

The Greenmark GDT heads-up, event 287

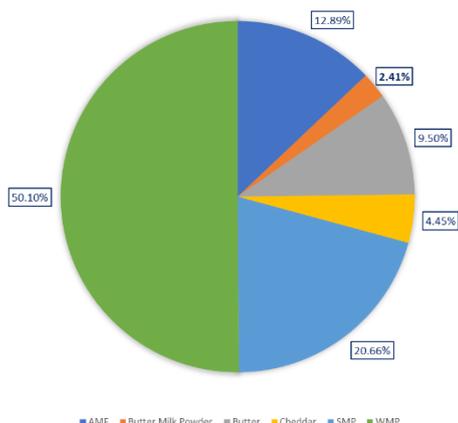
The markets for the commodities offered on GDT have shown some downside over the past two weeks. When we look at the CME spot market, SMP saw a decrease of **-1.75%** and Butter decreased by **-1.56%** in the past week. Cheddar blocks moved up by 3% in the same period but remains priced **-17.56%** lower than the last GDT price. Since the last GDT event, the European Price index for Butter moved down **-1.12%** and the SMP index by **-2.00%**.

Focusing on New Zealand, the Fonterra offerings in tomorrow's event 287 show that on average, NZX C1 – C6 futures are priced well below the AWP's in event 286. AMF **-4.72%**, Butter **-2.14%**, WMP **-4.45%**, and SMP **-3.31%**.

On offer at Event 287:

GDT event 287						
Sales Group Maximum Supply (MT)	Contract 1 (Aug 20)	Contract 2 (Sept 21)	Contract 3 (Oct 21)	Contract 4 (Nov 21)	Contract 5 (Dec 21)	Contract 6 (Jan 21)
Anhydrous Milk Fat	110	1,065	730	625	465	165
Butter Milk Powder	50	215	175	75	75	-
Butter	175	920	435	375	255	170
Cheddar	-	160	360	370	100	100
Skim Milk Powder	-	1,475	1,275	1,065	1,050	200
Whole Milk Powder	500	3,750	4,150	1,900	1,485	500

GDT OFFERED VOLUME ALLOCATION EVENT 287



The total offered volume by Fonterra is 22,520 mt, an increase of 2,960 mt or +13.73. This is caused partially by the offer of BMP that was absent in the previous event. All other commodity offers increased too vs event 286:

Product	event 286	event 287	change	change %
	mt	mt		
AMF	2,800	3,160	360	12.86%
Butter Milk Powder	0	590	-	-
Butter	1,595	2,330	735	46.08%
Cheddar	770	1,090	320	41.56%
SMP	4,175	5,065	890	21.32%
WMP	12,220	12,285	65	0.53%
Total	21,560	24,520	2,960	13.73%

Fonterra Co-operative Group has made no change to its Global Dairy Trade (GDT) Event forecast total offer quantity for Skim Milk Powder for the next 12 months.

The forecast total offer quantity for Whole Milk Powder has been reduced by 9,240 metric tonnes between August and January 2022. This change is the result of strong demand for Whole Milk Powder over the next six months outside of the GDT Events platform.

The contract quantities for Butter and Anhydrous Milkfat 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 14/06	settlements 05/07	Δ	Δ%
Amf	C1 July	\$5,700	\$5,600	-\$100	-1.75%
	C2 Aug	\$5,550	\$5,550	-	-
	C3 Sept	\$5,450	\$5,500	\$50	0.92%
	C4 Oct	\$5,300	\$5,350	\$50	0.94%
	C5 Nov	\$5,250	\$5,250	-	-
	C6 Dec	\$5,260	\$5,260	-	-
	Average		\$5,498	\$5,418	-\$80
SMP	C1 July	\$3,470	\$3,330	-\$140	-4.03%
	C2 Aug	\$3,440	\$3,250	-\$190	-5.52%
	C3 Sept	\$3,400	\$3,240	-\$160	-4.71%
	C4 Oct	\$3,380	\$3,220	-\$160	-4.73%
	C5 Nov	\$3,350	\$3,220	-\$130	-3.88%
	C6 Dec	\$3,350	\$3,210	-\$140	-4.18%
	Average		\$3,432	\$3,245	-\$187
Butter	C1 July	\$4,700	\$4,580	-\$120	-2.55%
	C2 Aug	\$4,600	\$4,600	-	-
	C3 Sept	\$4,400	\$4,400	-	-
	C4 Oct	\$4,500	\$4,500	-	-
	C5 Nov	\$4,500	\$4,500	-	-
	C6 Dec	\$4,500	\$4,500	-	-
	Average		\$4,575	\$4,513	-\$62
WMP	C1 July	\$4,090	\$3,940	-\$150	-3.67%
	C2 Aug	\$3,980	\$3,905	-\$75	-1.88%
	C3 Sept	\$3,870	\$3,845	-\$25	-0.65%
	C4 Oct	\$3,770	\$3,750	-\$20	-0.53%
	C5 Nov	\$3,735	\$3,750	\$15	0.40%
	C6 Dec	\$3,700	\$3,725	\$25	0.68%
	Average		\$3,933	\$3,819	-\$114

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 decrease of -1.45%, caused by a decrease in C1, while prices remained unchanged in the other contracts. C1 trades -1.53% below the AWP in event 286.

SMP futures saw strong downside in all contracts. On average, SMP futures trade -3.31% below the AWP in event 286.

Butter saw downside in C1 while the deferred contracts remained unchanged. Butter futures trade on average -2.15% below the AWP in event 286.

WMP moved down throughout C1-C4 and saw small upside in C5 and C6. On average, C1-C6 trade -4.45% below the AWP in event 286.

- 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 -4.5%. 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. YTD May saw milk production increase by 6.5% or + 533 million kgs.
- Of the extra produced milk, YTD April, NZ was able to incrementally export 377 million kgs or 70% during the same period, implying stock building in NZ. The pace of reducing stocks is increasing. YTD April incremental exports were only 25% of incremental milk production.

In the Greenmark Dairy Report of this coming Wednesday, we will report with an in-depth analysis of the outcome of event 287. 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