



GDT event 200 heads-up

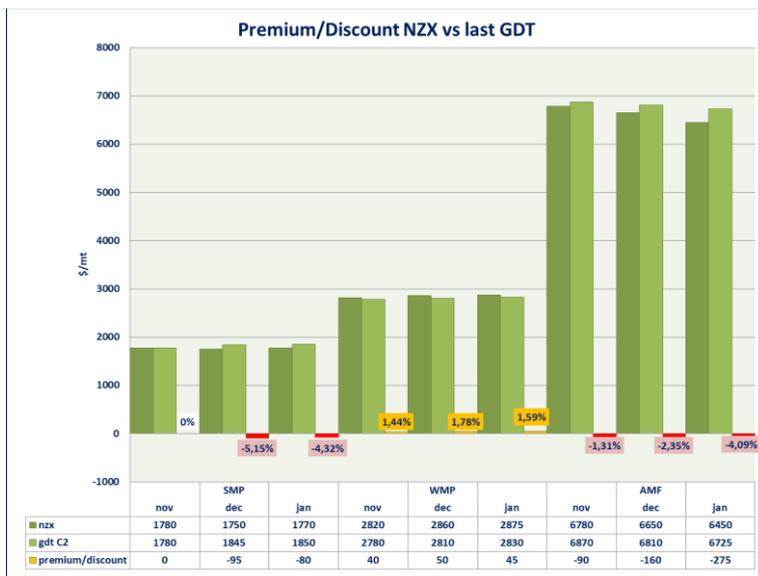
Against the background of a continuing bearish market throughout the entire dairy complex, it will be interesting to see in how far today's milestone GDT event 200 will be affected. While the market awaits news from Brussels with regards to its tender sale of intervention SMP prices have weakened further since the previous GDT event.

On offer on today's GDT event 200;

| Event 200 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 all months | average price last GDT | Δ |
|-----------------------|-----------|---------------------|-----------|---------------------|-----------|---------------------|-----------|---------------------|-----------|---------------------|--------------------------|------------------------|---------|
| AMF | 165 | \$6.390 | 950 | \$5.900 | 710 | \$5.860 | 500 | \$5.770 | 275 | \$5.690 | \$5.922 | \$6.894 | -14,10% |
| Butter | 170 | \$5.220 | 950 | \$4.680 | 730 | \$4.680 | 545 | \$4.600 | 190 | \$4.585 | \$4.753 | \$5.516 | -13,83% |
| Cheddar | 100 | \$3.650 | 400 | \$3.430 | 350 | \$3.425 | 350 | \$3.415 | 100 | \$3.530 | \$3.490 | \$4.001 | -12,77% |
| Rennet | 50 | \$4.730 | 250 | \$4.750 | 150 | \$4.585 | 100 | \$4.580 | 50 | \$4.535 | \$4.636 | \$5.465 | -15,17% |
| SMP | 550 | \$1.620 | 4.225 | \$1.540 | 1.950 | \$1.595 | 765 | \$1.605 | 550 | \$1.605 | \$1.593 | \$1.818 | -12,38% |
| WMP | 2.850 | \$2.590 | 7.910 | \$2.430 | 4.800 | \$2.460 | 3.300 | \$2.470 | 1.500 | \$2.500 | \$2.490 | \$2.852 | -12,69% |

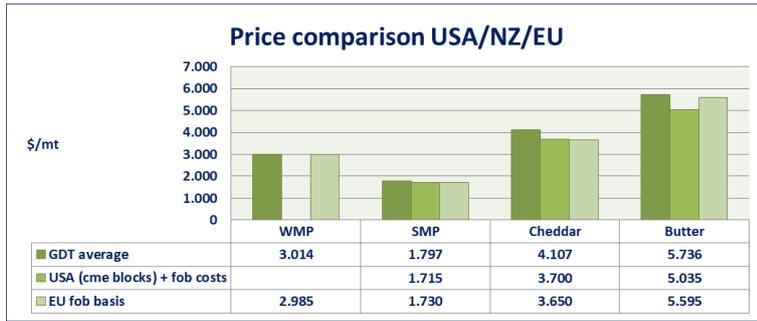
The volume of WMP on offer is 1.115 mt lower than in the previous event but 8.110mt higher than it was in the same event last year. That is a significant difference which, combined with higher than expected October milk production in New Zealand, does not bode well.

The total quantity on offer is 35.485 mt, 423mt more than what was actually sold in the previous event and 10.555 mt more than in the corresponding event last year. Apart from increased volume offered in WMP we also see the offered volume of SMP increase from 5.075mt last year to 8.040mt today.



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Key Comments

- Across the board, NZ is the most expensive origin
- NZX prices point to weakness in both SMP and AMF but oddly enough, some strength in WMP.

NZ milk production measured in milk solids was, against prior forecasts, significantly up by 2,9% for October and meanwhile weather has improved, so that the outlook for the next months is milk production to be up against weak comparables. Nov'16 saw a decrease of -4,56% and December '16 – 2,75%. With continuing price pressure in both EU and USA there seems no immediate need for cover.

Meanwhile we see milk production shoot up in EU (September + 4,32%) and in USA production remains well above last year's.

Even though NZX would point to a small gain in today's event 200, mainly on the back of the heavy volume of WMP (57% of total volume offered) the market doesn't quite feel as if it could go up.

We believe a result between -2,5% and 0% would be in line with 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.

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