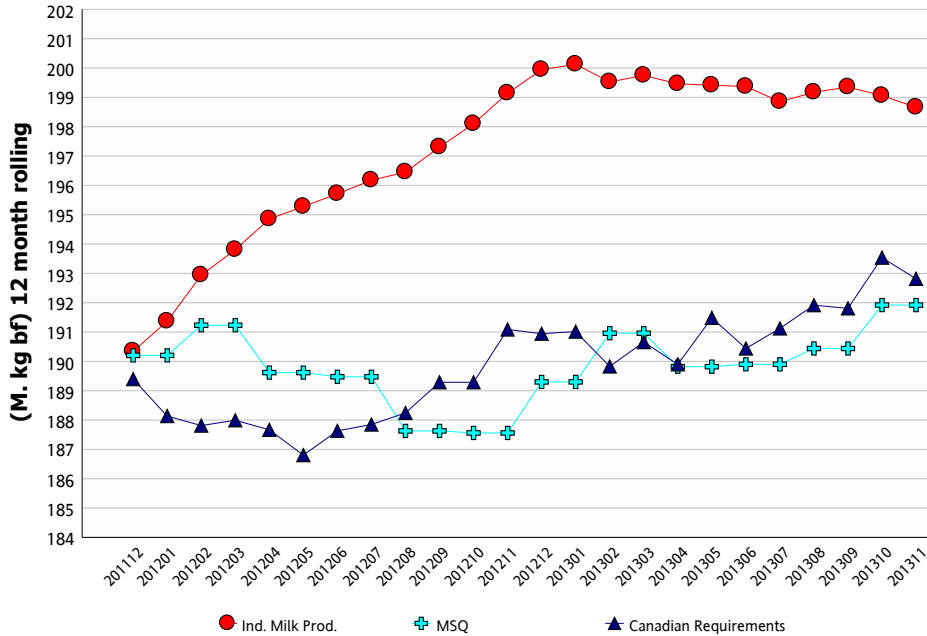




# CDC MARKET BULLETIN



## Industrial Milk Demand, Market Sharing Quota (MSQ) and Production



### Market Comment

Canadian requirements for the twelve month period ending in November 2013 were 192.81 million kg of butterfat, which represents a 0.38 % decrease in relation to the base of October 2013.

Butter consumption dropped sharply in November. The annual growth rate of retail butter sales went from 6.4% to 3.4%. This was to be expected because consumers took advantage of the many promotions during previous months. For a second month in a row, a substantial decrease in the utilization of butterfat in Class 2 (yogurt and ice cream) and in Class 3 (cheese) was also observed. Certain factors, however, had a positive impact on Canadian requirements. The utilization of butterfat in further processing displayed a strong increase while skim-off from the fluid milk market decreased slightly.

Total milk deliveries decreased by 1.5 % in November in comparison to the same month last year. More specifically, fluid milk deliveries remained stable and deliveries of industrial milk decreased by 2.5 %.

	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2011/12 to 2012/11	2012/12 to 2013/11	% Change	2011/12 to 2012/11	2012/12 to 2013/11	% Change	2011/12 to 2012/11	2012/12 to 2013/11	% Change
NL	1,907,763	1,833,186	-3.91%	1,495,881	1,455,704	-2.69%	411,882	377,482	-8.35%
P5	239,732,286	240,134,385	0.17%	79,884,641	79,334,394	-0.69%	159,847,645	160,799,991	0.60%
WMP	75,038,204	73,107,721	-2.57%	36,155,337	35,624,697	-1.47%	38,882,867	37,483,024	-3.60%
<b>Canada</b>	<b>316,678,253</b>	<b>315,075,292</b>	<b>-0.51%</b>	<b>117,535,859</b>	<b>116,414,795</b>	<b>-0.95%</b>	<b>199,142,394</b>	<b>198,660,497</b>	<b>-0.24%</b>

### Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2011/12 to 2012/11	2012/12 to 2013/11	% Change	2011/12 to 2012/11	2012/12 to 2013/11	% Change
1(a)	46,683	46,401	-0.60%	244,038	239,527	-1.85%
1(b)	45,738	46,004	0.58%	19,932	19,974	0.21%
2	24,995	24,593	-1.61%	44,483	46,923	5.49%
3	106,862	109,654	2.61%	238,337	233,105	-2.20%
4(a)	57,407	50,047	-12.82%	9,703	12,380	27.59%
4(b)	1,905	1,890	-0.80%	7,254	6,863	-5.39%
4(m) 4(a1)	767	773	0.77%	73,036	67,563	-7.49%
5(a,b,c)	27,466	28,855	5.06%	44,240	42,799	-3.26%
5(d)	1,675	3,607	115.34%	35,757	35,000	-2.11%
Other	2,342	2,405	2.72%	3,906	4,585	17.40%
<b>Total</b>	<b>315,840</b>	<b>314,230</b>	<b>-0.51%</b>	<b>720,685</b>	<b>708,720</b>	<b>-1.66%</b>

### Continuous Quota

#### Cumulative Over/Under Production (with limits) as of:

November 30, 2013

Province	kg of bf	% *
NL	-73,565	-3.90%
PE	-587	-0.01%
NS	-26,254	-0.38%
NB	27,597	0.51%
QC	471,653	0.40%
ON	600,103	0.59%
MB	-101,783	-0.81%
SK	-59,181	-0.66%
AB	-140,652	-0.54%
BC	-225,017	-0.86%

\* Cumulative Over / Under Production (with limits) expressed as a % of the most recent 12 months total quota



# CDC MARKET BULLETIN



### Retail Product Sales\*

Current period vs previous period ('000 kg)

Up to: December 14, 2013

	Previous 12 Month	12 Month	Change
<b>Butter</b>	53,020	54,810	+ 3.4%
<b>Total Cheese</b>	252,212	259,103	+ 2.5%
Cheddar	81,397	85,026	+ 4.5%
Fine Cheese*	50,803	50,569	- 0.5%
Everyday Cheese*	54,645	56,410	+ 3.2%
Processed	62,943	63,971	+ 1.6%
<b>Ice cream</b>	184,292	183,135	- 0.6%
<b>Yogurt</b>	264,715	272,614	+ 3.0%

Source: The Nielsen Company, MarketTrack and Homescan panelists.

\*Note: Everyday Cheese = 3(c), Fine Cheese = 3(a)

### Butter Inventory ('000 kg)

	Nov 30, 2012	Nov 30, 2013
<b>PLAN A BUTTER</b>	2,481	2,714
<b>PLAN B BUTTER</b>	6,472	6,924
<b>IMPORTED BUTTER</b>	887	639
<b>BUTTER FOR EXPORT</b>	983	0
<b>TOTAL CDC BUTTER STOCKS</b>	<b>10,823</b>	<b>10,278</b>
<b>PRIVATE BUTTER STOCKS</b>	8,001	7,983
<b>TOTAL CDC AND PRIVATE BUTTER STOCKS</b>	<b>18,824</b>	<b>18,260</b>

### Other Private Stocks ('000 kg)

	Nov 30, 2012	Nov 30, 2013
<b>CHEDDAR</b>	43,842	43,565
<b>PROCESSED CHEESE</b>	13,783	10,973
<b>SPECIALTY CHEESE</b>	23,558	24,564

### Comments on Stocks

The CDC continued to purchase unsalted butter from a few manufacturers to respond to demand for this type of butter. Its sales in Plan A, however, are limited, which explains why stocks remained high, at 2,714 t, at the end of November.

Plan B butter stocks dropped by a little less than 2,000 t in November, moving from 8,769 to 6,924 t. This year, manufacturers were not under the obligation of buying back all their Plan B before the end of December, as was the case last year. Therefore stocks are not expected to fall under 5,000 t before the CDC starts buying significant quantities again, starting in January 2014.

The price of butter on the world market remains high. Only about 1,000 of the 3,274 t that the CDC must import this year are committed, mainly in the form of American butter, since the CDC was not able to reach an agreement with its supplier from New Zealand. As of November 30, its stocks of imported butter stood at 639 t in comparison to 853 t at the end of the previous month.

As for butter for export, the CDC had no stocks at the end of November. Manufacturers had mentioned that they would have surpluses during the Holiday season. The CDC decided to purchase this butter in the form of unsalted butter in Class 5(d) in order to export it if it is not required on the domestic market.

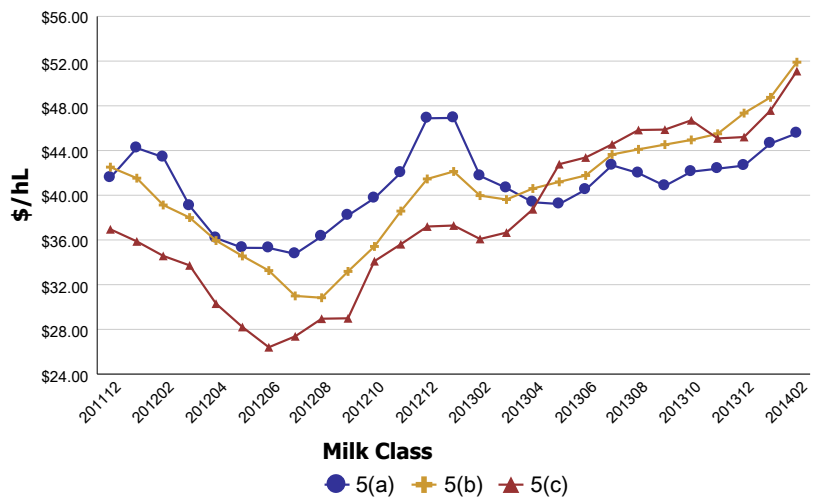
### Average Return from Milk Sales

(\$/hl std)

Milk Class	2011/12 to 2012/11	2012/12 to 2013/11	% Change
1	\$94.02	\$94.72	0.74%
2 to 4(d)	\$77.99	\$78.52	0.68%
4(m) 4(a1)*	\$11.83	\$14.51	22.66%
5(a) to (c)	\$35.84	\$41.97	17.11%
5(d)	\$28.94	\$33.02	14.07%
<b>All Classes</b>	<b>\$75.56</b>	<b>\$77.07</b>	<b>2.00%</b>

\* Price based on SNF components only

### Class 5 Component Prices in \$/hL



### Structural Surplus

(12 Month Rolling)

