

A light gray world map is centered in the background of the slide.

Monthly Dairy Technical Analysis

May 2018

NZX Whole Milk Powder Futures

The NZX Whole Milk Powder chart has been reconfigured using new Fibonacci retracement levels. The new Fibonacci levels are the high from December '16 at 3660 and the low from March '17 at 2585. The market looks to put in a bearish outside week lower close this week which could indicate an interim top. The support trend line remains intact with support at 2967 for the week of May 12th and at 2973 for the week of May 18th. The slow stochastics seem to have stalled and may be indicating a loss of upside momentum. The relative strength index topped out at 68.2% on the week of April 27th and has turned down indicating a change in trend.

The volume has been strong in two of the last three weeks on the move higher which still favors the bull camp. A close below 3249 could extend down to the Fibonacci 50% level at 3122. A close below 3122 could extend down for a test of the trend line support at 2967. A close above 3400 should extend up for a test of the old high at 3660. A close above 3660 could accelerate for a run up to the swing high objective of 4070.



NZX Skim Milk Powder Futures chart has been reconfigured. A new Fibonacci analysis has been added using the December 2016 high at 2760 and the December 2017 low at 1675. The market confirmed a slow stochastic buy signal on April 20th with a bullish gap higher on the week of April 27th. The market has traded to a near 10-month high at 2075 this week. The slow stochastics continue to push higher and remain in positive mode. The relative strength index has also moved higher from a low of 50.6% in early April but is approaching overbought territory.

The volume has been below average on the four week rally which could be a red flag for the bull camp. A close below 2000 is negative and could extend down to 1910. A trade below 1860 could extend down to 1675. A close above 2089 is positive and could extend up to 2217. The first level of support is at 1900 while the first level of resistance is 2217.



EEX Skimmed Milk Powder Futures have pushed above the downtrend channel resistance at 1490 and a weekly close above this level could propel the market higher. The market confirmed the slow stochastics cross over on the week of April 6th and has left three large bullish gaps since the April 13th settlement. The Fibonacci retracement analysis has been reconfigured using the high of 2300 from December 2016 to the recent low on March 30th at 1254. The next upside target is the gap from 1600 to 1629 from late September 2017 followed by the Fibonacci 38.2% retracement level of 1653. The relative strength index bottomed on March 30th at a 28.5% reading and has moved higher to 57.7% and remains in positive mode.

The slow stochastics confirmed the buy signal from April 6th and continues to point higher indicating positive momentum. A close above 1600 could extend up to test 1653. A trade above 1653 should extend up to the Fibonacci 50% level of 1777. A close below 1415 could extend down to 1308. A close below 1254 is negative and could extend down to the downtrend channel support at 1034.



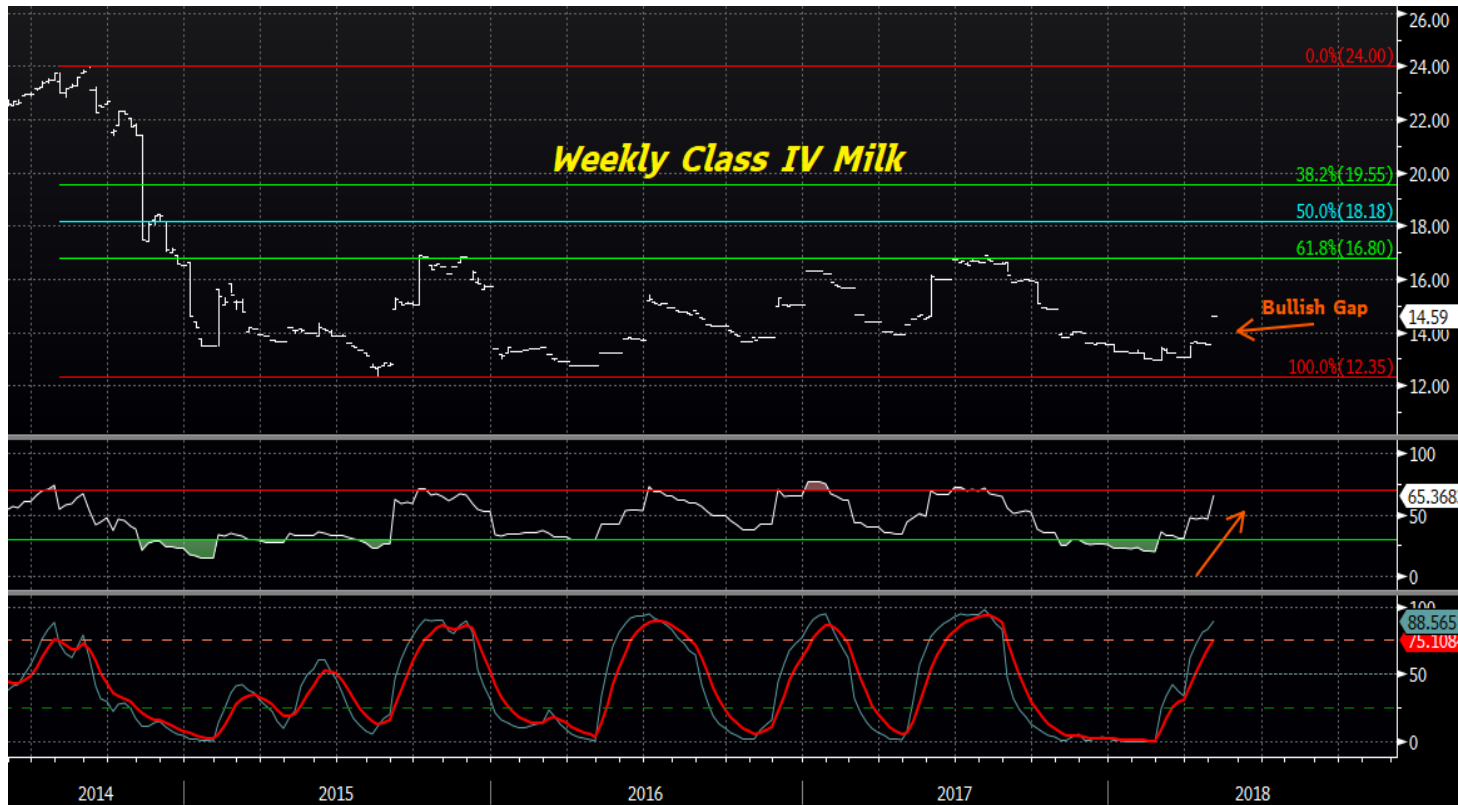
CME Class III Milk Futures chart has been reconfigured. The market broke out of the downtrend channel last month and continues to push higher along the trend line support. The Fibonacci retracement analysis has also been reset using the high from August 2017 at 17.59 and the low from the January 2018 double bottom at 13.04. The trend line support comes in at 14.96 for the week of May 11th and at 15.08 for the week of May 18th. The market traded up to a high of 15.75 this week the highest level since November 17 2017. The slow stochastics have been in positive mode since the buy signal on February 2nd. The stochastics are overbought and look to be stalling at elevated levels. The relative strength index continues in positive mode and has yet to reach overbought territory.

The volume has been near normal the past four weeks but dropped off this week on a strong rally which could be a red flag for the bulls. A close above 15.85 is positive and should extend up to 16.70. A close above 16.70 could run up to test the old high at 17.59. A close below 15.32 is negative and could extend down to the trend line support at 14.96. The first level of support is at 14.97 and the first level of resistance is at 15.85.



CME Class IV Milk Futures gapped higher this week trading up to 14.59 the highest level since October of last year. A potential island bottom has been formed with this week's gap higher. The momentum studies turned sharply in late February but as history shows they tend to stay overbought or oversold for several weeks if not months. The slow stochastics continue to move higher and remain in positive mode but have entered elevated readings.

The relative strength index has also churned higher from deeply oversold conditions earlier this year. The index is at 65.3% still in neutral territory approaching 70%. The last time the relative strength index reached a level this high was August of 2017. A trade above 15.05 should attempt to take out the resistance area at 15.97 from last September. A close above 15.97 could extend up to long term resistance at 16.80. A close below 13.55 is negative and could extend down to 12.95. A close below 12.95 will likely trade down to test 12.35.



CME Nonfat Dry Milk chart has been reconfigured. The market closed above the downtrend channel resistance at 77.09 on the week of April 20th. A new uptrend channel has been added to the study with support coming in at 74.56 on the week of May 11th and at 75.25 on the week of May 18th. The channel resistance is at 96.00 for the week of May 11th and at 96.68 for the week of May 18th. The market is approaching to 100-day moving average at 86.44 and has not settled above the average since August 4th.

The relative strength continues to point higher in positive mode but has entered overbought territory. The slow stochastics confirmed the cross over buy signal in early April and continues to point higher with positive momentum. The volume has been strong the last four weeks which favors the bull camp. A close above 86.44 is positive and could extend up to 87.26. A close above 87.26 could extend up to a test channel resistance at 96.00. A close below 80.10 could extend down to test channel support at 74.56.



CME Dry Whey Futures chart has been reconfigured. The market broke out of the downtrend channel resistance at 26.92 on April 6th. A new support trend line has been added with support coming in at 27.26 for the week of May 11th and at 27.45 for the week of May 18th. The relative strength index remains in positive mode pointing higher from neutral territory. The slow stochastics have remained positive since the cross over buy signal in early January.

However, the stochastics are in overbought territory and look to have stalled with a possible cross over down in the near future. The volume has been below average for the last four weeks and could be a red flag to the bull camp. A close above 32.62 could extend up to a test of 36.22. A close below 27.26 is negative and could extend down to 23.65. A close below 23.65 could extend down to test the old low at 20.97.



CME Cheese market continues to track along the uptrend support line and has for the last 17 weeks. The market is approaching the longer term downtrend channel resistance that comes in at 1.687 for the week of May 11th and at 1.685 for the week of May 18th. The trend line support comes in at 1.580 for the week of May 11th and at 1.588 for the week of May 18th. The market is approaching a break out from the wedge formation in the near term and should extend from whatever direction of the break out. The slow stochastics are still in positive mode but are in extreme overbought territory and could be nearing a cross over down soon.

The relative strength index is still in neutral territory and continues to push higher and is in positive mode. The volume has been declining over the last two months which is abnormal considering the higher move. A close above 1.687 is positive and could extend up to 1.723. A close above 1.723 could extend up to challenge 1.899. A close below 1.580 is negative and could extend down to 1.479. A close below 1.479 could open up for a test of the old low at 1.438.



CME Butter chart has been reconfigured with a new support trend line. The trend line support comes in at 232.62 for the week of May 11th and at 234.56 for the week of May 18th. The market put in a bearish “doji” down weekly candle formation after trading to a new high for the move at 244.00 this week. The negative candle could indicate a change in momentum although caution is heeded as the week of April 13th had a similar formation that did not confirm. The slow stochastics seem to have stalled losing momentum and look to cross over pointing lower in the near term. The stochastics are also in overbought territory.

The relative strength index has already turned down indicating a loss of momentum. The volume has been on the decline the last three weeks which could favor the bear camp. A close above 239.39 is needed to continue the up-trend and a challenge of 252.22. A close above 252.22 could extend up to 275.47. A close below 232.62 is negative and could push down to 228.25. A close below 228.25 could extend further down to 217.10.



About HighGround Dairy

HighGround Dairy launched in 2012 by industry veteran, Eric Meyer. Affiliated with HighGround Trading LLC, Eric is the President of its Dairy Division which services all those interested in trading dairy futures and options markets. Through the brokerage division and its related consulting company, HighGround Advisory Group, it specializes in dairy hedging, risk management and market analysis services for farmers & cooperatives, processors, manufacturers, distributors, traders and end-users.

Market Information & Analysis:

- Comprehensive coverage of global dairy markets
- Special emphasis on GDT and global import/export analysis
- US Dairy Forecast Snapshot
- Monthly US Milk & Feed Report – written from producer perspective
- Thrice weekly and monthly technical analysis of CME markets
- Weekly/monthly market update reports
- Consistently first to Breaking News that may have market impact
- White-labeled market research for internal or external distribution
- Customized market data, white papers

Hedge Advisory Services:

➤ **Education**

- Dairy market 101, 201, etc.
- Federal Order & CA milk pricing systems
- Introduction to hedging & price risk management
- Customized training/education programs

➤ **Retainer-based Advisory Programs**

- Weekly, monthly, quarterly market/strategy calls
- Risk management hedging policy development
- Customized hedge plans and recommendations catered specifically to client's risk profile

HighGround Dairy has the ability to utilize multiple clearing firms to match clients with a firm that best suits their trading requirements including ADM Investor Services, Straits Financial, Rosenthal Collins Group, RJ O'Brien, among others. HighGround offers a full service trading desk to handle customer needs and employs a full-time Director of Compliance to ensure clients and brokers are following latest NFA/CFTC standards. HighGround Trading LLC provides the brokerage firm infrastructure, Eric & his team provide the dairy market expertise.

Access to execute dairy derivatives contracts at these exchanges:



HighGround Dairy

209 W. Jackson, Suite 701
Chicago, IL 60606 USA

Office: +1 312 604 3080

Eric Meyer Mobile: +1 312 953 3078

Email: info@highgrounddairy.com

Visit our website! www.highgrounddairy.com

Disclaimer

HighGround Dairy is a division of HighGround Trading, LLC. ("HGT"). HGT is registered as an Introducing Broker with the Commodity Futures Trading Commission and an NFA Member.

Futures and options trading involves risk of loss and is not suitable for all individuals. Therefore, individuals should carefully consider their financial condition in deciding whether to trade. Option traders should be aware that the exercise of a long option will result in a futures position. The valuation of futures and options may fluctuate, and as a result, clients may lose more than their original investment. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.

All information, communications, publications, and reports distributed by HGT shall be construed as a solicitation for entering into a derivatives transaction. HGT does not distribute research reports, employ research analysts, or maintain a research department as defined in CFTC Regulation 1.71. Copying, reproduction, modification, distribution, display or transmission of any of the contents in this document for any purpose without the prior written consent of HighGround Dairy is strictly prohibited.

While every reasonable effort is made to ensure that the information provided in this presentation is accurate, no guarantees for the accuracy of information are made.