



GDT event 199 heads-up

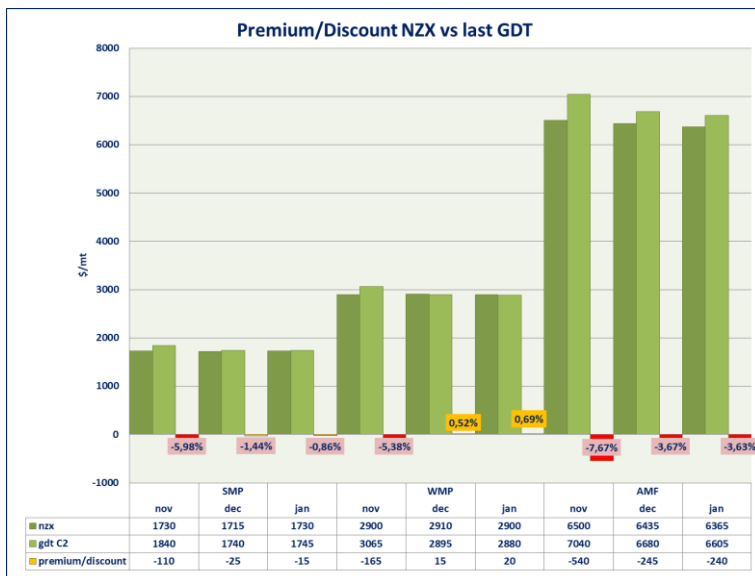
Against the background of a continuing bearish market throughout the entire dairy complex, it will be interesting to see in how far tomorrow's GDT event 199 will be affected. In absence of any other relevant inputs in the past two weeks, today's GDT event 199 will play a crucial role in further determining the market direction.

Intuitively we would have very negative expectations about this afternoon's outcome but let's see what the pointers are:

On offer on tomorrow's GDT event 199;

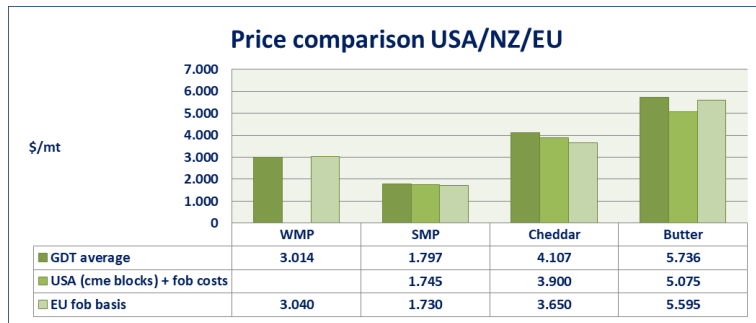
Event 199 Offer in mt	C1 Volume	average start price	C2 Volume	average start price	C3 Volume	average start price	C4 Volume	average start price	C5 Volume	average start price	Average price	average price last GDT	Δ
AMF	165	\$6.405	950	\$6.020	710	\$5.725	500	\$5.675	275	\$5.600	\$5.956	\$6.841	-12,93%
BMP	80	\$1.600	275	\$1.490	100	\$1.545	75	\$1.615	75	\$1.590	\$1.563	n.a.	
Butter	170	\$5.220	950	\$5.165	730	\$4.585	545	\$4.575	190	\$4.535	\$4.886	\$5.736	-14,81%
Cheddar	100	\$3.595	400	\$3.610	350	\$3.595	350	\$3.610	100	\$3.575	\$3.603	\$4.107	-12,28%
Rennet	50	\$4.995	250	\$4.805	150	\$4.820	100	\$4.940	50	\$5.325	\$4.890	\$5.612	-12,87%
SMP	350	\$1.605	3975	\$1.595	1950	\$1.505	765	\$1.515	550	\$1.520	\$1.555	\$1.797	-13,47%
WMP	2800	\$2.670	9085	\$2.680	4800	\$2.530	3300	\$2.516	1500	\$2.526	\$2.599	\$3.014	-13,77%

The total quantity on offer is 36.765 mt, 1.096mt more than what was actually sold in the previous event.



Greenmark Dairy , 16th October 2017

©2016 Greenmark's weekly dairy market update is copyright protected. It is not allowed to the addressee to share in any conceivable way (Part of) its contents with other persons or companies without prior written permission from Greenmark Dairy Ingredients.



Key Comments

- Aided by a weaker EURO, EU is now the cheapest option for Cheddar And SMP
- NZ remains best option for WMP but is very closely tracked by EU so that there does not seem much upside.

Even though we see China imports strongly up, we see NZ exports strongly down which would lead us to believe that both EU and USA are strongly biting into Fonterra's export volumes. This may manifest itself in today's GDT too.

NZ milk production was, against prior forecasts, only modestly down for September and meanwhile weather has improved so that the outlook for October would be milk production to be at least on par with last year. With prices pressure in both EU and USA there seems no immediate need to take cover.

Meanwhile we see milk production shoot up in EU and in USA production remains royally above last year's.

We have a hard time believing tomorrow's GDT event 199 will see a positive result. Given current forces, in terms of prices from EU and USA and the abundance of milk available now and in the next months, we believe the GDT index will incur a loss of 3% to 6% which would be a true reflection of the current market.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 198. As usual this will be on top of the Global export, import, price, production & stock situation. As always we will comment on any other matters that may have an impact on dairy price developments.

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