



GDT event 187 heads-up

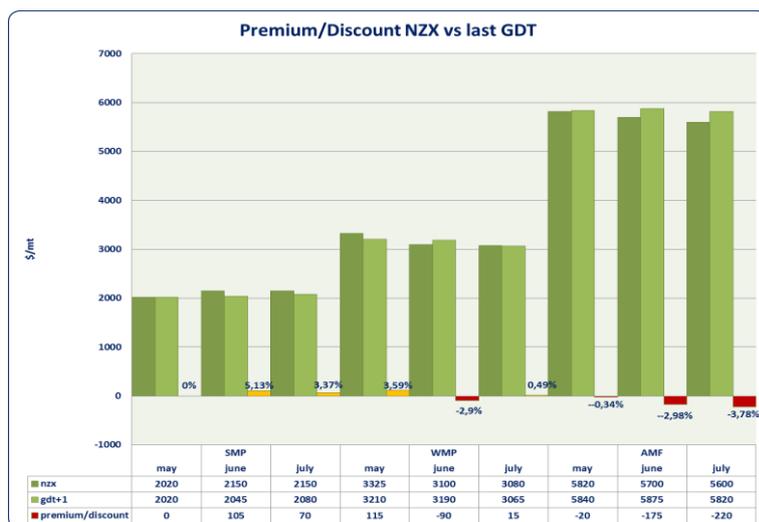
After three successive gains in the previous events, it will be interesting to see tomorrow's outcome of GDT event 187. Even though we have not seen real fundamental changes in supply & demand, a certain, slightly more favourable tone has manifested itself of late on the physical and paper markets.

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 187;

Sales Group Maximum Supply	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6
Anhydrous Milk Fat	260	860	325	550	460	0
Butter Milk Powder	50	340	65	70	100	0
Butter	130	590	365	420	395	0
Cheddar	100	230	0	40	60	0
Rennet Casein	50	200	100	50	0	0
Skim Milk Powder	775	4.725	650	650	588	0
Whole Milk Powder	2.500	4.730	900	800	800	0

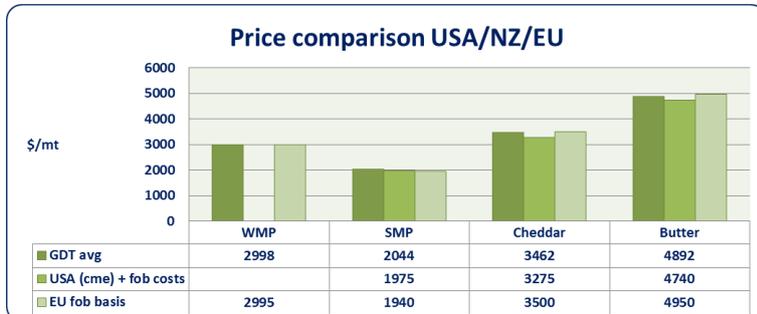
The total quantity on offer is 22.928 mt, 668mt more than in the previous event and 1.400mt more than in the same event last year.



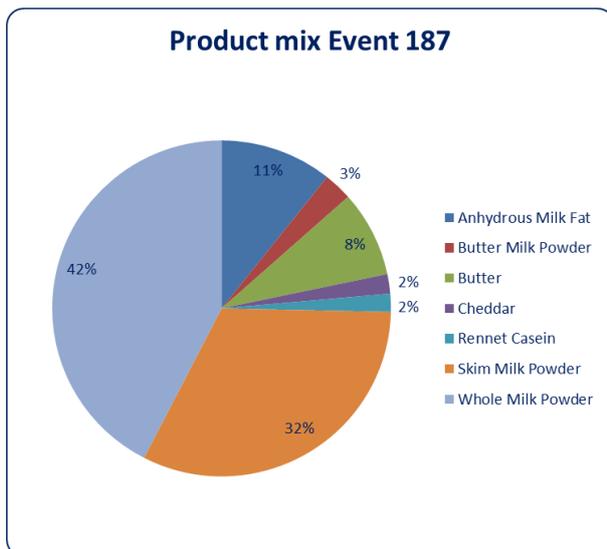
If we look at NZX we see premiums paid for SMP and discounts for AMF while on WMP, the front month pays a premium, C2 a discount and C3 again a premium.

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 USA is the most competitive on Cheddar and Butter.
- WMP on GDT is on par with EU.
- Especially AMF has further downside if we look at NZX but if we look at physical markets down side may not materialize.



Based on NZX discounts/premiums currently paid, GDT's ranking amongst competitors, increases in milk production and the general more bullish sentiment on the market, we believe tomorrow's GDT average winning price will show a result between -1,5% and + 1,5%.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 187 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:

<http://www.greenmarkdairy.com/subscription-info--application-form.html>

Alternatively, you are welcome to approach us directly.

Greenmark Dairy , 1st May 2017

©2016 Greenmark's weekly dairy market update is copyright protected. It is not allowed to the addressee to share in any conceivable way (Part of) its contents with other persons or companies without prior written permission from Greenmark Dairy Ingredients.