



GDT event 180 heads-up

The markets have started to become more active. So far we have seen small downward adjustments to fat prices and upward movements on the protein side.

Global contraction in milk production is still on its way but remains to be seen what higher farm gate prices and the absence of EU subsidy for non-production will do to output from January onwards.

On offer on Tuesday on GDT event 180:

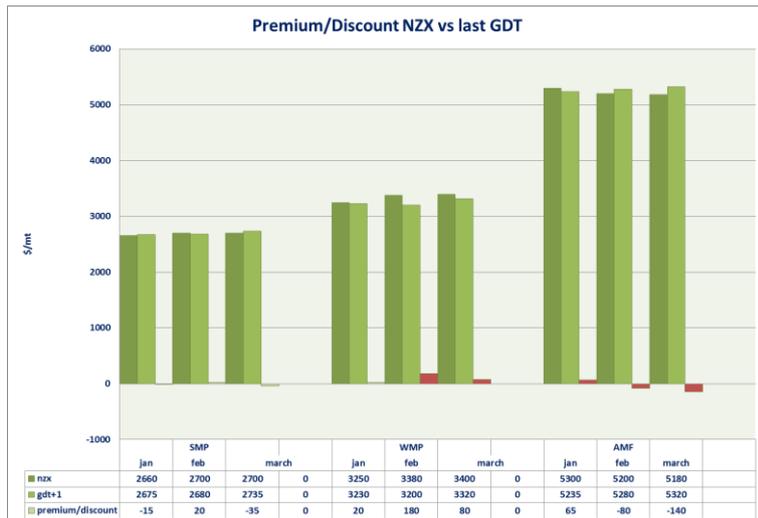
Sales Group Maximum Supply (MT)	Contract 1 (Feb 17)	Contract 2 (Mar 17)	Contract 3 (Apr 17)	Contract 4 (May 17)	Contract 5 (Jun 17)	Contract 6 (Jul 17)
Anhydrous Milk Fat (AMF)	210	1.000	605	370	200	115
Butter Milk Powder (BMP)	-	150	50	-	-	-
Butter (Butter)	125	655	465	255	145	90
Cheddar (Ched)	80	350	310	290	60	-
Rennet Casein (RenCas)	50	300	125	50	-	-
Skim Milk Powder (NZ & AU SMP)	250	1	800	300	300	100
Whole Milk Powder (WMP)	1.500	5.300	2.700	2.050	1.250	300

The total quantity on offer is 20.901 mt22.625 mt, 1.725 mt less than the previous event and 2.725 mt less than the same event last year.

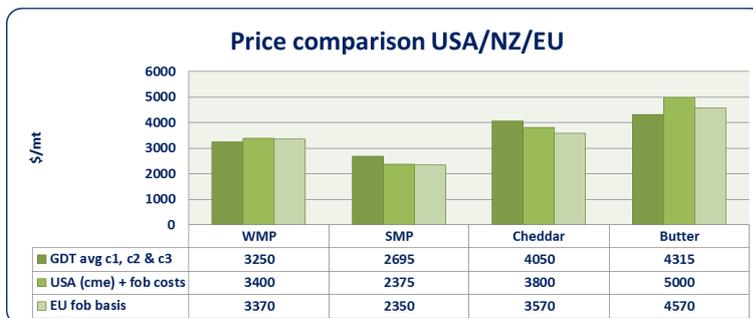
If we look at NZX:

Greenmark Dairy , 16th January 2017

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IWesee discounts for C1, C2 SMP and C2 & C3 AMF. All WMP futures trading on a premium with an especially robust premium for the volume heavy C2. If we compare last GDT prices with current prices of USA and EU:



- NZX indicates increases in WMP
- EU and USA are both noncompetitive on WMP pricing.
- On Cheddar, EU is the most competitive with some distance.
- On SMP, EU and USA are nearly on par with NZ \$ 350/t more expensive.

Taking NZX premiums/discounts currently paid, GDT's price ranking amongst competitors, we believe tomorrow's GDT average winning price will show a modest gain between 1% - 3%.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 179 and as always, global price, export/import & production information and any other matters that have an impact on dairy price developments.

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