

The Greenmark GDT heads-up, event 288

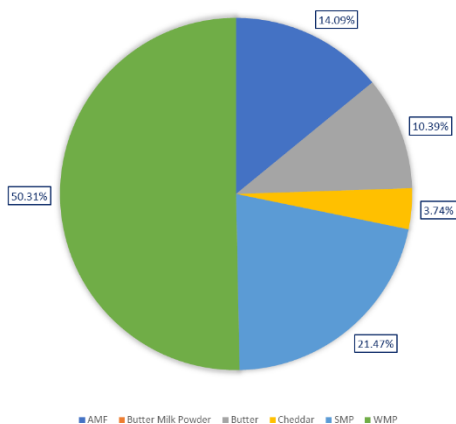
The markets for the commodities offered on GDT have shown downside over the past two weeks. When we look at the CME spot market, SMP saw a decrease of **-0.6%** while Butter decreased by **-1.18%** in the past week. Cheddar blocks moved down by **-7%** in the same period and is now priced **-6.30%** lower than the last GDT price. Since the last GDT event, the European Price index for Butter moved up **+0.25%** and the SMP index moved down by **-1.34%**.

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 **-4.25%**, Butter **-1.38%**, WMP **-3.86%**, and SMP **-0.19%**.

On offer at Event 288:

GDT event 288						
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	-	-	-	-	-	-
Butter	175	920	435	375	255	170
Cheddar	-	160	250	230	100	100
Skim Milk Powder	-	1,425	1,225	1,015	950	200
Whole Milk Powder	500	3,250	3,650	1,900	1,485	500

GDT OFFERED VOLUME ALLOCATION EVENT 288



The total offered volume by Fonterra is 22,430 mt, a decrease of 2,090 mt or **-8.52%**. This is caused partially by the offer of BMP that is absent in event 288. The declines in offered volumes are WMP **-1,000mt.**, SMP **-250mt.**, and Cheddar **-250mt.**

Product	event 287	event 288	change	change %
	mt	mt		
AMF	3,160	3,160	-	-
Butter Milk Powder	590	-	-	-
Butter	2,330	2,330	-	-
Cheddar	1,090	840	-250	-22.94%
SMP	5,065	4,815	-250	-4.94%
WMP	12,285	11,285	-1,000	-8.14%
Total	24,520	22,430	-2,090	-8.52%

The forecast total offer quantity for Whole Milk Powder has been reduced by 19,500 metric tonnes between August and November 2021.

In addition, the offer quantity for the current event has been reduced by 1,000 metric tonnes. These changes are the result of extremely strong demand for Whole Milk Powder over the next six months outside of the GDT Events platform.

The forecast total offer quantity for Skim Milk Powder for the next 12 months remains unchanged but 4,400 metric tonnes has been moved from August/September to October through to February 2022. In addition, the offer quantity for the current event has been reduced by 250 metric tonnes. These changes are to better meet market demand.

The forecast total offer quantity for Butter for the next 12 months remain unchanged but 1,100 metric tonnes has been moved from August thru November to February thru June 2022 to better meet market demand.

The forecast total offer quantity for Cheddar for the next 12 months remain unchanged but 1,820 metric tonnes has been moved from August thru November to December thru July 2022. In addition, the offer quantity for the current event has been reduced by 250 metric tonnes. These changes are due to product mix optimisation.

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 05/07	settlements 19/07	Δ	Δ%
Amf	C1 July	\$5,600	\$5,625	\$25	0.45%
	C2 Aug	\$5,550	\$5,485	-\$65	-1.17%
	C3 Sept	\$5,500	\$5,385	-\$115	-2.09%
	C4 Oct	\$5,350	\$5,350	-	-
	C5 Nov	\$5,250	\$5,250	-	-
	C6 Dec	\$5,260	\$5,260	-	-
	Average		\$5,418	\$5,393	-\$26
SMP	C1 July	\$3,330	\$3,200	-\$130	-3.90%
	C2 Aug	\$3,250	\$3,100	-\$150	-4.62%
	C3 Sept	\$3,240	\$3,110	-\$130	-4.01%
	C4 Oct	\$3,220	\$3,100	-\$120	-3.73%
	C5 Nov	\$3,220	\$3,100	-\$120	-3.73%
	C6 Dec	\$3,210	\$3,110	-\$100	-3.12%
	Average		\$3,245	\$3,120	-\$125
Butter	C1 July	\$4,580	\$4,380	-\$200	-4.37%
	C2 Aug	\$4,600	\$4,400	-\$200	-4.35%
	C3 Sept	\$4,400	\$4,400	-	-
	C4 Oct	\$4,500	\$4,400	-\$100	-2.22%
	C5 Nov	\$4,500	\$4,400	-\$100	-2.22%
	C6 Dec	\$4,500	\$4,400	-\$100	-2.22%
	Average		\$4,513	\$4,397	-\$117
WMP	C1 July	\$3,940	\$3,860	-\$80	-2.03%
	C2 Aug	\$3,905	\$3,800	-\$105	-2.69%
	C3 Sept	\$3,845	\$3,740	-\$105	-2.73%
	C4 Oct	\$3,750	\$3,650	-\$100	-2.67%
	C5 Nov	\$3,750	\$3,620	-\$130	-3.47%
	C6 Dec	\$3,725	\$3,620	-\$105	-2.82%
	Average		\$3,819	\$3,715	-\$104

Overall, we have seen a weaker undercurrent for all commodities in the past two weeks.

AMF saw an average decrease of **-0.48%**, caused by decreases in C2 & C3, while C1 saw a small uptick. C1 trades marginally below the AWP in event 287.

SMP futures saw strong downside in all contracts. On average, SMP futures trade only **0.19%** below the AWP in event 287.

Butter saw downside in all contracts bar C3. Butter futures trade on average **-1.38%** below the AWP in event 287.

WMP moved down throughout C1-C6. On average, C1-C6 trade **-3.86%** below the AWP in event 287.

- 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 **-4.75%**.
- 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. June and July are the months with the lowest production (combined approximately 2.5% of the annual production volume)
- 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.
- Apart from NZ, also the US and the EU see strongly increasing production of milk.
- The big question is whether China will sustain its heavy buying as in the previous events.

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