

## The Greenmark GDT heads-up, event 296

The markets for the commodities offered on GDT continue to see upward momentum, fueled by an overall slowing of milk production while export demand remains strong.

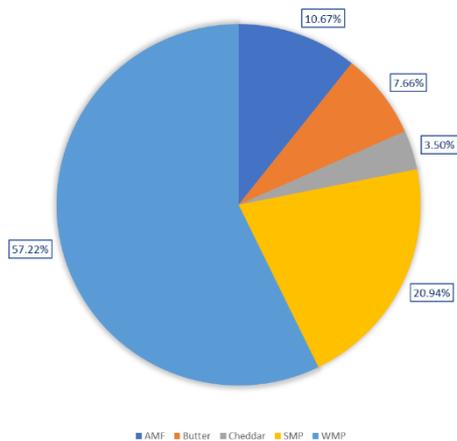
When we look at the CME spot market, last Friday the price for SMP saw an increase of 2.2% in the past two week, while Butter rose by + 7.6% in the same period. Cheddar blocks moved up by 0.9% in the same period but is currently priced 256 lower than the last AWP on GDT. Since the last GDT event, the European Price index for Butter moved up by 4.4% and the SMP index moved up by 2.6%.

Focusing on New Zealand, the Fonterra offerings in tomorrow's event 295 show that the NZX C1 future vs AWPs in the previous event are as follows: AMF +6.12%, Butter 1.45%, WMP 2.17%, and SMP + 5.3%.

### On offer at Event 296:

GDT event 296						
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	-	-	-	-	-	-
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	7,777	4,600	1,550	800	-

GDT OFFERED VOLUME ALLOCATION EVENT 296



The total offered volume by Fonterra is 30,542 mt, a decrease of 532 mt or **-1.71%**. The absence of the offer of BMP this event is the main cause of that.

Product	event 295	event 296	change	change %
	mt	mt		
AMF	3260	3260	-	-
Butter Milk Powder	530	0	<b>-530</b>	-
Butter	2340	2340	-	-
Cheddar	1070	1070	-	-
SMP	6,395	6,395	-	-
WMP	17,478	17,477	<b>-1</b>	-
<b>Total</b>	<b>31,073</b>	<b>30,542</b>	<b>-531</b>	<b>-1.71%</b>

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 1/11	settlements 15/11	Δ	Δ%	AWP event 295
Amf	C1 Nov	\$6,050	\$6,420	\$370	6.12%	
	C2 Dec	\$6,005	\$6,400	\$395	6.58%	
	C3 Jan	\$6,010	\$6,400	\$390	6.49%	
	C4 Feb	\$6,020	\$6,400	\$380	6.31%	
	C5 March	\$5,950	\$6,225	\$275	4.62%	
	C6 April	\$5,920	\$6,200	\$280	4.73%	
	Average		\$5,993	\$6,341	\$348	5.81%
SMP	C1 Nov	\$3,485	\$3,670	\$185	5.31%	
	C2 Dec	\$3,580	\$3,780	\$200	5.59%	
	C3 Jan	\$3,590	\$3,760	\$170	4.74%	
	C4 Feb	\$3,580	\$3,790	\$210	5.87%	
	C5 March	\$3,600	\$3,790	\$190	5.28%	
	C6 April	\$3,580	\$3,790	\$210	5.87%	
	Average		\$3,569	\$3,763	\$194	5.44%
Butter	C1 Nov	\$5,175	\$5,250	\$75	1.45%	
	C2 Dec	\$5,175	\$5,380	\$205	3.96%	
	C3 Jan	\$5,175	\$5,350	\$175	3.38%	
	C4 Feb	\$5,175	\$5,445	\$270	5.22%	
	C5 March	\$5,150	\$5,445	\$295	5.73%	
	C6 April	\$5,150	\$5,445	\$295	5.73%	
	Average		\$5,167	\$5,386	\$219	4.24%
WMP	C1 Nov	\$3,915	\$4,000	\$85	2.17%	
	C2 Dec	\$3,925	\$4,175	\$250	6.37%	
	C3 Jan	\$3,940	\$4,225	\$285	7.23%	
	C4 Feb	\$3,945	\$4,200	\$255	6.46%	
	C5 March	\$3,945	\$4,215	\$270	6.84%	
	C6 April	\$3,920	\$4,115	\$195	4.97%	
	Average		\$3,932	\$4,155	\$223	5.68%

Overall, we have seen increasing prices across the board.

AMF saw an average increase of +5.81%. C1 trades 0.56% above the AWP in event 295. The average of C1-C6 trades -0.68% below the last AWP.

SMP futures saw upside in all contracts. On average, SMP futures trade 3.76% above the AWP in event 295.

Butter saw upside in all contracts that was stronger in the deferred contracts. Butter futures trade on average 0.67% above the AWP in event 295.

WMP moved up through all contracts, also stronger in the deferred contracts. On average, C1-C6 trade +5.97% above AWP in event 295.

- 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 3%, driven by the general positivity in the cash markets and stagnating milk production in key production countries. Milk production of key export countries rose by 0.9% YTD August/September or + 2.6 billion kgs, while world trade in Key commodities increased by 2.9 billion kgs YTD Aug/September.
- 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. The season-to-date September stands at -3.54% or -166 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 year, WTI oil prices have increased 87.8% but saw a decline of -2.5% in the past week.

In the Greenmark Dairy Report of this coming Wednesday, we will report with an in-depth analysis of the outcome of event 296. 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.

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