



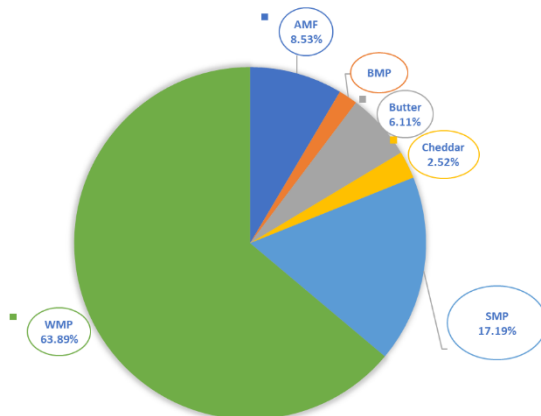
The Greenmark GDT heads-up, event 273

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 EU we see weakening prices for SMP, Cheese, and Butter. 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. Emerging promising vaccines are providing some positivity to the market while current economic forecasts see the global economy contract by -3.9% in 2020 but expand by 6.0% in 2021. Remarkably, China's economy is forecast to increase by 2% in 2020 with a further 7.5% growth forecast for 2021.

On offer at Event 273:

GDT event 273						
Sales Group Maximum Supply (MT)	Contract 1 (Jan 20)	Contract 2 (Feb 20)	Contract 3 (March 20)	Contract 4 (April 21)	Contract 5 (May 21)	Contract 6 (June 21)
Anhydrous Milk Fat	250	900	675	625	360	0
Butter Milk Powder	80	214	106	100	80	-
Butter	150	700	525	350	290	
Cheddar	80	200	200	200	100	50
Skim Milk Powder	500	2,430	1,325	750	660	0
Whole Milk Powder	3,000	7,930	5,672	3,000	1,450	0

GDT OFFERED VOLUME ALLOCATION EVENT 273



The total offered volume is 32,952 mt, a decrease of 2,385mt or -6.75% vs event 272. The decreased volume is partially caused by the absence of BMP in event 273. All other commodity volumes decreased too. The biggest decrease is seen for WMP by -7.06% or -1,600mt.

Product	event 272	event 273	change	change %
AMF	3,265	2,810	-455	-13.94%
Butter Milk Powder	0	580	580	-
Butter	2,275	2,015	-260	-11.43%
Cheddar	1,200	830	-370	-30.83%
SMP	5,945	5,665	-280	-4.71%
WMP	22,652	21,052	-1,600	-7.06%
Total	35,337	32,952	-2,385	-6.75%

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 April 2021 have been changed with 1,500 metric tonnes moved from contracts 4 and 5 to contracts 2 and 3. This is to better meet market demand.

The forecast total offer quantity for Anhydrous Milk Fat has been reduced by 2,000MT with the removal of 900MT from December, 600MT from January and 500MT from February due to product mix optimisation.

The forecast offer quantities for Cheddar Cheese in December and January have reduced by 220MT, 200MT respectively while February, March and April have increased 240MT, 120MT and 60MT accordingly. The total offer quantity for Cheddar Cheese over the next 12 months remains unchanged.

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 16/11	settlements 30/11	Δ	Δ%
Amf	C1 Dec	\$4,180	\$4,180	-	-
	C2 Jan	\$4,225	\$4,200	-\$25	-0.59%
	C3 Feb	\$4,250	\$4,225	-\$25	-0.59%
	C4 March	\$4,260	\$4,250	-\$10	-0.23%
	C5 April	\$4,270	\$4,270	-	-
	C6 May	\$4,280	\$4,280	-	-
	Average		\$4,244	\$4,234	-\$10
SMP	C1 Dec	\$2,730	\$2,840	\$110	4.03%
	C2 Jan	\$2,755	\$2,850	\$95	3.45%
	C3 Feb	\$2,765	\$2,860	\$95	3.44%
	C4 March	\$2,775	\$2,870	\$95	3.42%
	C5 April	\$2,760	\$2,845	\$85	3.08%
	C6 May	\$2,765	\$2,865	\$100	3.62%
	Average		\$2,758	\$2,855	\$97
Butter	C1 Dec	\$3,850	\$3,850	\$0	0.00%
	C2 Jan	\$3,850	\$3,880	\$30	0.78%
	C3 Feb	\$3,850	\$3,885	\$35	0.91%
	C4 March	\$3,850	\$3,885	\$35	0.91%
	C5 April	\$3,875	\$3,880	\$5	0.13%
	C6 May	\$3,875	\$3,880	\$5	0.13%
	Average		\$3,858	\$3,877	\$18
WMP	C1 Dec	\$3,050	\$3,100	\$50	1.64%
	C2 Jan	\$3,080	\$3,185	\$105	3.41%
	C3 Feb	\$3,085	\$3,185	\$100	3.24%
	C4 March	\$3,090	\$3,185	\$95	3.07%
	C5 April	\$3,090	\$3,175	\$85	2.75%
	C6 May	\$3,075	\$3,155	\$80	2.60%
	Average		\$3,078	\$3,164	\$86

AMF saw a small decrease in C2, C#, and C4 while the other contracts remained unchanged.

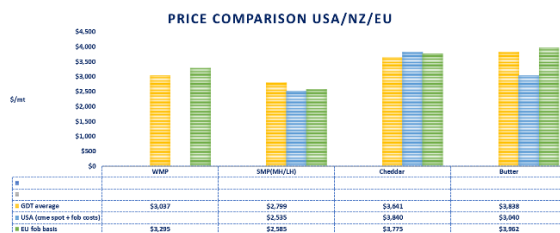
SMP went up by 3.5% in average with the biggest increase in C1.

Butter went up modestly by 0.48% in average with C1 unchanged.

WMP moved up in average by 2.79% with the biggest increases in C2, C3, and C4.

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 +3.20%, caused by a higher price expectation (vs Event 272) for mainly WMP and SMP.
- The current NZX pricing for WMP is 8.5% below the EU price which is mainly a function of the lower \$ to the € rate.
- While NZ exports continued to perform poorly, China's imports continue to see strong growth in October: + 21.24% for WMP and + 28.56% for SMP.
- In comparison to the EU and the USA, NZ is the most affordable origin for WMP and Cheddar but for SMP and Butter, the US is more competitive:



- 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 like the NZX prediction.
- In the **Greenmark Dairy Report** of coming Wednesday, we will report with an in-depth analysis of the outcome of event 273. 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