



The Greenmark GDT heads-up, event 264

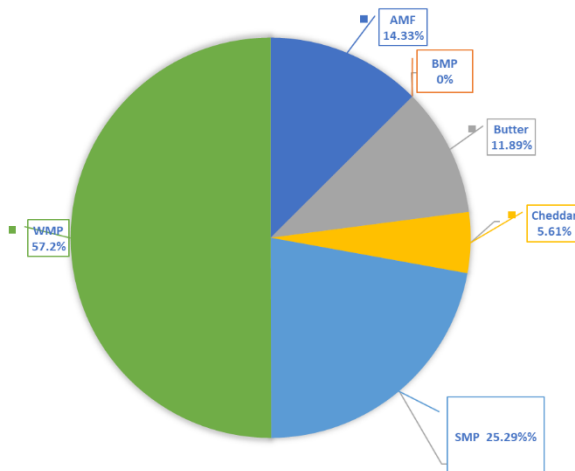
Markets are still in the process of recovering from the hole that COVID19 carved in foodservice consumption. Since early May we have started to see improvements and now the markets are looking more closely at the effects on a macroeconomic level: the huge unemployment numbers and the forecasted contraction of the global economy.

In the past weeks, news has emerged about increased contaminations around the globe that carry the risk of renewed and stricter measures for the public after most governments had loosened them in the past month.

On offer at Event 264:

GDT event 264						
Sales Group Maximum Supply (MT)	Contract 1 (July 20)	Contract 2 (Aug 20)	Contract 3 (Sept 20)	Contract 4 (Oct 20)	Contract 5 (Nov 20)	Contract 6 (Dec 20)
Anhydrous Milk Fat	100	1,000	915	650	475	0
Butter Milk Powder	0	0	0	0	0	0
Butter	415	825	580	420	265	100
Cheddar	50	180	400	400	100	100
Skim Milk Powder	0	1,125	1,550	1515	1350	0
Whole Milk Powder	500	3,750	3,250	2,850	2,185	0

GDT OFFERED VOLUME ALLOCATION EVENT 264



The total offered volume is 21,910 mt, an increase of 3,140 mt or + 14.33% vs event 262. The increased volume is caused by increases in all commodities:

Product	event 262	event 264	change	change %
AMF	2830	3140	310	10.95%
Butter Milk Powder	0	0	0	-
Butter	1735	2605	870	50.14%
Cheddar	950	1230	280	29.47%
SMP	4,175	5,540	1,365	32.69%
WMP	12,220	12,535	315	2.58%
Total	21,910	25,050	3,140	14.33%

Fonterra Co-operative Group has made no change to its Global Dairy Trade (GDT) Event forecast offer quantity for Whole Milk Powder for the next 12 months.

The offer quantity for Skim Milk Powder is unchanged for the current event, however the 12 month forecast quantity for Skim Milk Powder has been decreased by a total of 10,000 metric tonnes between August 2020 and April 2021. This change is driven by product mix optimisation.

The 12 month forecast offer quantity remains unchanged for all other products. Fonterra also advises that from August 2020 it will no longer offer the 'three month at time of departure' guaranteed age service for WMP & SMP sold through Global Dairy Trade (GDT) Events.

This type of service will remain available through other sales channels.

Since the GDT event of two weeks ago, futures prices changed as follows.

NZX Futures changes since last GDT					
		settlements 07/07	settlements 20/07	Δ	Δ%
Amf	July	\$4,050	\$3,975	-\$75	-1.85%
	Aug	\$4,000	\$4,150	\$150	3.75%
	Sept	\$4,000	\$4,000	-	-
	Oct	\$4,050	\$4,050	-	-
	Nov	\$4,050	\$4,050	-	-
	Dec	\$4,050	\$4,050	-	-
	Average		\$4,033	\$4,046	\$13
SMP	July	\$2,610	\$2,825	\$215	8.24%
	Aug	\$2,545	\$2,690	\$145	5.70%
	Sept	\$2,545	\$2,700	\$155	6.09%
	Oct	\$2,575	\$2,640	\$65	2.52%
	Nov	\$2,565	\$2,650	\$85	3.31%
	Dec	\$2,575	\$2,630	\$55	2.14%
	Average		\$2,569	\$2,689	\$120
Butter	July	\$3,580	\$3,690	\$110	3.07%
	Aug	\$3,575	\$3,690	\$115	3.22%
	Sept	\$3,550	\$3,690	\$140	3.94%
	Oct	\$3,625	\$3,625	-	-
	Nov	\$3,625	\$3,625	-	-
	Dec	\$3,650	\$3,650	-	-
	Average		\$3,601	\$3,662	\$61
WMP	July	\$2,940	\$3,240	\$300	10.20%
	Aug	\$2,985	\$3,245	\$260	8.71%
	Sept	\$2,980	\$3,200	\$220	7.38%
	Oct	\$2,980	\$3,160	\$180	6.04%
	Nov	\$2,955	\$3,100	\$145	4.91%
	Dec	\$2,950	\$3,040	\$90	3.05%
	Average		\$2,965	\$3,164	\$199

AMF futures saw an average increase of 0.31%, solely caused by C2.

SMP gained in average 4.67%, much in line with earlier developments in the USA and the EU. In both the EU and the US however, SMP prices have been eroding.

Butter increased 1.69% and remains the lowest priced origin vs the EU and the US..

WMP gained 6.72% but remains marginally below the average price on the previous GDT event.

Further inputs to the market:

- The Coronavirus continues to overshadow the outlook on business and life and continues to cause general insecurity and has caused supply chain disruptions along with massive layoffs in a.o. the USA. In Europe, layoffs are strongly increasing and are forecasted to increase further in H2 2020.
- Regardless of all the negativity, prices have (in some cases partially) rebound globally but in the past few weeks, the markets have remained relatively quiet.
- On a calculated basis of NZX futures vs settlement prices in the previous GDT event, movements on the NZX *point* towards a decrease in the GDT index of about **-0.70%**, caused by a lower expectation for all products except AMF.
- In the previous event, we have seen how market expectations and trade dynamics of participants on the NZX can differ wildly from the actual GDT outcome.
- Some markets remain extremely volatile. In the US on the CME, Cheddar blocks had reached a record price of \$ 3/lb on Monday last week, to drop to \$ 2.66/lb on Friday, -12.34% in 4 working days.

In the **Greenmark Dairy Report** of the coming Wednesday, we will report with an in-depth analysis of the outcome of event 264. As per 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

