



The Greenmark GDT heads-up, event 268

The markets are slowly coming alive again after the Western Hemisphere summer months. While industries are trying to recover from the first wave of COVID19, the number of contaminations keeps increasing. Since early May we have started to see some improvements in economic activity but 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. What it all will mean to the market remains to be seen but so far, prices have retracted after their initial fall in early March but have over the summer remained about 10-14% below pre-COVID19 levels.

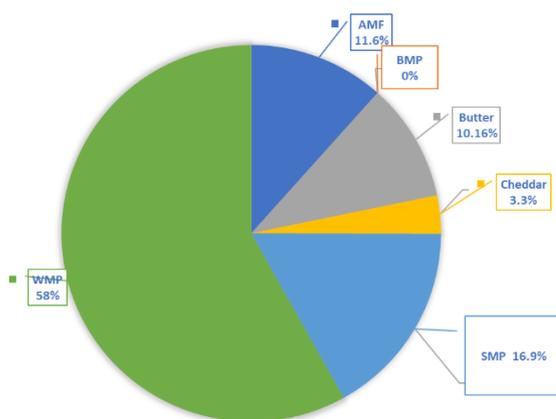
On offer at Event 268:

| GDT event 268 | | | | | | |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| Sales Group Maximum Supply (MT) | Contract 1 (Oct 20) | Contract 2 (Nov 20) | Contract 3 (Dec 20) | Contract 4 (Jan 21) | Contract 5 (Feb 21) | Contract 6 (March 21) |
| Anhydrous Milk Fat | 285 | 1,410 | 1,025 | 985 | 535 | 0 |
| Butter Milk Powder | 0 | 0 | 0 | 0 | 0 | 0 |
| Butter | 245 | 1,150 | 875 | 855 | 490 | 100 |
| Cheddar | 100 | 200 | 350 | 350 | 100 | 100 |
| Skim Milk Powder | 375 | 2,265 | 1,400 | 1125 | 1000 | 0 |
| Whole Milk Powder | 2,150 | 9,500 | 4,800 | 2,765 | 2,025 | 0 |

The total offered volume is 36,560 mt, an decrease of 1,490 mt or -3.92% vs event 267. The decreased volume is caused by the absence of BMP and reductions in offered Cheddar and SMP:

| Product | event 267 | event 268 | change | change % |
|--------------------|---------------|---------------|---------------|---------------|
| AMF | 4,240 | 4,240 | - | - |
| Butter Milk Powder | 580 | - | - | - |
| Butter | 3,715 | 3,715 | - | - |
| Cheddar | 1,380 | 1,200 | -180 | -13.04% |
| SMP | 6,895 | 6,165 | -730 | -10.59% |
| WMP | 21,240 | 21,240 | - | - |
| Total | 38,050 | 36,560 | -1,490 | -3.92% |

GDT OFFERED VOLUME ALLOCATION EVENT 268



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

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

| NZX Futures changes since last GDT | | | | | |
|------------------------------------|------|-------------------|-------------------|--------|--------|
| | | settlements 31/08 | settlements 15/09 | Δ | Δ% |
| Amf | Sept | \$4,000 | \$3,880 | -\$120 | -3.00% |
| | Oct | \$4,050 | \$4,050 | - | - |
| | Nov | \$4,050 | \$4,050 | - | - |
| | Dec | \$4,050 | \$4,050 | - | - |
| | Jan | \$4,050 | \$4,050 | - | - |
| | Feb | \$4,100 | \$4,100 | - | - |
| Average | | \$4,050 | \$4,030 | -\$20 | -0.49% |
| SMP | Sept | \$2,635 | \$2,740 | \$105 | 3.98% |
| | Oct | \$2,630 | \$2,660 | \$30 | 1.14% |
| | Nov | \$2,635 | \$2,665 | \$30 | 1.14% |
| | Dec | \$2,645 | \$2,660 | \$15 | 0.57% |
| | Jan | \$2,675 | \$2,685 | \$10 | 0.37% |
| | Feb | \$2,685 | \$2,715 | \$30 | 1.12% |
| Average | | \$2,651 | \$2,688 | \$37 | 1.38% |
| Butter | Sept | \$3,475 | \$3,380 | -\$95 | -2.73% |
| | Oct | \$3,470 | \$3,430 | -\$40 | -1.15% |
| | Nov | \$3,480 | \$3,440 | -\$40 | -1.15% |
| | Dec | \$3,490 | \$3,460 | -\$30 | -0.86% |
| | Jan | \$3,540 | \$3,540 | - | - |
| | Feb | \$3,560 | \$3,560 | - | - |
| Average | | \$3,503 | \$3,468 | -\$34 | -0.98% |
| WMP | Sept | \$2,960 | \$2,900 | -\$60 | -2.03% |
| | Oct | \$2,940 | \$2,875 | -\$65 | -2.21% |
| | Nov | \$2,920 | \$2,875 | -\$45 | -1.54% |
| | Dec | \$2,900 | \$2,885 | -\$15 | -0.52% |
| | Jan | \$2,910 | \$2,890 | -\$20 | -0.69% |
| | Feb | \$2,940 | \$2,900 | -\$40 | -1.36% |
| Average | | \$2,928 | \$2,888 | -\$41 | -1.39% |

AMF remained largely unchanged, except for C1 that decreased by -3.00%.

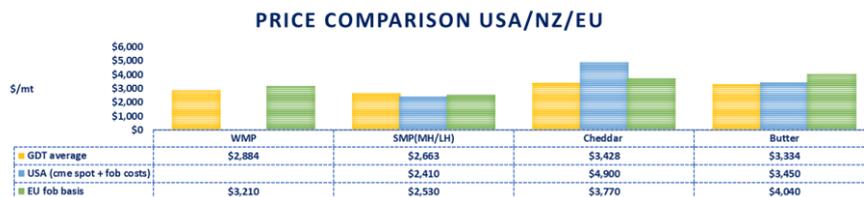
SMP went up in average by 1.38% with the biggest increase in C1.

Butter went down in average by 0.98% but remained unchanged for C4 and C5.

WMP went down in average by -1.39% with the biggest losses in C1 and C2.

Further inputs to the market:

- Regardless of all the negativity, prices have (but in several cases only partially) rebound globally but in the past two months, they have remained relatively stable and linger around the -10% to -14% below pre-COVID-19 levels.
- On a calculated basis of NZX futures vs settlement prices in the previous GDT event, movements on the NZX *point* towards an increase in the GDT index of about +1.25%, caused by a higher price expectation (vs Event 267) for *all* products but mainly for AMF and Butter.
- Overall, given the time of the year, ongoing COVID19 outfall concerns, and strongly seasonally increased volume on offer, the predictability remains difficult. From operators, we continue to hear of recovering markets and strong buying interest in China.
- Overall, the prices of the previous GDT event are below today's prices from main competitors for WMP, Cheddar, and Butter which could offer some further upside. We would believe an increase between +1% and +2% is possible tomorrow.



In the **Greenmark Dairy Report** of coming Wednesday, we will report with an in-depth analysis of the outcome of event 268. 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