

# NZX Global Dairy Snapshot

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- Global Dairy Trade (GDT) Pulse 50
- Fonterra GDT offer volumes
- NZ-EU FTA in force

**Regular WMP down  
-0.8% at GDT Pulse**

**Medium heat SMP  
down -2.0% at GDT  
Pulse**

### Key market indicators

NZX WMP PRICE (US\$/T)	NZX WMP FUTURES MAY 2024 (US\$/T)	NZD:USD	EUR:USD	BALTIC DRY INDEX	GDT PRICE INDEX
3290	3130	0.5965	1.0732	1774	0.1%

## Global Dairy Trade (GDT) Pulse 50

Regular grade whole milk powder (WMP) prices sold on the Global Dairy Trade (GDT) Pulse auction platform were down at Tuesday's auction, settling at US\$3,150/t. This price was down -1.9% from the price achieved for C2 regular WMP at GDT 354, and down -0.8% against the previous Pulse auction. Instant grade WMP prices settled at US\$3,245/t bringing the average price of WMP to US\$3,182/t. The May 2024 SGX-NZX WMP futures contract settled at US\$3,160/t, US\$10/t above Pulse.

Medium heat skim milk powder (SMP) prices were also down at Tuesday's auction for the second week in a row, settling at US\$2,450/t which is US\$100/t or -3.9% down from the price achieved for C2 medium heat SMP at GDT 354, and down -2.0% from the previous Pulse. The nearest SGX-NZX SMP future (May 2024) settled US\$100/t higher than this result at US\$2,550/t. There were 20 winning bidders, from 33. The auction lasted six rounds (up one), taking 11 minutes (up two). 1,719mt of the 1,750mt of product on offer was sold.

## Fonterra GDT offer volumes

Last night, Fonterra announced that they would be making no changes to their GDT offer volume 12-month forecast. For GDT 355, an additional 7.5% of butter and 0.5% more AMF has been added due to cream group flex, with all the extra volume added in C5 and C6. An extra 40mt and 30mt has been added for butter contracts five and six respectively.

There will be 10,765mt of WMP on offer at next week's event, which is up 12.0% from the volume offered at each April event. GDT 355 is the first event to be affected by Fonterra's change to the WMP offer volumes forecast prior to the last event. 10,765mt is to be offered at both May events, 9,400mt at both June events, and 12,345mt at the first event in July. Fonterra is to offer 2,650mt of SMP at next week's event, unchanged from previously forecast and down 22.1% from the previous event.

## NZ-EU FTA in force

The New Zealand-European free trade agreement (FTA) came into effect on Wednesday, providing 91% of NZ exports with tariff-free market access - since negotiations started in June 2018. The red meat and dairy sectors will gain a further NZ\$120m annual export revenue, with projected growth more than \$600m in seven years. Quotas, however, have been established butter, cheese, milk powders and whey.

In 2023, NZ exported a total of 42,881mt of dairy products to Europe, valued at NZ\$3.98bn. The dairy products that will gain the most from the new FTA are milk powders, milk fat and whey products, as these are NZ's largest dairy exports to the EU. In 2023, there were 16,245mt of milk powders, 10,527mt of milk fat and 7,856mt of whey, with an additional 1,302mt of cheese.

For milk powders (HS 0402 tariff lines), there will be a gradual

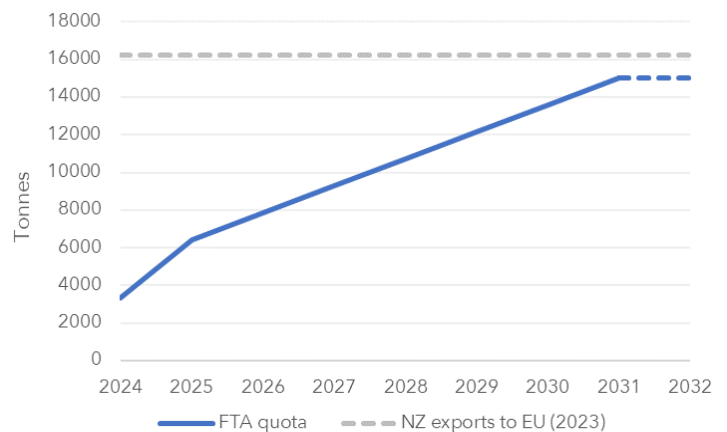
increase in the volume covered by TRQ (tariff rate quota), starting at 3,347mt in 2024 before increasing to 15,000mt in 2031 onwards. Milk powders exported in quota will be subject to 20% of the MFN (most favoured nation) equating to 26.08 EUR/100kg. Milk powders exported out of quota will be charged the full MFN rate which is 130.4 EUR/100kg (US\$1,395/t).

For cheese (HS 0406 tariff lines), there will be no charge for the first 6,031t exported starting this year, before gradually ramping up to 25,000t from 2031-onwards, with an additional 6,031 tonnes of cheese able to be exported duty-free through New Zealand's WTO CSTQ (country specific tariff quota). All cheese exported out of quota will be charged the MFN rate of 185.2 EUR/100kg. The MFN rate for cheese equates to US\$1,982/t - a significant barrier to cheese exports prior to the FTA quotas.

The European Commission expects that exports to New Zealand could grow by up to €4.5bn annually, with duties reduced by €140m per year for EU companies, producers, and farmers. The commission has forecasted trade between NZ and the EU will grow up to approximately 30% within the decade. Tariffs on European products entering NZ eliminated included pork, wine and sparkling wine, chocolate, sugar confectionary and biscuits. The FTA protects all EU geographical indications (GIs) for wines, spirits, and 163 of the most renowned traditional EU products such as Feta, Istarski prsut ham, and Elia Kalamatas olives.

A concern in the negotiations process for the FTA was the risk of New Zealand breaching trade agreement rules if it did not meet the 2020 Paris Agreement obligations in reducing greenhouse gas emissions (GHG). The target aims for GHG emissions to be 50% below 2005 levels by 2030. While reluctant to spend excessively on offshore carbon credits to meet the requirement, the government has still committed to the targets. A report released by Chapman Tripp has also noted the increasing pressure New Zealand faces as now more than 80% of NZ exports (by value) are to trading partner countries with current or proposed climate disclosures.

## EU-NZ TRQ for milk powders (HS 0402)



Sources: MFAT, GTT

## NZX processor survey of dairy commodity prices (US\$/t FOB)

	3-May-24	26-Apr-24	Change	5-Apr-24	Change	5-May-23	Change
Butter	6500	6530	↓ -0.5%	6530	↓ -0.5%	4930	↑ 32%
Skim Milk Powder	2600	2600	↔ 0.0%	2600	↔ 0.0%	2920	↓ -11%
Whole Milk Powder	3290	3290	↔ 0.0%	3300	↓ -0.3%	3250	↑ 1%
Cheddar Cheese	4300	4300	↔ 0.0%	4380	↓ -1.8%	4500	↓ -4%
Casein - Acid	8640	8640	↔ 0.0%	8640	↔ 0.0%	10160	↓ -15%
Anhydrous Milkfat	7030	7000	↑ 0.4%	6900	↑ 1.9%	4770	↑ 47%
Weighted Average	3615	3616	↔ 0.0%	3617	↓ -0.1%	3396	↑ 6%

## Dairy derivatives markets

SGX-NZX					
WMP Futures	2-May-24	24-Apr-24			OI
May 2024	3130	3180	↓	-1.6%	10196
Jun 2024	3090	3130	↓	-1.3%	7468
Jul 2024	3015	3020	↓	-0.2%	9282
Aug 2024	2985	3000	↓	-0.5%	7898
Sep 2024	2980	3000	↓	-0.7%	6891
Oct 2024	3000	3070	↓	-2.3%	3481

SMP Futures					
Month	2-May-24	24-Apr-24			OI
May 2024	2500	2550	↓	-2.0%	5943
Jun 2024	2525	2580	↓	-2.1%	6947
Jul 2024	2530	2600	↓	-2.7%	2933
Aug 2024	2525	2600	↓	-2.9%	2132
Sep 2024	2590	2615	↓	-1.0%	2135
Oct 2024	2670	2645	↑	0.9%	1910

AMF Futures					
Month	2-May-24	24-Apr-24			OI
May 2024	6700	6700	↔	0.0%	94
Jun 2024	6650	6650	↔	0.0%	69
Jul 2024	6560	6560	↔	0.0%	140
Aug 2024	6490	6490	↔	0.0%	120
Sep 2024	6350	6350	↔	0.0%	120
Oct 2024	6150	6150	↔	0.0%	200

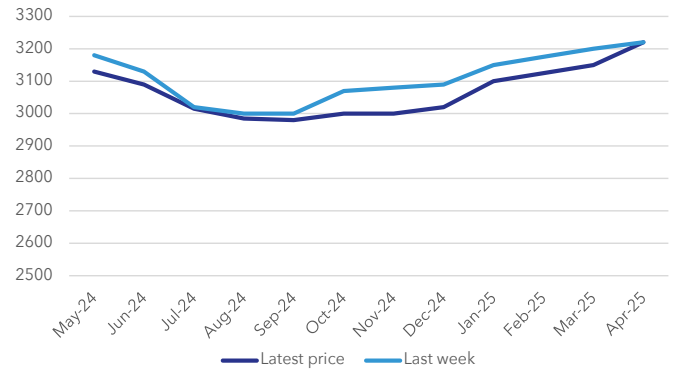
  

Butter Futures					
Month	2-May-24	24-Apr-24			OI
May 2024	6550	6500	↔	0.8%	561
Jun 2024	6150	6150	↔	0.0%	451
Jul 2024	6000	6000	↔	0.0%	52
Aug 2024	5575	5575	↔	0.0%	90
Sep 2024	5525	5525	↔	0.0%	90
Oct 2024	5475	5475	↔	0.0%	210

Milk Price Futures					
Month	2-May-24	24-Apr-24			OI
Sep 2024	7.83	7.84	↓	-0.1%	8363
Sep 2025	8.23	8.32	↓	-1.1%	6909
Sep 2026	8.33	8.40	↓	-0.8%	16

### SGX-NZX WMP futures (US\$/t)



### SGX-NZX SMP futures (US\$/t)



### SGX-NZX Milk price futures (NZ\$/kgMS)



## GDT results from Apr 16, 2024 (US\$/t)

Contract	1	2	3	4	5	6
Shipping	May	Jun	Jul	Aug	Sep	Oct
AMF	7190	7032	7078	7153	7094	6606
BMP	n/a	n/a	n/a	n/a	n/a	n/a
BUTTER	6680	6584	6503	6446	6480	n/a
CHEDDAR	4093	4106	4107	n/a	3775	3783
LACTOSE	n/a	740	n/a	n/a	n/a	n/a
SMP	2523	2525	2550	2595	2605	n/a
WMP	3246	3237	3360	3295	3290	n/a

GDT Price Index 1086

## Fonterra offer volumes at May 2, 2024 (t)

Contract period	1	2	3	4	5	6	
Shipping period	Jun	Jul	Aug	Sep	Oct	Nov	
AMF	300	720	300	250	255	205	65410
BMP	50	205	175	75	75	0	6970
BUTTER	100	500	100	87	115	105	41779
CHEDDAR	40	80	0	60	60	60	14340
SMP-NZ	500	1200	250	250	250	200	137620
WMP	4075	4100	625	1188	777	0	363372
TOTAL							629491