



News Release

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NZX's dairy derivatives go live on SGX – with globalised access and reach

NZX's suite of dairy derivatives will trade exclusively on Singapore Exchange (SGX) from today – under a partnership between New Zealand's Exchange and SGX.

This partnership combines NZX's market development expertise in dairy derivatives with SGX's global distribution capability. The joint stewardship of these important contracts unites NZX's core dairy expertise in industry engagement, market research, and product development know-how with SGX's international connectivity, under a working strategic partnership.

The partnership will super-charge the industry benchmarks with deeper platform connectivity and broader client reach.

The listing of the SGX-NZX Global dairy derivatives contract is a result of the strategic partnership that was entered into between the two exchanges in April 2021, which was designed to unlock and accelerate the growth potential of the dairy derivatives market that NZX has been developing over the past 11 years.

NZX Chief Executive, Mark Peterson, said the partnership brings together the complementary capabilities of the NZX and SGX to scale up market distribution and liquidity in the global dairy derivatives markets.

“We see this as accelerating market distribution which brings together significantly more buyers and sellers globally, increasing trading activity and benefiting all dairy participants, including the New Zealand dairy farmers and processors who find these contracts particularly important in managing risk.”

Mr Peterson said this enhanced liquidity will be driven by unprecedented access to the dairy derivatives markets via augmented trading and clearing channels. The number of trading and clearing firms has been expanded from 4 to more than 70, independent software vendors (ISVs) from 2 to more than 25, and this would be complemented by SGX's 10 international offices offering significantly greater regional sales support.

“With the physical dairy market continuing to evolve, working in partnership with SGX opens up the potential to grow these derivative products to many multiples of the physical dairy market.” He said new tools to deal with price volatility and its associated risks are crucial and in huge demand by dairy processors and end-users.

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Loh Boon Chye, Chief Executive Officer of SGX, said, “The past few months have been extremely fruitful for both SGX and NZX, as we worked together to execute this first-of-its-kind partnership between two exchanges to internationalise and grow the liquidity of a well-established product that will benefit the global dairy industry.”

“Through SGX’s global distribution network and successful derivatives franchise, we look forward to a close and fruitful collaboration to bring NZX’s suite of dairy derivatives to its next phase of growth.”

NZX launched its dairy derivatives market in 2010, enabling market participants across the dairy production chain – from farmers through to international manufacturers of dairy products – to have access to a tool to efficiently manage price risks inherent within global dairy markets.

Over the past 10 years, NZX has grown the contract suite to include eight futures and options contracts across dairy ingredients including Whole Milk Powder (WMP), Skim Milk Powder (SMP), Butter (BTR) and Anhydrous Milk Fat (AMF) as well as liquid NZ Milk Price (MKP) contracts.

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About Singapore Exchange

Singapore Exchange is Asia’s leading and trusted securities and derivatives market infrastructure, operating equity, fixed income, currency and commodity markets to the highest regulatory standards. It also operates a multi-asset sustainability platform, SGX FIRST or Future in Reshaping Sustainability Together (sgx.com/first).

SGX is committed to facilitating economic growth in a sustainable manner leveraging its roles as a key player in the ecosystem, a business, regulator and listed company. With climate action as a key priority, SGX aims to be a leading sustainable and transition financing and trading hub offering trusted, quality, end-to-end products and solutions.

As Asia’s most international, multi-asset exchange, SGX provides listing, trading, clearing, settlement, depository and data services, with about 40% of listed companies and over 80% of listed bonds originating outside of Singapore. SGX is the world’s most liquid international market for the benchmark equity indices of China, India, Japan and ASEAN. Headquartered in AAA-rated Singapore, SGX is globally recognised for its risk management and clearing capabilities. For more information, please visit www.sgx.com.

About NZX

For more than 150 years we have been creating opportunities for Kiwis to grow their personal wealth and helping businesses prosper. As New Zealand’s Exchange, we are proud of our record in supporting the growth and global ambitions of local companies.

NZX operates New Zealand's equity, debt, funds, derivatives and energy markets. To support the growth of our markets, we provide trading, clearing, settlement, depository and data services for our customers. We also own Smartshares, New Zealand's only issuer of listed Exchange Traded Funds (ETFs), and KiwiSaver provider SuperLife. NZX Wealth Technologies is a 100%-owned subsidiary delivering rich online platform functionality to enable New Zealand investment advisors and providers to efficiently manage, trade and administer their client's assets. Learn more about us at: www.nzx.com

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