

CDC MARKET BULLETIN

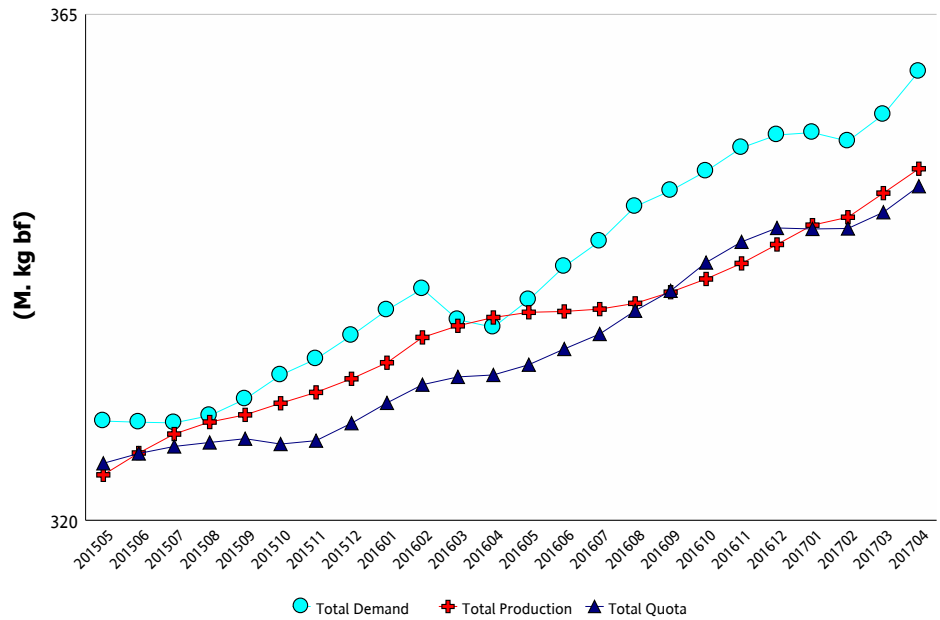


Market Comment

Total Requirements for the 12-month period ending April 2017 were 359.92 million kg BF. This figure represents a 1.08% increase compared to the same period ending March 2017, and a 6.75% increase over April 2016.

Total butterfat usage across all classes increased by 3.9% on a 12-month year over year basis (an increase of 13.2 M kg BF), and by 7.5% in the month of April 2017 versus the same month a year ago. Butterfat used in Class 2(a) decreased over the previous month by 17.4% and increased in Class 2(b) by 14.8%. Butterfat used in Class 4(a) decreased by 11.8% (equivalent to 0.9 M kg BF) over March 2017, however, on a year over year 12 month basis, increased by 7.1% (4.4 M kg BF). Class 3(d) saw an increase of 11.3 % over the last 12 months in comparison to the 12-month ending April 2016, for a total of 11.3 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) | | |
|---------------|-----------------------------|---------------------|--------------|-----------------------------|---------------------|---------------|----------------------------------|---------------------|--------------|
| | 2015/5 to 2016/4 | 2016/5 to 2017/4 | % Change | 2015/5 to 2016/4 | 2016/5 to 2017/4 | % Change | 2015/5 to 2016/4 | 2016/5 to 2017/4 | % Change |
| NL | 1,966,062 | 1,993,281 | 1.38% | 1,484,850 | 1,482,162 | -0.18% | 481,212 | 511,119 | 6.21% |
| P5 | 254,959,985 | 265,518,919 | 4.14% | 77,659,564 | 76,342,673 | -1.70% | 177,300,421 | 189,176,246 | 6.70% |
| WMP | 81,112,705 | 83,758,342 | 3.26% | 36,100,498 | 35,907,887 | -0.53% | 45,012,207 | 47,850,455 | 6.31% |
| Canada | 338,038,752 | 351,270,542 | 3.91% | 115,244,912 | 113,732,722 | -1.31% | 222,793,840 | 237,537,820 | 6.62% |

Milk Utilization ('000 kg)

| Milk Class | Butterfat | | | Solids Non Fat | | |
|-----------------|---------------------|---------------------|--------------|---------------------|---------------------|--------------|
| | 2015/5 to 2016/4 | 2016/5 to 2017/4 | % Change | 2015/5 to 2016/4 | 2016/5 to 2017/4 | % Change |
| 1(a) | 46,899 | 46,602 | -0.63% | 233,140 | 229,075 | -1.74% |
| 1(b) | 50,716 | 51,819 | 2.17% | 21,681 | 22,143 | 2.13% |
| 2 | 27,802 | 28,284 | 1.73% | 50,340 | 43,907 | -12.78% |
| 3 3c1 3c2 | 118,045 | 124,599 | 5.55% | 239,816 | 239,227 | -0.25% |
| 4(a) | 62,017 | 66,436 | 7.12% | 13,268 | 2,726 | -79.46% |
| 4(b) | 1,816 | 1,850 | 1.86% | 4,583 | 4,282 | -6.56% |
| 4(m) 4(a1) 5d 7 | 2,066 | 2,969 | 43.73% | 137,937 | 187,648 | 36.04% |
| 5(a,b,c) | 26,566 | 26,078 | -1.84% | 43,897 | 38,137 | -13.12% |
| Other | 1,289 | 1,911 | 48.26% | 10,336 | 15,647 | 51.38% |
| Total | 337,216 | 350,548 | 3.95% | 754,997 | 782,792 | 3.68% |

Continuous Quota

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

30-April-2017

| Province | kg of bf | % * |
|----------|------------|---------|
| NL | -475,459 | -18.69% |
| PE | 91,045 | 2.04% |
| NS | 184,258 | 2.42% |
| NB | 68,255 | 1.15% |
| QC | 904,305 | 0.70% |
| ON | 5,615,106 | 4.98% |
| MB | -1,744,265 | -11.76% |
| SK | -396,500 | -3.73% |
| AB | -1,160,669 | -3.81% |
| BC | -399,675 | -1.30% |

* 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: | April 1, 2017 | | |
|---------------------|-------------------|----------|--------|
| | Previous 12 Month | 12 Month | Change |
| Butter | 57,230 | 59,518 | + 4.0% |
| Total Cheese | 201,343 | 211,812 | + 5.2% |
| Cheddar | 88,944 | 92,857 | + 4.4% |
| Fine Cheese* | 52,598 | 54,806 | + 4.2% |
| Everyday Cheese* | 59,421 | 64,115 | + 7.9% |
| Processed | 57,767 | 58,633 | + 1.5% |
| Ice cream | 177,930 | 178,107 | + 0.1% |
| Yogurt | 331,896 | 339,861 | + 2.4% |
| Cream | 94,353 | 98,693 | + 4.6% |

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

Butter Inventory ('000 kg)

| | 27-Apr-16 | 27-Apr-17 |
|--|---------------|---------------|
| PLAN A BUTTER | 12 | 0 |
| PLAN B BUTTER | 6,198 | 13,845 |
| IMPORTED BUTTER | 364 | 839 |
| TOTAL CDC BUTTER STOCKS | 6,573 | 14,684 |
| PRIVATE BUTTER STOCKS | 16,297 | 15,277 |
| TOTAL CDC AND PRIVATE BUTTER STOCKS | 22,870 | 29,961 |

Other Private Stocks ('000 kg)

| | 30-Apr-16 | 30-Apr-17 |
|-------------------------|-----------|-----------|
| CHEDDAR | 51,822 | 53,285 |
| PROCESSED CHEESE | 15,396 | 14,650 |
| SPECIALTY CHEESE | 30,532 | 31,872 |

Comments on Stocks

Total milk production (BF) for the 12-month period ending April 2017 was 3.91% 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 April 30, 2017, the CDC had 0 tonnes of butter in Plan A and 13,845 tonnes in Plan B; CDC stocks also include 839 tonnes of imported butter. In April, the CDC brought in 0 tonnes of butter through the tariff rate quota, and 807 tonnes of butter through supplementary import permits, as well as 0 tonnes of butterfat-equivalent cream under special cream permits. In total, 18,652 tonnes of butter and butterfat-equivalent cream were imported over the past 12 months. Private butter stocks currently stand at 15,277 tonnes. Total butter stocks are 7,262 tonnes higher than in April 2016; the CDC plans to continue building butter stocks to meet domestic demand.

Average Return from Milk Sales

| Milk Class | (\$/hl std) | | % Change |
|--------------------|------------------|------------------|--------------|
| | 2015/5 to 2016/4 | 2016/5 to 2017/4 | |
| 1 | \$96.46 | \$98.13 | 1.73% |
| 2 to 4(d) | \$75.72 | \$77.28 | 2.06% |
| 4(m) 4(a1)* | \$7.92 | \$12.25 | 54.63% |
| 5(a) to (c) | \$39.76 | \$41.50 | 4.38% |
| 5(d) | \$24.38 | \$27.07 | 11.02% |
| Other | | \$59.92 | |
| All Classes | \$73.77 | \$74.51 | 1.01% |

* Price based on SNF components only

Class 5 Component Prices in \$/hL

