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NZ milk futures hits new milestone, price rise drives activity

NZX's NZ milk price futures contract reached a new milestone on Wednesday, with more than 10 million kilograms of milk solids (kg/ms) traded since the product launched less than three months ago.

Initial trading in the contract has exceeded expectations, with activity driven by a significant movement in GlobalDairyTrade prices, and a lift in forward prices for dairy commodities in the futures market.

The total number of contracts traded since launch was 1,778 at close of trading on Wednesday. Each contract is for 6,000 kg/ms, totalling 10,668,000 kg/ms of milk production that has now been hedged using these contracts.

The 2016/17 season contract traded at a new high of \$5.11 on Wednesday, up from \$4.35 when the contract launched on 27 May 2016.

The 2016/17 contract last traded at an average price of \$5.10, while the 2017/18 average contract price was \$5.60.

NZX Senior Manager, Derivatives Nick Morris commented: "NZX's NZ milk price futures contract is quickly establishing itself as an effective way for dairy farmers to hedge their milk price risk. To have traded more than 10 million kilograms of milk solids in under three months is an outstanding start to the market and bodes well for its future growth."

Following the launch of the milk price futures contracts, NZX launched a milk price options contract on 30 June 2016.

To learn more about these contracts please visit: www.nzx.com/derivatives

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