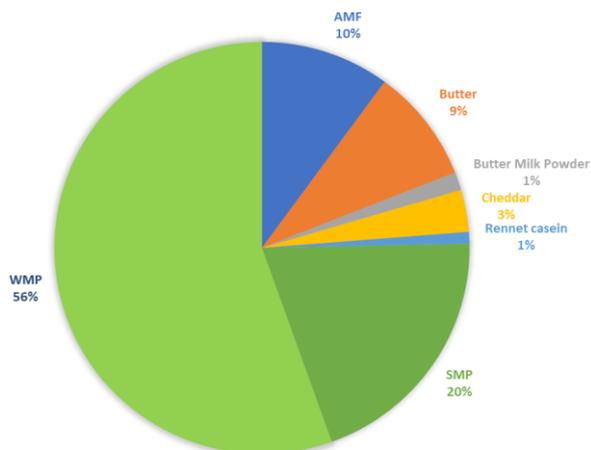
### On offer at Event 247:

GDT event 247						
Sales Group Maximum Supply (MT)	Contract 1 (Dec 19)	Contract 2 (Jan 19)	Contract 3 (Feb 20)	Contract 4 (March 20)	Contract 5 (April 20)	Contract 6 (May 20)
Anhydrous Milk Fat	265	1,435	1,010	750	365	290
Butter milk Powder	80	214	106	100	80	-
Butter	185	1,375	820	655	380	245
Cheddar	100	400	400	345	100	-
Rennet Casein	50	150	100	75	-	-
Skim Milk Powder	450	4,100	1,950	915	700	-
Whole Milk Powder	3,000	9,677	5,175	3,100	1,700	-

The total offered volume is 40,822 mt, 397 mt more than in the previous event caused mainly by the addition of Butter Milk Powder.

Product	event 246	event 247	change	change %
AMF	4,225	4,115	-110	-2.60%
Butter	3,625	3,660	35	0.97%
Butter Milk Powder	0	580	580	-
Cheddar	1,500	1,345	-155	-10.33%
Rennet casein	500	375	-125	-25.00%
SMP	8,510	8,115	-395	-4.64%
WMP	22,085	22,652	567	2.57%
<b>Total</b>	<b>40,445</b>	<b>40,842</b>	<b>397</b>	<b>0.98%</b>

GDT OFFERED VOLUME ALLOCATION EVENT 247



The forecast for Cheddar Cheese has been reduced by a total of 620 metric tonnes with November and December offer quantities reducing by 310 metric tonnes each. The forecast for Rennet Casein has been reduced by 750 metric tonnes with offer quantities for November to January reduced by 200, 300 and 250 metric tonnes respectively. These changes are driven by product mix optimisation

Since the last GDT event of two weeks ago, changes in futures were as follows:

NZX Futures changes since last GDT					
		settlements 30/9	settlements 14/10	Δ	Δ%
<b>Amf</b>	Oct	\$5,080	\$4,925	-\$155	-3.05%
	Nov	\$5,025	\$5,000	-\$25	-0.50%
	Dec	\$5,000	\$5,000	-	-
	Jan	\$5,000	\$5,000	-	-
	Feb	\$5,000	\$5,000	-	-
	March	\$5,000	\$5,000	-	-
<b>SMP</b>	Oct	\$2,665	\$2,690	\$25	0.94%
	Nov	\$2,670	\$2,740	\$70	0.94%
	Dec	\$2,685	\$2,740	\$55	2.62%
	Jan	\$2,660	\$2,745	\$85	2.05%
	Feb	\$2,650	\$2,740	\$90	3.20%
	March	\$2,655	\$2,740	\$85	3.40%
<b>Butter</b>	Oct	\$4,100	\$4,100	-	-
	Nov	\$4,125	\$4,125	-	-
	Dec	\$4,050	\$4,050	-	-
	Jan	\$4,050	\$4,050	-	-
	Feb	\$4,050	\$4,050	-	-
	March	\$4,050	\$4,050	-	-
<b>WMP</b>	Oct	\$3,100	\$3,100	-	-
	Nov	\$3,105	\$3,125	\$20	0.64%
	Dec	\$3,085	\$3,160	\$75	2.43%
	Jan	\$3,075	\$3,180	\$105	3.41%
	Feb	\$3,080	\$3,180	\$100	3.25%
	March	\$3,080	\$3,180	\$100	3.25%

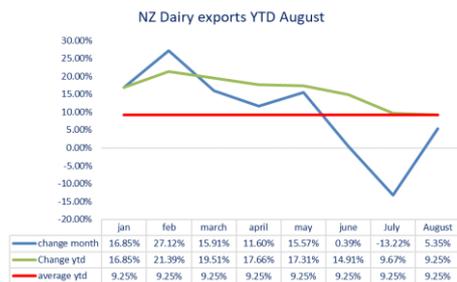
Futures for SMP and WMP (C2-C5) have increased significantly in the last two weeks and are now priced about 2.2% (smp) and 0.4% (wmp) higher than the average winning price in the previous GDT event.

While Chinese buying has been strong for WMP, the most recent data for WMP imports in August show a decline of 12.6%, the first significant year-on-year decline since September 2018.

Overall, Chinese Dairy imports for August were down by approximately 1% in terms of LME's. (LME = Liquid Milk Equivalent)

**Some further inputs to the market are:**

- Overall, YTD July/ August global milk production from the main exporting countries have contracted while the H2 outlook on milk production appears stronger from NZ and the EU.
- Oil prices have eased further after the initial hike after the drone attack on the Saudi oil fields last month. The current pricing is 54.69/barrel. (WTI crude) Since a year ago, the price fell by 23.8%.
- After July saw weak yoy volumes, August exports from NZ saw a significant improvement from that but remained at only half the average of January-July, which is why the YTD Jan-August, has kept declining;



For now, we would expect the GDT Price index to move up between 0.60% and + 1.50%, reflecting increases in SMP and WMP which would in part be offset by losses in Butter and Butterfat.

In **The Greenmark Dairy Report** of the coming Wednesday, we will report with an analysis of the outturn of event 246. As usual, along with Global export, import, price, production, consumption & stock data. As always, we will comment on any other matters that may have an impact on dairy price developments.

For further information or a subscription on The Greenmark Dairy Report, email us at [r.schorsij@greenmarkdairy.com](mailto:r.schorsij@greenmarkdairy.com)