



GDT event 184 heads-up

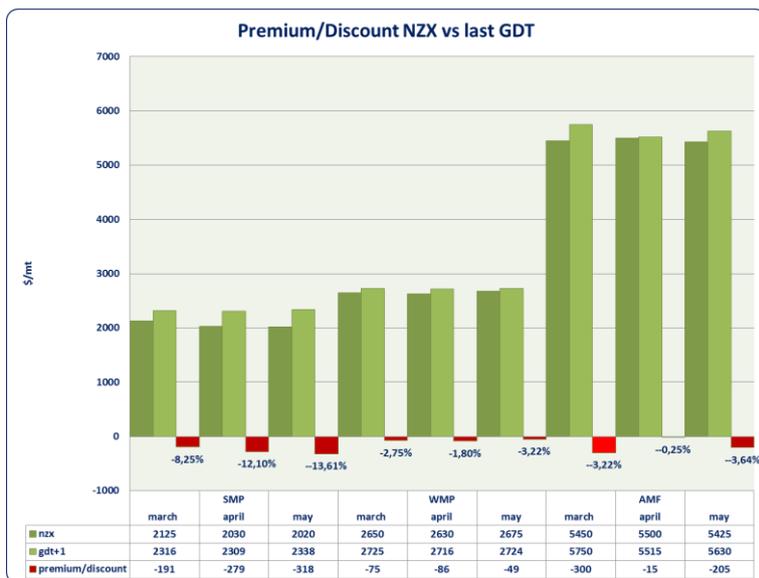
In a market that has continued to explore fresh lows for especially powders during the past weeks, the eyes are on tomorrow's GDT event 184 to provide further direction. Buyers have been able to sit on the fence and wait. The question is, will they remain to do so with further downside on the table or are current prices considered the bottom and a good opportunity to start buying again.

On Offer on tomorrow's GDT event 184;

Sales Group Maximum Supply (MT)	Contract 1 (Apr 17)	Contract 2 (May 17)	Contract 3 (Jun 17)	Contract 4 (Jul 17)	Contract 5 (Aug 17)	Contract 6 (Sep 17)
Anhydrous Milk Fat	180	870	470	300	165	-
Butter	120	620	430	255	125	-
Cheddar	100	220	202	201	-	-
Rennet Casein	50	275	150	50	-	-
Skim Milk Powder	125	1.625	1.235	475	300	-
Whole Milk Powder	2.500	2.650	5.000	1.000	485	-

The total quantity on offer is 23.178mt, 50mt more than in the previous event and 813 mt more than the same event last year.

If we look at NZX:

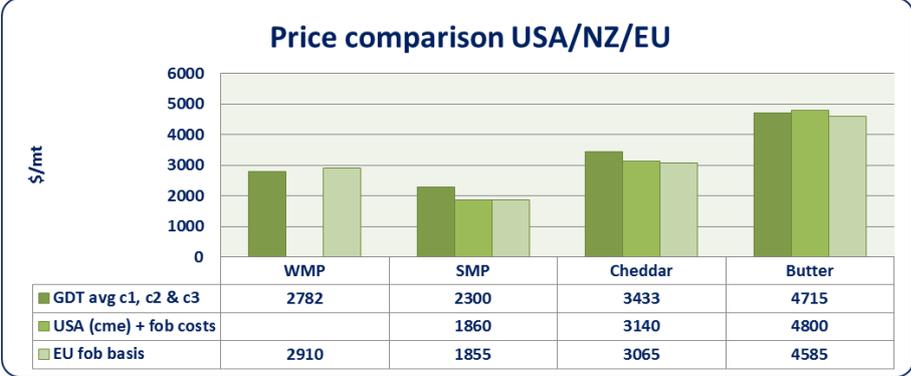


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It is clear that NZX participants expect further weakness on GDT with all futures traded at a discount to GDT. The difficulty this time is that in the previous GDT event, a lot of contracts were either sold at starting price or not sold at all. In both cases, it is GDT's policy not to publish those prices. For SMP, none of the prices were published and for WMP only contract 1. For unpublished prices we have taken the previous winning prices minus 15% which is usually what GDT uses as the starting price in the next event.

If we compare last GDT prices with current prices of USA and EU:



- NZX indicates further and decreases for all products.
- EU and USA are mostly more competitive for but especially on SMP the gap has widened
- WMP on GDT is competitive with last official EU quotations but not with the current market.
- Biggest decreases are to be expected in SMP and AMF.
- NZX futures are all trading at significant discounts to GDT.

In previous GDT events we have seen that NZX is often right in terms of direction but hardly every quite on the money. However, based on NZX discounts currently paid, GDT's price ranking amongst competitors, increases in forecast volumes and the general bearish sentiment on the market, we believe tomorrow's GDT average winning price will show a loss between -2,0 and -4,0%.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 183 and as always, global prices, export/import & production information and any other matters that have an impact on dairy price developments.

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