

## The Greenmark GDT heads-up, event 281

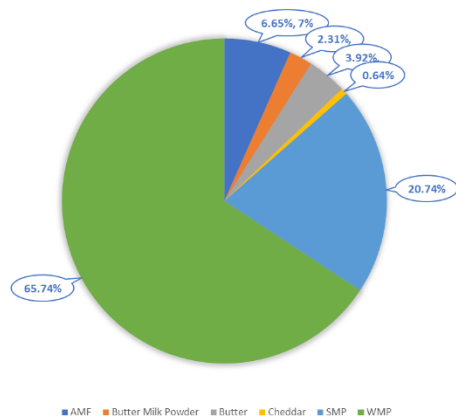
The markets have shown conflicting directions over the past three weeks, depending on where we look. When we look at the CME spot market, Cheddar Blocks moved up 9%, Butter 22%, and SMP 7%, all during March. On NZX, from 3<sup>rd</sup> April, we saw WMP move down 10%, while Butter remained unchanged and SMP moved slightly up by 0.75%. In the past three weeks, however, on average, all futures moved down. The European Price index for Butter moved up 9% and for SMP by 5%.

Focusing on New Zealand, in particular the Fonterra offerings in today's event 281, we see that NZX WMP futures are priced -5% below the AWP in event 280, while Butter is currently priced 7.4% higher. Given the weight WMP has on the GDT index price however, this would point to another drop in the GDT index price although the strong negative impact of WMP will possibly be mitigated by upside elsewhere.

### On offer at Event 281:

GDT event 281						
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	600	355	280	255	55
Butter Milk Powder	50	280	150	50	50	-
Butter	200	325	200	120	85	55
Cheddar	-	-	-	-	80	80
Skim Milk Powder	375	2,205	1,350	600	475	200
Whole Milk Powder	2,500	8,500	3,750	600	650	500

GDT OFFERED VOLUME ALLOCATION EVENT 281



The total offered volume is 25,100 mt, a decrease of 2,375mt (when we leave the BMP offering apart) or -8.85% down vs event 280. The decreased volume is caused mainly by WMP for which volumes got increased at the last moment in the previous event.

Product	event 280 (mt)	event 281 (mt)	change	change %
AMF	1,685	1,670	-15	-0.89%
Butter Milk Powder	0	580	-	-
Butter	1,240	985	-255	-20.56%
Cheddar	80	160	80	100.00%
SMP	5,505	5,205	-300	-5.45%
WMP	18,385	16,500	-1,885	-10.25%
<b>Total</b>	<b>26,895</b>	<b>25,100</b>	<b>-1,795</b>	<b>-6.67%</b>

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 December 2021 have been changed with 4,200 metric tonnes moved from contracts 4 and 5 to contracts 2 and 3. This is to better meet market demand.

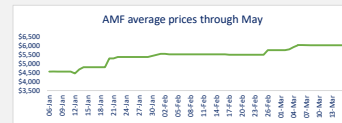
The 12 months forecast offer quantity remains unchanged for all other products.

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

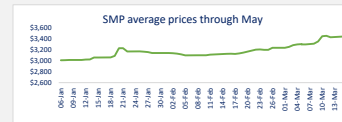
NZX Futures changes since last GDT					
		settlements 15/3	settlements 06/04	Δ	Δ%
Amf	C1 April	\$6,080	\$6,080	\$0	0.00%
	C2 May	\$6,000	\$6,000	\$0	0.00%
	C3 June	\$5,900	\$5,900	\$0	0.00%
	C4 July	\$5,900	\$5,900	\$0	0.00%
	C5 Aug	\$5,800	\$5,700	-\$100	-1.72%
	C6 Sept	\$5,800	\$5,575	-\$225	-3.88%
	Average		\$5,913	\$5,859	-\$54
SMP	C1 April	\$3,450	\$3,325	-\$125	-3.62%
	C2 May	\$3,450	\$3,280	-\$170	-4.93%
	C3 June	\$3,430	\$3,260	-\$170	-4.96%
	C4 July	\$3,390	\$3,200	-\$190	-5.60%
	C5 Aug	\$3,260	\$3,150	-\$110	-3.37%
	C6 Sept	\$3,260	\$3,155	-\$105	-3.22%
	Average		\$3,373	\$3,228	-\$145
Butter	C1 April	\$5,550	\$5,800	\$250	4.50%
	C2 May	\$5,450	\$5,675	\$225	4.13%
	C3 June	\$5,700	\$5,425	-\$275	-4.82%
	C4 July	\$5,500	\$5,000	-\$500	-9.09%
	C5 Aug	\$5,300	\$4,625	-\$675	-12.74%
	C6 Sept	\$5,300	\$4,550	-\$750	-14.15%
	Average		\$5,467	\$5,179	-\$288
WMP	C1 April	\$4,140	\$3,890	-\$250	-6.04%
	C2 May	\$4,100	\$3,835	-\$265	-6.46%
	C3 June	\$3,980	\$3,770	-\$210	-5.28%
	C4 July	\$3,895	\$3,650	-\$245	-6.29%
	C5 Aug	\$3,780	\$3,570	-\$210	-5.56%
	C6 Sept	\$3,780	\$3,520	-\$260	-6.88%
	Average		\$3,946	\$3,706	-\$240

Overall, we have seen strong price erosion in the past two weeks:

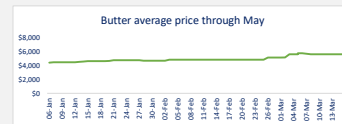
AMF saw decreases in the deferred contracts while the four front contracts remained unchanged.



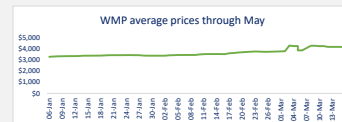
SMP saw strong downside in all contracts:



Butter moved up in C1 and C2 but saw strong losses in the deferred contracts:



WMP moved down strongly on average by -6.08%.



- On a weighted, calculated basis of NZX futures vs settlement prices in the previous GDT event, movements on the NZX point towards a strong decrease in the GDT index of about -9%, caused in the main by a lower price expectation for WMP. On average, NZX WMP futures currently trade -9.3% below the AWP in event 280. Unfortunately, NZX indications only go so far in predicting the GDT outcomes. In talking to market participants, the overall pulse seems a little less extreme than what NZX indicates.
- China imports saw a record increase in January of 44% in terms of LME and a 40% increase in WMP imports. During February however, the yoy imports fell by 11.85% in terms of LME and by 40% for WMP. YTD February however, China is still 20% ahead of 2020 in terms of imported LME.
- Oil prices saw downside in the past two weeks and decreased by about 5%:



- In comparison to the EU and the USA, NZ is the least competitive origin in terms of prices for all dairy commodities.

In the Greenmark Dairy Report of this coming Wednesday, we will report with an in-depth analysis of the outcome of event 281. 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.schorsji@greenmarkdairy.com](mailto:r.schorsji@greenmarkdairy.com)