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GDT event 208 heads-up

Event 208 is held against the background of a subdued marketplace where inputs if any have been bearish.

On the agenda for this week are tomorrow's GDT event 208 and on Thursday, the result of the first round in the EU where both bids can be placed to buy intervention stocks of SMP and offers can be made to the EU commission for the sale of fresh SMP into intervention.

Although a case could be made fresh SMP commands a higher price than the > 2 years old material that's for sale, we would believe it unlikely that the EU will buy in at a higher price than it's willing to sell at. As a matter of stock management, we also believe it is unlikely the EU will be willing to buy in a higher volume than it's prepared to sell.

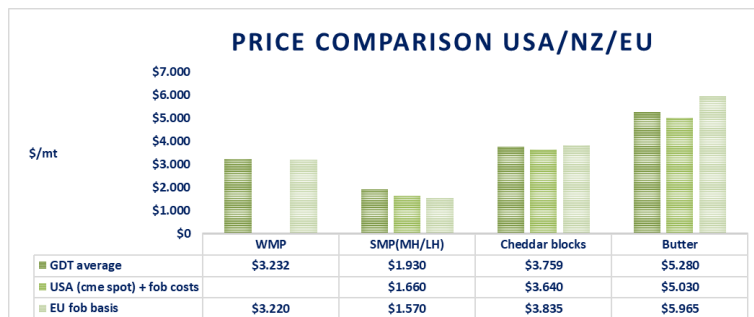
GDT undertook an investigation into the extreme price increase of UHT SMP during the previous event. The results of the investigation can be summarised as 'we looked at it, all went according to procedure, let's move on'. Full statement here:

<https://www.globaldairytrade.info/assets/Uploads/resources/TE207-SMP-UHT-Review-Summary-of-Findings.pdf?v=17598>

On offer on today's GDT event 208;

Sales Group Maximum Supply event 208	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5
Anhydrous Milk Fat	310	1.690	1.080	550	190
Butter	140	600	465	380	210
Cheddar	80	275	275	275	0
Rennet Casein	25	100	100	50	50
Skim Milk Powder	100	1.345	735	440	335
Whole Milk Powder	1.500	3.800	2.000	1.050	485

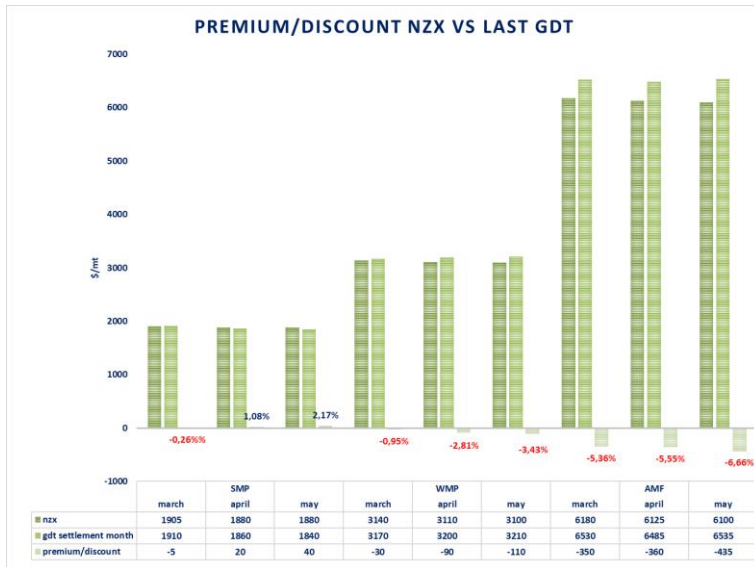
The total quantity on offer is 18.635mt, 2.160 mt less than what was offered in the previous event and 4.543mt less than in the corresponding event last year.



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NZ is the most favourable origin for Cheddar and on par with EU for WMP. Cheddar NZ pays a \$ 120/mt premium compared to USA. Butter comes at its most competitive from USA. USA Butter sells at a discount of \$ 250/mt compared to NZ and \$ 635/mt compared to EU. EU SMP is now at a \$ 110/mt discount compared to USA and US \$ 360 compared to NZ.



- Premiums paid on NZX for WMP are nearly absent, except for C2 and C3 SMP.
- NZX Futures prices would suggest a 2,5% loss on tomorrow's GDT event.
- Fundamentally however, judging the commodities like for like and independent of origin, the current market would suggest a stronger fall of between -3% to -5% vs the previous event.
- Later in the week, on Thursday, EU will publish the results of its tender sale & purchase of intervention SMP.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 208. 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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