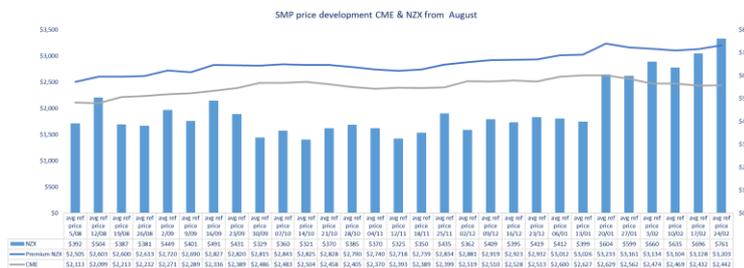


The Greenmark GDT heads-up, event 279

The markets have continued to be more active with different results, depending on which part of the world. While NZX dairy futures continue to march up, CME shows different results. When we zoom in on SMP, the NZX price increased 27.9% from early August where CME increased only 15.6% and EEX 19.4%. The premium on NZX vs CME increased by 94% over the period:

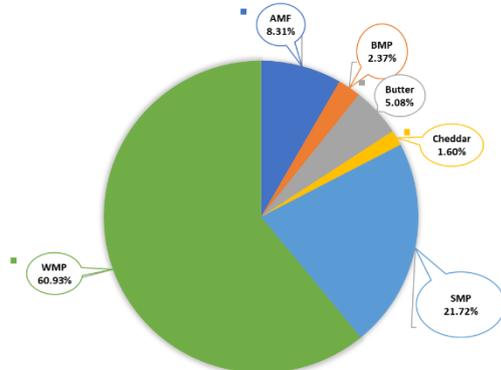


In New Zealand, milk production seems to recover. November saw a drop in production vs 2019 over dry weather circumstances but in December and January, milk production was 0.72% higher than in the previous year.

On offer at Event 279:

GDT event 279						
Sales Group Maximum Supply (MT)	Contract 1 (April 20)	Contract 2 (May 21)	Contract 3 (June 21)	Contract 4 (July 21)	Contract 5 (Aug 21)	Contract 6 (Sept 21)
Anhydrous Milk Fat	125	750	575	275	305	-
Butter Milk Powder	50	275	125	80	50	-
Butter	125	495	300	150	170	-
Cheddar	60	110	110	110	-	-
Skim Milk Powder	375	2,295	1,235	965	435	-
Whole Milk Powder	3,000	6,500	3,375	1,500	510	-

GDT OFFERED VOLUME ALLOCATION EVENT 279



The total offered volume is 24,430 mt, a decrease of -2,755mt or -10.13% vs event 278. The decreased volume is caused by the absence of BMP in event 278 a strong reduction in WMP, and to a lesser extent in Butter, AMF and SMP.

Product	event 278	event 279	change	change %
AMF	2,100	2,030	-70	-3.33%
Butter Milk Powder	0	580	580	-
Butter	1,600	1,240	-360	-22.50%
Cheddar	390	390	-	-
SMP	5,375	5,305	-70	-1.30%
WMP	17,720	14,885	-2,835	-16.00%
Total	27,185	24,430	-2,755	-10.13%

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 October 2021 have been changed with 4,000 metric tonnes moved from contracts 4 and 5 to contracts 2 and 3. This is to better meet market demand.

The offer quantity for Anhydrous Milk Fat in the current event has been reduced by 500 metric tonnes while the following event has also been reduced by 500 metric tonnes. This reduces the forecast total offer quantity for the next 12 months by 1,000MT. This is the result of product mix optimization.

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 15/2	settlements 1/3	Δ	Δ%
Amf	C1 March	\$5,740	\$5,780	\$40	0.70%
	C2 April	\$5,375	\$5,755	\$380	7.07%
	C3 May	\$5,375	\$5,740	\$365	6.79%
	C4 June	\$5,350	\$5,450	\$100	1.87%
	C5 July	\$5,325	\$5,400	\$75	1.41%
	C6 Aug	\$5,325	\$5,310	-\$15	-0.28%
	Average		\$5,415	\$5,573	\$158
SMP	C1 March	\$3,110	\$3,260	\$150	4.82%
	C2 April	\$3,100	\$3,240	\$140	4.52%
	C3 May	\$3,100	\$3,220	\$120	3.87%
	C4 June	\$3,065	\$3,200	\$135	4.40%
	C5 July	\$3,030	\$3,150	\$120	3.96%
	C6 Aug	\$3,030	\$3,120	\$90	2.97%
	Average		\$3,073	\$3,198	\$126
Butter	C1 March	\$4,830	\$5,200	\$370	7.66%
	C2 April	\$4,800	\$5,125	\$325	6.77%
	C3 May	\$4,725	\$5,050	\$325	6.88%
	C4 June	\$4,800	\$4,950	\$150	3.13%
	C5 July	\$4,750	\$4,800	\$50	1.05%
	C6 Aug	\$4,750	\$4,500	-\$250	-5.26%
	Average		\$4,776	\$4,938	\$162
WMP	C1 March	\$3,545	\$3,780	\$235	6.63%
	C2 April	\$3,550	\$3,750	\$200	5.63%
	C3 May	\$3,550	\$3,780	\$230	6.48%
	C4 June	\$3,550	\$3,700	\$150	4.23%
	C5 July	\$3,505	\$3,630	\$125	3.57%
	C6 Aug	\$3,505	\$3,550	\$45	1.28%
	Average		\$3,534	\$3,698	\$165

Overall, we have seen strong increases on NZX in the past two weeks:

AMF saw strong increases in all contracts, with a smaller increase in the front contract and a discount in the deferred contract.



SMP saw solid upward movement in all contracts:



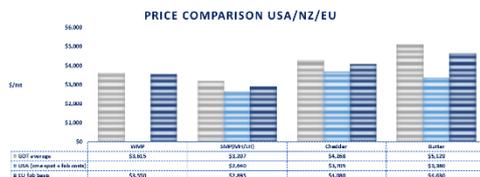
Butter moved up strongly but saw a loss in the deferred contract:



WMP moved up, on average by 4.65%, with the biggest gains in the front contracts:



- 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 2.5%, caused in the main by a higher price expectation for WMP. When the NZX indicators materialize, this would keep Fonterra as the most expensive origin amongst their main competitors.
- In both the EU and the US, we see stagnation and weakness in SMP that so far has not fully manifested in NZX prices. Although we have seen more often that NZ can sustain much higher prices than its main competitors, this may seep through in the buying behaviour tomorrow.
- Milk production in NZ sees growth while stocks rise with only 3 months to go to the end of the NZ dairy season. January exports were on par with 2020 in terms of Milk Equivalent but saw strong decreases in SMP exports. (-22.3%) More about NZ exports and stock positions in our report of coming Wednesday.
- In comparison to the EU and the USA, up to now, NZ is the most affordable origin for WMP but in all other commodities the US is more competitive vs NZ and the EU:



- In the **Greenmark Dairy Report** of this coming Wednesday, we will report with an in-depth analysis of the outcome of event 279. 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