

The Greenmark GDT heads-up, event 289

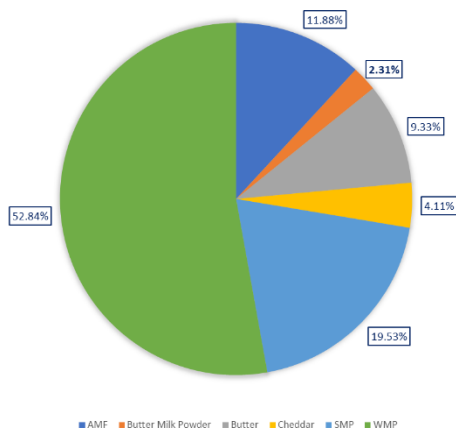
The markets for the commodities offered on GDT are mixed. When we look at the CME spot market, SMP saw an increase of 3.5%, while Butter decreased by **-0.75%** in the past week. Cheddar blocks moved up by 0.5% in the same period and is now priced **-10.37%** lower than the last GDT price. Since the last GDT event, the European Price index for Butter moved down **-0.4%** and the SMP index moved down by **-1.53%**.

Focusing on New Zealand, the Fonterra offerings in tomorrow's event 289 show that on average, NZX C1 – C6 futures vs AWP's in the previous event are as follows: AMF **-3.60%**, Butter **-1.83%**, WMP **+0.50%**, and SMP **+7%**.

On offer at Event 289:

GDT event 289						
Sales Group Maximum Supply (MT)	Contract 1 (Sept 20)	Contract 2 (Oct 21)	Contract 3 (Nov 21)	Contract 4 (Dec 21)	Contract 5 (Jan21)	Contract 6 (Feb 21)
Anhydrous Milk Fat	220	905	780	520	310	245
Butter Milk Powder	50	180	150	100	100	-
Butter	275	780	485	335	235	230
Cheddar	70	260	270	230	100	100
Skim Milk Powder	250	1,600	1,250	900	700	200
Whole Milk Powder	650	4,150	3,730	3,050	1,175	500

GDT OFFERED VOLUME ALLOCATION EVENT 289



The total offered volume by Fonterra is 25,085 mt, an increase of 2,655 mt or 11.84%. This is caused partially by the offer of BMP that was absent in event 288. The increases in offered volumes are WMP +1,970 mt, SMP +85 mt, Cheddar +190 mt, and Butter + 10 mt. The AMF volume decreased by **-180 mt**.

Product	event 288	event 289	change	change %
	mt	mt		
AMF	3,160	2980	-180	-5.70%
Butter Milk Powder	-	580	580	-
Butter	2,330	2340	10	0.43%
Cheddar	840	1030	190	22.62%
SMP	4,815	4,900	85	1.77%
WMP	11,285	13,255	1,970	17.46%
Total	22,430	25,085	2,655	11.84%

The forecast total offer quantity for Whole Milk Powder has been reduced by 20,000 metric tonnes between August and July 2022 including a reduction of 3,100 metric tonnes in the current event.

These changes are the result of extremely strong contracting for Whole Milk Powder over the next six months outside of the GDT Events platform, which means the portfolio is highly committed apart from remaining GDT volumes.

Milk production is expected to be flat on the previous year which will limit Fonterra's ability to increase Whole Milk Powder production further.

The forecast total offer quantity for Skim Milk Powder has been reduced by 6,000 metric tonnes between August and July 2022 including a reduction of 500 metric tonnes in the current event.

These changes are the result of strong demand for Skim Milk Powder outside of the GDT Events platform.

The forecast total offer quantity for Anhydrous Milk Fat has been reduced by 750 mt between August and May 2022. The offer quantity for the current event has been reduced by 375 metric tonnes. These changes are driven by 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 19/07	settlements 02/08	Δ	Δ%
Amf	C1 Aug	\$5,485	\$5,565	\$80	1.46%
	C2 Sept	\$5,385	\$5,470	\$85	1.58%
	C3 Oct	\$5,350	\$5,425	\$75	1.40%
	C4 Nov	\$5,250	\$5,350	\$100	1.90%
	C5 Dec	\$5,260	\$5,350	\$90	1.71%
	C6 Jan	\$5,270	\$5,320	\$50	0.95%
	Average		\$5,393	\$5,413	\$21
SMP	C1 Aug	\$3,100	\$3,140	\$40	1.29%
	C2 Sept	\$3,110	\$3,150	\$40	1.29%
	C3 Oct	\$3,100	\$3,185	\$85	2.74%
	C4 Nov	\$3,100	\$3,195	\$95	3.06%
	C5 Dec	\$3,110	\$3,205	\$95	3.05%
	C6 Jan	\$3,120	\$3,200	\$80	2.56%
	Average		\$3,120	\$3,179	\$59
Butter	C1 Aug	\$4,400	\$4,250	-\$150	-3.41%
	C2 Sept	\$4,400	\$4,350	-\$50	-1.14%
	C3 Oct	\$4,400	\$4,375	-\$25	-0.57%
	C4 Nov	\$4,400	\$4,350	-\$50	-1.14%
	C5 Dec	\$4,400	\$4,350	-\$50	-1.14%
	C6 Jan	\$4,380	\$4,350	-\$30	-0.68%
	Average		\$4,397	\$4,338	-\$59
WMP	C1 Aug	\$3,800	\$3,795	-\$5	-0.13%
	C2 Sept	\$3,740	\$3,800	\$60	1.60%
	C3 Oct	\$3,650	\$3,740	\$90	2.47%
	C4 Nov	\$3,620	\$3,725	\$105	2.90%
	C5 Dec	\$3,620	\$3,730	\$110	3.04%
	C6 Jan	\$3,620	\$3,695	\$75	2.07%
	Average		\$3,715	\$3,748	\$33

Overall, we have seen increasing prices, except for Butter.

AMF saw an average increase of +0.39%. C1 trades -1.0% below the AWP in event 288.

SMP futures saw upside in all contracts. On average, SMP futures trade 7% above the AWP in event 288.

Butter saw downside in all contracts bar C3. Butter futures trade on average -1.83% below the AWP in event 288.

WMP moved down in C1 but went up in all other contracts. On average, C1-C6 trade 0.50% above the AWP in event 288.

- 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 2.5%.
- After modest growth in NZ milk production in 2020, 2021 has started with stellar increases. YTD June saw milk production increase by 6.37% or + 537 million kgs. June and July are the months with the lowest production (combined approximately 2.5% of the annual production volume)
- Vs incremental milk production YTD June, NZ was able to incrementally export 782 million kgs LME, implying reduced stocks in NZ.
- Fonterra is flagging current season's milk production will be flat vs the previous season.
- The big question remains whether China will sustain its heavy buying as in 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