



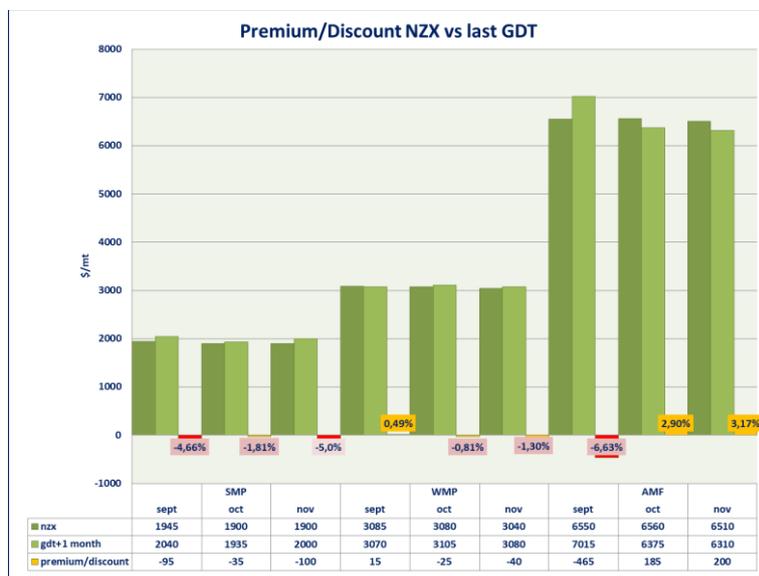
GDT event 196 heads-up

Against the background of a clearly more bearish sentiment for powders and Cheese, it will be interesting to see in how far GDT will be affected. Butter for now remains an exception. Even though we have seen some downward movement for Butter since the last GDT event, the front months have both recovered and are currently trading on EEX above their levels prior to the previous GDT event.

On offer on tomorrow's GDT event 196;

Sales Group Maximum Supply (MT)	Contract 1 (Oct 17)	Contract 2 (Nov 17)	Contract 3 (Dec 17)	Contract 4 (Jan 18)	Contract 5 (Feb 18)	Contract 6 (Mar 18)	
Anhydrous Milk Fat	115	1.250	925	875	125	0	0
Butter	165	1.005	845	775	135	0	0
Cheddar	100	500	500	500	100	0	0
Rennet Casein	50	225	150	125	50	0	0
Skim Milk Powder	250	4.000	1.900	1.475	1.350	0	0
Whole Milk Powder	1.050	7.100	6.000	2.700	1.400	0	0

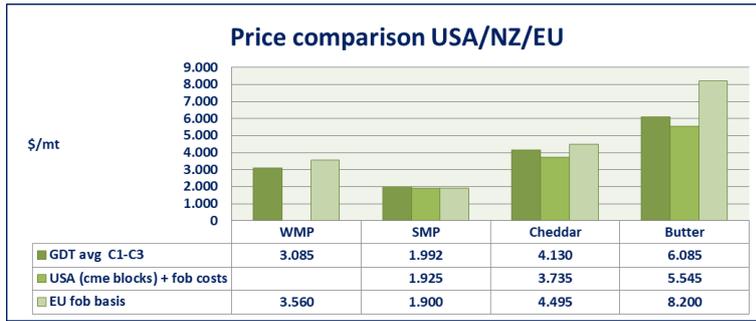
The total quantity on offer is 35.740 mt, 2.239 mt more than what was actually sold in the previous event.



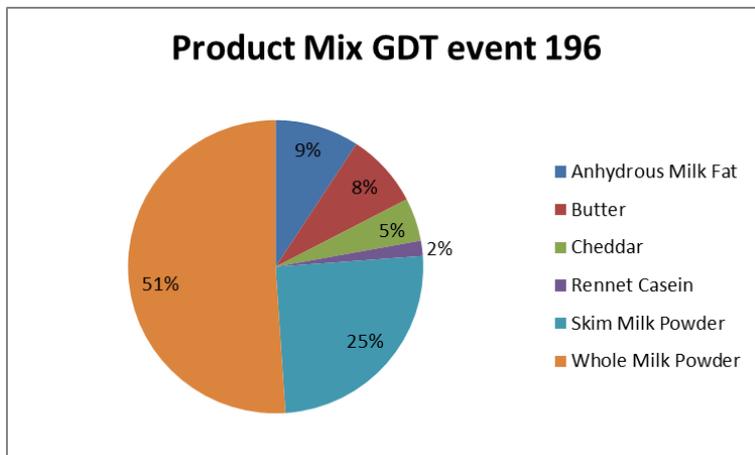
If we look at NZX we see discounts paid for all SMP contracts, a small premium for C1 WMP and discounts for C2 and C3. AMF trades at premiums for the deferred contracts but a rather steep discount for C1.

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- NZX indicates losses for 6 out of 9 contracts
- 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. This may change if indeed NZX predictions on C1 materialise.
- Price wise, Fonterra's WMP is untouchable from EU and USA but that is likely different from SAM origins.
- EU is the cheapest origin for SMP.
- Compared to the previous GDT event, more WMP in the mix (51% vs 49%), less AMF (9% vs 10%) and less Butter (5% vs 8%)



Based on current NZX values, we should be looking at a decrease of the GDT price index of approximately **-1,0 %** tomorrow.

Given the current bearish sentiments in the market, 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.

We believe a result in the range of **-1,0% to -2,75,%** is achievable on tomorrow's event.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 196 and as always, global prices, export/import figures, production information and any other matters that have an impact on dairy price developments.

For a subscription on our weekly Greenmark's Dairy Market Report, please email us at r.schorsji@greenmarkdairy.com