



## GDT event 186 heads-up

After two successive gains in the previous events, it will be interesting to see tomorrow's outcome of GDT event 186. Even though we have not seen real fundamental changes in supply & demand, a certain, slightly more favourable tone has manifested itself of late on the physical and paper markets.

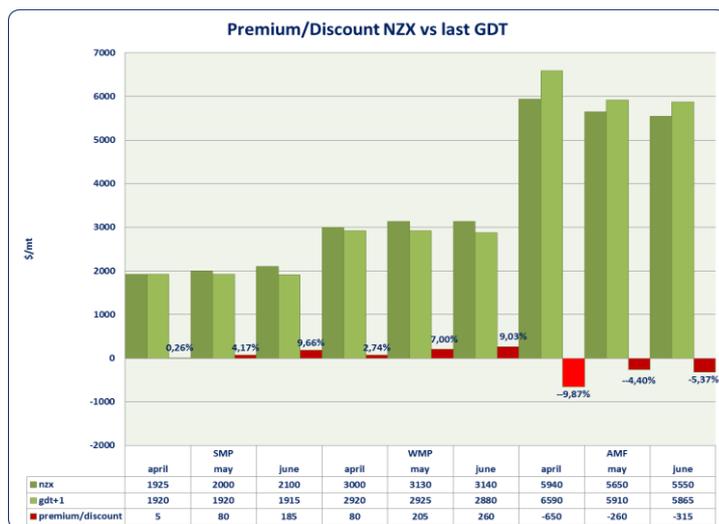
In EU declines in milk output are getting smaller but remarkably enough we have not seen much volumes enter into Intervention. Both in USA and NZ milk output is up but also there, SMP managed to increase in price.

On Offer on tomorrow's GDT event 186;

Sales Group Maximum Supply (MT)	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6
Anhydrous Milk Fat	215	1.020	470	285	315	0
Butter Milk Powder	0	0	0	0	0	0
Butter	130	650	415	210	325	0
Cheddar	100	210	200	0	60	0
Rennet Casein	50	225	100	50	0	0
Skim Milk Powder	475	3.125	1.555	325	450	0
Whole Milk Powder	2.100	5.000	2.600	1.000	1.000	0

The total quantity on offer is 22.260mt, 1.100mt less than in the previous event and 300mt less than in the same event last year.

If we look at NZX:

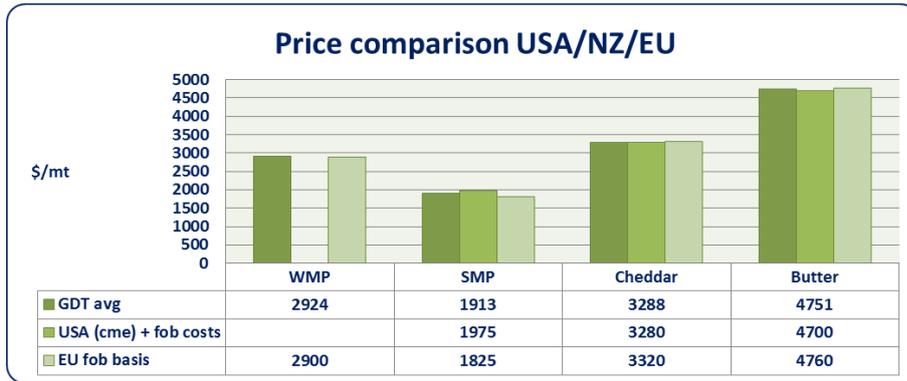


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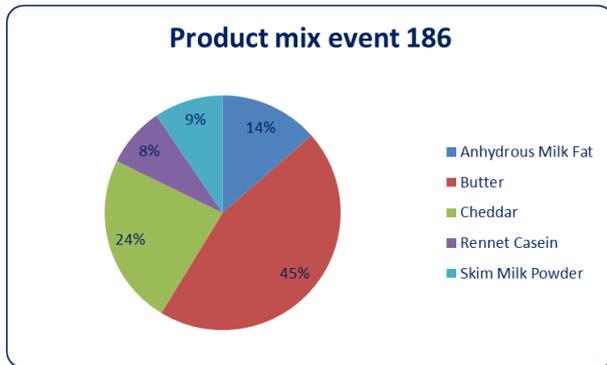
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It is clear that NZX participants expect upside on powders and downside on Butterfat.

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



- NZX indicates gains in both SMP and WMP but severe losses in AMF.
- All prices have converged between the three regions but EU remains most competitive on SMP.
- WMP on GDT is slightly higher than EU.
- Especially AMF 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 positive result between +1,5% and +4,0%.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 186 and as always, global prices, export/import figures, production information and any other matters that have an impact on dairy price developments.

Should you be interested in a subscription on Greenmark’s Dairy Market Report, please go to:

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