



GDT event 201 heads-up

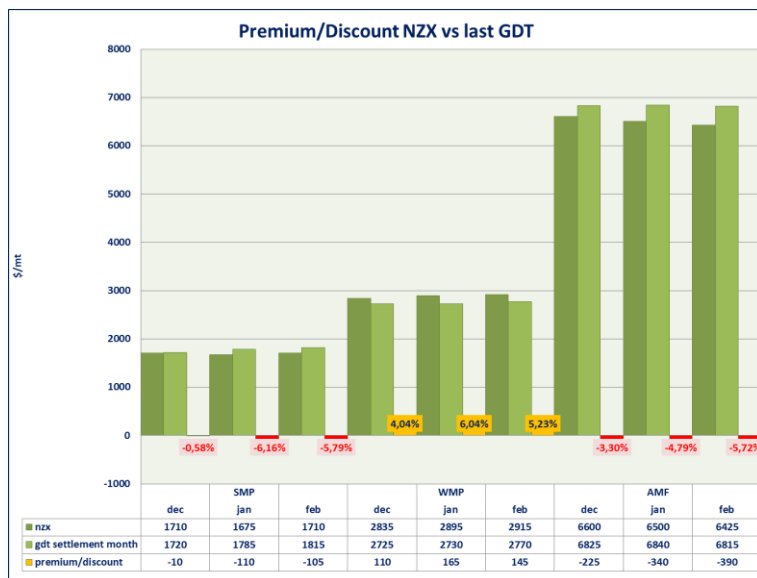
Against the background of a continually bearish market throughout the entire dairy complex, it will be interesting to see in how far GDT event 201 will be affected. From New Zealand we are starting to hear increasingly more about the exceptionally dry weather out there.

On offer on today's GDT event 201;

Event 201 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	total volume this event	average start price all months	average price last GDT	Δ
AMF	165	\$5.930	950	\$5.900	705	\$5.860	500	\$5.830	310	\$5.820	2.630	\$5.868	\$6.887	-14,80%
Butter	170	\$4.435	950	\$4.405	685	\$4.450	545	\$4.435	340	\$4.410	2.690	\$4.427	\$5.144	-13,94%
Cheddar	100	\$3.585	400	\$3.240	350	\$3.195	350	\$3.300	100	\$3.385	1.300	\$3.341	\$3.831	-12,79%
Rennet	50	\$4.040	250	\$4.090	125	\$4.080	75	\$4.065	50	\$4.070	550	\$4.069	\$4.644	-12,38%
SMP	500	\$1.520	3.950	\$1.435	1.200	\$1.480	475	\$1.550	385	\$1.570	6.510	\$1.511	\$1.701	-11,17%
WMP	2.575	\$2.490	5.085	\$2.380	3.990	\$2.370	3.115	\$2.380	1.550	\$2.445	16.315	\$2.413	\$2.778	-13,14%

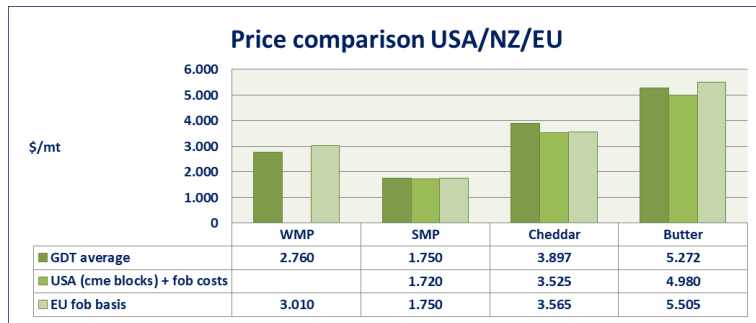
The volume of WMP on offer is 4.045 mt lower than in the previous event but 4.845mt higher than it was in the same event last year. That is a significant difference which, combined with higher than expected October milk production in New Zealand, does not bode well.

The total quantity on offer is 29.955mt, 5.447 mt less than what was actually sold in the previous event and 6.935 mt more than in the corresponding event last year.



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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 considerable strength in WMP.
- Based on current NZX prices, today's GDT event would achieve a small gain of approximately 0,5%

According to reports from NZ, weather & soil condition is very dry but this has not yet had a material impact on milk production. Further to this, we see strongly increased PKE (Palm Kernel Expeller) imports which would point to farmers having reserves of alternatives to traditional silage. November and December 2016 were very weak months in terms of milk supply, respectively – 4,5% and -2,75% vs the year before. It seems unlikely that milk production Nov & Dec '17 will fall below last year's.

Even though NZX would point to a small gain in today's event 201, we don't quite believe there is any reason for prices to move up at this point.

We believe a result between -2,0% and + 1 % 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 201. 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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