



## GDT event 191 heads-up

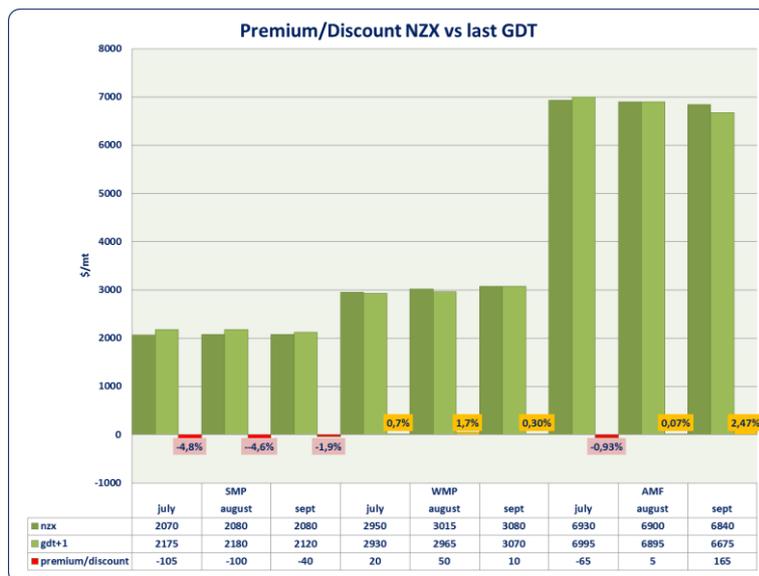
After a run of six successive gains in previous events and a small loss in the last one, it will be interesting to see tomorrow's outcome of GDT event 191.

The market has been subdued for powders but Cheese and Butter have remained very strong. The latter however, saw some strong discounted trading at the end of last week and saw its value decrease by € 250/t to € 300/t for the 3 front contracts.

On offer on tomorrow's GDT event 191;

Sales Group Maximum Supply (MT)	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6
Anhydrous Milk Fat (AMF)	105	830	710	685	475	0
Butter Milk Powder (BMP)	75	175	150	100	100	0
Butter (Butter)	55	495	510	565	445	0
Cheddar (Ched)	0	180	440	400	100	0
Rennet Casein (RenCas)	25	225	100	75	50	0
Skim Milk Powder (NZ & AU SMP)	100	1925	1800	1463	1300	0
Whole Milk Powder (WMP)	5000	4500	4000	3550	2085	0

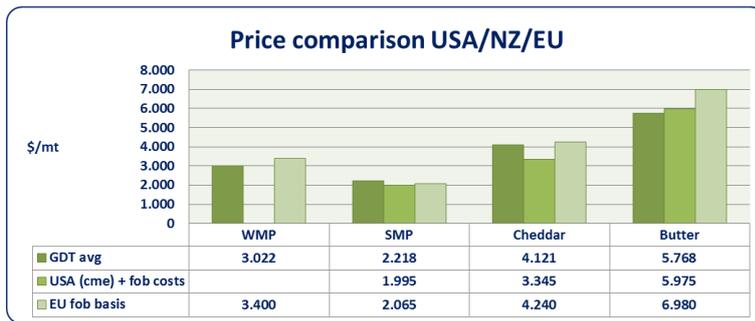
The total quantity on offer is 32.973 mt, 21.216 mt, 11.757 mt more than in the previous event.



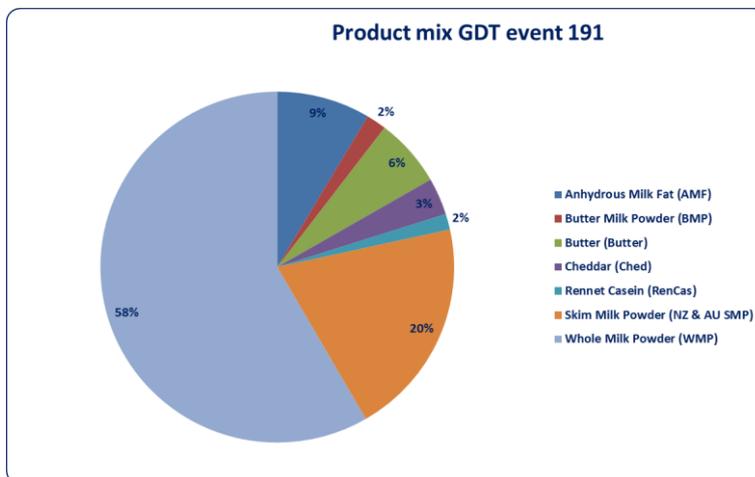
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If we look at NZX we see premiums paid for SMP have turned into discounts. Discounts on WMP have turned to premium. AMF C1 trades at a discount but the two deferred contracts at premium. If we compare the last GDT prices with current prices of USA and EU:



- NZX indicates small gains for WMP but losses for SMP and AMF.
- On physical markets, NZ Cheddar not competitive with an \$ 800/mt premium to USA origin.
- Fonterra WMP is about \$ 400/mt underpriced vs its fat and Protein components in Butter and SMP.
- GDT is the cheapest option for both WMP and Butter.



Based on current NZX values, we would be looking at a decrease of the GDT price index of approximately -0,25% tomorrow. Given the ample availability of milk in New Zealand in the next months on the back of strong farm gate prices, there is no reason for concern from physical buyers. The main product that has the potential to show surprises tomorrow is WMP for which there is a lot of demand judging by New Zealand's latest export volumes that were up 19,2% in May versus the same month last year. ( More about this in our report of next Wednesday)

We believe a result in the range of -1% to +3% is achievable on tomorrow's event.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 191 and as always, global prices, export/import figures, production information and any other matters that have an impact on dairy price developments.

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