

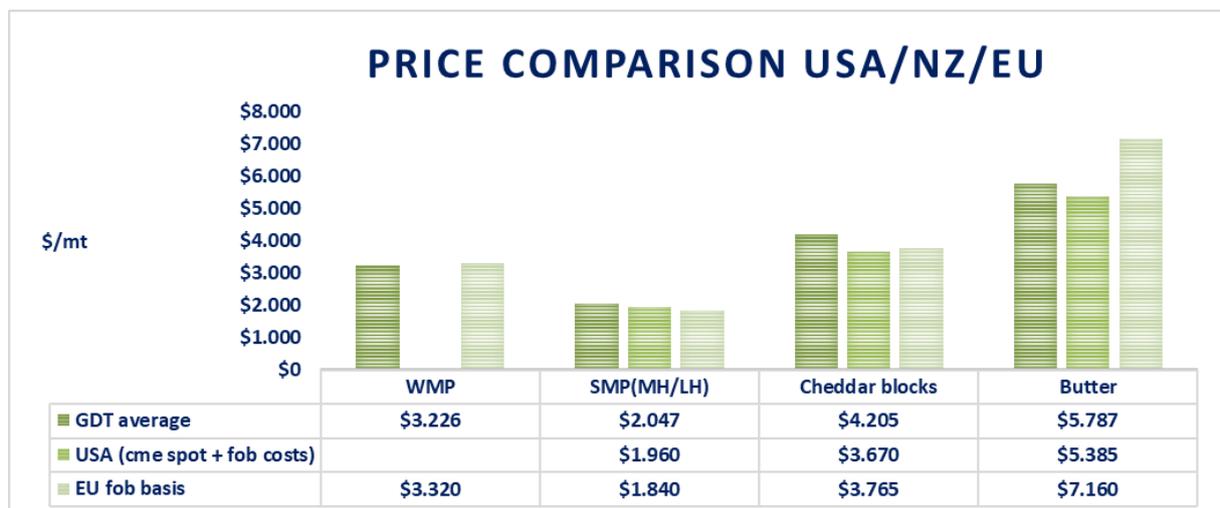
GDT event 213 heads-up

Event 213 is held against the background of a modestly active market while the New Zealand milk season is winding down. In the past two weeks since the last GDT event, prices have risen across the board despite significant stock levels around the globe and continuing growth in milk out.

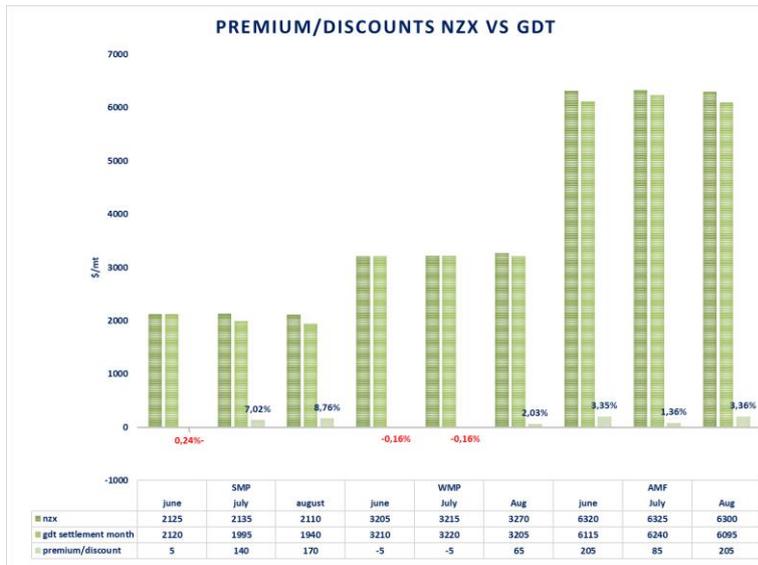
On offer on tomorrow's GDT event 213;

Maximum Supply event 213	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5	Contract 6
Anhydrous Milk Fat	610	845	690	335	330	0
Butter Milk Powder	50	100	100	100	100	0
Butter	175	600	420	275	240	0
Cheddar	100	0	300	350	100	0
Rennet Casein	25	125	125	100	50	0
Skim Milk Powder	100	1100	750	1.015	960	0
Whole Milk Powder	3.050	1.955	2.065	2.020	1.840	400

The total quantity on offer is 21.500 mt 18.425mt, 3.075 mt more than what was offered in the previous event and 616m. The biggest decrease is in SMP that is down by 20% vs the same event last year.



Even at elevated prices for WMP, NZ remains the most competitive sourcing region. For SMP even with a price increase in the past month of around 20%, EU remains the most competitive. On Cheddar, USA is the most attractive option from a price point of view with EU \$ 95,-/mt higher and NZ \$ 440,-/mt. For Butter, USA remains the most economic option too with EU at a \$ 1.775/mt distance and NZ at \$ 400,-/mt.



- The SMP front contract trades at a slight discount whilst C2 and C3 demand a hefty premium vs GDT.

The C1 and C2 WMP futures trade at slight discounts while C3 trades at a premium.

- Current NZX Futures prices would suggest an approximate 1,60 % gain on tomorrow's GDT event. Half of that gain is driven by SMP. We continue to have doubts about the sustainability of current SMP price and based on that we would forecast a smaller increase between 0,20% to 0,80 %
- Despite strong exports in April, NZ still has a calculated stock position (Production – export/domestic consumption + imports) approaching about 750 million kgs LME with the '17 – '18 season finished last week.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 213. 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.

For a subscription on Greenmark's weekly Dairy Market Report, email us at r.schorsij@greenmarkdairy.com