



GDT event 190 heads-up

After six successive gains in the previous events, it will be interesting to see tomorrow's outcome of GDT event 190.

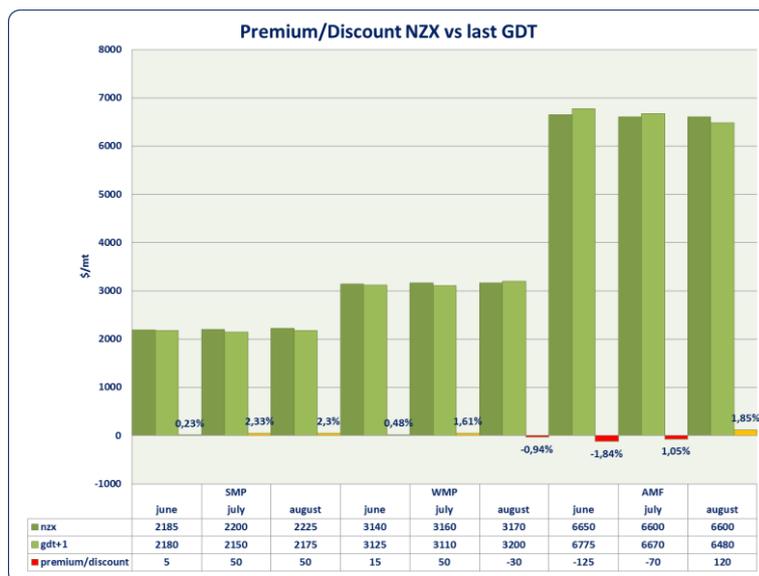
Throughout Europe, with the exception of Germany and France, milk supply has been going up to the extent that we would expect EU to be on par with 2016 at mid Q3. The current high temperatures in big parts of Europe and the dryness that goes with it may be reason for concern however for milk output in June which pay push that date a bit further into the future.

Overall we have seen increased prices since the previous GDT event but on the whole the market has been fat driven whilst we have seen protein taper off in the past week. World demand however remains strong if we look at EU and USA export figures.

On offer on tomorrow's GDT event 190;

Sales Group Maximum Supply	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6
Anhydrous Milk Fat (AMF)	245	630	600	560	460	0
Butter Milk Powder (BMP)	0	0	0	0	0	0
Butter (Butter)	70	425	380	430	395	0
Cheddar (Ched)	150	0	350	400	60	0
Rennet Casein (RenCas)	25	175	100	75	50	0
Skim Milk Powder (NZ & AU SMP)	525	1.200	750	963	1.011	0
Whole Milk Powder (WMP)	2.370	2.375	2.200	2.100	2.140	0

The total quantity on offer is 21.216 mt, 900 mt less than in the previous event and 3.464mt less than in the same event last year.

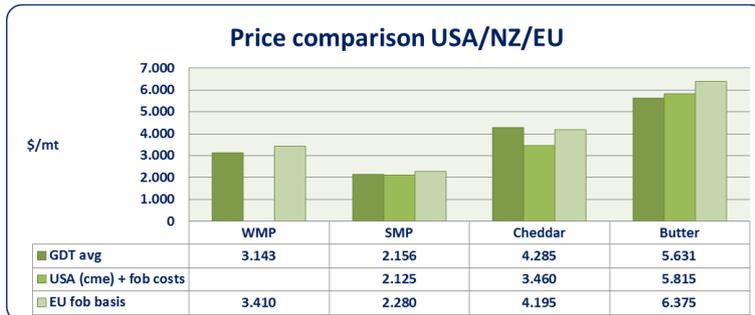


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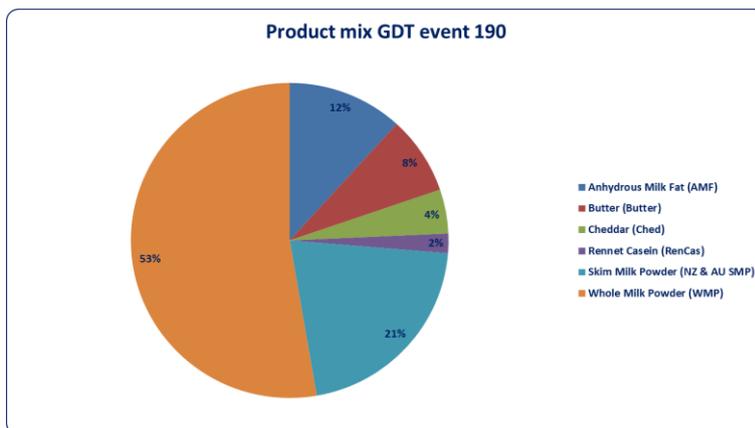
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If we look at NZX we continue to see premiums paid for SMP. Some of the discounts on WMP have turned to premium but C3 still trades at a small discount. C1 and C2 AMF are at discount but C3 still trades at a premium.

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



- NZX indicates small gains across the board.
- On physical markets, NZ Cheddar is the most expensive with an \$ 800/mt premium to USA origin.
- WMP is about \$ 300/mt underpriced vs it's fat and Protein components in Butter and SMP.
- With the exception of Cheddar and SMP, GDT is the cheapest option.
- World demand for SMP is strong and NZ seems well placed to benefit from that.



Based on current NZX values, we would be looking at an increase of the GDT price index of approximately 1% tomorrow. Given the ample availability of milk in New Zealand in the next months on the back of strong farm gate prices however, there seems no reason for concern from physical buyers.

We believe a result in the range of -0,5% to +2,5% is achievable on tomorrow's event.

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.

If you wish to subscribe to our weekly Greenmark's Dairy Market Report, please go to:

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