

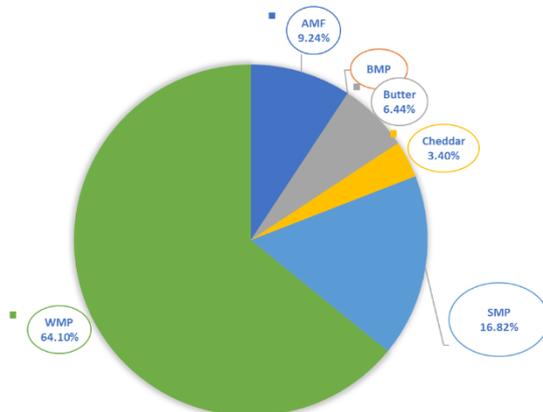
The Greenmark GDT heads-up, event 272

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 has come to a grinding halt and reversed. Last Friday's session at CME resulted in a price for Cheddar blocks that was 16.35% lower than its price on the previous Monday. USA Cheddar blocks are now at just below \$4.227/mt: **11.65% 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.

On offer at Event 272:

GDT event 272						
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	-	-	-	-	-	-
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	9,677	5,175	3,100	1,700	0

GDT OFFERED VOLUME ALLOCATION EVENT 272



The total offered volume is 35,337 mt, a decrease of 581mt or **-1.62%** vs event 271. The decreased volume is caused by the absence of BMP I event 272.

Product	event 271	event 272	change	change %
AMF	3,265	3,265	0	0.00%
Butter Milk Powder	580	0	-580	-
Butter	2,275	2,275	0	0.00%
Cheddar	1,200	1,200	0	0.00%
SMP	5,945	5,945	0	0.00%
WMP	22,653	22,652	-1	0.00%
Total	35,918	35,337	-581	-1.62%

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 March 2021 have been changed with 1,350 metric tonnes moved from contracts 4 and 5 to contracts 2 and 3. This is to better meet market demand.

The forecast offer quantities for Skim Milk Powder in September and October 2021 have been changed with 2,400 metric tonnes moved from September to October. This is to better meet product supply at this time of the year.

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 02/11	settlements 16/11	Δ	Δ%
AMF	C1 Dec	\$4,180	\$4,180	-	-
	C2 Jan	\$4,240	\$4,225	-\$15	-0.35%
	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		\$4,247	\$4,244	-\$3
SMP	C1 Dec	\$2,795	\$2,730	-\$65	-2.33%
	C2 Jan	\$2,775	\$2,755	-\$20	-0.72%
	C3 Feb	\$2,780	\$2,765	-\$15	-0.54%
	C4 March	\$2,785	\$2,775	-\$10	-0.36%
	C5 April	\$2,810	\$2,760	-\$50	-1.78%
	C6 May	\$2,820	\$2,765	-\$55	-1.95%
	Average		\$2,794	\$2,758	-\$36
Butter	C1 Dec	\$3,620	\$3,850	\$230	6.35%
	C2 Jan	\$3,690	\$3,850	\$160	4.34%
	C3 Feb	\$3,690	\$3,850	\$160	4.34%
	C4 March	\$3,690	\$3,850	\$160	4.34%
	C5 April	\$3,675	\$3,875	\$200	5.44%
	C6 May	\$3,675	\$3,875	\$200	5.44%
	Average		\$3,673	\$3,858	\$185
WMP	C1 Dec	\$3,050	\$3,050	\$0	0.00%
	C2 Jan	\$3,050	\$3,080	\$30	0.98%
	C3 Feb	\$3,050	\$3,085	\$35	1.15%
	C4 March	\$3,055	\$3,090	\$35	1.15%
	C5 April	\$3,050	\$3,090	\$40	1.31%
	C6 May	\$3,050	\$3,075	\$25	0.82%
	Average		\$3,051	\$3,078	\$28

AMF saw a small decrease in C2 while the other contracts remained unchanged.

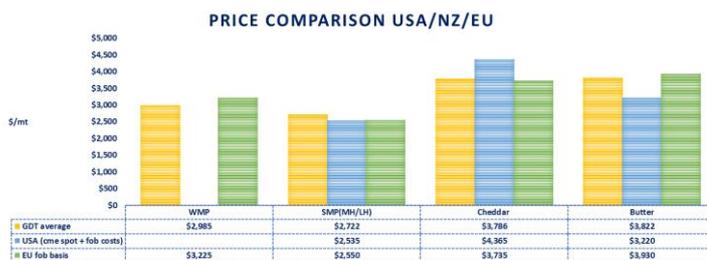
SMP went down by -1.28% in average with the heaviest losses in Q4, and Q2 2021.

Butter went up significantly by 5.04% in average with also here, the biggest increases in Q4 and Q2 2021.

WMP moved up in average by 0.90%. C1 remained unchanged.

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 +3.00%, caused by a higher price expectation (vs Event 271) for mainly WMP and AMF.
- The current NZX pricing for WMP is 5.1% below the EU price.
- 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 positive result for the average winning price in tomorrow's event but probably a bit more modest than what NZX predicts.

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