

The Greenmark GDT heads-up, event 313

The markets for the commodities offered on GDT have continued to move down in all main exporting regions.

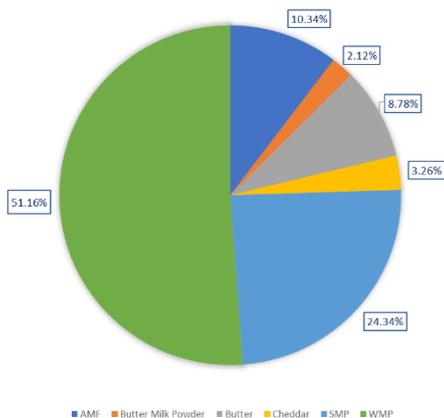
When we look at the CME spot market, Friday the weekly average price for SMP was down **-2.0%** since the last GDT event, while Butter increased by 1.95% in the same period. Cheddar blocks fell by **-4.21%** during the same time. US Cheddar is currently priced \$ 414/mt LOWER than the last AWP on GDT 311. Since the last GDT event, the European Price index for Butter moved down by **-0.18%** while the SMP index moved down by **-3.19%**.

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 **-3.25%**, WMP **-3.51%**, and SMP **-3.48%**. The average futures' prices for Aug-Jan vs the last AWP are AMF 1.28%, Butter **-4.17%**, WMP **-3.49%**, and SMP **-4.15%**.

On offer at Event 313:

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	200	850	750	500	295	230
Butter Milk Powder	50	180	150	100	100	0
Butter	350	850	450	325	225	200
Cheddar	70	220	220	220	80	80
Skim Milk Powder	500	2,450	1,700	1,100	900	-
Whole Milk Powder	1,750	4,775	3,930	2,400	1,125	-

GDT OFFERED VOLUME ALLOCATION EVENT 313



The total offered volume by Fonterra is 27,325mt, an increase of 3,975mt or +17.02% vs the previous event. This is in part caused by the added offer of BMP that was absent in event 312. The AMF volume decreased while all other volumes increased strongly.

Product	event 312	event 313	change	change %
	mt	mt		
AMF	3000	2825	-175	-5.83%
Butter Milk Powder	0	580	580	-
Butter	2140	2400	260	12.15%
Cheddar	760	890	130	17.11%
SMP	5,190	6,650	1460	28.13%
WMP	12,260	13,980	1,720	14.03%
Total	23,350	27,325	3,975	17.02%

The 12 months forecast offer quantity for all products except Whole Milk Powder remains unchanged.

The Whole Milk Powder offer quantities for GDT Events have been changed due to the launch of GDT Pulse. The 12 months Whole Milk Powder forecast offer quantity on GDT Events has been reduced by 28,000 metric tonnes to 329,739 metric tonnes, with the equivalent volume now available on GDT Pulse.

The total 12 month forecast offer quantity for Whole Milk Powder across both GDT Events & GDT Pulse remain unchanged, with volume remaining accessible to all bidders.

The first GDT Pulse auction will be on Tuesday 9th August, with subsequent GDT Pulse auctions occurring in each non-GDT Event week. Each GDT Pulse auction will be for Regular Whole Milk Powder for Contract Period 2, with the intention to initially offer 1,000 metric tonnes per auction.

An announcement for each GDT Pulse auction will be made in the week preceding the auction and will confirm the specific offer volume. The first volume announcement for GDT Pulse will be made on Friday, 5th August through the existing GDT Events announcement channels. The August GDT Pulse auctions will bring forward volume from the September GDT Events contract period 1.

This change has been made to maintain shipping profile and to maintain the existing volume forecasted for August GDT Events.

Since the GDT event of two weeks ago, futures prices have changed as follows:

NZX Futures changes since last GDT						
product	Contract	settlements 18/07	settlements 01/08	Δ	Δ%	AWP event 313
Amf	C1 August	\$5,530	\$5,580	\$50	0.90%	\$5,553
	C2 Sept	\$5,530	\$5,530	\$0	0.00%	
	C3 Oct	\$5,590	\$5,590	\$0	0.00%	
	C4 Nov	\$5,700	\$5,700	\$0	0.00%	
	C5 Dec	\$5,750	\$5,750	\$0	0.00%	
	C6 Jan	\$5,760	\$5,760	\$0	0.00%	
	Average		\$5,643	\$5,652	\$8	
SMP	C1 August	\$3,680	\$3,580	-\$100	-2.72%	\$3,678
	C2 Sept	\$3,665	\$3,525	-\$140	-3.82%	
	C3 Oct	\$3,650	\$3,535	-\$115	-3.15%	
	C4 Nov	\$3,650	\$3,535	-\$115	-3.15%	
	C5 Dec	\$3,650	\$3,575	-\$75	-2.05%	
	C6 Jan	\$3,660	\$3,580	-\$80	-2.19%	
	Average		\$3,659	\$3,555	-\$104	
Butter	C1 August	\$5,630	\$5,350	-\$280	-4.97%	\$5,525
	C2 Sept	\$5,640	\$5,285	-\$355	-6.29%	
	C3 Oct	\$5,575	\$5,235	-\$340	-6.10%	
	C4 Nov	\$5,600	\$5,285	-\$315	-5.63%	
	C5 Dec	\$5,600	\$5,315	-\$285	-5.09%	
	C6 Jan	\$5,625	\$5,325	-\$300	-5.33%	
	Average		\$5,612	\$5,299	-\$313	
WMP	C1 August	\$3,650	\$3,625	-\$25	-0.68%	\$3,770
	C2 Sept	\$3,635	\$3,625	-\$10	-0.28%	
	C3 Oct	\$3,630	\$3,625	-\$5	-0.14%	
	C4 Nov	\$3,640	\$3,610	-\$30	-0.82%	
	C5 Dec	\$3,645	\$3,610	-\$35	-0.96%	
	C6 Jan	\$3,675	\$3,660	-\$15	-0.41%	
	Average		\$3,646	\$3,626	-\$20	

Overall, we see strong downside on average pricing across all products, except AMF, with the biggest declines in Butter and SMP.

AMF saw hardly any change. C1 trades on the same price as the AWP in event 312. The average of C1-C6 trades 1.29% above the last AWP.

SMP futures saw downside with the strongest decreases in the front contracts. On average, SMP futures trade -4.15% below the AWP in event 312.

Butter, saw strong decreases in all contracts. Butter futures trade on average -4.18% below the AWP in event 312.

WMP moved down in all contracts. On average, C1-C6 trade -3.49% below the AWP in event 312.

- On a weighted, calculated basis of NZX futures vs settlement prices in the previous GDT event, movements on the NZX point towards a -4.5% 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. Year to date June, NZ milk output stands at -5.48% or -492 million kgs. The first month of the '22-'23 season saw zero change in milk production vs the previous season while solids increased by 1.11%.
- Vs incremental milk production Season to Date April, NZ was able to incrementally export -1,460,083,920 kgs kgs LME (Season to date May '22). Imports have been 18 million kgs lower, implying a 950 million kgs LME stock increase since the start of the year that brings the theoretical stocks to a historically low level of 14.4% of YTD milk production.
- 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, while May still shows a contraction of -6.7%, June saw an increase of 3.1%. YTD June, Dairy imports in China have been -17.3% lower or -2.08 billion kgs LME.
- Price weakness is in part caused by the northern hemisphere's summer season.

In the Greenmark Dairy Report of this coming Wednesday, we will report with an in-depth analysis of the outcome of event 313. 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.