



## GDT event 189 heads-up

After five successive gains in the previous events, it will be interesting to see tomorrow's outcome of GDT event 189.

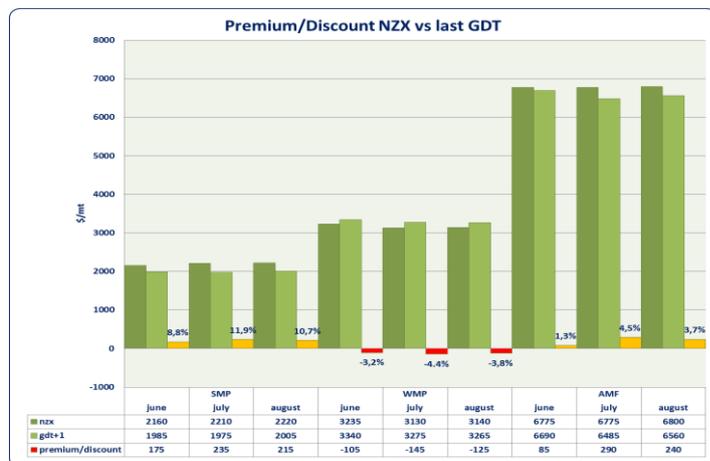
Throughout Europe, with the exception of Germany and France, milk supply has been going up to the extent that we would expect EU to be on par with 2016 at some point late Q3 or early Q4. Overall we have seen increased prices since the previous GDT event. Fonterra has increased its WMP offering on GFT by 10.000 mt for the next 12 month of which most is offered during the peak months October & November. Year to date April 2017, New Zealand's milk output rose by 4%.

On offer on tomorrow's GDT event 189;

Sales Group Maximum Supply (MT)	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6
Anhydrous Milk Fat	245	630	600	560	460	0
Butter Milk Powder	100	200	100	100	100	0
Butter	70	425	380	430	395	0
Cheddar	100	0	250	250	60	0
Rennet Casein	25	175	100	75	50	0
Skim Milk Powder	625	1.450	900	1.063	1.013	0
Whole Milk Powder	2.370	2.375	2.200	2.100	2.140	0

The total quantity on offer is 22.116 mt, 943 mt more than in the previous event but 3.101mt less than in the same event last year.

Compared to the previous event, a total volume of 1.255 mt is incrementally offered on WMP but on SMP, the offered quantity was reduced by 1.737 mt.

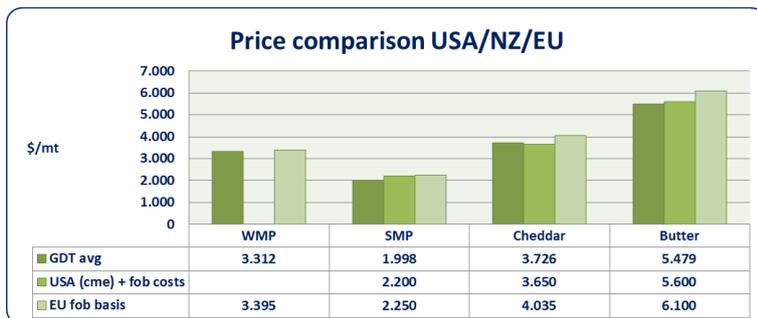


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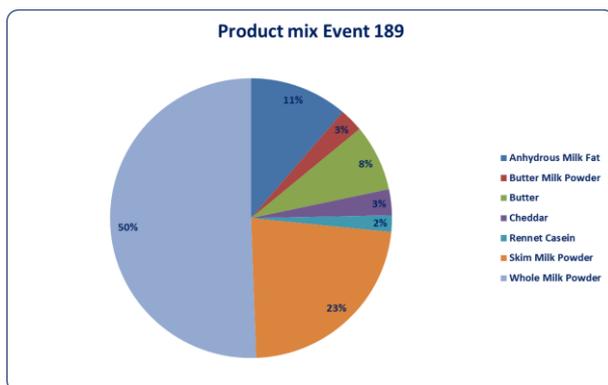
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If we look at NZX we continue to see premiums paid for SMP and AMF. Like in the EU, Butterfat is breaking records with current futures for AMF priced at its highest by a considerable margin since GDT was established.

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



- NZX indicates gains in both SMP and AMF but losses in GDT's key product WMP
- Fonterra announced a higher production of WMP on the back of higher stream returns for the 17-18 season but on NZX it is intrinsically underpriced. Based on current NZX values for AMF and SMP, the theoretical price of WMP would be about \$3325/mt.
- With the exception of Cheddar, GDT is the cheapest option.
- SMP on GDT is on par with EU and USA .
- The question is whether the already record high prices for AMF will see further upside.
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Based on current NZX values, we would be looking at an increase of the GDT price index of approximately 1,5% tomorrow. Given the ample availability of milk in the next months on the back of strong farm gate prices however, there seems no reason for concern from physical buyers based on which we believe there is potential for a shift in either direction between -1,5% and + 1,5%.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 189 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 our weekly 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.

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