



CDC MARKET BULLETIN



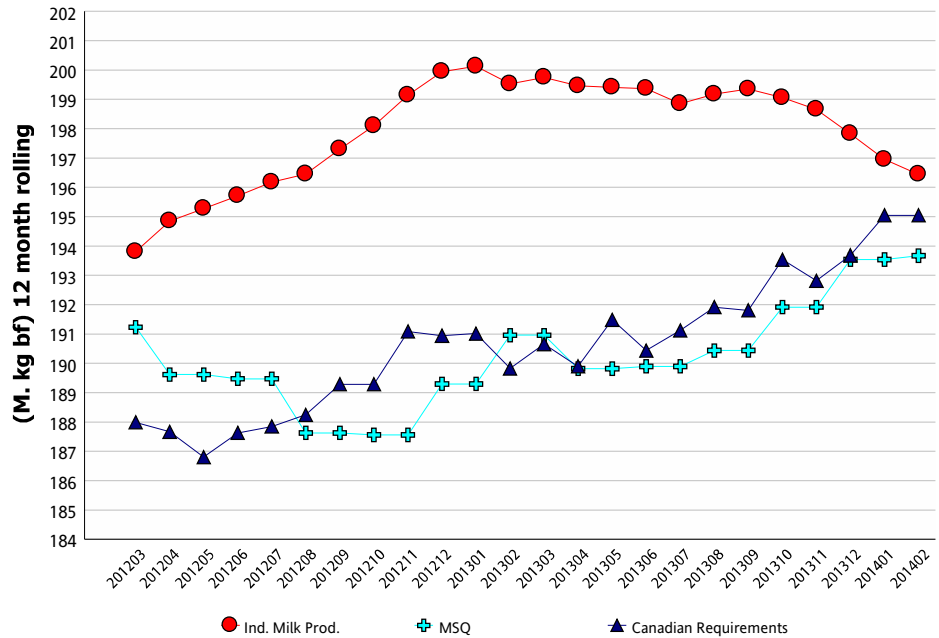
Market Comment

Canadian requirements for the twelve month period ending in February 2014 remain unchanged in comparison to January 2014, at 195.03 million kg of butterfat. They do however represent a considerable increase of 0.7% in relation to the base of December 2013.

Further processing had a strong influence on Canadian requirements in February. In comparison to the same month last year, butterfat utilization has increased by 33.2%, 4.7% and 64.0% in classes 5(a), 5(b) and 5(c) respectively. It should be noted that an increase in butter consumption and a decrease in skim-off have also contributed to Canadian requirements. Growth in these markets was cancelled by a decrease of 14.8% in butterfat utilization in Class 2(b) (ice cream) and of 6.3% in Class 3 (cheeses).

Total milk deliveries decreased by 2.1% in February in comparison to the same month last year. More specifically, fluid milk deliveries fell by 0.1% while deliveries of industrial milk decreased by 3.3%. Recently, several provinces intervened by offering incentives to bring milk production back in line with growing demand.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2012/3 to 2013/2	2013/3 to 2014/2	% Change	2012/3 to 2013/2	2013/3 to 2014/2	% Change	2012/3 to 2013/2	2013/3 to 2014/2	% Change
NL	1,865,365	1,883,733	0.98%	1,453,355	1,506,418	3.65%	412,010	377,315	-8.42%
P5	240,061,495	238,405,234	-0.69%	79,606,239	79,599,537	-0.01%	160,455,256	158,805,697	-1.03%
WMP	74,521,796	72,912,726	-2.16%	35,863,140	35,653,069	-0.59%	38,658,656	37,259,657	-3.62%
Canada	316,448,656	313,201,693	-1.03%	116,922,734	116,759,024	-0.14%	199,525,922	196,442,669	-1.55%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2012/3 to 2013/2	2013/3 to 2014/2	% Change	2012/3 to 2013/2	2013/3 to 2014/2	% Change
1(a)	46,693	46,286	-0.87%	242,512	239,464	-1.26%
1(b)	45,755	46,694	2.05%	19,934	20,159	1.13%
2	25,406	24,063	-5.28%	45,669	46,778	2.43%
3	108,469	108,263	-0.19%	237,825	230,902	-2.91%
4(a)	54,630	49,003	-10.30%	9,622	9,381	-2.50%
4(b)	1,844	1,736	-5.85%	7,110	6,275	-11.74%
4(m) 4(a1)	837	663	-20.76%	74,929	65,126	-13.08%
5(a,b,c)	27,120	30,866	13.81%	42,820	44,981	5.04%
5(d)	2,790	3,164	13.39%	35,087	35,990	2.57%
Other	2,037	1,596	-21.67%	3,251	3,637	11.87%
Total	315,582	312,336	-1.03%	718,758	702,692	-2.24%

Continuous Quota

Cumulative Over/Under Production (with limits) as of:
February 28, 2014

Province	kg of bf	% *
NL	-93,909	-4.83%
PE	-18,392	-0.45%
NS	-47,595	-0.69%
NB	-5,220	-0.10%
QC	290,279	0.24%
ON	278,395	0.27%
MB	-209,679	-1.66%
SK	-66,091	-0.73%
AB	-271,525	-1.04%
BC	-223,094	-0.85%

* 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:	March 8, 2014		
	Previous 12 Month	12 Month	Change
Butter	52,944	55,348	+ 4.5%
Total Cheese	253,641	257,460	+ 1.5%
Cheddar	82,060	85,069	+ 3.7%
Fine Cheese*	50,700	50,046	- 1.3%
Everyday Cheese*	54,938	56,036	+ 2.0%
Processed	63,369	62,674	- 1.1%
Ice cream	184,402	181,575	- 1.5%
Yogurt	266,894	273,969	+ 2.7%

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

Butter Inventory ('000 kg)

	Feb 28, 2013	Feb 28, 2014
PLAN A BUTTER	2,321	2,333
PLAN B BUTTER	10,498	5,968
IMPORTED BUTTER	240	452
BUTTER FOR EXPORT	1,660	513
TOTAL CDC BUTTER STOCKS	14,720	9,266
PRIVATE BUTTER STOCKS	10,657	10,357
TOTAL CDC AND PRIVATE BUTTER STOCKS	25,376	19,623

Other Private Stocks ('000 kg)

	Feb 28, 2013	Feb 28, 2014
CHEDDAR	46,615	45,422
PROCESSED CHEESE	12,786	10,199
SPECIALTY CHEESE	23,925	24,424

Comments on Stocks

Stocks in Plan B are half of what they were last year because of a recent tightness in supply due to a decline in milk production. Although butter for export is up significantly, it will be converted to Plan A to meet domestic demand.

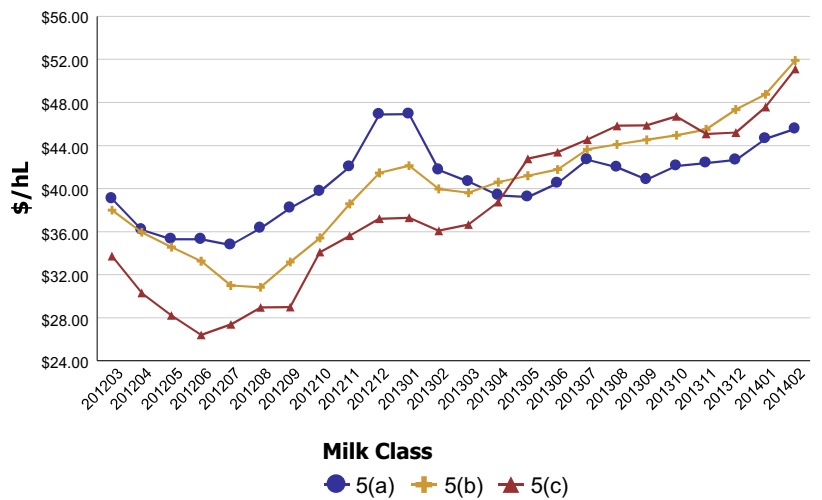
The CDC has concluded the purchase of all its imported butter requirements for the 2013-2014 dairy year. Approximately 2,400 t of butter will be delivered in May, June and July 2014.

Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2012/3 to 2013/2	2013/3 to 2014/2	
1	\$94.03	\$94.97	1.00%
2 to 4(d)	\$78.21	\$78.59	0.49%
4(m) 4(a1)*	\$10.99	\$16.32	48.58%
5(a) to (c)	\$36.06	\$43.19	19.75%
5(d)	\$27.75	\$36.30	30.81%
All Classes	\$75.50	\$77.54	2.71%

* Price based on SNF components only

Class 5 Component Prices in \$/hL



Structural Surplus

(12 Month Rolling)

