

The Greenmark GDT heads-up, event 286

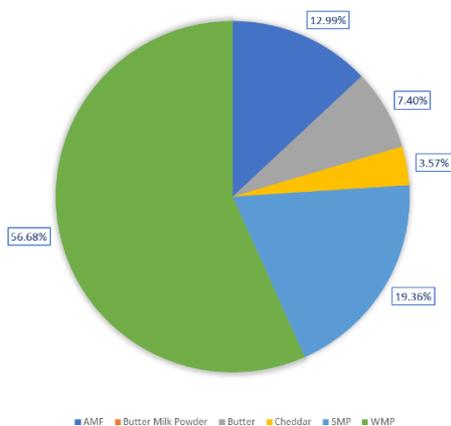
The markets for the commodities offered on GDT have shown some mixed signals over the past two weeks. When we look at the CME spot market, SMP saw an increase of 0.5% while Butter decreased by **-1.44%**. Cheddar blocks continued its downtrend: **-4.05%**. During the same period, the European Price index for Butter moved up slightly by 0.3% and the SMP index by 0.65%. Overall, however, the average of the front three future contracts decreased.

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 286:

GDT event 286						
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	130	790	790	490	435	165
Butter Milk Powder	-	-	-	-	-	-
Butter	245	480	315	210	175	170
Cheddar	-	-	260	310	100	100
Skim Milk Powder	250	1,100	750	965	910	200
Whole Milk Powder	3,350	3,450	1,880	1,290	1,750	500

GDT OFFERED VOLUME ALLOCATION EVENT 286



The total offered volume by Fonterra is 21,560 mt, a decrease of 810 mt or **-3.62%**. This is because of the absence of BMP in this auction and a small reduction in AMF and Butter offerings:

Product	event 285	event 286	change	change %
	mt	mt		
AMF	2,825	2,800	-25	-0.88%
Butter Milk Powder	580	0	-	-
Butter	1,800	1,595	-205	-11.39%
Cheddar	770	770	-	-
SMP	4,175	4,175	-	-
WMP	12,220	12,220	-	-
Total	22,370	21,560	-810	-3.62%

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 contract quantities for Whole Milk Powder and Skim Milk Powder for the next 12 months have been updated with the re-introduction of offer volumes for contract 6 to better meet market demand.

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

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

NZX Futures changes since last GDT					
		settlements 31/05	settlements 14/06	Δ	Δ%
Amf	C1 June	\$5,675	\$5,740	\$65	1.15%
	C2 July	\$5,700	\$5,700	-	-
	C3 Aug	\$5,450	\$5,550	\$100	1.83%
	C4 Sept	\$5,350	\$5,450	\$100	1.87%
	C5 Oct	\$5,300	\$5,300	\$0	0.00%
	C6 Nov	\$5,250	\$5,250	\$0	0.00%
	Average		\$5,454	\$5,498	\$44
SMP	C1 June	\$3,490	\$3,550	\$60	1.72%
	C2 July	\$3,455	\$3,470	\$15	0.43%
	C3 Aug	\$3,435	\$3,440	\$5	0.15%
	C4 Sept	\$3,410	\$3,400	-\$10	-0.29%
	C5 Oct	\$3,390	\$3,380	-\$10	-0.29%
	C6 Nov	\$3,380	\$3,350	-\$30	-0.89%
	Average		\$3,427	\$3,432	\$5
Butter	C1 June	\$4,940	\$4,750	-\$190	-3.85%
	C2 July	\$4,800	\$4,700	-\$100	-2.08%
	C3 Aug	\$4,700	\$4,600	-\$100	-2.13%
	C4 Sept	\$4,400	\$4,400	-	-
	C5 Oct	\$4,500	\$4,500	-	-
	C6 Nov	\$4,500	\$4,500	-	-
	Average		\$4,640	\$4,575	-\$65
WMP	C1 June	\$4,200	\$4,155	-\$45	-1.07%
	C2 July	\$4,155	\$4,090	-\$65	-1.56%
	C3 Aug	\$4,070	\$3,980	-\$90	-2.21%
	C4 Sept	\$3,980	\$3,870	-\$110	-2.76%
	C5 Oct	\$3,860	\$3,770	-\$90	-2.33%
	C6 Nov	\$3,800	\$3,735	-\$65	-1.71%
	Average		\$4,011	\$3,933	-\$78

Overall, we have seen a weaker undercurrent for WMP, Butter and the three deferred contracts of SMP in the past two weeks.

AMF saw an average increase of 0.81%, caused by increases in C1, C3, and C4 while prices remained unchanged in the other contracts. C1 and C2 trade on average about 15 above the AWP in event 285.

SMP futures saw upside in C1-C3 but the decreases in the deferred contracts. On average, trade 0.5% above the AWP in event 285.

Butter saw stern downside throughout C1-C3 while the deferred contracts remained unchanged. Butter futures trade on average -2.45% below the AWP in event 285.

WMP moved down throughout all contacts, with the bigger decreases in the deferred contracts. On average, C1-C6 trade -3.18% below the AWP in event 285.

- 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 -1.6%. 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.
- 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, implying stock building in NZ.

In the Greenmark Dairy Report of this coming Wednesday, we will report with an in-depth analysis of the outcome of event 286. 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