



## The Greenmark GDT heads-up, event 312

The markets for the commodities offered on GDT have started to move down a few weeks ago in all main exporting regions.

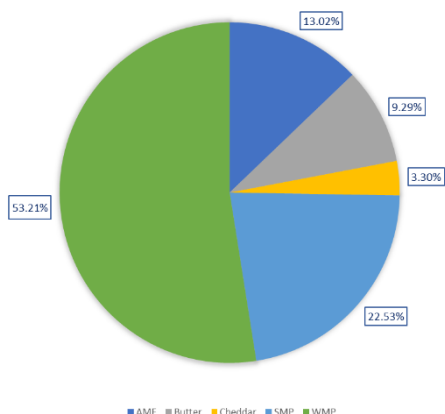
When we look at the CME spot market, Friday the weekly average price for SMP was down **-3.26%** since the last GDT event, while Butter increased by 0.59% in the same period. Cheddar blocks fell by **-5.6%** during the same time. US Cheddar is currently priced \$ 414/mt LOWER than the last AWP on GDT 311 or **-8.84%**. Since the last GDT event, the European Price index for Butter moved down by **-1.3%** while the SMP index moved down by **-1.75%**.

Focusing on New Zealand, the Fonterra offerings in today's event 312 show that the NZX C1 future vs AWP's in event 311 are as follows: AMF 0.33%, Butter +0.39%, WMP **-2.80%**, and SMP **-0.07%**. The average futures' prices for July - Dec vs the last AWP are AMF **-1.20%**, Butter **-0.51%**, WMP **-7.22%**, and SMP **-8.30%**.

### On offer at Event 312:

GDT event 312						
Sales Group Maximum Supply (MT)	Contract 1 (Aug 22)	Contract 2 (Sept 22)	Contract 3 (Oct 22)	Contract 4 (Nov 22)	Contract 5 (Dec 22)	Contract 6 (Jan 22)
Anhydrous Milk Fat	100	1,000	700	600	370	230
Butter Milk Powder	0	0	0	0	0	0
Butter	165	650	500	375	250	200
Cheddar	0	160	220	220	80	80
Skim Milk Powder	0	1,675	1,350	1,090	1,075	-
Whole Milk Powder	1,000	3,875	4,200	1,750	1,435	-

GDT OFFERED VOLUME ALLOCATION EVENT 312



The total offered volume by Fonterra is 23,350mt, an increase of 310mt or +1.35% vs the previous event. This despite the offer for BMP being absent in event 312. The AMF and Butter volumes remained unchanged while Cheddar decrease by 100 mt and WMP increased by 1,000mt.

Product	event 311	event 312	change	change %
	mt	mt		
AMF	3000	3000	0	0.00%
Butter Milk Powder	590	0	-590	-
Butter	2140	2140	0	0.00%
Cheddar	860	760	-100	-11.63%
SMP	5,190	5,190	0	0.00%
WMP	11,260	12,260	1,000	8.88%
<b>Total</b>	<b>23,040</b>	<b>23,350</b>	<b>310</b>	<b>1.35%</b>

The forecast total offer quantity for Whole Milk Powder has been increased by 10,000 metric tonnes between July and September, with Trading Event 312 increased by 1,000 metric tonnes. These changes are the result of movements in market demand.

The forecast total offer quantity for Skim Milk Powder has been increased by 8,500 metric tonnes between August and May. There are no changes to Trading Event 312 for SMP. These changes are the result of product mix optimisation.

The 12 months forecast offer quantity for all other products 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 04/07	settlements 18/07	Δ	Δ%	AWP event 311
Amf	C1 July	\$6,000	\$5,725	-\$275	-4.58%	\$5,706
	C2 August	\$6,000	\$5,530	-\$470	-7.83%	
	C3 Sept	\$6,000	\$5,530	-\$470	-7.83%	
	C4 Oct	\$6,075	\$5,590	-\$485	-7.98%	
	C5 Nov	\$6,165	\$5,700	-\$465	-7.54%	
	C6 Dec	\$6,155	\$5,750	-\$405	-6.58%	
	Average		\$6,066	\$5,638	-\$428	
SMP	C1 July	\$4,190	\$4,060	-\$130	-3.10%	\$4,063
	C2 August	\$4,140	\$3,680	-\$460	-11.11%	
	C3 Sept	\$4,100	\$3,665	-\$435	-10.61%	
	C4 Oct	\$4,040	\$3,650	-\$390	-9.65%	
	C5 Nov	\$4,040	\$3,650	-\$390	-9.65%	
	C6 Dec	\$4,040	\$3,650	-\$390	-9.65%	
	Average		\$4,092	\$3,726	-\$366	
Butter	C1 July	\$6,050	\$5,670	-\$380	-6.28%	\$5,648
	C2 August	\$5,850	\$5,630	-\$220	-3.76%	
	C3 Sept	\$5,700	\$5,640	-\$60	-1.05%	
	C4 Oct	\$5,750	\$5,575	-\$175	-3.04%	
	C5 Nov	\$5,750	\$5,600	-\$150	-2.61%	
	C6 Dec	\$5,750	\$5,600	-\$150	-2.61%	
	Average		\$5,808	\$5,619	-\$189	
WMP	C1 July	\$4,090	\$3,850	-\$240	-5.87%	\$3,961
	C2 August	\$4,110	\$3,650	-\$460	-11.19%	
	C3 Sept	\$4,105	\$3,635	-\$470	-11.45%	
	C4 Oct	\$4,120	\$3,630	-\$490	-11.89%	
	C5 Nov	\$4,135	\$3,640	-\$495	-11.97%	
	C6 Dec	\$4,160	\$3,645	-\$515	-12.38%	
	Average		\$4,120	\$3,675	-\$445	

Overall, we see strong downside on average pricing across all products with the biggest declines in powders.

AMF saw an average decrease of **-7.06%**. C1 trades 1.55% above the AWP in event 311. The average of C1-C6 trades **-1.20%** below the last AWP.

SMP futures saw downside with the strongest decreases in the front contracts. On average, SMP futures trade **-8.30%** below the AWP in event 311.

Butter, like AMF, also saw decreases in all contracts. Butter futures trade on average **-0.51%** below the AWP in event 311.

WMP moved down significantly in all contracts. On average, C1-C6 trade **-7.22%** below the AWP in event 311.

- On a weighted, calculated basis of NZX futures vs settlement prices in the previous GDT event, movements on the NZX *point* towards a **-7%** decrease in the GDT index.
- After modest growth in NZ milk production in 20/21, 2021/2022 started with robust increases. That trend was broken during the August – May '22 period which saw the full 21/22 season's milk production vs 20/21 move down strongly by **-4.24%** or **-947** million kgs. Ytd May 2022, NZ milk output stands at **-5.63%** or **-492** million kgs.
- Vs incremental milk production Season to Date April, NZ was able to incrementally export 57 million kgs LME (Season to date May '22). Imports have been 24 million kgs higher, implying a **-914** million kgs LME stock reduction since the start of the 21/22 season that brings the theoretical stocks to a historically low level.
- The Chinese buying appetite remains the elephant in the room this event. According to current reports, China's economy contracted sharply in April with consumer activity down by 11.1%. This has slightly improved, but while May still shows a contraction of -6.7%, June saw an increase of 3.1%.
- Latest import data from China, shows May imports were down strongly by **-26.6%** but NZ's share in that only by **-7%**.
- Price weakness is in part caused by the northern hemisphere's holiday season.

In the **Greenmark Dairy Report** of this coming Wednesday, we will report with an in-depth analysis of the outcome of event 312. 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.