

The Greenmark GDT heads-up, event 295

The markets for the commodities offered on GDT continue to see upward momentum, translating into higher prices.

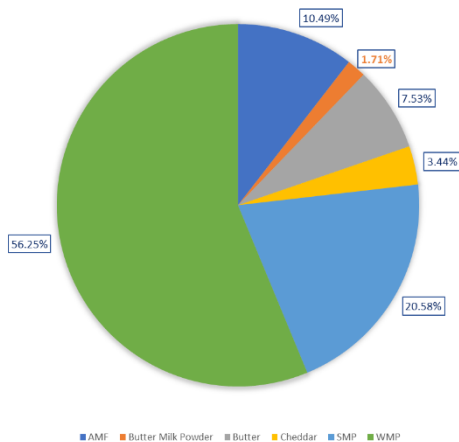
When we look at the CME spot market, last Friday the price for SMP saw an increase of 3.35% in the past two week, while Butter rose by + 8.09% in the same period. Cheddar blocks moved down by 1.99% in the same period and remains priced 13% lower than the last AWP on GDT. Since the last GDT event, the European Price index for Butter moved up by 17.4% and the SMP index moved up by 7.5%.

Focusing on New Zealand, the Fonterra offerings in tomorrow's event 295 show that the NZX C1 future vs AWP's in the previous event are as follows: AMF **-1.64%**, Butter 1.25%, WMP 2.95%, and SMP + 2.47%.

On offer at Event 295:

GDT event 295						
Sales Group Maximum Supply (MT)	Contract 1 (Dec 20)	Contract 2 (Jan 21)	Contract 3 (Feb 21)	Contract 4 (March 21)	Contract 5 (June 21)	Contract 6 (July 21)
Anhydrous Milk Fat	265	985	735	630	415	230
Butter Milk Powder	50	205	175	75	75	-
Butter	210	905	530	425	270	-
Cheddar	70	260	270	270	100	100
Skim Milk Powder	500	2,545	1,510	1,025	815	-
Whole Milk Powder	2,750	7,778	4,600	1,550	800	-

GDT OFFERED VOLUME ALLOCATION EVENT 295



The total offered volume by Fonterra is 31,073 mt, an increase of 1,783 mt or 6.09%. The offer of BMP this event is one reason for the increase. The offer for WMP increased by 1,023 mt, while the SMP offer increased by 260 mt. The Butter offer increased lightly by 15 mt.

Product	event 294	event 295	change	change %
	mt	mt		
AMF	3305	3260	-45	-1.36%
Butter Milk Powder	0	530	-	-
Butter	2325	2340	15	0.65%
Cheddar	1070	1070	-	-
SMP	6,135	6,395	260	4.24%
WMP	16,455	17,478	1,023	6.22%
Total	29,290	31,073	1,783	6.09%

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 18/10	settlements 1/11	Δ	Δ%	AWP event 294
Amf	C1 Nov	\$5,980	\$6,050	\$70	1.17%	
	C2 Dec	\$6,005	\$6,005	\$0	0.00%	
	C3 Jan	\$6,010	\$6,010	\$0	0.00%	
	C4 Feb	\$6,020	\$6,020	\$0	0.00%	
	C5 March	\$5,910	\$5,950	\$40	0.68%	
	C6 April	\$5,900	\$5,920	\$20	0.34%	
	Average		\$5,977	\$5,993	\$16	0.26%
SMP	C1 Nov	\$3,530	\$3,485	-\$45	-1.27%	
	C2 Dec	\$3,525	\$3,580	\$55	1.56%	
	C3 Jan	\$3,550	\$3,590	\$40	1.13%	
	C4 Feb	\$3,550	\$3,580	\$30	0.85%	
	C5 March	\$3,550	\$3,600	\$50	1.41%	
	C6 April	\$3,550	\$3,580	\$30	0.85%	
	Average		\$3,514	\$3,569	\$55	1.57%
Butter	C1 Nov	\$4,910	\$5,175	\$265	5.40%	
	C2 Dec	\$4,950	\$5,175	\$225	4.55%	
	C3 Jan	\$4,940	\$5,175	\$235	4.76%	
	C4 Feb	\$4,945	\$5,175	\$230	4.65%	
	C5 March	\$4,850	\$5,150	\$300	6.19%	
	C6 April	\$4,850	\$5,150	\$300	6.19%	
	Average		\$4,916	\$5,167	\$251	5.10%
WMP	C1 Nov	\$3,885	\$3,915	\$30	0.77%	
	C2 Dec	\$3,885	\$3,925	\$40	1.03%	
	C3 Jan	\$3,880	\$3,940	\$60	1.55%	
	C4 Feb	\$3,885	\$3,945	\$60	1.54%	
	C5 March	\$3,875	\$3,945	\$70	1.81%	
	C6 April	\$3,855	\$3,920	\$65	1.69%	
	Average		\$3,857	\$3,932	\$75	1.94%

Overall, we have seen increasing prices across the board, except for C1 SMP.

AMF saw an average increase of +0.26%. C1 trades -1.64% below the AWP in event 294. The average of C1-C6 trades -2.57% below the last AWP.

SMP futures saw upside in all contracts, bar C1. On average, SMP futures trade 4.94% above the AWP in event 294.

Butter saw strong upside in all contracts. Butter futures trade on average 1.10% above the AWP in event 294.

WMP moved up through all contracts. On average, C1-C6 trade +3.39% above AWP in event 294.

- 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 4.5%, driven by the general positivity in the cash markets and stagnating milk production in key producing countries. Milk production of key export countries rose by 0.97% YTD August/September or + 2.2 billion kgs, while world trade in Key commodities increased by 2.07 billion kgs YTD July/August.
- After modest growth in NZ milk production in 2020, 2021 has started with robust increases. That trend was broken in August and September that saw milk production vs 2020 move down strongly by -4.53%. YTD September is still up by 2.85% or +367 million kgs.
- Vs incremental milk production YTD September, NZ was able to incrementally export 875 million kgs LME, implying a 508 million kgs LME stock reduction in NZ since the start of the year.
- So far, China has sustained its buying spree up to August but September, although still up vs 2020, saw a strong slowdown in dairy imports. Extrapolated on basis of YTD September data, China seems set to import an incremental 4.84 billion kgs LME in 2021.
- In the past month, WTI oil prices have increased 8.17% (and more than doubled since one-year ago)

In the **Greenmark Dairy Report** of this coming Wednesday, we will report with an in-depth analysis of the outcome of event 295. 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.schorsj@greenmarkdairy.com

