

CDC MARKET BULLETIN



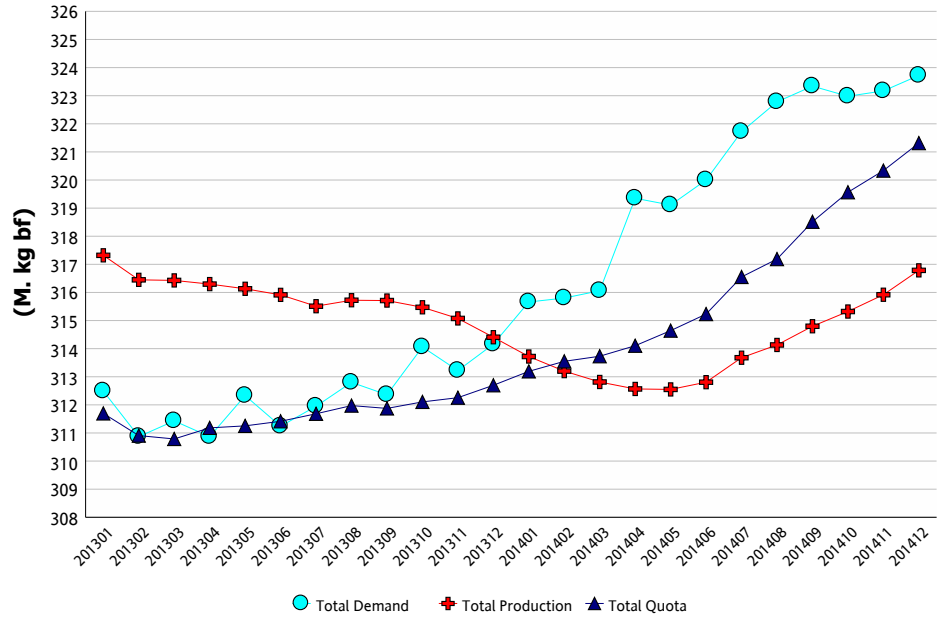
Market Comment

Canadian requirements for the twelve-month period ending in December 2014 were 202.04 million kg of butterfat, representing a marginal increase of 0.1% compared to November 2014. The following information shows changes in market data from December 2014 to that of December 2013.

The CDC estimates that butter consumption fell by 800,000 kg of BF. The use of butterfat in further processing also decreased by 0.5 million kg. These declines were balanced out by a 3% increase in BF utilization in the manufacture of cheese, which was mainly due to strong growth in Classes 3(b) and 3(c). Butterfat utilization in yogurt (Class 2a) also increased by 11%. Skim-off decreased by about 0.2 million kg of BF, contributing to an equivalent increase in demand for industrial milk.

December 2014 saw total milk deliveries increase by 3.1%, with fluid milk deliveries up by 1.2% and industrial milk deliveries up by 4.3%.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2013/1 to 2013/12	2014/1 to 2014/12	% Change	2013/1 to 2013/12	2014/1 to 2014/12	% Change	2013/1 to 2013/12	2014/1 to 2014/12	% Change
NL	1,883,207	1,923,188	2.12%	1,497,756	1,525,113	1.83%	385,451	398,075	3.28%
P5	239,481,114	239,318,764	-0.07%	79,360,302	79,032,017	-0.41%	160,120,812	160,286,747	0.10%
WMP	73,042,665	75,543,582	3.42%	35,720,950	35,609,448	-0.31%	37,321,715	39,934,134	7.00%
Canada	314,406,986	316,785,534	0.76%	116,579,008	116,166,578	-0.35%	197,827,978	200,618,956	1.41%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2013/1 to 2013/12	2014/1 to 2014/12	% Change	2013/1 to 2013/12	2014/1 to 2014/12	% Change
1(a)	46,396	46,430	0.07%	239,510	236,580	-1.22%
1(b)	46,277	47,401	2.43%	20,036	20,291	1.27%
2	24,653	23,796	-3.48%	47,255	46,825	-0.91%
3	109,541	110,024	0.44%	232,626	237,282	2.00%
4(a)	49,797	52,320	5.07%	10,226	13,172	28.81%
4(b)	1,762	1,799	2.12%	6,543	5,022	-23.24%
4(m) 4(a1)	781	644	-17.57%	69,159	69,929	1.11%
5(a,b,c)	29,356	30,204	2.89%	43,736	44,483	1.71%
5(d)	3,341	2,275	-31.92%	33,463	30,830	-7.87%
Other	1,660	1,007	-39.31%	3,851	2,850	-26.00%
Total	313,564	315,901	0.75%	706,406	707,264	0.12%

Continuous Quota

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

December 31, 2014

Province	kg of bf	% *
NL	-60,010	-3.04%
PE	-155,609	-3.74%
NS	-148,879	-2.11%
NB	-149,049	-2.70%
QC	-1,404,027	-1.16%
ON	-631,117	-0.60%
MB	-196,734	-1.50%
SK	-140,957	-1.50%
AB	-404,502	-1.50%
BC	-406,979	-1.50%

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



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Retail Product Sales*

Current period vs previous period ('000 kg)

Up to: January 10, 2015

	Previous 12 Month	12 Month	Change
Butter	54,909	56,855	+ 3.5%
Total Cheese	257,408	257,086	- 0.1%
Cheddar	84,647	86,283	+ 1.9%
Fine Cheese*	50,678	51,082	+ 0.8%
Everyday Cheese*	56,475	57,080	+ 1.1%
Processed	63,055	59,862	- 5.1%
Ice cream	119,896	114,750	- 4.3%
Yogurt	308,826	310,421	+ 0.5%

Source: The Nielsen Company, MarketTrack and Homescan panelists.

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

Butter Inventory ('000 kg)

	Dec 31, 2013	Dec 31, 2014
PLAN A BUTTER	2,709	81
PLAN B BUTTER	4,230	531
IMPORTED BUTTER	603	1,450
BUTTER FOR EXPORT	48	
TOTAL CDC BUTTER STOCKS	7,591	2,063
PRIVATE BUTTER STOCKS	8,074	8,074
TOTAL CDC AND PRIVATE BUTTER STOCKS	15,664	10,136

Other Private Stocks ('000 kg)

	Dec 31, 2013	Dec 31, 2014
CHEDDAR	41,765	44,715
PROCESSED CHEESE	9,858	11,788
SPECIALTY CHEESE	23,067	23,067

Comments on Stocks

Despite declining Plan A and Plan B inventory levels, import butter stocks were adequate to meet demand.

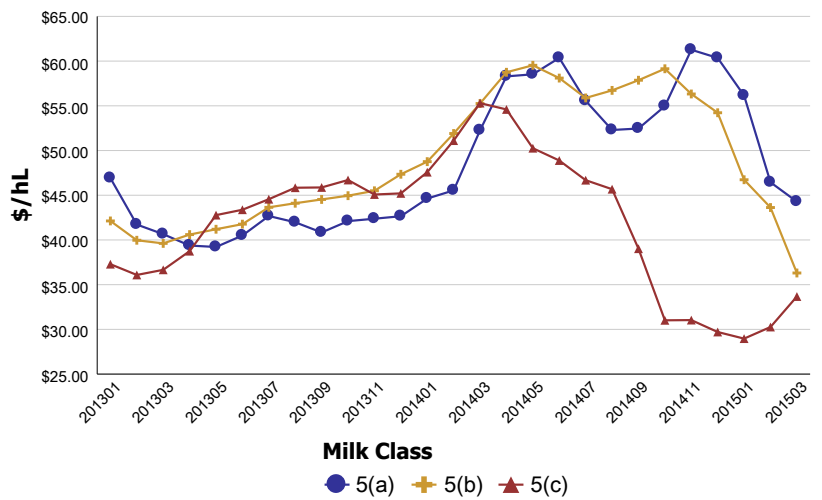
Average Return from Milk Sales

(\$/hl std)

Milk Class	2013/1 to 2013/12	2014/1 to 2014/12	% Change
1	\$94.78	\$96.37	1.68%
2 to 4(d)	\$78.53	\$79.01	0.61%
4(m) 4(a1)*	\$14.81	\$15.90	7.36%
5(a) to (c)	\$42.15	\$52.11	23.61%
5(d)	\$33.97	\$41.41	21.89%
All Classes	\$77.12	\$79.17	2.66%

* Price based on SNF components only

Class 5 Component Prices in \$/hL



SNF Surplus

(12 Month Rolling)

