

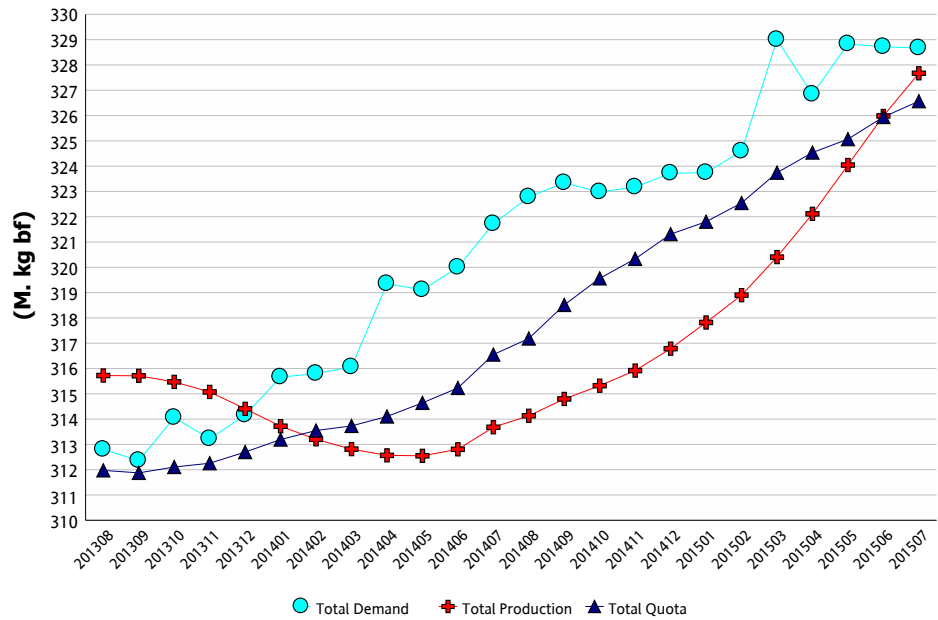
CDC MARKET BULLETIN

Market Comment

Total Demand for the twelve-month period ending July 31, 2015 was 328.67 M. kg BF, representing a minor decrease of 0.02% compared to June 2015. Note that this decrease occurred mainly due to the timing of imports last year. Demand for industrial dairy products continues to grow, as demonstrated by the increases in butterfat utilization and retail sales.

All milk classes experienced increases in BF utilization for July 2015. Leading the way was yogurt in Class 2(a) with an increase of 1 million kg of BF (13.7%) over the past year. Class 2(b) (ice cream) seems to be recovering from significant declines lately with an increase of 5.1% over July 2014. BF utilization in Class 1 has increased for both fluid milk and cream; however, the volume of fluid milk sales (Class 1a) for the 12 month period ending July 2015 is down by 1.4% compared to the same period the year before. BF usage in Class 3 (cheese) was strong in July 2015, with an increase of 7.2% over the twelve-month period ending July 2014. The butter market, which includes imports and butter stocks, remains flat over the long-term.

Total Demand, Total Quota and Total Production (12 Month Rolling)



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2013/8 to 2014/7	2014/8 to 2015/7	% Change	2013/8 to 2014/7	2014/8 to 2015/7	% Change	2013/8 to 2014/7	2014/8 to 2015/7	% Change
NL	1,944,737	1,958,861	0.73%	1,558,390	1,513,573	-2.88%	386,347	445,288	15.26%
P5	237,741,801	247,371,830	4.05%	79,312,531	78,772,818	-0.68%	158,429,270	168,599,012	6.42%
WMP	73,991,745	78,340,541	5.88%	35,644,361	35,808,808	0.46%	38,347,384	42,531,733	10.91%
Canada	313,678,283	327,671,232	4.46%	116,515,282	116,095,199	-0.36%	197,163,001	211,576,033	7.31%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2013/8 to 2014/7	2014/8 to 2015/7	% Change	2013/8 to 2014/7	2014/8 to 2015/7	% Change
1(a)	46,360	46,569	0.45%	238,029	234,782	-1.36%
1(b)	46,992	48,435	3.07%	20,073	20,920	4.22%
2	23,729	25,537	7.62%	46,498	47,990	3.21%
3	107,450	115,162	7.18%	234,151	240,938	2.90%
4(a)	51,131	55,788	9.11%	14,123	10,470	-25.87%
4(b)	1,712	1,864	8.87%	5,586	4,972	-10.99%
4(m) 4(a1)	548	874	59.52%	55,596	92,424	66.24%
5(a,b,c)	31,478	30,008	-4.67%	44,771	45,318	1.22%
5(d)	2,518	1,252	-50.28%	40,370	26,489	-34.38%
Other	880	1,352	53.71%	2,306	4,733	105.21%
Total	312,797	326,843	4.49%	701,503	729,036	3.92%

Continuous Quota

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

July 31, 2015

Province	kg of bf	% *
NL	-69,713	-3.51%
PE	-128,271	-3.04%
NS	-33,331	-0.47%
NB	-91,392	-1.64%
QC	-175,055	-0.14%
ON	1,113,044	1.05%
MB	-73,886	-0.55%
SK	-63,844	-0.66%
AB	-136,781	-0.49%
BC	-106,540	-0.38%

* 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:	August 22, 2015		
	Previous 12 Month	12 Month	Change
Butter	56,125	57,752	+ 2.9%
Total Cheese	257,992	258,429	+ 0.2%
Cheddar	86,385	87,309	+ 1.1%
Fine Cheese*	50,633	51,296	+ 1.3%
Everyday Cheese*	56,981	58,344	+ 2.4%
Processed	61,297	58,500	- 4.6%
Ice cream	178,082	177,399	- 0.4%
Yogurt	314,579	321,243	+ 2.1%

Source: The Nielsen Company, MarketTrack and Homescan panelists.
*Note: Everyday Cheese = 3(c), Fine Cheese = 3(a)

Butter Inventory ('000 kg)

Jul 31, 2014

PLAN A BUTTER	1,273
PLAN B BUTTER	8,159
IMPORTED BUTTER	1,104
BUTTER FOR EXPORT	0
TOTAL CDC BUTTER STOCKS	10,535
PRIVATE BUTTER STOCKS	6,880
TOTAL CDC AND PRIVATE BUTTER STOCKS	17,416

Other Private Stocks ('000 kg)

Jul 31, 2014 Jul 31, 2015

CHEDDAR	46,901	50,748
PROCESSED CHEESE	13,465	14,131
SPECIALTY CHEESE	25,144	29,021

Comments on Stocks

Total milk production for July 2015 was strong once again, with a 6.4% increase in total deliveries over July 2014. The majority of this high production has been used to fill the strong demand for dairy products.

CDC butter stocks have improved after the unusually low numbers seen thus far in 2015. As of July 2015, CDC's Plan A butter stocks are now at 302 t while Plan B butter stocks stand at 5,716 t. The increase in Plan B butter was mainly due to a transfer from private stocks to CDC stocks. Imported butter inventories were 2.3 t as of July 2015.

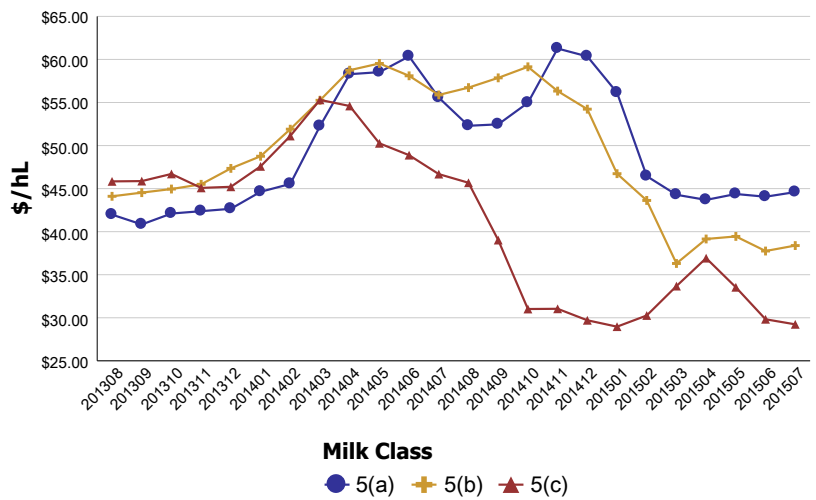
Average Return from Milk Sales

(\$/hl std)

Milk Class	2013/8 to 2014/7	2014/8 to 2015/7	% Change
1	\$95.64	\$96.25	0.64%
2 to 4(d)	\$78.69	\$78.22	-0.60%
4(m) 4(a1)*	\$20.13	\$10.27	-48.96%
5(a) to (c)	\$48.99	\$44.89	-8.37%
5(d)	\$41.25	\$28.31	-31.37%
All Classes	\$79.11	\$76.23	-3.64%

* Price based on SNF components only

Class 5 Component Prices in \$/hL

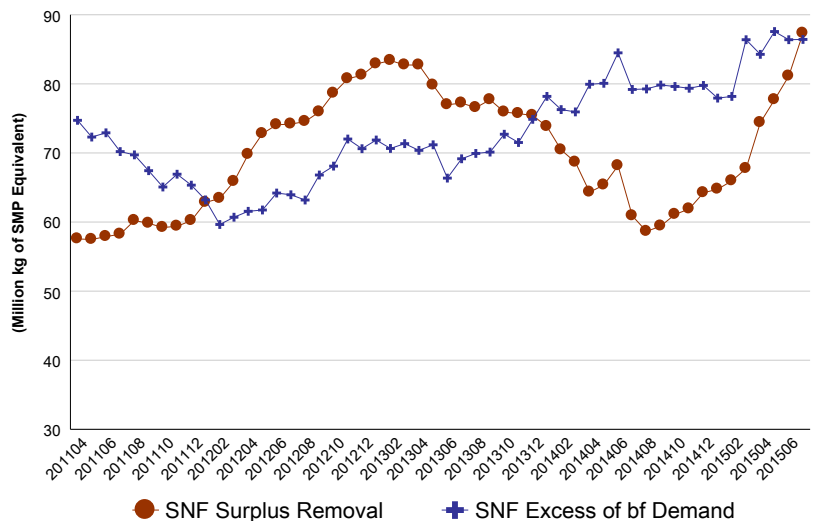


Milk Class

● 5(a) + 5(b) ▲ 5(c)

SNF Surplus

(12 Month Rolling)



● SNF Surplus Removal

+ SNF Excess of bf Demand