

GDT event 216 heads-up

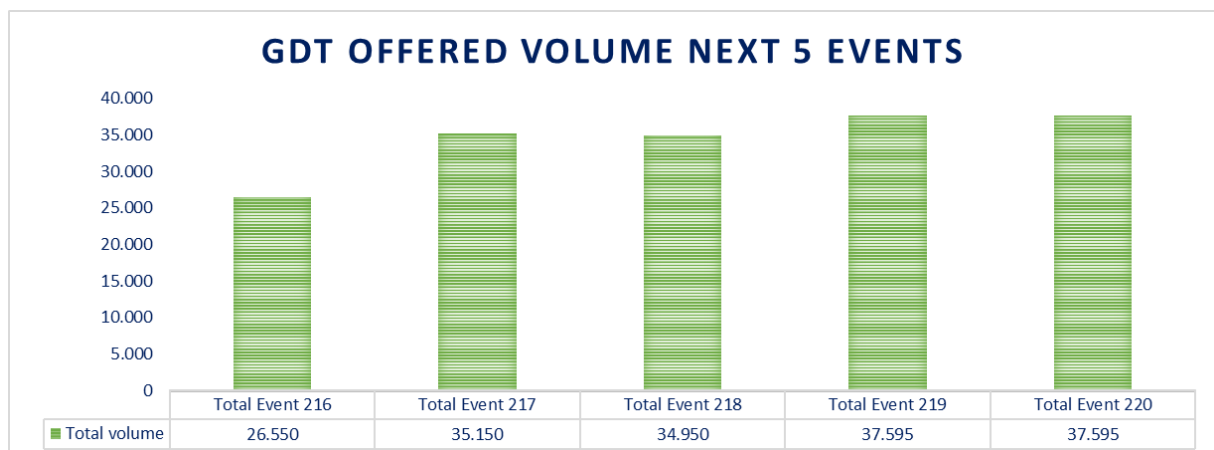
Event 216 is held against the background of a very quiet market and is the last of the off-season events this year. From event 217, volumes will rise considerably from 26,5 thousand mt in today's event to 35 thousand mt in the next.

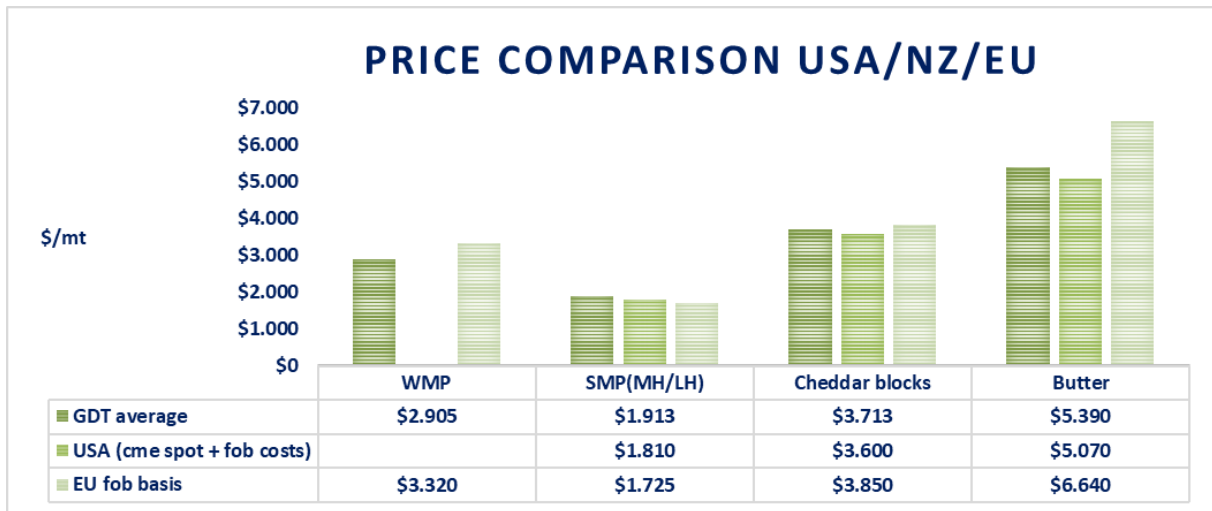
On offer on today's GDT event 216;

| Sales Supply (MT) | Contract 1 | Contract 2 | Contract 3 | Contract 4 | Contract 5 | Contract 6 | Total Event 216 |
|--------------------------|------------|------------|------------|------------|------------|------------|-----------------|
| AMF | 315 | 1.065 | 915 | 590 | 440 | 110 | 3.435 |
| Butter | 190 | 730 | 580 | 375 | 320 | 85 | 2.280 |
| Cheddar | 0 | 180 | 440 | 450 | 100 | 0 | 1.170 |
| Rennet Casein | 25 | 225 | 150 | 100 | 50 | 0 | 550 |
| Skim Milk Powder | 0 | 1.125 | 1.650 | 1.465 | 1.300 | 300 | 5.840 |
| Whole Milk Powder | 500 | 3.695 | 3.500 | 3.145 | 2.035 | 400 | 13.275 |

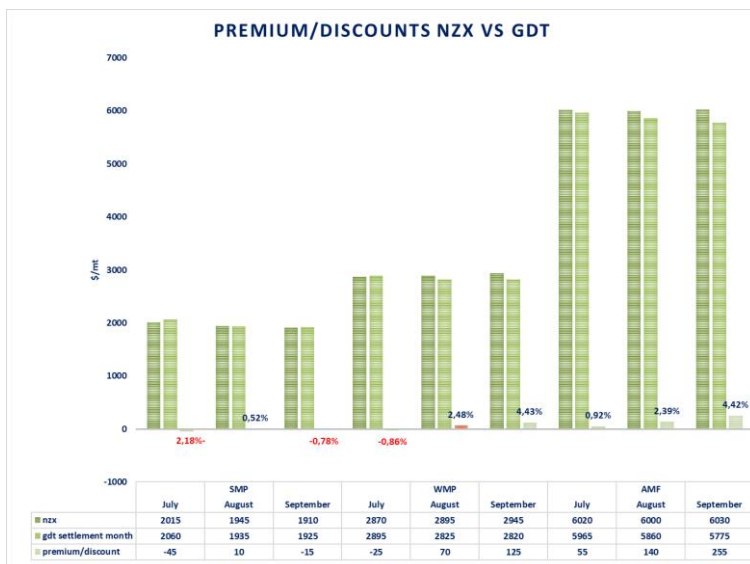
The total quantity on offer is 26.550 mt, 593 mt less than what was offered in the same event last year.

Offerings in the coming 5 auctions are as follows:





Fonterra is very competitive in WMP but in SMP EU is the most competitive. USA has the lowest prices for Cheddar and Butter on the back of historically high stock levels.



- The SMP front contract trades at a discount whilst C2 at a small premium vs GDT.
- The C1 WMP future trades at a discount while C2 and C3 trade at a premium.
- Current NZX Futures prices would suggest a small increase on the GDT index today.
- Despite strong exports in April, NZ still has a calculated stock position (Production – export/domestic consumption + imports) approaching about 750 million kgs LME at the start of the '18-'19 season.
- Based on current demand an inactivity we would believe the GDT index to go down. Given the very low prices of WMP vs competition however, this may tip the balance into the other direction.
- We would expect a result today between -1 % to +2%.

In our weekly Dairy Market Report of coming Wednesday, we will report with an analysis of event 216. 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