



GDT event 212 heads-up

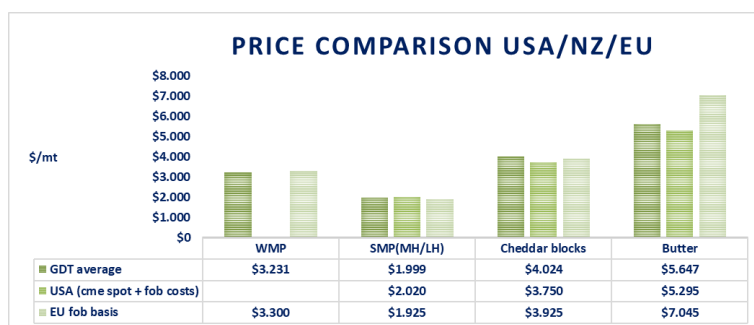
Event 212 is held against the background of quiet market place at a time that the New Zealand milk season is winding down. In the past two weeks since the last GDT event, prices have been on the rise across the board. Staring this event, GDT has ceased offering Lactose from the USA Lactose pool. In its announcement GDT said:

“The US lactose pool was a new concept for sellers and buyers. Despite strong initial interest from the buyer community, we acknowledge that the demand has been limited by some features of the pooled approach and that significant enhancements or a new approach may be required.....GDT has consulted buyers and sellers of lactose on the limitations of the current approach and will discuss options to enhance effectiveness at the GDT Events Oversight Board meeting being held in Shanghai on 16 May..... We will continue providing updates as we work towards relaunching US lactose on GDT Events in due course”

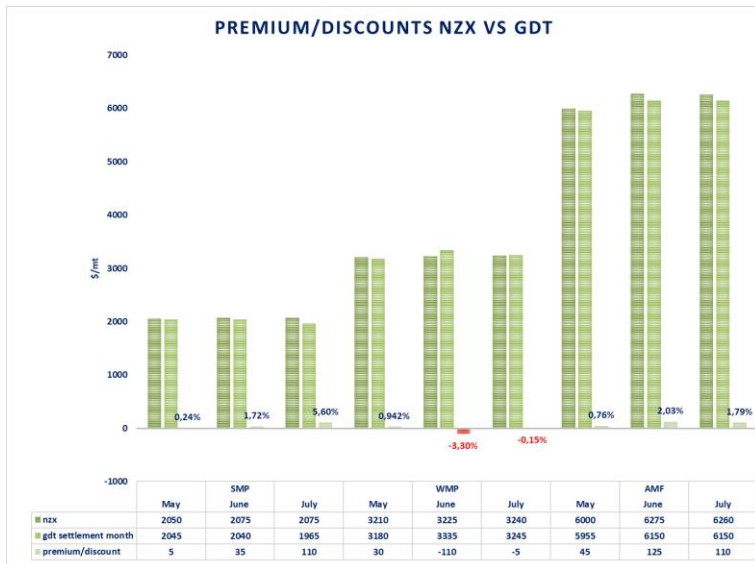
On offer on tomorrow’s GDT event 212;

Sales Max. Supply event 212	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6
Anhydrous Milk Fat	310	1.225	590	310	330	0
Butter	140	445	400	270	240	0
Cheddar	80	200	0	80	60	0
Rennet Casein	50	150	100	75	50	0
Skim Milk Powder	250	1.175	500	575	560	0
Whole Milk Powder	2.500	5.350	745	765	900	0

The total quantity on offer is 18.425mt, 625 mt less than what was offered in the previous event and 2.749mt less than in the corresponding event last year. The entire difference between the current event’s and last year’s volumes is caused by a reduction of SMP offering.



Even at elevated prices for WMP, NZ remains the most competitive region to source from. For SMP even with a price increase in the past 10 days of around 20%, EU remains the most competitive. On Cheddar USA is the most attractive option from a price point of view with EU \$ 175/mt higher and NZ \$ 275/mt. For Butter, USA remains the most economic option too with EU at a \$ 1.750/mt distance and NZ at \$ 352,-/mt.



- All futures, except C2 & C3 WMP currently trade at a premium against GDT
- NZX Futures prices would suggest an approximate -0,5% loss on tomorrow's GDT event.
- Fundamentally, like with the previous event, we would rather see an increase in the average winning price on the back of the current sentiment in the market in which we see continuing strong exports, higher oil prices and lower offerings on GDT in the next months. Based on that we would forecast a 0,5 to 2,0% increase.
- NZ has a calculated stock position (Production – export/domestic consumption + imports) approaching about 750 million kgs LME with the season as good as finished.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 212. As usual, this will be on top of the Global export, import, price, production, consumption & stock situation. As always, we will comment on any other matters that may have an impact on dairy price developments.

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