

The Greenmark GDT heads-up, event 292

The markets for the commodities offered on GDT are all experiencing a powerful sense of positivity, translating into higher prices.

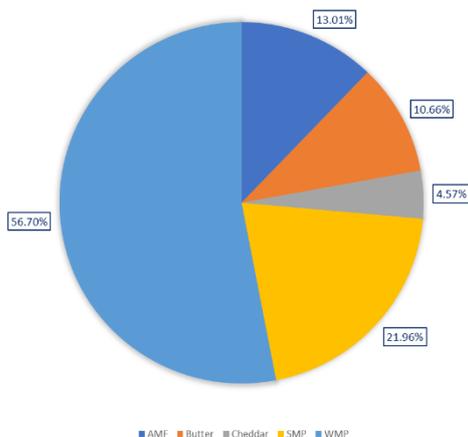
When we look at the CME spot market, last Friday the price for SMP saw an increase of 2% compared to the price after the last GDT event, while Butter increased by 1.3% in the same period. Cheddar blocks moved up by 4.4% in the same period but remains priced lower by **-5.45%** than the last AWP on GDT. Since the last GDT event, the European Price index for Butter moved up by 1.8% and the SMP index moved up by 3.8%.

Focusing on New Zealand, the Fonterra offerings in tomorrow's event 292 show that the NZX C1 future vs AWPs in the previous event are as follows: AMF +0.17%, Butter **-0.97%**, WMP +0.11%, and SMP + 0.79%.

On offer at Event 292:

GDT event 292						
Sales Group Maximum Supply (MT)	Contract 1 (Oct 20)	Contract 2 (Nov 21)	Contract 3 (Dec 21)	Contract 4 (Jan 21)	Contract 5 (Feb 21)	Contract 6 (March 21)
Anhydrous Milk Fat	215	955	735	580	315	245
Butter Milk Powder	-	-	-	-	-	-
Butter	220	760	530	445	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 292



The total offered volume by Fonterra is 25,020 mt, a decrease of **-190** mt or **-0.75%**. The absence of the offer for BMP is partially the reason for the decrease. The increases in offered volumes are Butter + 310 mt and AMF + 215 mt.

Product	event 291	event 291	change	change %
	mt	mt		
AMF	2830	3045	215	7.60%
Butter Milk Powder	580	0	-	-
Butter	2320	2495	175	7.54%
Cheddar	1070	1070	0	0.00%
SMP	5,140	5,140	0	0.00%
WMP	13,270	13,270	0	0.00%
Total	25,210	25,020	-190	-0.75%

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 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 6/09	settlements 20/09	Δ	Δ%	AWP event 291
Amf	C1 Sept	\$5,800	\$5,980	\$180	3.10%	
	C2 Oct	\$5,800	\$5,935	\$135	2.33%	
	C3 Nov	\$5,750	\$5,925	\$175	3.04%	
	C4 Dec	\$5,700	\$5,900	\$200	3.51%	
	C5 Jan	\$5,700	\$5,850	\$150	2.63%	
	C6 Feb	\$5,600	\$5,720	\$120	2.14%	
Average		\$5,725	\$5,885	\$160	2.79%	\$5,970
SMP	C1 Sept	\$3,145	\$3,300	\$155	4.93%	
	C2 Oct	\$3,175	\$3,330	\$155	4.88%	
	C3 Nov	\$3,220	\$3,325	\$105	3.26%	
	C4 Dec	\$3,180	\$3,325	\$145	4.56%	
	C5 Jan	\$3,210	\$3,335	\$125	3.89%	
	C6 Feb	\$3,220	\$3,335	\$115	3.57%	
Average		\$3,192	\$3,325	\$133	4.18%	\$3,274
Butter	C1 Sept	\$4,730	\$4,900	\$170	3.59%	
	C2 Oct	\$4,650	\$4,825	\$175	3.76%	
	C3 Nov	\$4,650	\$4,725	\$75	1.61%	
	C4 Dec	\$4,650	\$4,725	\$75	1.61%	
	C5 Jan	\$4,650	\$4,725	\$75	1.61%	
	C6 Feb	\$4,650	\$4,725	\$75	1.61%	
Average		\$4,663	\$4,771	\$108	2.31%	\$4,948
WMP	C1 Sept	\$3,665	\$3,695	\$30	0.82%	
	C2 Oct	\$3,655	\$3,710	\$55	1.50%	
	C3 Nov	\$3,660	\$3,705	\$45	1.23%	
	C4 Dec	\$3,665	\$3,700	\$35	0.95%	
	C5 Jan	\$3,660	\$3,675	\$15	0.41%	
	C6 Feb	\$3,660	\$3,660	\$0	0.00%	
Average		\$3,661	\$3,691	\$30	0.82%	\$3,691

Overall, we have seen increasing prices across the board.

AMF saw an average increase of +2.79%. C1 trades 0.17% above the AWP in event 291. The average of C1-C6 trades -1.42% below the last AWP.

SMP futures saw upside in all contracts. On average, SMP futures trade 1.56% above the AWP in event 291.

Butter saw solid upside in all contracts with the biggest gains in the two front contracts. Butter futures trade on average -3.6% below the AWP in event 291.

WMP moved up through all contracts. On average, C1-C6 trade at exactly the AWP in event 291.

- On a weighted, calculated basis of NZX futures vs settlement prices in the previous GDT event, movements on the NZX point towards a correction in the GDT index of about -3.4%. This despite of the general positivity in the US and EU cash markets.
- 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 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 August. Extrapolated on basis of YTD August data, China seems set to import an incremental 5.24 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 292. 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