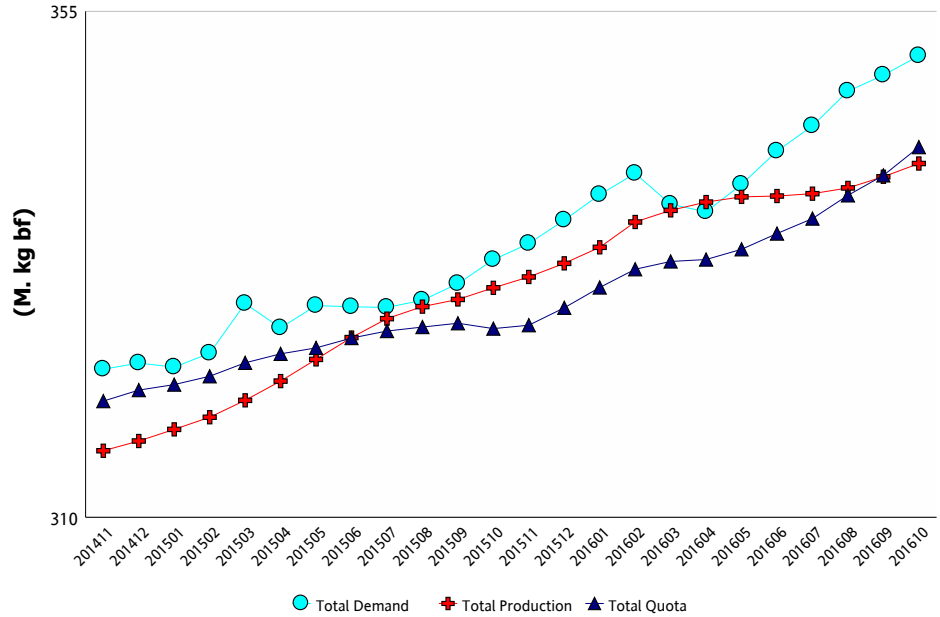


CDC MARKET BULLETIN

Market Comment

Total Requirements for the 12-month period ending October 2016 were 351.05 million kg BF. This figure represents a 0.5% increase compared to the same period ending September 2016, and a 5.5% increase over October 2015. Butterfat used in Class 3(c) cheeses for October 2016 increased by 16.4% (equivalent to 531,000 kg BF) over September 2016. For the same period, fluid cream usage in Class 1(a) increased by 8.1%. Total butterfat usage across all classes has increased by 3.4% on a 12-month basis (equivalent to 11.11 M kg BF), and by 4.1% in the month of October 2016 versus the same month a year ago. Class 3(d) continues to see a significant increase over the last 12 months in comparison with the previous 12 months, with 25.9% more BF being utilized, or 10.9 M Kg BF total. Butterfat utilization in Class 4(a) decreased by 12.3% from September to October of this year, but is 14.2% higher than the same 12-month rolling period last year.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2014/11 to 2015/10	2015/11 to 2016/10	% Change	2014/11 to 2015/10	2015/11 to 2016/10	% Change	2014/11 to 2015/10	2015/11 to 2016/10	% Change
NL	1,936,368	1,979,056	2.20%	1,464,220	1,491,527	1.86%	472,148	487,529	3.26%
P5	249,009,625	257,122,768	3.26%	78,273,862	76,437,132	-2.35%	170,735,763	180,685,636	5.83%
WMP	79,464,138	82,364,704	3.65%	35,955,084	36,014,583	0.17%	43,509,054	46,350,121	6.53%
Canada	330,410,131	341,466,528	3.35%	115,693,166	113,943,242	-1.51%	214,716,965	227,523,286	5.96%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2014/11 to 2015/10	2015/11 to 2016/10	% Change	2014/11 to 2015/10	2015/11 to 2016/10	% Change
1(a)	46,714	46,500	-0.46%	233,924	230,925	-1.28%
1(b)	48,738	52,033	6.76%	21,044	21,985	4.47%
2	26,367	27,533	4.42%	48,685	47,970	-1.47%
3	117,058	122,416	4.58%	243,011	237,014	-2.47%
4(a)	55,208	63,065	14.23%	9,565	16,748	75.09%
4(b)	1,848	1,882	1.83%	4,902	4,754	-3.02%
4(m) 4(a1)	909	834	-8.20%	95,319	114,225	19.83%
5(a,b,c)	30,042	23,628	-21.35%	45,608	42,179	-7.52%
5(d)	1,088	991	-8.86%	27,146	36,622	34.91%
Other	1,599	1,814	13.45%	6,165	11,616	88.41%
Total	329,571	340,698	3.38%	735,370	764,038	3.90%

Continuous Quota

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

October 31, 2016

Province	kg of bf	% *
NL	-255,117	-9.59%
PE	-78,468	-1.79%
NS	-75,665	-1.01%
NB	-95,212	-1.63%
QC	-1,416,687	-1.11%
ON	2,012,642	1.82%
MB	-1,227,869	-8.54%
SK	-279,286	-2.71%
AB	-564,370	-1.91%
BC	-446,780	-1.50%

* 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: October 15, 2016

	Previous 12 Month	12 Month	Change
Butter	57,983	59,433	+ 2.5%
Total Cheese	201,206	211,468	+ 5.1%
Cheddar	87,819	92,210	+ 4.5%
Fine Cheese*	51,677	54,002	+ 4.5%
Processed	58,733	57,265	- 2.5%
Ice cream	174,356	179,761	+ 3.1%
Yogurt	323,736	334,743	+ 3.4%
Cream	93,512	97,440	+ 4.2%

Source: The Nielsen Company, MarketTrack and Homescan panelists.

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

Butter Inventory ('000 kg)

	Oct 28, 2015	Oct 28, 2016
PLAN A BUTTER	216	0
PLAN B BUTTER	3,287	2,750
IMPORTED BUTTER	453	2,659
TOTAL CDC BUTTER STOCKS	3,956	5,409
PRIVATE BUTTER STOCKS	9,423	9,762
TOTAL CDC AND PRIVATE BUTTER STOCKS	13,379	15,171

Other Private Stocks ('000 kg)

	Oct 31, 2015	Oct 31, 2016
CHEDDAR	50,926	52,679
PROCESSED CHEESE	14,923	16,556
SPECIALTY CHEESE	29,750	30,884

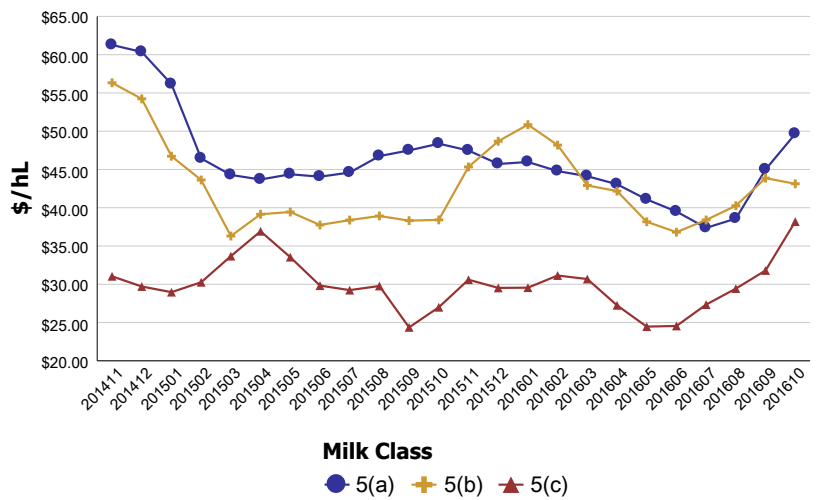
Average Return from Milk Sales

(\$/hl std)

Milk Class	2014/11 to 2015/10	2015/11 to 2016/10	% Change
1	\$96.12	\$97.50	1.44%
2 to 4(d)	\$77.69	\$76.19	-1.94%
4(m) 4(a1)*	\$9.20	\$9.09	-1.16%
5(a) to (c)	\$41.68	\$39.47	-5.31%
5(d)	\$26.78	\$21.36	-20.24%
All Classes	\$75.36	\$74.08	-1.69%

* Price based on SNF components only

Class 5 Component Prices in \$/hL



Comments on Stocks

Total milk production (BF) for the 12-month period ending October 2016 was 3.4% higher than the same period last year. Production forecasts suggest that BF production should remain steady over the coming months.

As of October 31, 2016, the CDC had 2,750 tonnes of butter in Plan B and 0 tonnes in Plan A. Stocks also include 2,659 tonnes of imported butter; the CDC brought in 2,324 tonnes through supplementary import permits and 108 tonnes through the tariff rate quota. In total, 14,480 tonnes of butter have been imported over the past 12 months. Private butter stocks currently stand at 9,762 tonnes. Butter stocks are 1,792 tonnes higher than the same period in 2015; the CDC continues to build stocks and to purchase butter and cream through supplementary permits to meet processor requests.