

PriceIndex

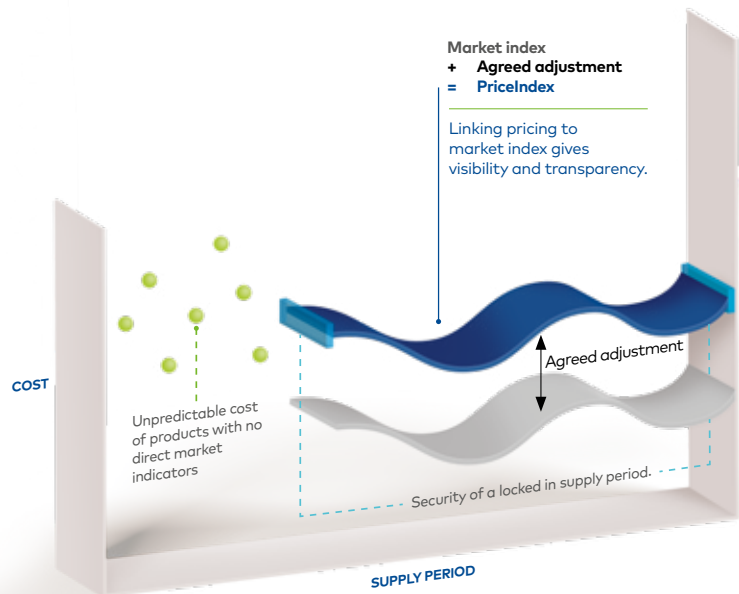
SUPPLY AGREEMENT

**Price transparency.
Market linked.
Supply security.**



NZMP PriceIndex

Dairy pricing can be volatile, and supply variable. For many dairy ingredients there are no direct market indicators to support price forecasting. NZMP PriceIndex gives you price transparency that is market linked, with supply security.



Key benefits



De-risk your ingredient supply.

Support your commitments to customers and avoid disruptions to operations by securing a baseline of dairy ingredient supply.



Focus your priorities.

Remove complexity with a locked in pricing mechanism linked to a known market index.



Support forecasting and budgeting.

Support budgeting and forecasting processes by being able to utilise futures markets and/or independent market commentary where available for forward pricing signals.



Add Price Risk Management tools.

An NZMP PriceIndex supply agreement has the flexibility to be overlaid with other NZMP Solutions for price risk management, such as NZMP PriceLock and NZMP PriceCollar.

NZMP's Risk & Commercial Solutions allow you to manage your dairy ingredient price exposure and supply volatility.

Case study

THE CHALLENGE

A food manufacturer wanted to:

1. Improve their **price transparency** for MPC to support forecasting and budgeting processes.
2. **Secure a supply baseline** of MPC for their leading yogurt brand.
3. Whilst **retaining flexibility** to purchase more volume on the spot market as their consumer demand growth becomes more certain.

THE SOLUTION

The manufacturer obtained a 9 month **NZMP PricelIndex** supply agreement for 50MT of MPC per month (50% of their total forecast needs).

This meant the MPC pricing was **linked to the widely reported USDA NFDN market index**, with an agreed adjustment.

THE RESULT

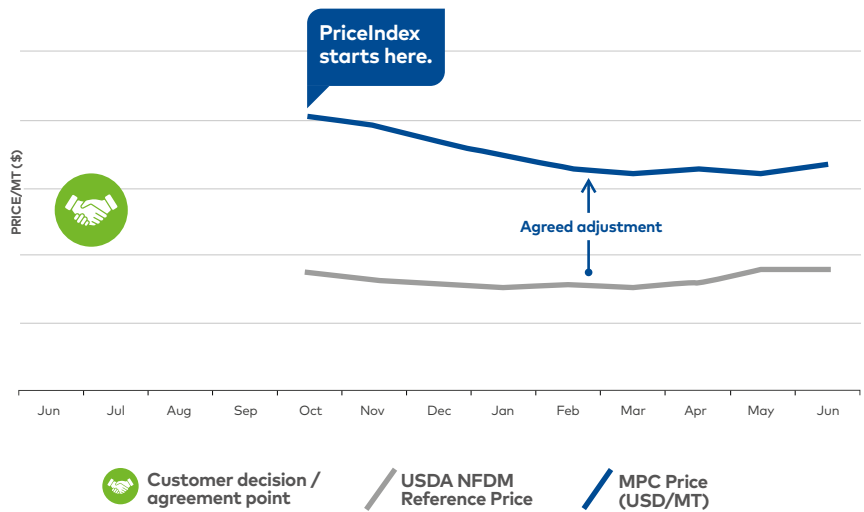
The NZMP PricelIndex supply agreement **supported their forecasting and budgeting processes** by:

1. Using a market reference and agreed adjustment to make **pricing more transparent**.
2. **Securing a baseline of MPC supply** for the customer's yogurt brand.
3. The manufacturer felt they could focus on their business priorities as PricelIndex **reduced the complexity of their purchasing, planning and forecasting** processes.

Role benefits

For Business Owners, CEOs and Procurement Managers.

NZMP PricelIndex referencing USDA NFDN



NZMP PRICEINDEX SOLUTION

Fixed supply
50MT/Month

Fixed time period
9 months

Market Price Index
USDA NFDN with adjustment

NZMP Ingredient.
MPC

Decision makers can secure dairy ingredient supply for their operations while benefitting from the reduction in complexity which comes from a transparent market index linked pricing mechanism, supporting both planning and forecasting processes, and allowing them to focus on business priorities.

Adding NZMP PricelIndex to your ingredients purchase is easy.

We want to support you in growing your business with high-quality ingredients and specialist business solutions.

- 1 Talk to your NZMP Account Manager.
- 2 Discuss options for adding NZMP PricelIndex to your next ingredient purchase.
- 3 Lock in a PricelIndex agreement.
- 4 Get back to what matters with supply security and price transparency.



To find out more about our ingredients and solutions, please visit nzmp.com/global/en/nzmp-solutions/risk-and-commercial.html