

## The Greenmark GDT heads-up, event 285

The markets have shown conflicting directions over the past two weeks. Prices in the EU are stable to moving up. When we look at the CME spot market, SMP saw a decrease of **-1%** while Butter decreased by **-2.35%**. Cheddar blocks continued its downtrend: **-4.37%**. During the same period, the European Price index for Butter moved up 1% and the SMP index by 0.3%.

Focusing on New Zealand, the Fonterra offerings in tomorrow's event 284 show that on average, NZX futures are priced well below the AWP's in event 284. AMF **-5.04%**, Butter **-7.35%**, WMP **-3.43%**, and SMP **-0.92%**.

### On offer at Event 285:

GDT event 285						
Sales Group Maximum Supply (MT)	Contract 1 (July 20)	Contract 2 (Aug 21)	Contract 3 (Sept 21)	Contract 4 (Oct 21)	Contract 5 (Nov 21)	Contract 6 (Dec 21)
Anhydrous Milk Fat	145	800	790	490	435	165
Butter Milk Powder	100	200	120	75	85	-
Butter	395	535	315	210	175	170
Cheddar	-	-	260	310	100	100
Skim Milk Powder	250	1,100	750	1,065	1010	-
Whole Milk Powder	3,350	3,450	1,980	1,490	1,950	-

The total offered volume is 22,370 mt, an increase of 965 mt or + 965 mt. This is because increased offerings of AMF, Butter, Cheddar, SMP and BMP but reduced offerings of WMP.

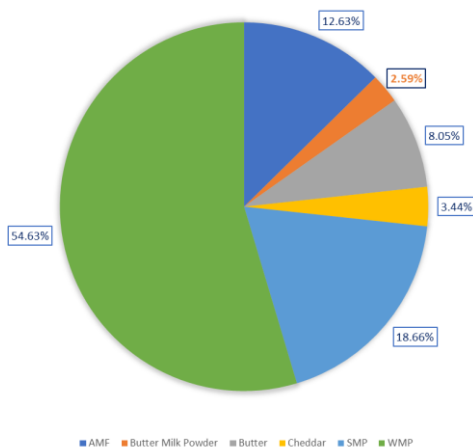
Product	event 284	event 285	change	change %
	mt	mt		
AMF	1,980	2,825	845	42.68%
Butter Milk Powder	0	580	-	-
Butter	1,630	1,800	170	10.43%
Cheddar	230	770	540	234.78%
SMP	3,990	4,175	185	4.64%
WMP	13,575	12,220	-1,355	-9.98%
<b>Total</b>	<b>21,405</b>	<b>22,370</b>	<b>965</b>	<b>4.51%</b>

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 quantities for Whole Milk Powder in January and February 2022 have been changed with 2,200 metric tonnes and 3,250 metric tonnes moved from contract periods 4 and 5 to contract periods 2 and 3 respectively. This is to better meet market demand

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

### GDT OFFERED VOLUME ALLOCATION EVENT 285



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

NZX Futures changes since last GDT					
		settlements 17/05	settlements 31/05	Δ	Δ%
Amf	C1 June	\$5,675	\$5,675	\$0	0.00%
	C2 July	\$5,700	\$5,700	\$0	0.00%
	C3 Aug	\$5,500	\$5,450	-\$50	-0.91%
	C4 Sept	\$5,350	\$5,350	\$0	0.00%
	C5 Oct	\$5,300	\$5,300	\$0	0.00%
	C6 Nov	\$5,250	\$5,250	\$0	0.00%
	Average		\$5,540	\$5,454	-\$86
SMP	C1 June	\$3,450	\$3,490	\$40	1.16%
	C2 July	\$3,400	\$3,455	\$55	1.62%
	C3 Aug	\$3,430	\$3,435	\$5	0.15%
	C4 Sept	\$3,370	\$3,410	\$40	1.19%
	C5 Oct	\$3,375	\$3,390	\$15	0.44%
	C6 Nov	\$3,380	\$3,380	\$0	0.00%
	Average		\$3,413	\$3,427	\$14
Butter	C1 June	\$5,050	\$4,940	-\$110	-2.18%
	C2 July	\$4,900	\$4,800	-\$100	-2.04%
	C3 Aug	\$4,750	\$4,700	-\$50	-1.05%
	C4 Sept	\$4,600	\$4,400	-\$200	-4.35%
	C5 Oct	\$4,600	\$4,500	-\$100	-2.17%
	C6 Nov	\$4,520	\$4,500	-\$20	-0.44%
	Average		\$4,819	\$4,640	-\$179
WMP	C1 June	\$4,300	\$4,200	-\$100	-2.33%
	C2 July	\$4,220	\$4,155	-\$65	-1.54%
	C3 Aug	\$4,080	\$4,070	-\$10	-0.25%
	C4 Sept	\$3,970	\$3,980	\$10	0.25%
	C5 Oct	\$3,865	\$3,860	-\$5	-0.13%
	C6 Nov	\$3,790	\$3,800	\$10	0.26%
	Average		\$4,109	\$4,011	-\$98

Overall, we have seen price increases in the past two weeks, except for SMP

AMF saw a decrease in the C3 and remained unchanged in the other contracts. All contracts trade below the AWP in event 284.

SMP futures saw upside in all contracts, bar C6, but on average trade \$20/mt below the AWP in event 284.

Butter saw strong downside throughout all contracts/ Butter futures trade on average -5.87% below the AWP in event 284.

WMP moved down throughout all contracts, bar C4 and C6 that went up marginally. On average C1-C6 trade -2.72% below the AWP in event 284.

- 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 -1%. Unfortunately, NZX indications only go so far in predicting the GDT outcomes.
- After modest growth in NZ milk production in 2020, 2021 has started with stellar increases. The first 4 months saw milk production increase by 6.36 or + 464 million kgs:

NZ milk production Jan - April (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%
April	1,356	1,514	158	11.65%
Ytd April	7,300	7,764	464	6.36%

- Of the extra produced milk, YTD April, NZ was only able to incrementally export 118 million kgs or a little over 25% during the same period.
- In addition to the stocks per 1/1/21, the theoretical stock amounts to 1.3 billion kgs now, or 6.3% of season to date production which is at the higher side of the spectrum.

In the **Greenmark Dairy Report** of this coming Wednesday, we will report with an in-depth analysis of the outcome of event 285. 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](mailto:r.schorsij@greenmarkdairy.com)

