



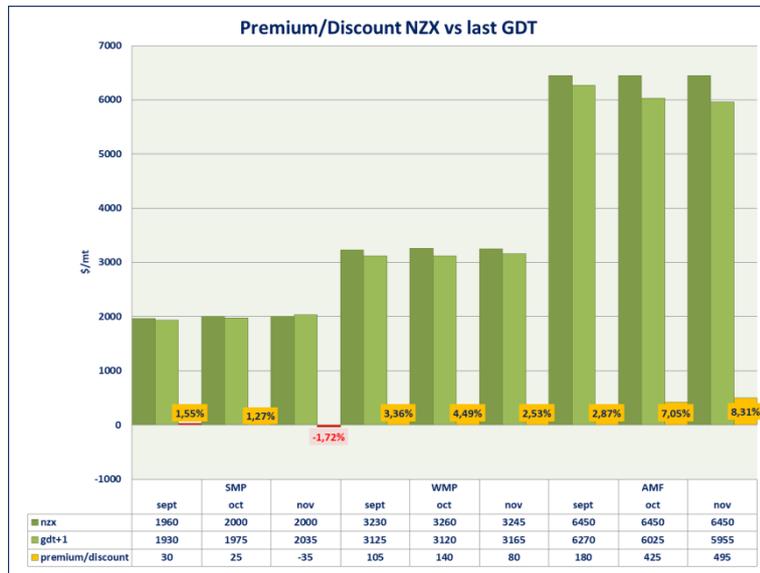
## GDT event 195 heads-up

After a run of 5 events in which only one managed to book a 0,2% increase in average values, it will be interesting to see today's outcome of GDT event 195. The Event takes place against the background of a very low market activity with eroding prices for practically all dairy products and increasing milk production in most parts of the world.

On offer on tomorrow's GDT event 195;

Sales Group Maximum Supply	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6
Anhydrous Milk Fat	115	1.400	1.125	875	125	0
Butter Milk Powder	50	325	200	100	100	0
Butter	165	1.035	905	775	135	0
Cheddar (Ched)	60	400	400	400	100	0
Rennet Casein	50	200	125	125	50	0
Skim Milk Powder	250	4.000	1.900	1.475	1.350	0
Whole Milk Powder	1.050	6.250	5.225	3.200	1.675	0

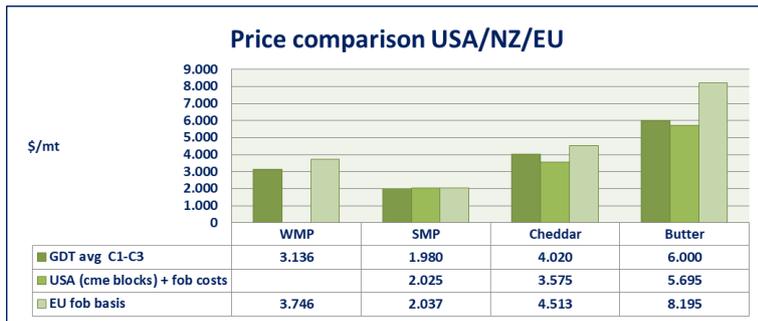
The total quantity on offer is 35.715 mt, 3.455 mt more than what was actually sold in the previous event.



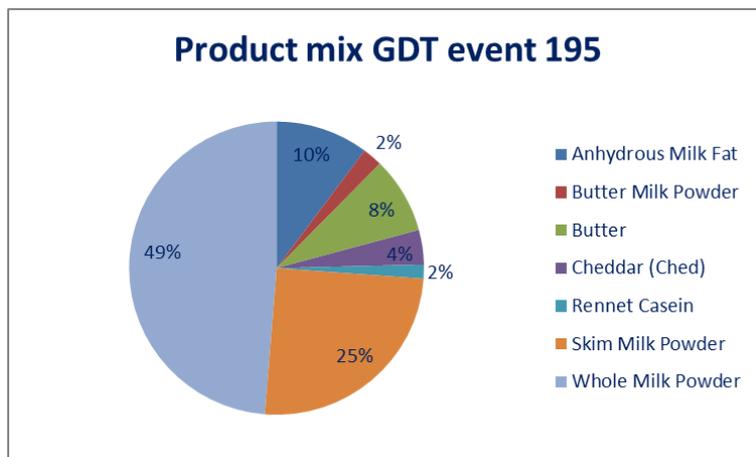
If we look at NZX we see premiums paid for all contracts except C3 SMP.

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- NZX indicates gains for all contracts except C3 SMP.
- USA is most competitive on Cheddar and Butter
- Fonterra WMP is still about \$ 120/mt underpriced vs its fat and Protein components in AMF and SMP.
- Fonterra's WMP is untouchable price wise from EU and USA but that is likely different from SAM origins.



Based on current NZX values, we could be looking at an increase of the GDT price index of approximately + 3,5% tomorrow.

Given the ample availability of milk in New Zealand in the next months on the back of strong farm gate prices, and increasing milk production in EU, USA and SAM, there is no immediate reason for concern from physical buyers. WMP still has upward potential as it is underpriced vs SMP/Butter. The outcome however, could be facing a negative impact from the current bearish sentiment in powders.

We believe a result in the range of **-1,0%** to **+2,%** is achievable on tomorrow's event.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 195 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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