



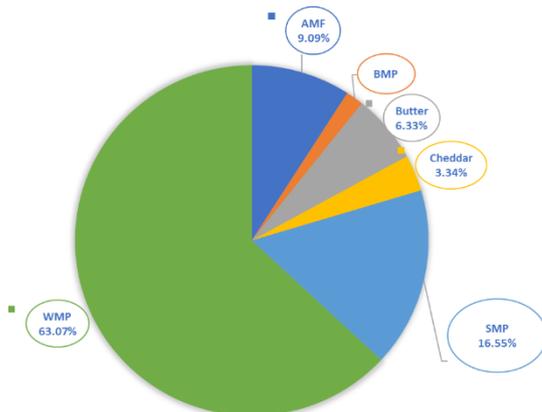
The Greenmark GDT heads-up, event 271

The markets remain quiet in Europe with more strict lockdown measures taking place in most countries, directly affecting the Foodservice industry that is estimated to consume about 10% of all EU dairy in normal years. In the US, the Cheddar blocks rally continues and current pricing on an FOB basis is now at just below \$6,280/mt: **65.1% higher** than the Fonterra price on the previous GDT event. In the EU we see weakening prices for SMP, Cheese, and Butter. Yet, market operators continue to have difficulties assessing the market with the numerous uncertainties in the light of COVID19, the unemployment it causes, and the contraction of the global economy. Adding to this are the American elections of tomorrow and the nearing of Brexit with no trade deal tabled yet.

On offer at Event 271:

GDT event 271						
Sales Group Maximum Supply (MT)	Contract 1 (Dec 20)	Contract 2 (Jan 20)	Contract 3 (Feb 20)	Contract 4 (March 21)	Contract 5 (April 21)	Contract 6 (May 21)
Anhydrous Milk Fat	250	1,050	825	725	415	0
Butter Milk Powder	50	205	175	75	75	0
Butter	150	800	525	450	350	
Cheddar	100	300	300	300	100	100
Skim Milk Powder	500	2,445	1,260	1,025	715	0
Whole Milk Powder	3,000	9,678	5,175	3,100	1,700	0

GDT OFFERED VOLUME ALLOCATION EVENT 271



The total offered volume is 35,918 mt, an increase of 883mt or +2.52% vs event 270. The increased volume is caused by the offered volume of BMP that was absent in event 270, and higher offerings of Butter and WMP that were only partially mitigated by lower volumes of SMP and Cheddar.

Product	event 270	event 271	change	change %
AMF	3,365	3,265	-100	-2.97%
Butter Milk Powder	0	580	580	-
Butter	2,225	2,275	50	2.25%
Cheddar	1,300	1,200	-100	-7.69%
SMP	6,060	5,945	-115	-1.90%
WMP	22,085	22,653	568	2.57%
Total	35,035	35,918	883	2.52%

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

The contract offer quantities for Whole Milk Powder in February 2021 have been changed with 2,350 metric tonnes moved from contracts 4 and 5 to contracts 2 and 3. This is to better meet market demand.

The 12 months forecast offer quantity remains unchanged for all other products.



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

NZX Futures changes since last GDT						
		settlements 19/10	settlements 02/11	Δ	Δ%	
Amf	C1	Dec	\$4,160	\$4,180	\$20	0.48%
	C2	Jan	\$4,240	\$4,240	-	-
	C3	Feb	\$4,250	\$4,250	-	-
	C4	March	\$4,260	\$4,260	-	-
	C5	April	\$4,270	\$4,270	-	-
	C6	May	\$4,280	\$4,280	-	-
	Average		\$4,243	\$4,247	\$3	0.08%
SMP	C1	Dec	\$2,825	\$2,795	-\$30	-1.06%
	C2	Jan	\$2,855	\$2,775	-\$80	-2.80%
	C3	Feb	\$2,850	\$2,780	-\$70	-2.46%
	C4	March	\$2,850	\$2,785	-\$65	-2.28%
	C5	April	\$2,850	\$2,810	-\$40	-1.40%
	C6	May	\$2,850	\$2,820	-\$30	-1.05%
	Average		\$2,847	\$2,794	-\$53	-1.84%
Butter	C1	Dec	\$3,570	\$3,620	\$50	1.40%
	C2	Jan	\$3,690	\$3,690	-	-
	C3	Feb	\$3,690	\$3,690	-	-
	C4	March	\$3,690	\$3,690	-	-
	C5	April	\$3,655	\$3,675	\$20	0.55%
	C6	May	\$3,675	\$3,675	-	-
	Average		\$3,662	\$3,673	\$12	0.32%
WMP	C1	Dec	\$3,140	\$3,050	-\$90	-2.87%
	C2	Jan	\$3,135	\$3,050	-\$85	-2.71%
	C3	Feb	\$3,135	\$3,050	-\$85	-2.71%
	C4	March	\$3,135	\$3,055	-\$80	-2.55%
	C5	April	\$3,130	\$3,050	-\$80	-2.56%
	C6	May	\$3,125	\$3,050	-\$75	-2.40%
	Average		\$3,133	\$3,051	-\$83	-2.63%

AMF saw a small increase in C1 while the other contracts remained unchanged.

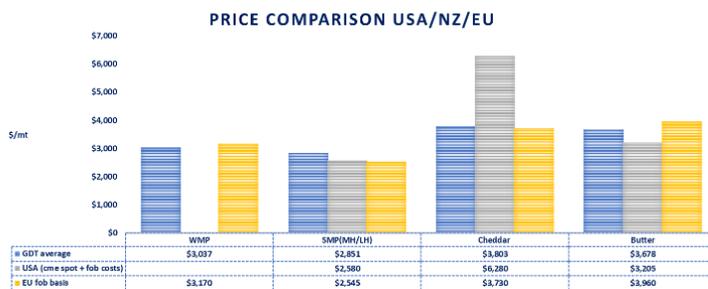
SMP went down, in average by -1.84% with the heaviest losses in Q1 2021.

Butter went up in average by 0.32% but remained unchanged for C2,3,4, and 6.

WMP went down significantly, in average by 2.63%. Losses were even distributed over all contracts.

Further inputs to the market:

- 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 +0.25%, caused by a higher price expectation (vs Event 270) for WMP and AMF.
- The current NZX pricing for WMP is 4.2% below the EU price.
- For Key commodities like WMP, SMP, Cheese, and Butter we have seen increased import appetite from China in September.
- In comparison to the EU and the USA, NZ is the most affordable for WMP but not for any of the other commodities:



- Based on the above and ongoing concerns around the economic damage caused by COVID19 and buyer tendencies to not go too far out, we would expect a lower average winning price in tomorrow's event but not more than **-1.5%**.

In the **Greenmark Dairy Report** of coming Wednesday, we will report with an in-depth analysis of the outcome of event 271. 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 to The Greenmark Dairy Report email us at r.schorsij@greenmarkdairy.com