



## GDT event 185 heads-up

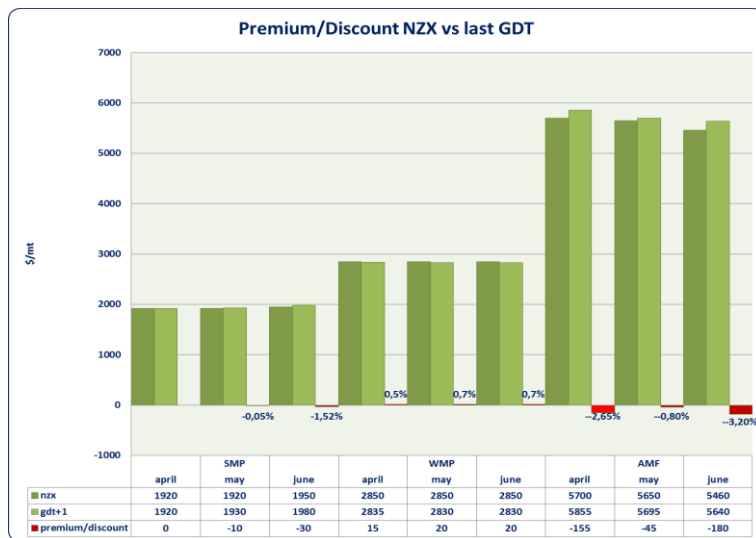
After the surprise outcome of the previous GDT event, it will be interesting to see if GDT will be able to maintain momentum. The market as such hasn't changed that much in that it still feels lackluster on the buying side. A week ago, Dcanz published production output of New Zealand which showed that, corrected for the leap year, February 2017 turned out higher than last year.

On Offer on tomorrow's GDT event 185;

| Offered volume     | Contract 1 | Contract 2 | Contract 3 | Contract 4 | Contract 5 | Contract 6 |
|--------------------|------------|------------|------------|------------|------------|------------|
| Anhydrous Milk Fat | 175        | 920        | 430        | 285        | 315        | -          |
| Butter Milk Powder | 100        | 300        | 170        | -          | -          | -          |
| Butter             | 125        | 630        | 400        | 210        | 325        | -          |
| Cheddar            | 100        | 210        | 200        | -          | 60         | -          |
| Rennet Casein      | 50         | 250        | 125        | 50         | -          | -          |
| Skim Milk Powder   | 575        | 2.975      | 1.805      | 425        | 450        | -          |
| Sweet Whey Powder  | -          | -          | -          | -          | -          | -          |
| Whole Milk Powder  | 2.100      | 5.000      | 2.600      | 1.000      | 1.000      | -          |

The total quantity on offer is 23.360mt, 188mt more than in the previous event and 1.322mt more than the same event last year.

If we look at NZX:

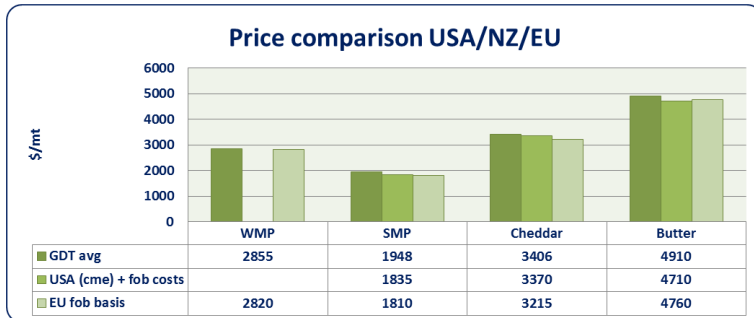


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It is clear that NZX participants expect more downside than upside.

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



- NZX indicates a flat outcome with possible gains in Butter/AMF.
- EU and USA are more competitive than GDT.
- WMP on GDT is slightly higher than EU.
- NZX futures are all trading at significant discounts to GDT.
- Especially SMP has further downside.

Based on NZX discounts/premiums currently paid, GDT's price ranking amongst competitors, increases in milk production and the general bearish sentiment on the market, we believe tomorrow's GDT average winning price will show a loss between -1,0% and +2,0%.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 185 and as always, global prices, export/import figures, production information and any other matters that have an impact on dairy price developments.

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