

The Greenmark GDT heads-up, event 291

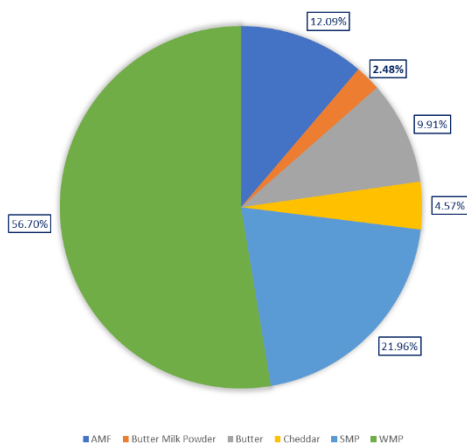
The markets for the commodities offered on GDT are mixed. When we look at the CME spot market, last Friday the price for SMP saw an increase of 5.06% vs the average price of the week before, while Butter increased by 5.67% in the same period. Cheddar blocks moved down by 0.98% in the same period and is now priced **-5.25** lower than the last GDT price. Since the last GDT event, the European Price index for Butter moved up modestly by 0.8% and the SMP index moved up by 0.2%.

Focusing on New Zealand, the Fonterra offerings in tomorrow's event 291 show that on average, NZX C1 – C6 futures vs AWP's in the previous event are as follows: AMF **-1.14%**, Butter **-2.26%**, WMP +3.06%, and SMP + 4.58%.

On offer at Event 291:

GDT event 291						
Sales Group Maximum Supply (MT)	Contract 1 (Oct 20)	Contract 2 (Nov 21)	Contract 3 (Dec 21)	Contract 4 (Jan 21)	Contract 5 (Feb21)	Contract 6 (March 21)
Anhydrous Milk Fat	215	765	715	575	315	245
Butter Milk Powder	-	200	180	100	100	-
Butter	245	735	410	390	310	230
Cheddar	70	260	270	270	100	100
Skim Milk Powder	375	1,915	1,150	850	850	-
Whole Milk Powder	1,900	5,100	2,580	2,315	1,375	-

GDT OFFERED VOLUME ALLOCATION EVENT 291



The total offered volume by Fonterra is 25,210 mt, an increase of 1,805 mt or +7.71%. This is caused partially by the offer of BMP that was absent in event 290. The increases in offered volumes are WMP +515 mt, Cheddar +40 mt, and SMP +840 mt. AMF decreased by -150 mt and Butter by -20 mt.

Product	event 290 (mt)	event 291 (mt)	change (mt)	change %
AMF	2980	2830	-150	-5.03%
Butter Milk Powder	-	580	580	-
Butter	2340	2320	-20	-0.85%
Cheddar	1030	1070	40	3.88%
SMP	4,300	5,140	840	19.53%
WMP	12,755	13,270	515	4.04%
Total	23,405	25,210	1,805	7.71%

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 10,000 metric tonnes between October and December.

These changes are the result of ongoing strong sales outside of the GDT Events platform.

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

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

NZX Futures changes since last GDT						
product	Contract	settlements 16/08	settlements 6/09	Δ	Δ%	AWP event 290
Amf	C1 Sept	\$5,600	\$5,800	\$200	3.57%	
	C2 Oct	\$5,600	\$5,800	\$200	3.57%	
	C3 Nov	\$5,650	\$5,750	\$100	1.77%	
	C4 Dec	\$5,600	\$5,700	\$100	1.79%	
	C5 Jan	\$5,575	\$5,700	\$125	2.24%	
	C6 Feb	\$5,550	\$5,600	\$50	0.90%	
Average		\$5,596	\$5,725	\$129	2.31%	\$5,791
SMP	C1 Sept	\$3,060	\$3,145	\$85	2.78%	
	C2 Oct	\$3,095	\$3,175	\$80	2.58%	
	C3 Nov	\$3,075	\$3,220	\$145	4.72%	
	C4 Dec	\$3,110	\$3,180	\$70	2.25%	
	C5 Jan	\$3,155	\$3,210	\$55	1.74%	
	C6 Feb	\$3,155	\$3,220	\$65	2.06%	
Average		\$3,108	\$3,192	\$83	2.68%	\$3,052
Butter	C1 Sept	\$4,350	\$4,730	\$380	8.74%	
	C2 Oct	\$4,525	\$4,650	\$125	2.76%	
	C3 Nov	\$4,500	\$4,650	\$150	3.33%	
	C4 Dec	\$4,475	\$4,650	\$175	3.91%	
	C5 Jan	\$4,525	\$4,650	\$125	2.76%	
	C6 Feb	\$4,525	\$4,650	\$125	2.76%	
Average		\$4,483	\$4,663	\$180	4.01%	\$4,771
WMP	C1 Sept	\$3,505	\$3,665	\$160	4.56%	
	C2 Oct	\$3,485	\$3,655	\$170	4.88%	
	C3 Nov	\$3,490	\$3,660	\$170	4.87%	
	C4 Dec	\$3,485	\$3,665	\$180	5.16%	
	C5 Jan	\$3,490	\$3,660	\$170	4.87%	
	C6 Feb	\$3,485	\$3,660	\$175	5.02%	
Average		\$3,490	\$3,661	\$171	4.89%	\$3,552

Overall, we have seen increasing prices across the board.

AMF saw an average increase of +2.31%. C1 trades -0.32% below the AWP in event 289. The average of C1-C6 trades -1.14% below the last AWP.

SMP futures saw upside in all contracts. On average, SMP futures trade 4.59% above the AWP in event 290.

Butter saw solid upside in all contracts. Butter futures trade on average -2.26% below the AWP in event 290.

WMP moved up strongly through all contracts. On average, C1-C6 trade 3.07% above the AWP in event 290.

- 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 robust increases. YTD July saw milk production increase by 6.38% or + 556 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 July, NZ was able to incrementally export 888 million kgs LME, implying a 332 million kgs LME stock reduction in NZ.
- So far, China has sustained its buying spree in July. Extrapolated on basis of YTD July data, China seems set to import an incremental 5.3 billion kgs LME in 2021.

In the **Greenmark Dairy Report** of this coming Wednesday, we will report with an in-depth analysis of the outcome of event 291. 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