The Greenmark Dairy Report, week 1 – 2021

With Covid-19's spread continuing to accelerate in several countries, measures to contain the virus are again tightening and several countries have gone into re-newed, stricter and/or prolonged lock down measures. In several European countries there are restrictions on how many people may be invited over. Several countries in the EU have gone into total lock down, with all schools closed and only 'essential' shops open. (e.g., shops that only sell food). The current measures will at least last until well into January but given the circumstances are likely to be prolonged.

According to the John Hopkins Coronavirus resource centre, the current number of global cases stands at 86,468,659 and the number of deaths stands at 1,869,808. The number of recoveries is 48,518,058.

***BREXIT.** At the eleventh hour, the EU and UK have closed a trade deal*

*A brief recap from **EUCOLAIT** of the main features of the agreement from a dairy trade perspective:*

***"Zero tariffs and zero quotas**: this is by far the main benefit of the agreement.*

*- **Preferential tariff treatment is subject to compliance with Rules of Origin**. For dairy products and ingredients in chapter 4, this means that they must originate to 100% in the EU and the UK (bilateral cumulation being allowed). For composite products containing dairy ingredients, the latter must be "wholly obtained", i.e. originate in the EU and/or UK. The proof of preferential origin is given through a **statement of origin by the exporter**.*

- Tariffs could be introduced in the future in case of divergence in the critical areas covered by the level playing field provisions (see below)

Customs

*- **All customs procedures and formalities apply**. The UK, in accordance with its Border Operating Model, will phase in customs requirements over a 6month period as outlined in our guidance document but this is a unilateral decision outside the scope of the agreement.*

- Mutual recognition of each other's Authorised Economic Operator (AEO) schemes and possibilities for further developing customs cooperation

***Conclusion:** The agreement will allow for tariff-free trade to continue from 1 January. For the rest, there is little difference to other trade agreements except for the comprehensive rules ensuring fair competition. Because the level playing field is supposed to be future proof, negotiations between the EU and UK are likely to be a constant feature in the years to come. Neither the introduction of tariffs, nor significant barriers to trade on SPS grounds can be excluded in the future depending on how policies and regulation in key areas will develop."*

For more information we recommend the EU site dedicated to the partnership : The EU-UK Trade and Cooperation Agreement | European Commission (europa.eu)

And the Eucolait guidance document that can be found in the last pages of this report.

Official Dutch Quotations

OFFICIAL DUTCH QUOTATIONS

6th January 2021		This week €	in $	Last week €	in $	Δ in €	Δ %	Δ in $	Δ %	price development since 1/7/2020
Butter	↔	€ 3,250	$4,009	€ 3,250	$4,000	€ 0	0.00%	$9	0.22%	
Whole Milk Powder	↔	€ 2,760	$3,404	€ 2,760	$3,415	€ 0	0.00%	-$10	-0.30%	
Skimmed Milk Powder food	↑	€ 2,220	$2,738	€ 2,210	$2,671	€ 10	0.45%	$68	2.53%	
Skimmed Milk Powder Feed	↑	€ 2,130	$2,627	€ 2,120	$2,549	€ 10	0.47%	$79	3.08%	
Sweet Whey Powder Feed	↑	€ 810	$999	€ 790	$951	€ 20	2.53%	$48	5.04%	
Recombined WMP (Smp/Butter)	↑	€ 2,657	$3,277	€ 2,644	$3,224	€ 13	0.48%	$53	1.63%	
€ - US $		1.2335		1.2195						

Greenmark Indices milk/100 kgs

		This week €	in $	Last week €	in $	Δ in €	Δ %	Δ in $	Δ %	
TMV Butter/SMP	↓	€ 32.89	$40.57	€ 32.92	$40.14	-€ 0.03	-0.09%	$0.43	1.06%	
TMV Cas/Wpc/Butter	↓	€ 36.99	$45.62	€ 37.11	$45.25	-€ 0.12	-0.33%	$0.37	0.82%	
TMV Gouda/Whey	↑	€ 37.75	$46.57	€ 37.56	$45.80	€ 0.20	0.52%	$0.77	1.67%	
TMV WMP	↓	€ 36.97	$45.60	€ 37.68	$45.95	-€ 0.71	-1.89%	-$0.35	-0.76%	
TMV Weighted all products	↑	€ 36.71	$45.28	€ 36.63	$44.67	€ 0.08	0.21%	$0.61	1.36%	

Across the board, we see small increases in the Dutch quotations, with Butter and WMP unchanged. Since March 2020, the $ - € parity has continued to become more unfavourable to EU exporters:

EU/ Benchmark prices

DCA-MARKETS BENCHMARKS

		week 52		previous week		
		Δ%	€/ 100 kgs	$/100 kgs	€/ 100 kgs	$/100 kgs
Edam	↑	0.18%	€280.00	$345.44	€279.50	$340.27
Gouda	↑	0.53%	€282.50	$348.52	€281.00	$342.10
Mozzarella	↔	-	€253.00	$312.13	€253.00	$306.73
Cheddar curd	↓	-0.32%	€308.00	$379.98	€309.00	$369.54
Cheddar mild	↓	-0.47%	€317.50	$391.70	€319.00	$386.00
Lactic Butter	↓	-0.30%	€334.00	$412.06	€335.00	$401.25
SMP food	↓	-0.23%	€221.50	$273.26	€222.00	$268.31
SMP feed	↑	0.24%	€211.00	$260.31	€210.50	$254.90
WMP	↔	-	€273.00	$336.80	€273.00	$332.95
Whey food	↓	-2.35%	€83.00	$102.40	€85.00	$99.40
Whey feed	↓	-0.61%	€81.50	$100.55	€82.00	$95.13
Milk Netherlands	↑	11.48%	€34.00	$41.95	€30.50	$40.86
Milk Netherlands-Germany	↑	16.07%	€32.50	$40.10	€28.00	$39.64
Milk S-Germany	↑	16.95%	€34.50	$42.56	€29.50	$41.47
Cream	↑	5.44%	€378.00	$466.34	€358.50	$466.50
Skimmed Concentrate	↑	9.32%	€176.00	$217.13	€161.00	$210.38

We see small upward changes for Gouda and Edam, downward movement for Cheddar while Mozzarella remained unchanged.

Lactic Butter moved down in contrast to Cream prices.

SMP food moved down, SMP feed moved up while WMP remained unchanged. Both Whey powders moved down.

Liquid prices all went up strongly.

Skimmed Milk Concentrate increased but remains selling below the SMP equivalent.

Data source: DCA-Markets, all rights reserved.

EU/ Milk production October 2020

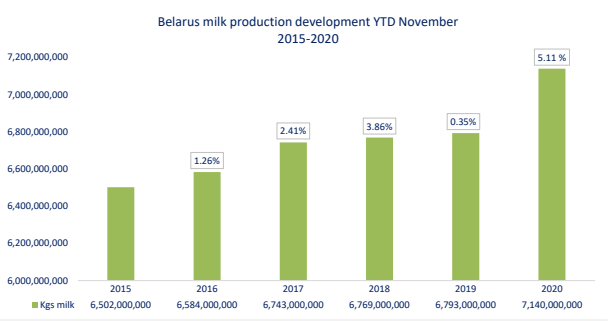
Milk Production	November '20 vs '19	
Member state	Δ	weighted
Belgium	0.34%	0.01%
Bulgaria		
Czechia	1.02%	0.02%
Denmark		
Germany		
Estonia		
Ireland		
Greece		
Spain		
France		
Croatia		
Italy		
Cyprus		
Latvia	3.68%	0.02%
Lithuania	1.35%	0.01%
Luxembourg	3.67%	0.01%
Hungary	0.82%	0.01%
Malta	5.62%	0.00%
Netherlands	0.34%	0.03%
Austria		
Poland	1.51%	0.12%
Portugal		
Romania		
Slovenia	3.40%	0.01%
Slovakia	0.55%	0.00%
Finland	-0.25%	0.00%
Sweden		
United Kingdom	1.85%	0.18%
Total EU , 37% counted >		0.42%
in kgs milk		51,160,000
** The column 'weighted' represents the change by country as a % of total EU production		

OCTOBER MILK OUTPUT, WITH ALL OF THE MS COUNTED, ENDED WITH A 0.94% INCREASES VS 2019. OR + 119.4 MILLION KGS.

European Milk Production Non-EU

European Production 2020 : NON-EU					
	2019	2020	?	? %	Ytd
Russia	26,739,000,000	27,466,000,000	727,000,000	2.72%	October
Ukraine	9,047,000,000	8,671,000,000	-376,000,000	-4.16%	November
Belarus	6,793,000,000	7,140,000,000	347,000,000	5.11%	November
Turkey	7,997,000,000	8,318,000,000	321,000,000	4.01%	October
Norway	1,397,780,000	1,406,190,000	8,410,000	0.60%	November
Switzerland	2,559,200,000	2,566,160,000	6,960,000	0.27%	September
total	54,532,980,000	55,567,350,000	1,034,370,000	1.90%	October/November

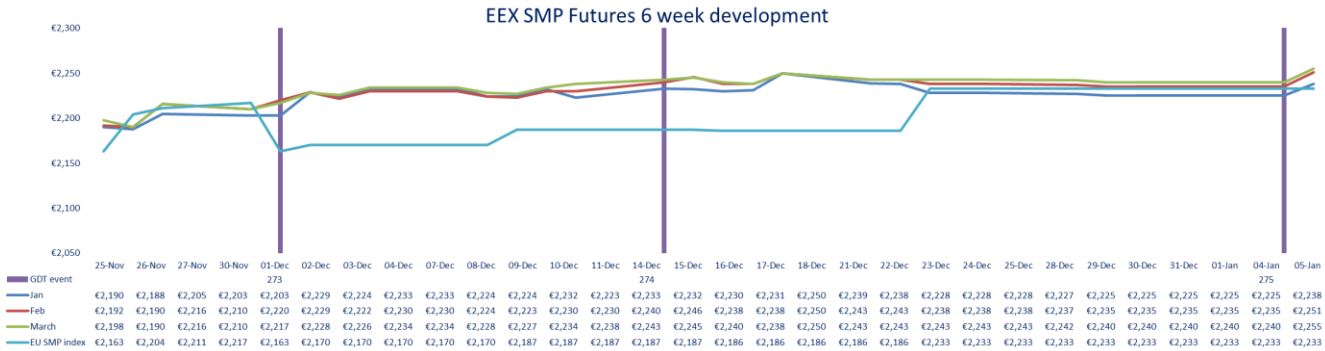
*A strong year for the NON-EU European region, with 2020 continuing to see Russia, **Belarus** & Turkey milk output rise while Ukraine's continues to decline.*



EU/ Milk production rolling 12 months

Greenmark dairy

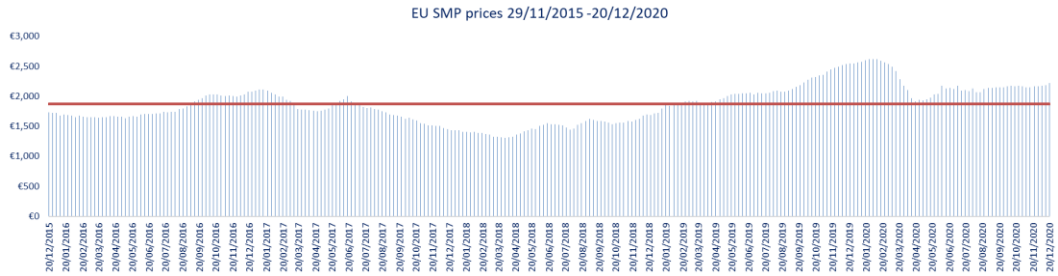
EU/EEX SMP Futures



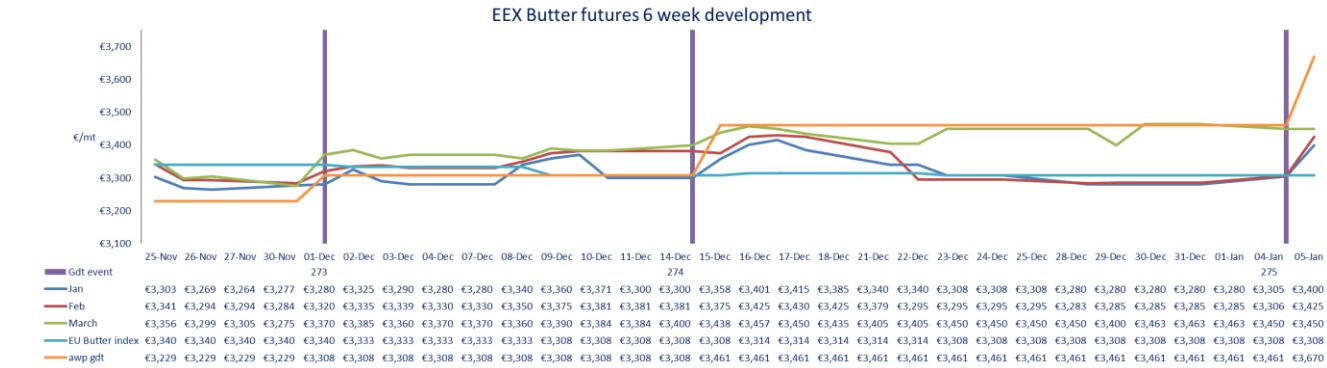
	25-Nov	26-Nov	27-Nov	30-Nov	01-Dec	02-Dec	03-Dec	04-Dec	07-Dec	08-Dec	09-Dec	10-Dec	11-Dec	14-Dec	15-Dec	16-Dec	17-Dec	18-Dec	21-Dec	22-Dec	23-Dec	24-Dec	25-Dec	28-Dec	29-Dec	30-Dec	31-Dec	01-Jan	04-Jan	05-Jan
GDT event					273									274															275	
Jan	€2,190	€2,188	€2,205	€2,203	€2,203	€2,229	€2,224	€2,233	€2,233	€2,224	€2,224	€2,232	€2,223	€2,233	€2,232	€2,230	€2,231	€2,250	€2,239	€2,238	€2,228	€2,228	€2,228	€2,227	€2,225	€2,225	€2,225	€2,225	€2,225	€2,238
Feb	€2,192	€2,190	€2,216	€2,210	€2,220	€2,229	€2,222	€2,230	€2,230	€2,224	€2,223	€2,230	€2,230	€2,240	€2,246	€2,238	€2,238	€2,250	€2,243	€2,243	€2,238	€2,238	€2,238	€2,237	€2,235	€2,235	€2,235	€2,235	€2,235	€2,251
March	€2,198	€2,190	€2,216	€2,210	€2,217	€2,228	€2,226	€2,234	€2,234	€2,228	€2,227	€2,234	€2,238	€2,243	€2,245	€2,240	€2,238	€2,250	€2,243	€2,243	€2,243	€2,243	€2,243	€2,242	€2,240	€2,240	€2,240	€2,240	€2,240	€2,255
EU SMP index	€2,163	€2,204	€2,211	€2,217	€2,163	€2,170	€2,170	€2,170	€2,170	€2,170	€2,187	€2,187	€2,187	€2,187	€2,187	€2,186	€2,186	€2,186	€2,186	€2,186	€2,233	€2,233	€2,233	€2,233	€2,233	€2,233	€2,233	€2,233	€2,233	€2,233

Since early November we have seen SMP slowly firm, but futures traded flat towards the end of the year. Yesterday's GDT results gave upward momentum to SMP futures. All futures trade above the EU index.

Currently, the price in the cash market is € 346/mt higher than the 5-year average (was € 313/mt one week ago).



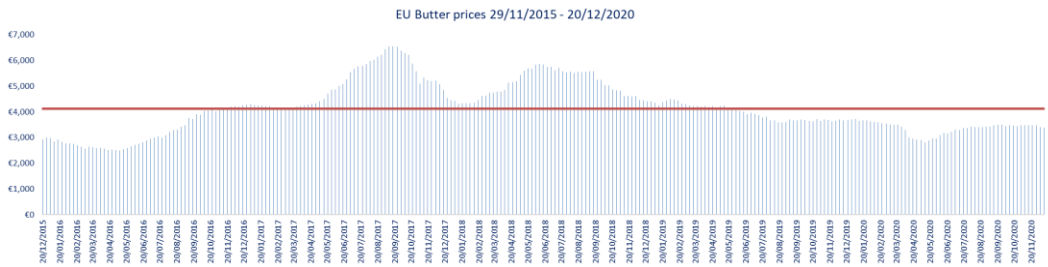
EU/ EEX Butter Futures



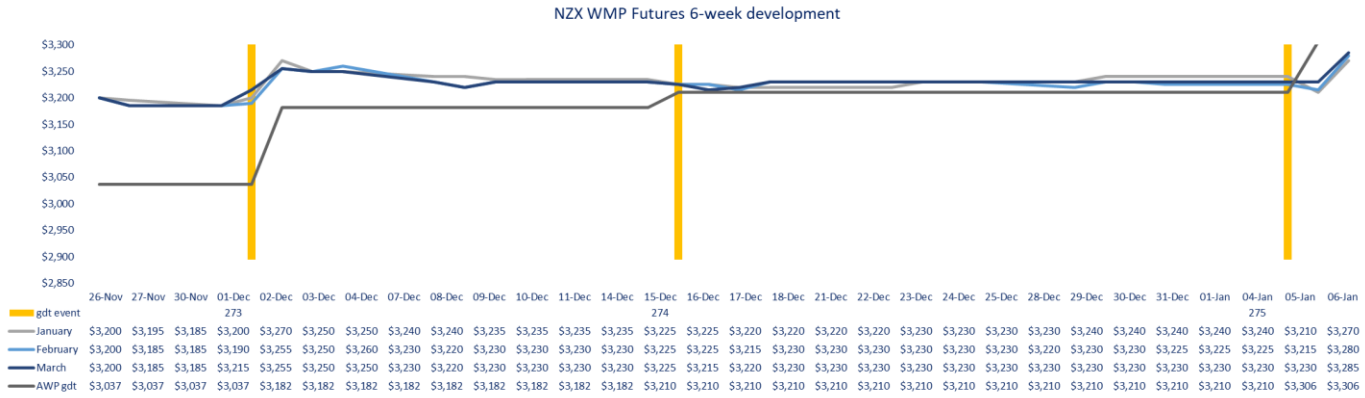
	25-Nov	26-Nov	27-Nov	30-Nov	01-Dec	02-Dec	03-Dec	04-Dec	07-Dec	08-Dec	09-Dec	10-Dec	11-Dec	14-Dec	15-Dec	16-Dec	17-Dec	18-Dec	21-Dec	22-Dec	23-Dec	24-Dec	25-Dec	28-Dec	29-Dec	30-Dec	31-Dec	01-Jan	04-Jan	05-Jan
Gdt event					273									274															275	
Jan	€3,303	€3,269	€3,264	€3,277	€3,280	€3,325	€3,290	€3,280	€3,280	€3,340	€3,360	€3,371	€3,300	€3,300	€3,358	€3,401	€3,415	€3,385	€3,340	€3,340	€3,308	€3,308	€3,308	€3,280	€3,280	€3,280	€3,280	€3,280	€3,305	€3,400
Feb	€3,341	€3,294	€3,294	€3,284	€3,320	€3,335	€3,339	€3,330	€3,330	€3,350	€3,375	€3,381	€3,381	€3,381	€3,375	€3,425	€3,430	€3,425	€3,379	€3,295	€3,295	€3,295	€3,295	€3,283	€3,285	€3,285	€3,285	€3,285	€3,306	€3,425
March	€3,356	€3,299	€3,305	€3,275	€3,370	€3,385	€3,360	€3,370	€3,370	€3,360	€3,390	€3,384	€3,384	€3,400	€3,438	€3,457	€3,450	€3,435	€3,405	€3,405	€3,450	€3,450	€3,450	€3,450	€3,400	€3,463	€3,463	€3,463	€3,450	€3,450
EU Butter index	€3,340	€3,340	€3,340	€3,340	€3,340	€3,333	€3,333	€3,333	€3,333	€3,333	€3,308	€3,308	€3,308	€3,308	€3,308	€3,314	€3,314	€3,314	€3,314	€3,314	€3,308	€3,308	€3,308	€3,308	€3,308	€3,308	€3,308	€3,308	€3,308	€3,308
awp gdt	€3,229	€3,229	€3,229	€3,229	€3,308	€3,308	€3,308	€3,308	€3,308	€3,308	€3,308	€3,308	€3,308	€3,308	€3,461	€3,461	€3,461	€3,461	€3,461	€3,461	€3,461	€3,461	€3,461	€3,461	€3,461	€3,461	€3,461	€3,461	€3,461	€3,670

Since the previous GDT event, Butter futures have been moving up and down within a small bandwidth. Yesterdays' GDT event 275 saw Butter futures shoot up 2%. Currently, Butter futures trade 4.4% above the EU Butter index.

Currently, the price in the cash market is € 750/mt lower than the 5-year average (was -€ 734/mt one week ago):



New Zealand/ NZX Dairy futures



	26-Nov	27-Nov	30-Nov	01-Dec	02-Dec	03-Dec	04-Dec	07-Dec	08-Dec	09-Dec	10-Dec	11-Dec	14-Dec	15-Dec	16-Dec	17-Dec	18-Dec	21-Dec	22-Dec	23-Dec	24-Dec	25-Dec	28-Dec	29-Dec	30-Dec	31-Dec	01-Jan	04-Jan	05-Jan	06-Jan
gdt event				273										274														275		
January	$3,200	$3,195	$3,185	$3,200	$3,270	$3,250	$3,250	$3,240	$3,240	$3,235	$3,235	$3,235	$3,235	$3,225	$3,225	$3,220	$3,220	$3,220	$3,220	$3,230	$3,230	$3,230	$3,230	$3,240	$3,240	$3,240	$3,240	$3,240	$3,210	$3,270
February	$3,200	$3,185	$3,185	$3,190	$3,255	$3,250	$3,260	$3,230	$3,220	$3,230	$3,230	$3,230	$3,230	$3,225	$3,225	$3,215	$3,230	$3,230	$3,230	$3,230	$3,230	$3,230	$3,220	$3,230	$3,230	$3,225	$3,225	$3,225	$3,215	$3,280
March	$3,200	$3,185	$3,185	$3,215	$3,255	$3,250	$3,250	$3,230	$3,220	$3,230	$3,230	$3,230	$3,230	$3,225	$3,215	$3,220	$3,230	$3,230	$3,230	$3,230	$3,230	$3,230	$3,230	$3,230	$3,230	$3,230	$3,230	$3,230	$3,230	$3,285
AWP gdt	$3,037	$3,037	$3,037	$3,037	$3,182	$3,182	$3,182	$3,182	$3,182	$3,182	$3,182	$3,182	$3,182	$3,210	$3,210	$3,210	$3,210	$3,210	$3,210	$3,210	$3,210	$3,210	$3,210	$3,210	$3,210	$3,210	$3,210	$3,210	$3,306	$3,306

The second last GDT event did not do much for WMP Futures prices and all three futures have traded rather flat in the second half of December up to yesterday's GDT event 275. In subsequent trading after yesterday's event, prices went up on average by 1.8% and remain below yesterday's AWP of $3,306/mt.

Futures price changes in the past week:

NZX Futures						
		16-Dec	23-Dec	06-Jan	Δ	
AMF	Jan	$4,375	$4,375	$4,575	4.57%	↑
	Feb	$4,375	$4,375	$4,525	3.43%	↑
	March	$4,375	$4,375	$4,550	4.00%	↑
SMP	Jan	$2,915	$2,915	$3,030	3.95%	↑
	Feb	$2,930	$2,925	$3,020	3.25%	↑
	March	$2,915	$2,940	$3,025	2.89%	↑
Butter	Jan	$4,050	$4,160	$4,460	7.21%	↑
	Feb	$4,060	$4,060	$4,400	8.37%	↑
	March	$4,070	$4,190	$4,400	5.01%	↑
WMP	Jan	$3,225	$3,230	$3,270	1.24%	↑
	Feb	$3,225	$3,230	$3,280	1.55%	↑
	March	$3,215	$3,230	$3,285	1.70%	↑
Recombined WMP*	Jan	€3,420	€3,454	€3,634	5.18%	↑
	Feb	€3,434	€3,430	€3,607	5.16%	↑
	March	€3,426	€3,482	€3,611	3.70%	↑
Premium on Recomb. vs WMP	Jan	€195	€224	€364	61.99%	↑
	Feb	€209	€200	€327	63.42%	↑
	March	€211	€252	€326	29.21%	↑

*= WMP calculated on basis of its component values in Butter and SMP

AMF:

After the positive results in the last four GDT events, AMF futures moved up again strongly. All three futures trade below the average winning price of $ 4,604/mt of event 275.

SMP:

SMP increased significantly with the strongest gains in the front contracts. All contracts trade slightly below the AWP of GDT event 275. (AWP $ 3.044/mt)

Butter:

Butter went up robustly in all three contracts, again, but all continue to trade considerably below the AWP of event 275 of $ 4,526/mt.

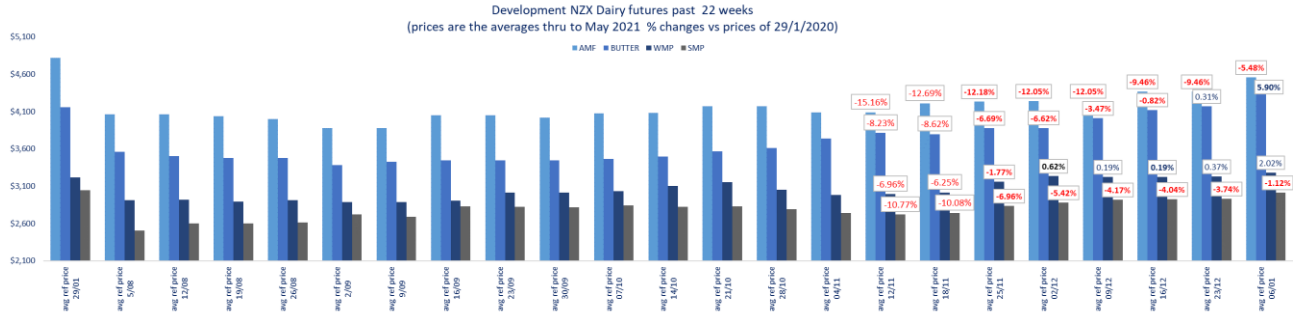
WMP:

All three futures moved up strongly but continue to trade below yesterday's AWP of $ 3,306/mt..

Recombined WMP: C1- C3 went up because of the increased SMP & Butter prices.

The premiums on recombined increased in C1 - C3 because of stronger combined gains in Butter and SMP.

The outlook continues to improve. AMF saw a consolidation but SMP, Butter, and WMP both improved. Both Butter and WMP remain above their prices at the start of the reporting period while AMF and SMP are on their way to catch up:



NZ/GDT event 275 of 5th January 2021.

The 15th event of the 20/21 NZ dairy season settled a strong 3.9 % higher which defeated prior NZX indicators and general market expectations.

GDT Price index UP 3.9%, AWP $ 3,420	GDT Event 275, 5th January 2021					
AMF UP 5.5%, AWP $ 4,604	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6
	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21
Change in AMF Price Index vs previous event	6.50%	6.70%	4.10%	4.90%	3.80%	n.a.
average price	$4,674	$4,614	$4,575	$4,607	$4,580	n.a.
BUTTER UP 7.2%, AWP $ 4,526	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6	Contract 6
	Feb-21	= Mar-21	Apr-21	May-21	Jun-21	Jun-21
Change in Butter Price Index vs previous event	7.10%	7.50%	6.40%	6.60%	8.90%	n.a.
average price	$4,520	$4,520	$4,520	$4,530	$4,550	n.a.
CHEDDAR UP 5.0%, AWP $ 4,078	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6	Contract 6
	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jun-21
Change in Ched Price Index vs previous event	5.70%	4.20%	4.00%	5.90%	7.90%	n.a.
average price	$4,097	$4,061	$4,055	$4,093	$4,190	n.a.
SMP fonterra UP 4.1%, AWP $ 3,044	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6	Contract 6
	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jun-21
Change in SMP price vs previous event	6.60%	3.90%	3.80%	4.60%	3.60%	n.a.
average price	$3,127	$3,001	$3,073	$3,094	$3,084	n.a.
SMP Arla, UP 2.8%, AWP $ 2,794	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6	Contract 6
	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jun-21
Change in SMP price vs previous event	2.80%	n.a.	n.a.	n.a.	n.a.	n.a.
average price	$2,794	n.a.	n.a.	n.a.	n.a.	n.a.
SMP USA, N.A., N.A.	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6	Contract 6
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	May-21
Change in SMP price vs previous event	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
average price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
WMP, UP 3.1% AWP $ 3,306	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6	Contract 6
	Jan-21	Feb-21	Mar-21	Apr-21	May-21	May-21
Change in WMP Price Index vs previous event	3.00%	3.10%	2.80%	3.90%	4.00%	n.a.
average price	$3,307	$3,299	$3,299	$3,335	$3,352	n.a.

*Overall a strong increase from the previous event's results, with the highest gains in the front contracts. The Butterfat value in **AMF** is $ 4,627/mt on a 100% Fat basis.*

*Compared tot to AMF, **Butter** saw an even stronger average increase of 7.2%, with the biggest gains in in the two front contracts and C5. The Butterfat value in Butter is $ 5,453/mt on a 100% Fat basis. The difference between Butter and AMF has gone up again to 17.85% in favour of Butter. (was 16.8% three weeks ago)*

*While the overall trend has been weaker in the past weeks, the GDT Cheddar price moved up. GDT Cheddar saw an increase of 5.0% after it had gained 4.2% in the previous event. The GDT price is now $ 263/mt **higher** than current Cheddar block prices on the CME cash settlement market, on an FOB basis, or 6.9%. Vs. the EU, GDT is $ 158/mt higher or (also) + 6.9%*

***SMP** saw another increase this event of 4.1% , in line with movements in SMP pricing we see elsewhere happening too.*

***Arla SMP** settled 2.80% higher, which appears nevertheless still at the higher end of the current spectrum. The current cash market in the EU trades around €2,200/US $2,710/mt*

US origin SMP was not offered on event 275.

WMP saw an increase of 3.1% that kept it comfortably over the psychological $ 3,000/mt threshold.

The premium vs SMP went slightly down against the previous events and is now $ 262/mt.

Recombined WMP: SMP/Butter and SMP/AMF: Event 275					
	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5
	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
WMP synthetic SMP/Butter	$3,724	$3,631	$3,684	$3,703	$3,702
Regular WMP	$3,307	$3,299	$3,299	$3,335	$3,352
Premium synthetic vs WMP event 275	$417	$332	$385	$368	$350
Premium change previous event 274	$185	$162	$188	$174	$178
WMP synthetic SMP/AMF	$3,476	$3,441	$3,497	$3,505	$3,491
Regular WMP	$3,307	$3,299	$3,299	$3,335	$3,352
Premium synthetic vs WMP event 275	$169	$142	$198	$170	$139
Premium change previous event 274	$266	$236	$284	$290	$282

The premiums for synthetic Butter WMP that we saw decrease in the previous GDT events, have reversed to strong increases on the back of strong Butter and SMP results.

In synthetic AMF WMP, all premiums decreased vs the previous event.

Product	Average price event 2019/2020 season	Average price GDT since event 261	Δ	Δ%	Volume offered event 261 - 275	Change in value
					MT	on GDT
AMF	$4,815	$4,072	-$743	-15.43%	49,695	-$36,913,446
Butter	$4,125	$3,702	-$423	-10.25%	38,388	-$16,227,887
Cheddar	$3,979	$3,697	-$282	-7.09%	16,360	-$4,614,895
SMP	$2,676	$2,757	$81	3.04%	99,425	$8,077,345
WMP	$3,033	$3,041	$8	0.27%	280,504	$2,338,346
Theoretical loss against average prices obtained on GDT during the 19/20 milk season						-$47,340,537

With yesterday's GDT results, the offered package of commodities in the first fourteen events this season has yielded a decreased overall value of -47 million US$ compared to the average prices obtained in the 19/20 season on GDT. Two weeks ago, the difference was still $56 million.

A strong improvement.

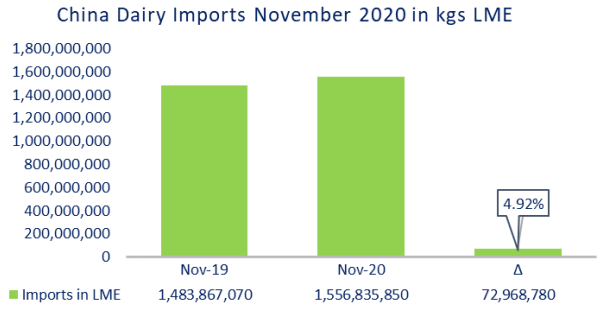
SMP is since six GDT events the first product that increased in price vs the average of last season. Since yesterday, WMP is the second commodity to reach those levels. These products are the main reason why the theoretical loss when down with this event.

Despite yesterday's increase in Butter, AMF, and Cheddar pricing, those three products still have *some* way to go to reach the 19/20 average price levels.

With just 9 events to go to the end of the 20/21 milk season, increased yields have to continue to improve at similar rates as yesterday.

China/ Dairy imports November 2021

China Dairy Imports November 2020																
	Powders								Fats			Liquids				
	SMP	WMP	Whey	WPC80/WPI's	Casein	Caseinates	Lactose	I/F	Cheese	Butter	AMF	Yoghurt	Cream	Condensed	Milk	fermented milk
Nov-20	29,422	46,286	60,953	3,455	859	1,967	8,893	30,241	11,690	9,206	1,171	1,664	18,855	2,297	85,488	340
Nov-19	25,371	62,588	41,214	2,250	1,092	769	7,226	35,504	11,491	9,835	2,087	1,985	17,667	3,565	61,684	311
Δ	4,051	-16,302	19,739	1,205	-233	1,198	1,667	-5,263	199	-629	-916	-321	1,188	-1,268	23,804	29
Δ%	15.97%	-26.05%	47.89%	53.56%	-21.34%	155.79%	23.07%	-14.82%	1.73%	-6.40%	-43.89%	-16.17%	6.72%	-35.57%	38.59%	9.32%

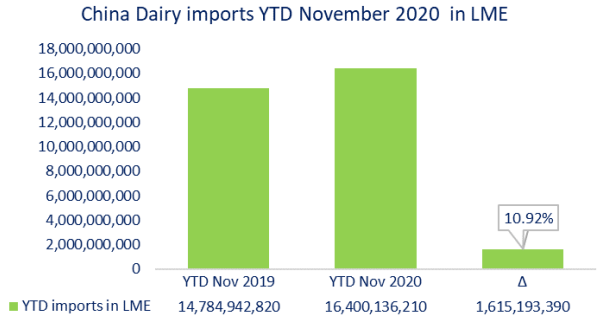


November has been the fourth weakest month for Chinese imports but still accomplished a respectable +4.92% in LME or + 73 million kgs.

The strongest decline has been in WMP. According to sources, this may be caused by logistical problems (insufficient vessel space) rather than a diminishing appetite from China.

Strong absolute growth was seen in Whey and Milk, while SMP,WPC/WPI, and Caseinates all saw double-digit relative growth.

China Dairy Imports YTD November 2020																
	Powders								Fats			Liquids				
	SMP	WMP	Whey	WPC80/WPI's	Casein	Caseinates	Lactose	I/F	Cheese	Butter	AMF	Yoghurt	Cream	Condensed	Milk	fermented milk
YTD Nov 2020	309,884	591,870	564,539	36,461	8,810	17,355	106,075	319,119	117,626	79,070	27,863	26,563	175,319	20,953	746,080	3,270
YTD Nov 2019	317,045	603,850	407,381	26,963	6,278	16,859	84,139	330,339	105,487	57,425	22,171	29,786	149,320	31,032	665,810	1,895
Δ	-7,161	-11,980	157,158	9,498	2,532	496	21,936	-11,220	12,139	21,645	5,692	-3,223	25,999	-10,079	80,270	1,375
Δ%	-2.26%	-1.98%	38.58%	35.23%	40.33%	2.94%	26.07%	-3.40%	11.51%	37.69%	25.67%	-10.82%	17.41%	-32.48%	12.06%	72.56%



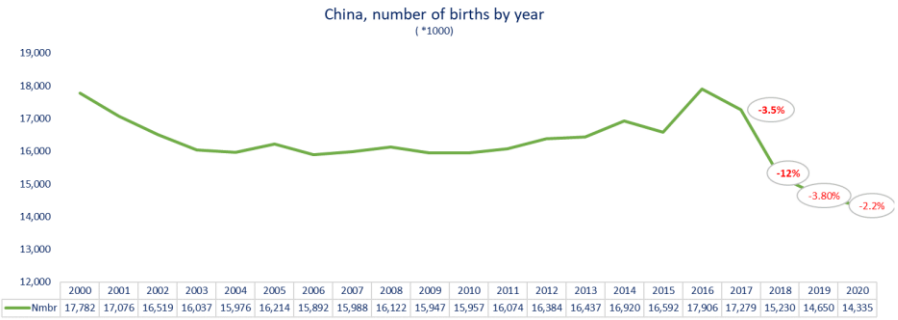
YTD November imports remain strongly above those of 2019 at + 10.92% or + 1.6 billion kgs LME. Over 70% of the incremental LME volume has been caused by the extra imported Whey volumes.

Not only did China increase Whey imports vs 2019 – which was relatively easy because they had fallen by 104,000 mt in 2019 – but also against full year 2018 which were 555,000mt.

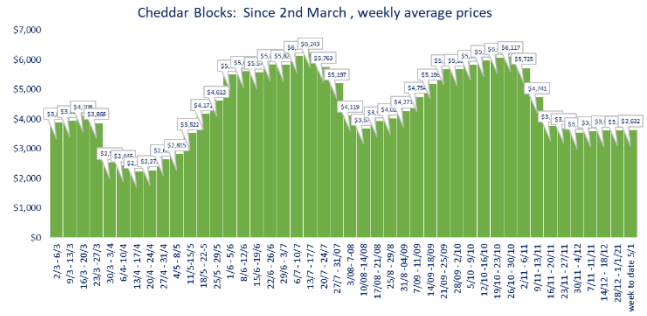
Other strong growth was seen in WPI/, Lactose, Cheese, Butter, Cream, and Milk.

Significant decreases were seen in WMP and I/F. The latter Both because of stricter legislation and the continuing decrease of births.

Although we have not been able to locate any statistical publications from China yet, various sources mention a decline in births of -2.2% in 2020:

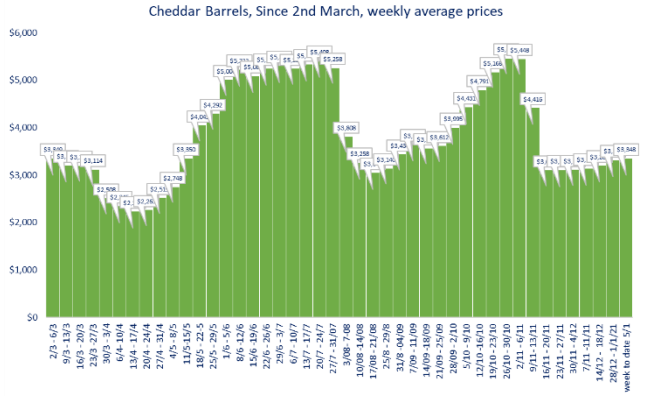


USA/ CME spot market weekly average price development from 2nd March 2020 to week-to-date 22/12/2020



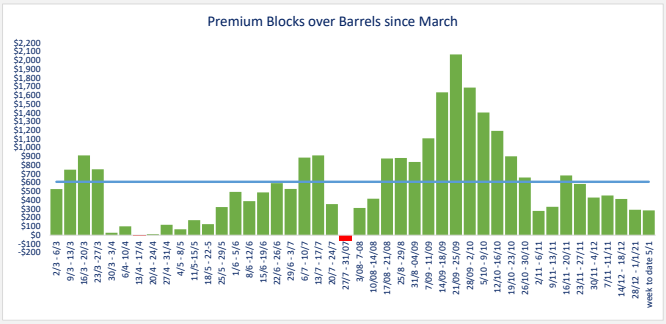
2020s has been one of the wildest and most volatile years for Cheddar and prices started to crash down again but has been stable in comparison to the rest of the year in the past 6 weeks.

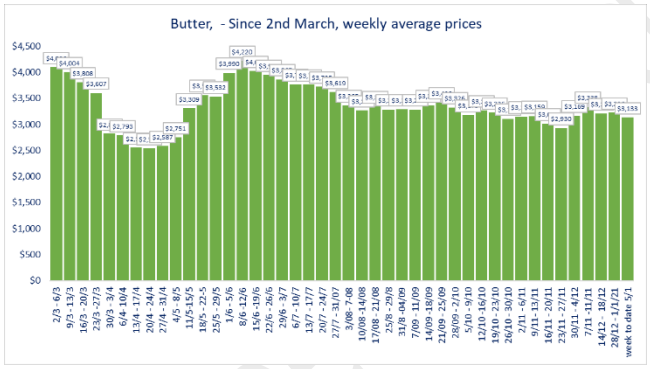
The average price for the reported period has been $ 4,454/mt: 22.6% higher than yesterday's settlement price of $ 3.632/mt.



Barrels followed the same route as Blocks. In the past 6 weeks, Barrels have remained fairly stable in comparison.

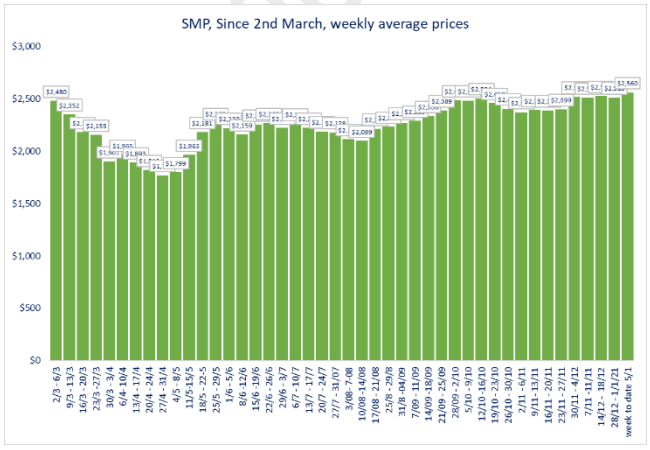
Over the reported period, the premium of blocks over barrels has been in average $ 595/mt. In the past week, the premium decreased to $ 284/mt last week (was $ 291/mt a week ago).





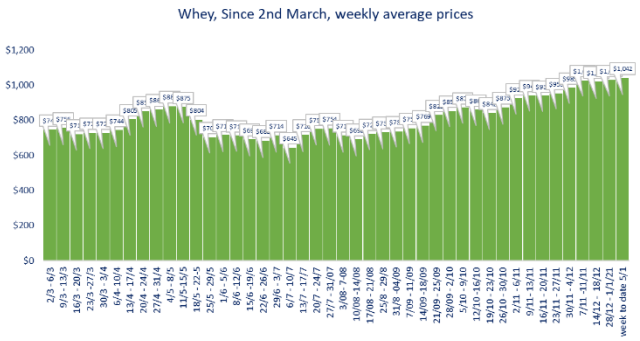
Butter pricing remains soft and seems undecided in its direction. Butter is currently trading $ 230/mt below the average over the period.

Butter on CME did move up yesterday after the GDT event, but the average for the current week is still below that of last week.



SMP changes have remained more modest than those of other commodities but saw impressive gains regardless. In November, SMP has traded down but in the past 4.5 weeks we saw SMP increase again, along with pricing in the rest of the world.

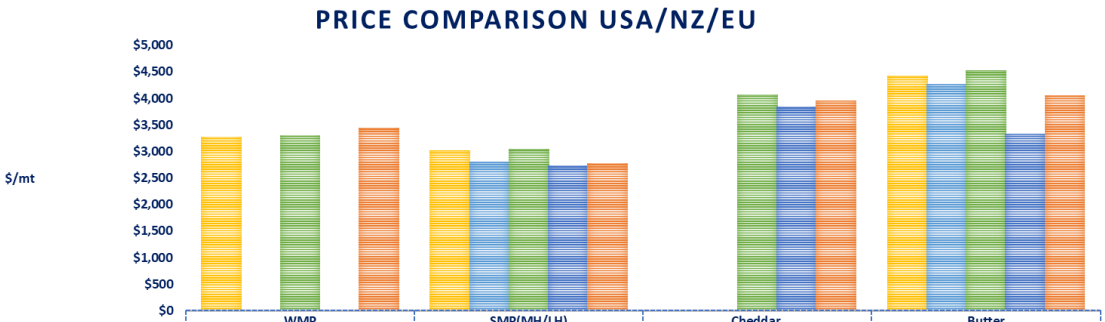
Currently, SMP trades $ 307/mt above its average over the reported period.



After the steep price decreases Whey endured in 2019r over ASF, prices have kept relatively steady and took an upward turn during the last 4 months of 2020. One of the main reasons for this is robust exports because of the rebuilding of the Chinese swine herd.

Whey trades $230/mt above its average price over the period.

USA/NZ/EU/ Price comparison



	WMP	SMP(MH/LH)	Cheddar	Butter
NZX C1-C3 avg	$3,278	$3,025		$4,420
EEX C1-C3 avg		$2,810		$4,270
GDT average	$3,306	$3,044	$4,078	$4,526
USA (cme spot + fob costs)		$2,730	$3,840	$3,330
EU fob basis	$3,450	$2,780	$3,960	$4,050

WMP Fonterra remains the most affordable origin with a gap of $ 144/mt to the EU, partially caused by the weakening $ to the € parity.

SMP The three regions are starting to drift apart again. The US is the most affordable origin with a gap of $ 50/mt to the EU and $ 295/mt to NZ.

Cheddar The US continues to be the most affordable origin, closely followed by the EU (+ $120/mt) and Fonterra ($238/mt).

Butter The US remains by far the cheapest origin. To NZ, the difference is $ 1,196/mt. Vs. the EU, the US is priced $ 720/mt lower.

Guidance document from EUCOLAIT (www.eucolait.eu)

In advance of the change of status of the UK from 1 January 2021, we have compiled a summary of the main practical changes, both for exporting from the UK to the EU and for exporting from the EU to the UK.

As of 24 December, a trade deal between the EU and the UK has been announced. It will enter into provisional application as of 1 January 2021.

1. Product moving from the UK to EU from 1 January 2021 – key points to remember:
   • As of 1.1.2021, the UK will be a third country trading with the EU based on a bilateral agreement.
   • Zero duty (0%) will apply to imports from the UK.
   • All customs formalities will apply upon entry into the EU. There is no plan, nor a possibility, for any grace period. Companies moving goods from GB (England, Scotland, Wales) to NI or the EU will need an EORI (Economic Operators Registration and Identification) number. Current UK EORI numbers will cease to be valid in the EU. Further details on acquiring an EORI number can be found here. Additional information in the Guidance note on "Withdrawal of the UK and EU rules in the field of customs"

• Full compliance with EU food law. This notably means:

➢ Full SPS controls as of 1 January at midnight EU time/11 pm UK time on 31 December. Imports will only be possible through border control posts.

➢ Imports only from approved third countries/establishments. The approval of UK establishments has been announced. The UK is to be listed as a third country.

➢ Veterinary certificates will be required – standard form EU certificates for importing dairy products can be found in Regulation 605/2010, however, new certificates will apply for imports into the EU from 21 April 2021 – these certificates can be found in the annex to Regulation 2020/761. The gov. UK database of export health certificates can be found here.

➢ Identification mark and other labelling issues: GB or United Kingdom must be indicated on the packaging of the UK product placed on the EU market. 'The UK' will no longer be allowed as an abbreviation but UK (NI) or 'United Kingdom (Northern Ireland) will be the accepted abbreviation for NI products. EC/EU will also no longer be allowed for UK product. UK products can no longer be labelled as "EU origin" and the address of an operator based in the EU needs to figure on the packaging.

➢ For the most part, at the beginning of next year, UK food law will be essentially the same as EU rules in this respect. Over time this will become more of an issue if there is a divergence of both sides from each other's standards. Food already placed on the EU market before the end of transition does not need to be relabelled.

➢ More information in the Stakeholder notice on "Withdrawal of the UK and EU food law"

• Northern Ireland remains subject to EU single market rules, while formally part of the UK customs territory. This means that there are no duties to be levied on NI products entering the EU, likewise, EU products will not be subject to levies entering NI. However, as NI is part of the UK customs territory, NI product will not be eligible to benefit from concessions offered to the EU by third countries in trade agreements. For pre-packaged food place on the market in Northern Ireland, it must include an NI or EU food business operator (FBO) address from 1 January 2021. 2. Product moving from EU to the UK from 1 January 2021 – key points to remember:

• Zero duty will apply to imports from the EU.

• The UK "Border Operating Model" will be phased in over 6 months. For dairy, the phase-in will be as follows:

➢ January 2021: only basic customs requirements in place such as keeping sufficient records. Customs declarations and payment of tariffs can be deferred by 6 months. However, it should be remembered that EU customs procedures for export and import apply in full, for example, products leaving EU territory will need an Exit Summary Declaration (EXS). Moreover, while direct imports into the UK will not require health certificates until 1 April (see below), ingredients imported to the UK to be further processed and then subsequently re-exported will require background certificates (where a health certificate is required for the finished product).

➢ April 2021: pre-notification by importer and health certificates required for imports of dairy products. The Import of products, animals, food and feed system (IPAFFS) will replace TRACES in the UK. The pre-notification will be required on IPAFFS and an electronic version of the health certificate will have to be uploaded onto IPAFFS. The original certificate then accompanies the consignment. The model GB health certificates can be found here. Heath certificate for importing EU product into GB (required from 1 April 2021) can be found here.

➢ From July 2021: standard customs procedures & increased controls on imports of animal products which will have to go through specific border control points for customs and veterinary checks – in other words, from July 2021, full import requirements apply.

• Labelling changes required by 1 October 2022 for products placed on GB market – until then it will be possible e.g. to use EU address on pre-packaged foods and to label GB products as 'origin EU'. Similarly, existing identification marks may continue to be used on the GB market until then. Further information on labelling changes here and specifically on health and identification marks here. 3. Further reading General

• Commission Communication on readiness at the end of the transition period (9 July 2020)

• Commission Brexit readiness checklist

• GOV.UK information on Brexit transition Trade in food/animal products • EU exit food hub – a comprehensive platform for agri-food businesses set up by UK organisations, including PTF

• GOV.UK guidance preparing the (UK) food and drinks sector for January 2021

• Gov. ie (Irish government) guidance on trading animal products – updated to include guidance on GB and NI Customs • EU Commission DG TAXUD guidance on customs issues: 'Brexit – how to get ready for the end of the transition period'

• 'Update on Brexit': Presentation made at Trade Contact Group meeting on 13 November 2020 – DG TAXUD (presentation available on Eucolait website – login required)

• Q&A document on customs procedures and requirements – Trade Contact Group meeting on 13 November 2020 – DG TAXUD (presentation available on Eucolait website – login required) VAT

• Commission notice to stakeholders on UK withdrawal and EU rules on VAT for goods Tariff Rate Quotas

• split of existing WTO import quotas between EU and UK (Regulation 2019/216)

• Notice to stakeholders on UK withdrawal and EU TRQ rules

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Greenmark Dairy Ingredients