



## GDT event 203 heads-up

Against the background of a continuingly bearish market throughout the entire dairy complex, it will be interesting to see in how far GDT event 203 will be affected. From New Zealand we are starting to hear increasingly more about the exceptionally dry weather out there which has urged Fonterra to reduce its production forecast again by 3%, effectively bringing it at -4% vs the 2016-2017 season.

Milk production is said to have deteriorated strongly in the second half of December. Meanwhile, NZ has seen more rain but the question is if it is enough to reverse declining output.

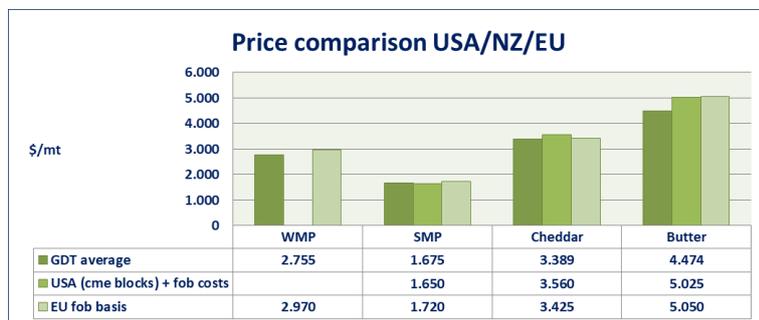
As a consequence, Fonterra has reduced some of the offered volume on today's event 20143: WMP -587 mt, Cheddar -115mt and Casein - 50mt.

Given the state of the market, for now we would expect little impact overall.

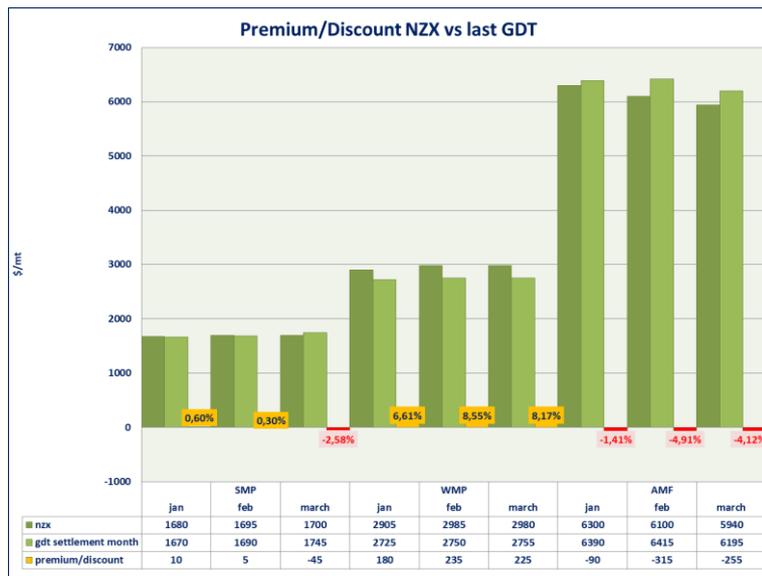
### On offer on today's GDT event 203;

	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6
<b>Anhydrous Milk Fat</b>	315	1.050	780	450	290	0
<b>Butter Milk Powder</b>	50	150	100	50	50	0
<b>Butter</b>	190	970	610	530	245	0
<b>Cheddar (Ched)</b>	80	325	325	325	80	0
<b>Rennet Casein</b>	50	175	75	50	50	0
<b>Skim Milk Powder</b>	150	3.025	1.200	365	350	0
<b>Whole Milk Powder</b>	1.500	5.000	3.000	2.355	1.400	0

The total quantity on offer is 25.710mt, 3.882 mt less than what was actually sold in the previous event but 3.100 mt higher than in the corresponding event last year.



Across the board, NZ is the most competitive origin, in part caused by an ever increasing € vs US\$ rate.



Premium paid for WMP are significant, likely fueled by adverse weather reports. NZ however has ytd November 2017, exported 1 billion kgs less dairy in Liquid Milk Equivalent. The implication is that there are stocks. The current forecast of 4% less for the current milk season is more than offset by the reduced exports which amount to nearly 5% of annual production.

NZX Futures prices would indicate a gain on today's GDT event of around 2,5%.

Based on the current bearish market sentiment, start of the year hassle and low exports, 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 203. 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](mailto:r.schorsij@greenmarkdairy.com)