Your First GDT Trading Event: What Dairy Buyers Need to Know

A practical guide to preparing for and participating in your first GDT Trading Event



When you are sourcing dairy products, visibility of what is available, who you can buy from and how prices are established can help inform your purchasing decisions.

GDT (Global Dairy Trade) Trading Events give you another way to source dairy products, connecting you with dairy producers across different regions through a transparent, competitive bidding process.

Held twice a month, each Trading Event allows you to bid for the products available to you and see how prices change as demand develops through the auction.

If you are preparing for your first Trading Event, this guide covers what to expect before, during and after the auction, so you know how the process works and what to look out for along the way.

1 Before Your First Trading Event

Who Can Participate?

Before you can bid in a GDT Trading Event, your business must be registered and approved to participate. If your business buys dairy commodities, you can **register to become a bidder**.

From there, you can connect directly with the dairy producers you wish to purchase from and seek approval to bid for their products. You can see the full list of eligible sellers and their products **here**.

There are some restrictions on who can participate and where products can be shipped. For instance, companies located in countries subject to UN or US sanctions cannot participate, while companies in non-sanctioned countries cannot nominate sanctioned countries as shipping destinations.

Getting Ready for the Trading Event

As the Trading Event approaches, more detail becomes available about the products, quantities and terms that will apply to you during the auction.

Through the **MyGDT portal**, you can see which dairy producers you can buy from and the products and contracts periods available. You will also find information that can help you understand your options before bidding begins, including:

Contract period bid limits (CPBL)

Once a seller approves you as a buyer, they will set a CPBL for your company. This is the maximum quantity you can bid for their products in each contract period during a Trading Event.

Bidder contracting information (BCI) file

For each dairy producer you are eligible to buy from, you can view the BCI file in the bidder portal. Updated before each Trading Event, the file contains your CPBL, the approved shipment destinations, freight rates, insurance charges and other charges that will apply if you successfully purchase their products.

Available quantities and starting prices

You can see the maximum and minimum supply quantities for each product offered by the dairy producer, and the starting prices for the Trading Event. Together, the available quantities, starting prices and contract periods show you what you will be able to bid for when the Trading Event begins.

Supply forecast

Where available, a seller's supply forecast shows the products and quantities they expect to offer in future Trading Events, giving you visibility of potential future supply.

2 How Does a GDT Trading Event Work?

Five days before each Trading Event, the quantities available for each product and the starting prices for the first bidding round are confirmed.

If you've been approved to bid for a seller's products, you can see the products you are eligible to bid for through the auction website, along with any product or supply restrictions that apply.

When the Trading Event begins, you enter how much you want to purchase at the announced starting prices. Each bidding round is open for a set period.

In each subsequent bidding round, if total demand is higher than the quantity available, the prices increase for the next round. The greater the gap between demand and supply, the larger the price increase between rounds.

As prices change between rounds, you can adjust your quantities or shift your demand between products or contract periods as the auction progresses.

Bidding continues round by round until the demand and available supply are balanced, establishing the final clearing price and quantities secured by successful bidders.

Read more to understand how GDT's ascending-price clock auction works.

3 What Happens If Your Bid Is Successful?

After a Trading Event ends, you can see how much product you secured and the final prices.

The seller will then get in touch with you to complete the contracting process. From there, your product will be shipped according to the dairy producer's logistics arrangements and the terms agreed before the Trading Event.

The broader Trading Event results are also published on the GDT website. This includes the GDT Price Index, the number of participating bidders and how prices moved across product groups compared with the previous Trading Event.

4 What Happens If You Don't Secure Product?

If you don't secure product at a Trading Event, the results can still tell you a great deal about what happened during the auction. You can see where prices landed, how much product was sold, and how demand shifted as bidding progressed.

Comparing results across recent Trading Events can help you get a sense of how prices and demand are moving over time. Because prices are established through a transparent, competitive bidding process, they can also serve as a reference point when looking at prices outside GDT.

Together, this information can give you useful context as you consider your approach to future Trading Events.

5 How Do I Make Sense of the Results?

Whether or not you secured product, the results published after each Trading Event can tell you more about how the auction developed and how demand changed as bidding progressed.

Our 'Behind the Market' commentary, written by our Chief Economist, takes a closer look at the broader Trading Event results and highlights some of the key movements from each auction. When looking at the results, some of the information you'll come across includes:

- **Product results:** The prices achieved for all product groups during the auction
- **Quantity sold**: The total quantity sold across all products, contract periods and sellers during the Trading Event
- **GDT Price Index:** The weighted average percentage change in prices for all products compared with the previous Trading Event, measuring overall price movements between Trading Events

- **Participation and bidding activity**: The number of participating and winning bidders, along with how demand changed as bidding progressed
- **Supplier-region results**: Percentage price movements between regions and across product groups
- **Price differences:** Differences in price (US$/MT) for the same product specifications across different regions
- **Price accuracy**: The difference between the final price, where demand is at or below available supply, and the pre-final price, where demand still exceeds available supply. A smaller difference between both prices indicates greater price accuracy.

Reviewing these results across Trading Events can help you understand demand across products and contract periods, track price movements over time and inform future purchasing and bidding decisions.

Ready to take part in your first GDT Trading Event? Register as a bidder or log in to MyGDT portal to start preparing.


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