

The Greenmark GDT heads-up, event 284

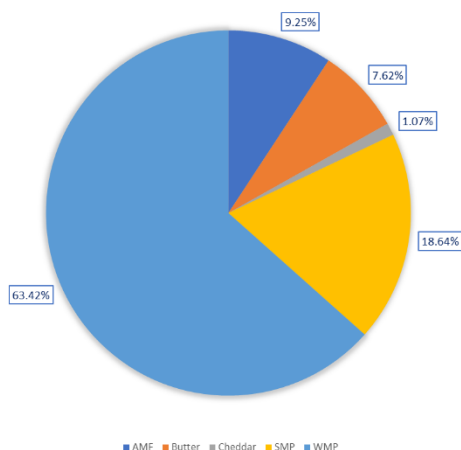
The markets have shown conflicting directions over the past two weeks. When we look at the CME spot market, SMP saw a decrease of **-1.6%** while Butter increased by 4.4%. During the same period, the European Price index for Butter moved up 1.4% and the SMP index by 0.9%.

Focusing on New Zealand, the Fonterra offerings in tomorrow's event 284 show that on average, NZX futures are priced well below the AWP in event 283. AMF **-3.42%**, Butter **-4.88%**, WMP **-0.62%**, and SMP **-0.88%**.

On offer at Event 284:

GDT event 284						
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	285	260	165
Butter Milk Powder	-	-	-	-	-	-
Butter	450	650	100	130	130	170
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 284



The total offered volume is 21,405 mt, a decrease of 575 mt or **-2.62%**. This is because of the absence of BMP this event and a small increase in the AMF offering.

Product	event 283	event 284	change	change %
	mt	mt		
AMF	1,975	1,980	5	0.25%
Butter Milk Powder	580	0	-	-
Butter	1,630	1,630	-	-
Cheddar	230	230	-	-
SMP	3,990	3,990	-	-
WMP	13,575	13,575	-	-
Total	21,980	21,405	-575	-2.62%

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

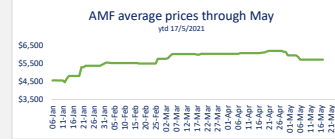


Since the GDT event of two weeks ago, futures prices have changed as follows:

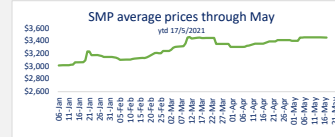
NZX Futures changes since last GDT					
		settlements 3/05	settlements 17/05	Δ	Δ%
Amf	C1 May	\$5,950	\$5,715	-\$235	-3.95%
	C2 June	\$5,850	\$5,675	-\$175	-2.99%
	C3 July	\$5,700	\$5,700	\$0	0.00%
	C4 Aug	\$5,500	\$5,500	\$0	0.00%
	C5 Sept	\$5,350	\$5,350	\$0	0.00%
	C6 Oct	\$5,400	\$5,300	-\$100	-1.85%
	Average		\$5,625	\$5,540	-\$85
SMP	C1 May	\$3,400	\$3,450	\$50	1.47%
	C2 June	\$3,395	\$3,450	\$55	1.62%
	C3 July	\$3,375	\$3,400	\$25	0.74%
	C4 Aug	\$3,335	\$3,430	\$95	2.85%
	C5 Sept	\$3,335	\$3,370	\$35	1.05%
	C6 Oct	\$3,340	\$3,375	\$35	1.05%
	Average		\$3,363	\$3,413	\$49
Butter	C1 May	\$5,450	\$5,015	-\$435	-7.98%
	C2 June	\$5,250	\$5,050	-\$200	-3.81%
	C3 July	\$5,150	\$4,900	-\$250	-4.85%
	C4 Aug	\$4,900	\$4,750	-\$150	-3.06%
	C5 Sept	\$4,700	\$4,600	-\$100	-2.13%
	C6 Oct	\$4,700	\$4,600	-\$100	-2.13%
	Average		\$5,025	\$4,819	-\$206
WMP	C1 May	\$4,140	\$4,220	\$80	1.93%
	C2 June	\$4,120	\$4,300	\$180	4.37%
	C3 July	\$3,995	\$4,220	\$225	5.63%
	C4 Aug	\$3,900	\$4,080	\$180	4.62%
	C5 Sept	\$3,875	\$3,970	\$95	2.45%
	C6 Oct	\$3,735	\$3,865	\$130	3.48%
	Average		\$3,961	\$4,109	\$148

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

AMF saw strong decreases in the C1-C2 and remained unchanged in C3-C5, while C6 lost -1.85%:



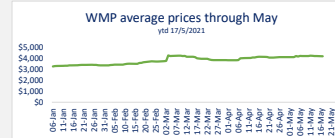
SMP futures saw upside in all contracts but on average trade \$20/mt below the AWP in event 283:



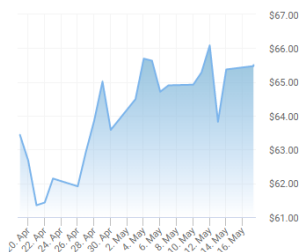
Butter saw strong downside throughout all contracts, with the highest losses in the front contracts:



WMP moved up throughout all contracts, with the highest gains in the volume heavy C3 contract: On average C1-C6 trade modestly below the AWP in event 283:



- On a weighted, 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 +1%. Unfortunately, NZX indications only go so far in predicting the GDT outcomes. Given current market dynamics, we may see bigger gains in SMP and WMP.
- 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.
- In comparison to the EU and the US, NZ is the least competitive origin in terms of prices for all dairy commodities.
- In the past 3 weeks we have seen oil prices increase 6.8%, mostly a strong signal for potential upside in dairy commodities:



In the Greenmark Dairy Report of this coming Wednesday, we will report with an in-depth analysis of the outcome of event 284. 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