

CDC MARKET BULLETIN



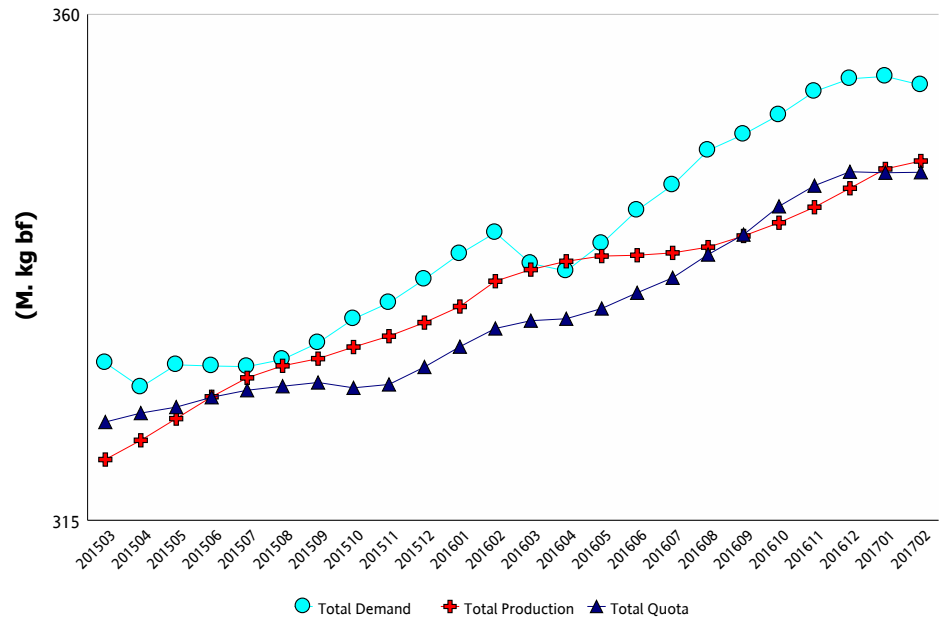
Market Comment

(Note: figures corrected for January and February misreporting of private butter stocks)

Total Requirements for the 12-month period ending February 2017 were 355.07 million kg BF. This figure represents a 0.02% decrease compared to the same period ending January 2017, and a 4.25% increase over February 2016.

Total butterfat usage across all classes increased by 3.2% on a 12-month year over year basis (an increase of 10.7 M kg BF), and by 2.2% in the month of February 2017 versus the same month a year ago. Butterfat used in Class 2(a) and 2(b) decreased over the previous month by 26.8% and 10.4%, respectively. Butterfat used in Class 4(a) decreased by 2.1% (equivalent to 0.26 M kg BF) over January 2017, however, on a year over year 12 month basis, increased by 9.6% (5.6 M kg BF). Class 3(d) saw an increase of 15.9% over the last 12 months in comparison to the 12-month ending February 2016, for a total of 11.2 M kg BF being utilized.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2015/3 to 2016/2	2016/3 to 2017/2	% Change	2015/3 to 2016/2	2016/3 to 2017/2	% Change	2015/3 to 2016/2	2016/3 to 2017/2	% Change
NL	1,968,974	1,978,384	0.48%	1,488,169	1,487,365	-0.05%	480,805	491,019	2.12%
P5	253,612,487	262,016,340	3.31%	77,920,319	76,321,409	-2.05%	175,692,168	185,694,931	5.69%
WMP	80,684,510	82,959,856	2.82%	36,101,046	35,879,900	-0.61%	44,583,464	47,079,956	5.60%
Canada	336,265,971	346,954,580	3.18%	115,509,534	113,688,674	-1.58%	220,756,437	233,265,906	5.67%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2015/3 to 2016/2	2016/3 to 2017/2	% Change	2015/3 to 2016/2	2016/3 to 2017/2	% Change
1(a)	46,893	46,496	-0.85%	233,646	229,403	-1.82%
1(b)	50,195	51,836	3.27%	21,487	22,090	2.81%
2	27,803	27,641	-0.58%	49,844	45,930	-7.85%
3 3c1 3c2	118,340	123,449	4.32%	240,752	237,004	-1.56%
4(a)	58,927	64,566	9.57%	12,104	4,389	-63.74%
4(b)	1,825	1,928	5.65%	4,641	4,774	2.87%
4(m) 4(a1) 5d 7	2,023	2,362	16.75%	134,516	174,968	30.07%
5(a,b,c)	28,047	26,201	-6.58%	44,780	41,179	-8.04%
Other	1,374	1,774	29.12%	8,425	14,452	71.55%
Total	335,427	346,254	3.23%	750,194	774,189	3.20%

Continuous Quota

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

28-February-2017

Province	kg of bf	% *
NL	-433,073	-16.68%
PE	26,470	0.60%
NS	76,348	1.01%
NB	-4,479	-0.08%
QC	-222,110	-0.17%
ON	4,215,252	3.78%
MB	-1,608,752	-11.01%
SK	-362,104	-3.46%
AB	-1,030,514	-3.43%
BC	-523,913	-1.73%

* 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:	February 4, 2017		
	Previous 12 Month	12 Month	Change
Butter	57,642	60,582	+ 5.1%
Total Cheese	204,033	214,439	+ 5.1%
Cheddar	88,834	93,098	+ 4.8%
Fine Cheese*	52,455	54,343	+ 3.6%
Everyday Cheese*	59,279	63,725	+ 7.5%
Processed	57,679	58,429	+ 1.3%
Ice cream	178,529	178,886	+ 0.2%
Yogurt	329,843	337,759	+ 2.4%
Cream	94,785	98,766	+ 4.2%

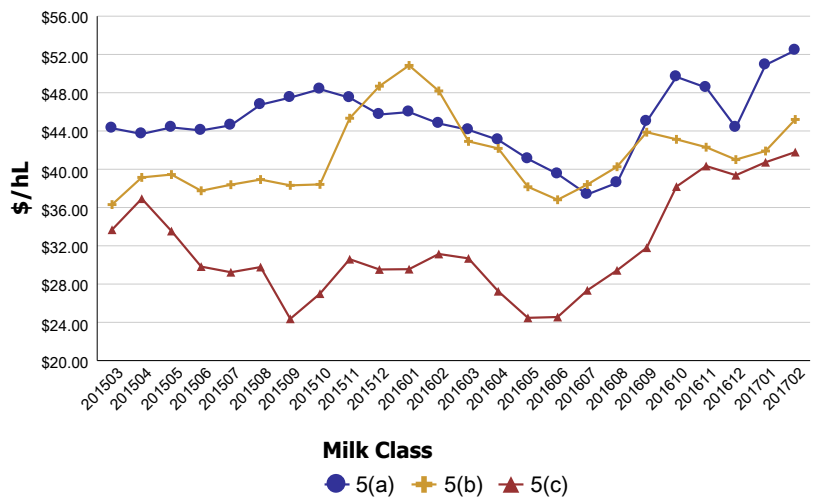
Source: The Nielsen Company, MarketTrack and Homescan panelists.
*Note: Everyday Cheese = 3(c), Fine Cheese = 3(a)

Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2015/3 to 2016/2	2016/3 to 2017/2	
1	\$96.13	\$98.10	2.05%
2 to 4(d)	\$76.06	\$77.34	1.68%
4(m) 4(a1)*	\$8.35	\$11.47	37.31%
5(a) to (c)	\$39.72	\$40.36	1.59%
5(d)	\$25.39	\$25.05	-1.35%
Other		\$64.16	
All Classes	\$73.97	\$74.56	0.79%

* Price based on SNF components only

Class 5 Component Prices in \$/hL



Butter Inventory ('000 kg)

	24-Feb-16	23-Feb-17
PLAN A BUTTER	20	0
PLAN B BUTTER	0	6,223
IMPORTED BUTTER	587	332
TOTAL CDC BUTTER STOCKS	607	6,554
PRIVATE BUTTER STOCKS	15,659	16,656
TOTAL CDC AND PRIVATE BUTTER STOCKS	16,266	23,211

Other Private Stocks ('000 kg)

	29-Feb-16	28-Feb-17
CHEDDAR	52,206	51,863
PROCESSED CHEESE	14,667	13,848
SPECIALTY CHEESE	30,695	32,333

Comments on Stocks

Total milk production (BF) for the 12-month period ending February 2017 was 3.2% higher than the same period last year. Total requirements growth is expected to eventually level off at 3.5-3.9% on an annual basis.

As of February 28, 2017, the CDC had 0 tonnes of butter in Plan A and 6,223 tonnes in Plan B; CDC stocks also include 332 tonnes of imported butter. In February, the CDC brought in 64 tonnes of butter through the tariff rate quota, and 617 tonnes of butter through supplementary import permits, as well as 162 tonnes of butterfat-equivalent cream under special cream permits. In total, 17,876 tonnes of butter and butterfat-equivalent cream were imported over the past 12 months. Private butter stocks currently stand at 16,656 tonnes. Total butter stocks are 7,041 tonnes higher than in February 2016; the CDC plans to continue building butter stocks to meet domestic demand.