

The Greenmark GDT heads-up, event 297

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

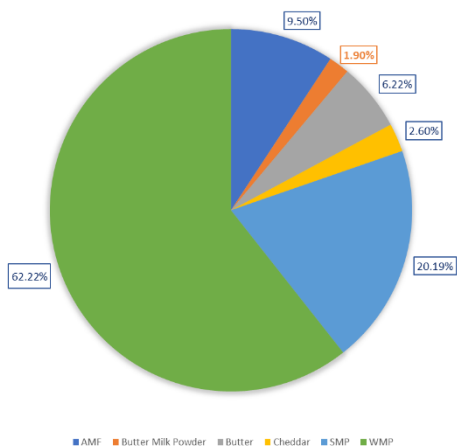
When we look at the CME spot market, last Friday the price for SMP saw an increase of 1% since the last GDT event, while Butter declined by **-0.20%** in the same period. Cheddar blocks moved up by 7.77% during the same time but is currently priced **-\$ 947/mt** lower than the last AWP on GDT 296 or **-18%**. Since the last GDT event, the European Price index for Butter moved up by 1.33% and the SMP index by 4.6%.

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 +1.98%, Butter 2.02%, WMP 5.99%, and SMP + 3.8%.

On offer at Event 297:

GDT event 297						
Sales Group Maximum Supply (MT)	Contract 1 (Jan 20)	Contract 2 (Feb 21)	Contract 3 (March 21)	Contract 4 (April 21)	Contract 5 (May 21)	Contract 6 (June 21)
Anhydrous Milk Fat	250	870	625	575	350	230
Butter Milk Powder	80	214	106	100	80	-
Butter	175	750	450	300	225	-
Cheddar	70	200	200	200	100	25
Skim Milk Powder	500	2,655	1,500	825	685	-
Whole Milk Powder	2,875	8,480	5,922	1,175	550	-

GDT OFFERED VOLUME ALLOCATION EVENT 297



The total offered volume by Fonterra is 31,342 mt, an increase of 580 mt or 1.89%. This is caused by the offer of BMP this event that was absent in event 296.

Product	event 296	event 297	change	change %
	mt	mt		
AMF	2900	2900	0	-
Butter Milk Powder		580	0	-
Butter	1900	1900	0	-
Cheddar	795	795	0	-
SMP	6,165	6,165	0	-
WMP	19,002	19,002	0	-
Total	30,762	31,342	580	1.89%

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 forecast total offer quantity for Cheddar Cheese has been reduced by 710 metric tonnes between December and March. 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 three weeks ago, futures prices have changed as follows:

NZX Futures changes since last GDT						
product	Contract	settlements 15/11	settlements 06/12	Δ	Δ%	AWP event 296
Amf	C1 Dec	\$6,400	\$6,550	\$150	2.34%	
	C2 Jan	\$6,400	\$6,625	\$225	3.52%	
	C3 Feb	\$6,400	\$6,600	\$200	3.13%	
	C4 March	\$6,225	\$6,575	\$350	5.62%	
	C5 April	\$6,200	\$6,650	\$450	7.26%	
	C6 May	\$6,100	\$6,600	\$500	8.20%	
	Average		\$6,341	\$6,600	\$259	4.09%
SMP	C1 Dec	\$3,780	\$3,760	-\$20	-0.53%	
	C2 Jan	\$3,760	\$3,825	\$65	1.73%	
	C3 Feb	\$3,790	\$3,845	\$55	1.45%	
	C4 April	\$3,790	\$3,855	\$65	1.72%	
	C5 April	\$3,790	\$3,800	\$10	0.26%	
	C6 May	\$3,750	\$3,810	\$60	1.60%	
	Average		\$3,763	\$3,816	\$53	1.40%
Butter	C1 Dec	\$5,380	\$5,625	\$245	4.55%	
	C2 Jan	\$5,350	\$5,675	\$325	6.07%	
	C3 Feb	\$5,445	\$5,650	\$205	3.76%	
	C4 April	\$5,445	\$5,675	\$230	4.22%	
	C5 April	\$5,445	\$5,650	\$205	3.76%	
	C6 May	\$5,300	\$5,600	\$300	5.66%	
	Average		\$5,386	\$5,646	\$260	4.83%
WMP	C1 Dec	\$4,175	\$4,120	-\$55	-1.32%	
	C2 Jan	\$4,225	\$4,230	\$5	0.12%	
	C3 Feb	\$4,200	\$4,245	\$45	1.07%	
	C4 April	\$4,215	\$4,250	\$35	0.83%	
	C5 April	\$4,115	\$4,260	\$145	3.52%	
	C6 May	\$4,105	\$4,250	\$145	3.53%	
	Average		\$4,155	\$4,226	\$71	1.70%

Overall, we continue to see upside across the board.

AMF saw an average increase of +4.09%. C1 trades 1.21% above the AWP in event 296. The average of C1-C6 trades 4.09% above the last AWP.

SMP futures saw upside in all contracts, bar C1. On average, SMP futures trade 1.40% above the AWP in event 296.

Butter saw upside in all contracts. Butter futures trade on average 4.83% above the AWP in event 296.

WMP moved up through all contracts, except in C1. Increases for the other contracts were higher in the deferred contracts. On average, C1-C6 trade +1.7% above AWP in event 296.

- 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 5.5%, 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-October that saw milk production vs 2020 move down strongly by -4% or -296 million kgs. YTD October is still up by 1.61% or +260 million kgs. The season-to-date October stands at -3.44% or -273 million kgs.
- Vs incremental milk production YTD October, NZ was able to incrementally export 748 million kgs LME, implying a 475 million kgs LME stock reduction 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. October was the 2nd month this year after February that saw a -3.45% reduction in imports or -47 million kgs LME. Extrapolated on basis of YTD October data, China seems set to import an incremental 4.32 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 297. 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