

The Greenmark GDT heads-up, event 283

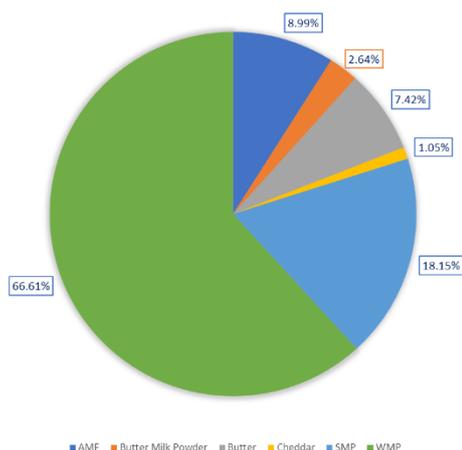
The markets have shown conflicting directions over the past two weeks. When we look at the CME spot market, SMP saw increases of 2.7% while Butter decreased by -1%. During the same period, the European Price index for Butter moved down -0.77% while the SMP index remained unchanged.

Focusing on New Zealand the Fonterra offerings in tomorrow's event 283, we see that on average, NZX futures are priced well below the AWP's in event 282. AMF -4.07%, Butter -12.38%, WMP -3.97%, and SMP -0.62%.

On offer at Event 283:

GDT event 283						
Sales Group Maximum Supply (MT)	Contract 1 (June 20)	Contract 2 (July 21)	Contract 3 (Aug 21)	Contract 4 (Sept 21)	Contract 5 (Oct 21)	Contract 6 (Nov 21)
Anhydrous Milk Fat	200	695	375	340	310	55
Butter Milk Powder	50	205	175	75	75	-
Butter	450	650	100	235	140	55
Cheddar	-	-	-	80	60	90
Skim Milk Powder	375	1,680	600	575	560	200
Whole Milk Powder	2,750	8,250	725	650	700	500

GDT OFFERED VOLUME ALLOCATION EVENT 283



The total offered volume is 21,980 mt, a decrease of 2,790 mt Or -11.26%. This is despite the addition of BMP this event and caused by strongly reduced WMP and SMP offerings.

Product	event 282	event 283	change	change %
	mt	mt		
AMF	1,670	1,975	305	18.26%
Butter Milk Powder	0	580	-	-
Butter	1,235	1,630	395	31.98%
Cheddar	160	230	70	43.75%
SMP	5,205	3,990	-1,215	-23.34%
WMP	16,500	13,575	-2,925	-17.73%
Total	24,770	21,980	-2,790	-11.26%

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 offer quantity for Butter in the current event has been increased by 325 metric tonnes while the following event has increased by 325 metric tonnes and June increased by 100 metric tonnes. This increases the forecast total offer quantity for the next 12 months by 750 metric tonnes. This is the result of 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 19/04	settlements 3/05	Δ	Δ%
Amf	C1 May	\$6,000	\$5,950	-\$50	-0.83%
	C2 June	\$5,900	\$5,850	-\$50	-0.85%
	C3 July	\$5,900	\$5,700	-\$200	-3.39%
	C4 Aug	\$5,700	\$5,500	-\$200	-3.51%
	C5 Sept	\$5,600	\$5,350	-\$250	-4.46%
	C6 Oct	\$5,500	\$5,400	-\$100	-1.82%
	Average		\$5,767	\$5,625	-\$142
SMP	C1 May	\$3,390	\$3,400	\$10	0.29%
	C2 June	\$3,335	\$3,395	\$60	1.80%
	C3 July	\$3,300	\$3,375	\$75	2.27%
	C4 Aug	\$3,275	\$3,335	\$60	1.83%
	C5 Sept	\$3,250	\$3,335	\$85	2.62%
	C6 Oct	\$3,210	\$3,340	\$130	4.05%
	Average		\$3,293	\$3,363	\$70
Butter	C1 May	\$5,450	\$5,450	-	-
	C2 June	\$5,250	\$5,250	-	-
	C3 July	\$5,100	\$5,150	\$50	0.98%
	C4 Aug	\$4,850	\$4,900	\$50	1.03%
	C5 Sept	\$4,750	\$4,700	-\$50	-1.05%
	C6 Oct	\$4,720	\$4,700	-\$20	-0.42%
	Average		\$5,020	\$5,025	\$5
WMP	C1 May	\$4,165	\$4,140	-\$25	-0.60%
	C2 June	\$4,160	\$4,120	-\$40	-0.96%
	C3 July	\$3,970	\$3,995	\$25	0.63%
	C4 Aug	\$3,845	\$3,900	\$55	1.43%
	C5 Sept	\$3,770	\$3,875	\$105	2.79%
	C6 Oct	\$3,665	\$3,735	\$70	1.91%
	Average		\$3,929	\$3,961	\$32

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

AMF saw modest decreases in the front and significant losses in the deferred contracts:



SMP futures saw upside in all contracts but on average trade below the AWP in event 282:



Butter is unchanged in C1 and C2, increased in C3 and C4 and saw losses in C5 and C6:



WMP moved down in C1 and C2 but saw declines in all deferred contracts. On average futures trade -3.32% below the AWP in event 282:



- On a weighted, calculated basis of NZX futures vs settlement prices in the previous GDT event, movements on the NZX point towards a decrease in the GDT index of about **-2.5%**. On average, NZX WMP futures currently trade **-3.32%** below the AWP in event 281. Unfortunately, NZX indications only go *so far* in predicting the GDT outcomes. Given current market dynamics, we would expect the loss to be about **-1.5%**
- After modest growth in NZ milk production in 2020, 2021 has started with stellar increases. Q1 saw milk production increase by 5.15% or + 306 million kgs.

Jan	2,454	2,474	20	0.81%
Feb	1,810	1,932	122	6.74%
March	1,680	1,844	164	9.76%
	5,944	6,250	306	5.15%

- In comparison to the EU and the US, 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 283. 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