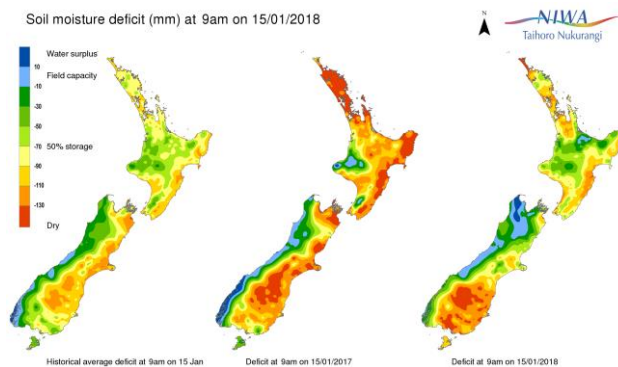




GDT event 204 heads-up

Against the background of a continually bearish & slow market throughout the dairy complex, it will be interesting to see in how far GDT event 204 will be affected. From New Zealand we are starting to hear increasingly more favourable forecasts regarding weather. The below maps show that recent rainfall seem to have vastly improved soil moisture levels which now look considerably better than on the same day last year:



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 in subsequent months.

Consequently, Fonterra had reduced some of the offered volume. Last week, Fonterra reduced offered volumes for the next 12 months by 2.000 mt Butter, 5.000mt SMP and 10.000mt WMP.

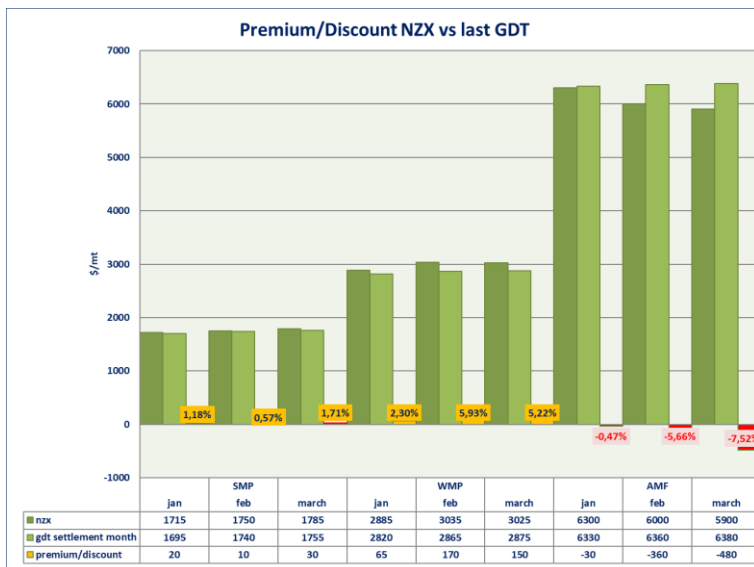
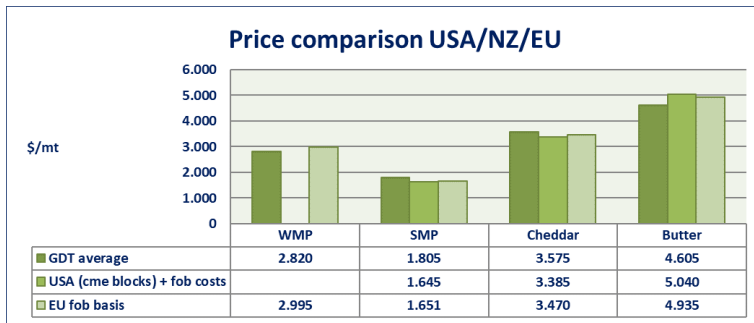
On offer on today's GDT event 204;

	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6
Anhydrous Milk Fat	315	1.050	770	450	290	0
Butter	190	970	560	530	245	0
Cheddar	80	325	325	325	80	0
Rennet Casein	50	175	75	50	50	0
Skim Milk Powder	150	2.775	1.200	365	350	0
Whole Milk Powder	1.500	4.500	3.000	2.100	1.400	0

The total quantity on offer is 24.245mt, 1.150 mt less than what was actually sold in the previous event but 2.345 mt higher than in the corresponding event last year.

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NZ is most favorable origin for WMP and Butter, for SMP and Cheddar the least.

Premiums paid on NZX for WMP are significant, likely fueled by Fonterra recent downgrades of production forecasts.

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

Based on the current bearish market sentiment and increasing stocks levels in NZ because of a year to date November 2017 lower export of about 1 billion kgs Liquid Milk Equivalent, we believe a result between -1,50% and + 1,50 % 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