

The Greenmark GDT heads-up, event 275

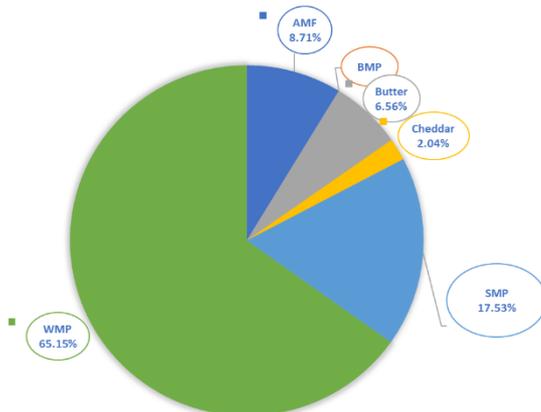
The markets remain quiet in Europe with stricter and/or total lockdown measures and curfews taking place in several countries, directly affecting the Foodservice industry that is estimated to consume about 10% of all EU dairy in normal years. Market operators continue to have difficulties assessing the market with the numerous uncertainties in the light of COVID19, the unemployment it causes, and the contraction of the global economy. Despite all measures taken so far, the contamination numbers keep increasing and in some countries, the lockdown period is extended.

Despite rising numbers of Corona contaminations. It should be noted that the arrival of various vaccines has caused a wave of optimism around the world which has caused stock markets to reach pre-corona levels and (*much*) better. Exchanges like for instance Dow Jones, DAX, and AEX are at all-time high levels.

On offer at Event 275:

GDT event 275						
Sales Group Maximum Supply (MT)	Contract 1 (Feb 20)	Contract 2 (March 20)	Contract 3 (April 21)	Contract 4 (May 21)	Contract 5 (June 21)	Contract 6 (July 21)
Anhydrous Milk Fat	250	675	600	500	340	-
Butter Milk Powder	50	205	175	75	75	-
Butter	200	700	500	368	320	-
Cheddar	60	140	140	140	20	-
Skim Milk Powder	375	2,425	1,475	715	575	-
Whole Milk Powder	3,500	8,800	4,700	1,600	1,200	-

GDT OFFERED VOLUME ALLOCATION EVENT 274



The total offered volume is 30,898 mt, a decrease of 1,414mt or **-4.38%** vs event 274. The decreased volume is mainly caused by the absence of BMP in event 274. Cheddar was reduced by 160 mt, SMP decreased by 100 mt, Butter decreased by 32mt, and AMF by 450mt. The biggest drop in volume is for WMP that went down by 1,252mt or **-5.95%**

Product	event 274	event 275	change	change %
AMF	2,815	2,365	-450	-15.99%
Butter Milk Powder	0	580	580	-
Butter	2,120	2,088	-32	-1.51%
Cheddar	660	500	-160	-24.24%
SMP	5,665	5,565	-100	-1.77%
WMP	21,052	19,800	-1,252	-5.95%
Total	32,312	30,898	-1,414	-4.38%

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 June 2021 have been changed with 300 metric tonnes moved from contracts 4 and 5 to 600 metric tonnes into contract 3. This is to better meet market demand.

The total offer quantity for Anhydrous Milk Fat over the next 12 months has been reduced by 500MT with the January offer quantities reduced by 1000MT while the May offer has increased 500MT. This is driven by product mix optimisation.

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 14/12	settlements 5/1	Δ	Δ%
Amf	C1 Jan	\$4,200	\$4,375	\$175	4.17%
	C2 Feb	\$4,225	\$4,375	\$150	3.55%
	C3 March	\$4,250	\$4,375	\$125	2.94%
	C4 April	\$4,270	\$4,350	\$80	1.87%
	C5 May	\$4,280	\$4,350	\$70	1.64%
	C6 June	\$4,280	\$4,350	\$70	1.64%
	Average		\$4,251	\$4,363	\$112
SMP	C1 Jan	\$2,915	\$2,900	-\$15	-0.51%
	C2 Feb	\$2,930	\$2,915	-\$15	-0.51%
	C3 March	\$2,930	\$2,930	-	-
	C4 April	\$2,935	\$2,930	-\$5	-0.17%
	C5 May	\$2,935	\$2,935	-	-
	C6 June	\$2,935	\$2,935	-	-
	Average		\$2,930	\$2,924	-\$6
Butter	C1 Jan	\$4,025	\$4,200	\$175	4.35%
	C2 Feb	\$4,025	\$4,060	\$35	0.87%
	C3 March	\$4,025	\$4,200	\$175	4.35%
	C4 April	\$4,025	\$4,210	\$185	4.60%
	C5 May	\$4,025	\$4,220	\$195	4.84%
	C6 June	\$4,025	\$4,210	\$185	4.60%
	Average		\$4,025	\$4,183	\$158
WMP	C1 Jan	\$3,235	\$3,210	-\$25	-0.77%
	C2 Feb	\$3,230	\$3,215	-\$15	-0.46%
	C3 March	\$3,230	\$3,230	-	-
	C4 April	\$3,235	\$3,230	-\$5	-0.15%
	C5 May	\$3,235	\$3,225	-\$10	-0.31%
	C6 June	\$3,235	\$3,215	-\$20	-0.62%
	Average		\$3,233	\$3,221	-\$12

AMF saw an increase in all contracts, with the strongest increases in the front contracts.

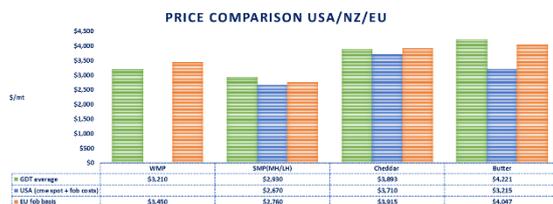
SMP went down by -0.2% in average.

Butter went up strongly by +3.93% in average with C2 seeing the smallest gain. C2 is in average priced -3.5% lower than any of the other contracts.

WMP moved down in average by -0.39% with the biggest decreases in C1, and C6.

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 a small increase in the GDT index of about +0.1%, caused by higher price expectations for Butter and AMF, while those prices are considerably above those of the main competitors.
- The current NZX pricing for WMP is 4.75% below the EU price which is mainly a function of the lower \$ to the € rate.
- NZ milk production dropped by -2.5% in November due to drier than usual weather. Season to date November, however, is still 0.8% above that of last season.
- In comparison to the EU and the USA, NZ is the most affordable origin for WMP but in SMP, Cheddar, and Butter, the US is more competitive vs NZ and the EU:



- In contrast to NZX movements, and based on the above and ongoing concerns around the economic damage caused by COVID19 and strongly decreased import volumes from China in November, we would expect a negative result between -0.5% to -1.5%.
- In the **Greenmark Dairy Report** of this coming Wednesday, we will report with an in-depth analysis of the outcome of event 275. 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