



## GDT event 188 heads-up

After four successive gains in the previous events, it will be interesting to see tomorrow's outcome of GDT event 188.

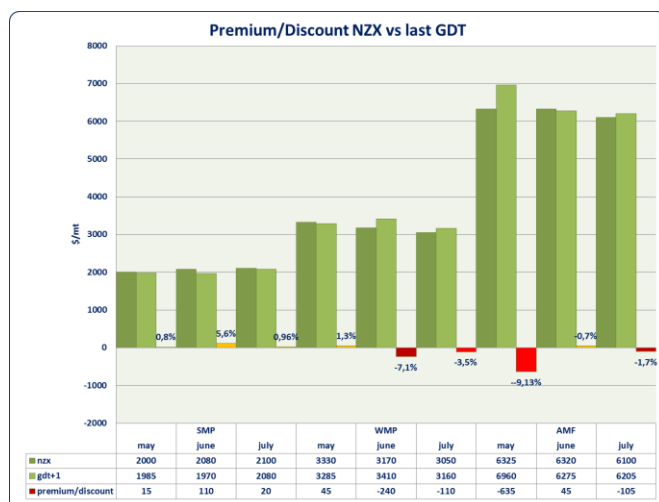
Throughout Europe, weather has had an impact on Production, especially in some key countries like France, Germany and Poland. In Netherlands there are concerns that later in the year milk production strong impact will be felt from measures surrounding the derogation issues.

In the 2nd half of last week we have seen prices spike both in EU and USA which begs the question whether or not GDT will follow.

On Offer on tomorrow's GDT event 188;

Sales Group Maximum Supply (MT)	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6
Anhydrous Milk Fat	205	780	295	535	450	0
Butter Milk Powder	0	0	0	0	0	0
Butter	65	485	280	325	345	0
Cheddar	100	230	0	100	60	0
Rennet Casein	50	200	100	50	0	0
Skim Milk Powder	675	4.475	500	550	588	0
Whole Milk Powder	2.500	4.730	900	800	800	0

The total quantity on offer is 21.173 mt, 1.755mt less than in the previous event and 2.248mt more than in the same event last year.



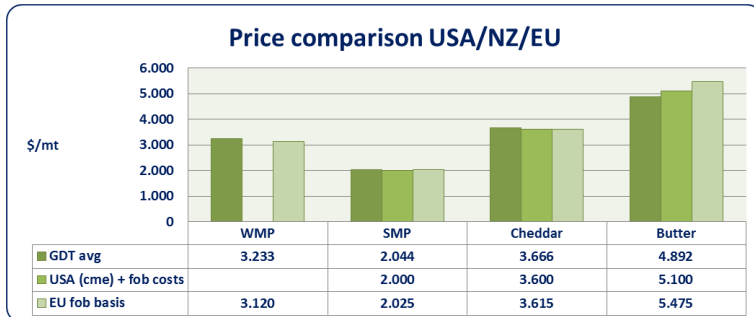
Greenmark Dairy , 15<sup>th</sup> May 2017

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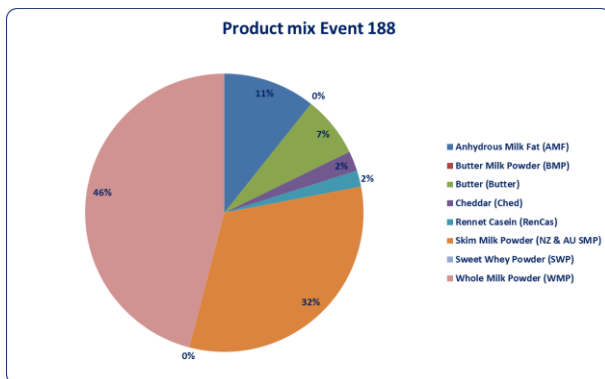
If we look at NZX we see premiums paid for SMP and discounts for AMF, except C2 while on WMP, the front month pays a premium and the deferred months, surprisingly, at a discount.

It is clear that NZX participants, contrary to the physical markets 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 but losses in WMP and AMF.
- All prices have converged between the three regions but USA is the most competitive on Cheddar and Butter.
- SMP on GDT is on par with EU and USA .
- Especially AMF has further downside if we look at NZX but if we look at physical markets this seems unlikely to materialize.



Based on NZX premiums and despite discounts currently paid for AMF on NZX, GDT's ranking amongst competitors, April contractions in milk production EU and NZ and the general more bullish sentiment on the market, we believe tomorrow's GDT average winning price will show a result between +3,0% and + 6,0%.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 188 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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