

# Minutes of Meeting on 8 March 2023 UTC

## Members in Attendance

Thomas Carstensen (Arla Foods AMBA), Liam Fenton (StoneX Group Inc.), Mike McIntyre (Jarden Securities Limited), Bruno Spire (Nestrad S.A.), Jessica Lee Hiu Sun (Zhongshan Right On Trading CO. LTD), Bruce Turner (Chair) (Fonterra Co-operative Group Limited)

## Absent members:

Patricia Smith (DairyAmerica Inc), Rushikesh Ved (Majan Food Industries LLC), and Nick Morris (SGX Limited) who submitted a post-meeting apology.

## Operational Attendees

Eric Hansen (Market Administrator, GlobalDairyTrade Holdings Limited)

Note: Under Clause 4.4 of the GDT Events Oversight Board Charter, GDT and CRA are not formal members of the Oversight Board. They are present to provide specific comment or information regarding their respective functions and roles in respect of the auction platform.

## Secretary

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Eric Hansen (GDT)

## Meeting opened via Teams at 8:04pm NZT

## GDT Pulse trial

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Eric Hansen introduced the paper on the performance of GDT Pulse over the period August 2022 to February 2023, noting that the trial had reached the six-month mark and that feedback was being sought from members as input to a paper to the GDT board.

All members present commented that the introduction of GDT Pulse had been a positive development overall, with the increased frequency of price information welcomed and closely monitored. Members were of the view that while the GDT Events prices are still the key reference price, the Pulse prices are certainly “noted”.

In terms of areas for improvement and potential future developments, members commented that:

- The current volume of 1000 MT of WMP Regular offered per Pulse auction is relatively small
- A higher offer volume would improve the acceptance of Pulse outcomes as reflecting the current market price
- Higher offer volumes would also usefully provide increased assurance of a competitive bidding process during the auction
- Equally, it will be important to avoid splitting the volumes on Events and Pulse such that both are considered to be “low volume”
- Wider bidder participation may be enabled by allowing bidders who buy other WMP product specs to bid on the WMP Regular offering on the basis that post-auction they can swap to their preferred product spec at a pre-determined price differential (basis)
- Addition of more products would be welcome, particularly SMP
- Increasing the visibility of price movements during the auction to parties not participating in the auction could be worth investigating
- Providing more post-auction information similar to GDT Events, for example the regional breakdown of bidders and traded quantity, would be welcome.

## Average Regional Prices

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Eric Hansen introduced the paper by outlining that GDT began publishing the average regional prices in 2019 for the twin purposes of reducing entry barriers to new sellers (by enabling a seller to opt out of their individual prices being published) and to progressively shift stakeholder attention to market averages as occurs in many other commodity markets.

He commented that potential new sellers are still being deterred by the current approach of automatically including seller prices in the regional averages irrespective of whether that would still allow external parties to approximately infer the new seller's prices.

For these reasons GDT proposed to modify its publication policy to the following, which was noted as being consistent with the GDT Trading Event Rules:

- a. Each regional average price will generally include all relevant disclosed prices,
- b. In addition, if prices are available from at least three (3) or more sellers of the relevant product who opted for non-disclosure, the regional average generally will include all non-disclosed prices,
- c. If condition b is not met (i.e. less than 3 sellers of the relevant product opted for non-disclosure), a seller may (but is not obliged to) opt for their non-disclosed prices to be included in the regional average price,
- d. In all cases a-c, GDT has discretion to exclude a price from a regional average calculation, either for a transition period or indefinitely due to concerns about the relevance or suitability of the price,
- e. GDT does not have discretion to include a non-disclosed price that failed to meet condition b or c,
- f. If GDT excludes a non-disclosed price per item d, the condition in item b requiring three or more sellers is increased accordingly,
- g. No change to any of the product group or other average prices published outside of the regional average framework, i.e. such averages will continue to include all market-determined prices.

Members commented that if the current approach is deterring potential new sellers then a pragmatic approach that successfully overcomes these barriers will be beneficial over time. On this basis, all members present expressed support for the approach proposed above.

Members also commented that:

- Europe needs better, more trusted reference prices
- While average regional prices will be useful, it would be great to get to the point where an average price per country could be published.

## General Business

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Bruce Turner (Chair) noted that he had been elected to chair the April meeting at the ADPI conference in Chicago because of Bill Shields (current chair at the time) indicating he was unable to attend the April meeting.

Members agreed to a proposal by Bruce that in view of Bill Shields' subsequent resignation that it would be appropriate to elect a new chair at the April meeting.

### Meeting concluded at 8:31pm NZT

Signed as True & Correct



Bruce Turner  
Interim Chairperson

27 March 2023