

CDC MARKET BULLETIN



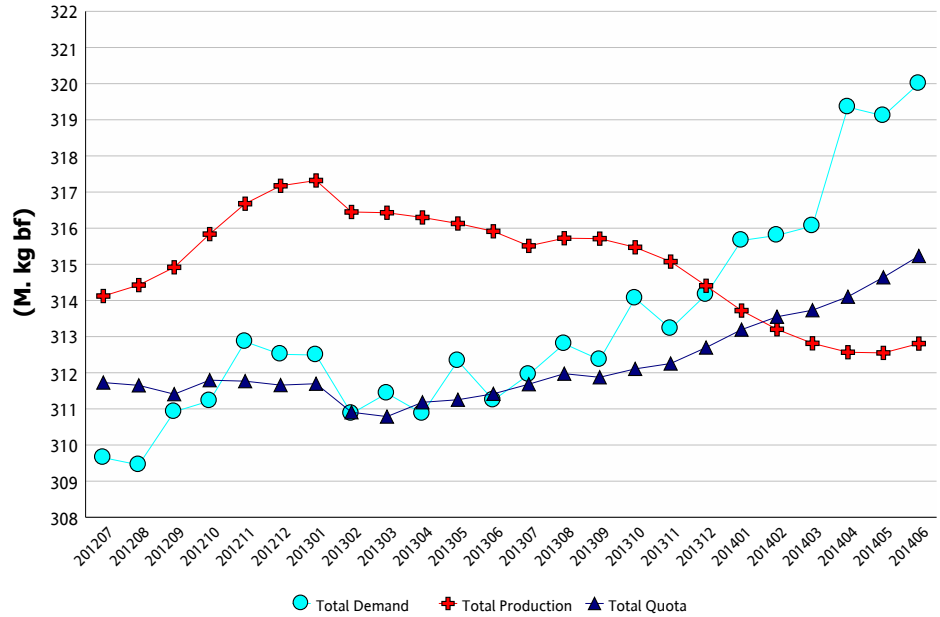
Market Comment

Canadian requirements for the twelve-month period ended in June 2014 were 199.3 M kg of butterfat, which represents a 0.47% increase in comparison to May 2014 and a 0.30 % increase in comparison to the base of April 2014.

Many factors have contributed to the increase in Canadian requirements this month. The CDC estimates that the butter consumption increased by almost 1.8 M kg of BF in June compared to the same month last year. We also observed a strong increase in BF utilization in the yogurt market and in the further processing market. On the other hand, BF utilization in the cheese market decreased slightly and skim-off increased, thereby reducing demand for industrial milk.

In June, total milk deliveries increased by 1.0% compared to the same month last year. More specifically, fluid milk deliveries fell by 1.6% while deliveries of industrial milk increased by 2.5%.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2012/7 to 2013/6	2013/7 to 2014/6	% Change	2012/7 to 2013/6	2013/7 to 2014/6	% Change	2012/7 to 2013/6	2013/7 to 2014/6	% Change
NL	1,855,772	1,884,921	1.57%	1,446,733	1,514,413	4.68%	409,039	370,508	-9.42%
P5	240,494,219	237,260,512	-1.34%	79,409,770	79,293,096	-0.15%	161,084,449	157,967,416	-1.94%
WMP	73,563,869	73,661,769	0.13%	35,689,320	35,657,997	-0.09%	37,874,549	38,003,772	0.34%
Canada	315,913,860	312,807,202	-0.98%	116,545,823	116,465,506	-0.07%	199,368,037	196,341,696	-1.52%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2012/7 to 2013/6	2013/7 to 2014/6	% Change	2012/7 to 2013/6	2013/7 to 2014/6	% Change
1(a)	46,447	46,390	-0.12%	240,946	238,273	-1.11%
1(b)	45,693	46,763	2.34%	19,897	20,007	0.55%
2	25,180	24,017	-4.62%	47,036	46,657	-0.80%
3	109,838	107,124	-2.47%	235,585	232,869	-1.15%
4(a)	51,250	50,550	-1.37%	12,876	11,131	-13.55%
4(b)	1,890	1,727	-8.64%	6,909	5,720	-17.20%
4(m) 4(a1)	735	582	-20.84%	70,208	57,993	-17.40%
5(a,b,c)	28,091	31,395	11.76%	43,617	44,589	2.23%
5(d)	3,951	2,427	-38.57%	33,391	39,869	19.40%
Other	1,955	983	-49.73%	4,402	2,863	-34.95%
Total	315,031	311,957	-0.98%	714,866	699,971	-2.08%

Continuous Quota

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

June 30, 2014

Province	kg of bf	% *
NL	-106,676	-5.44%
PE	-39,505	-0.97%
NS	-60,498	-0.87%
NB	-47,684	-0.88%
QC	167,738	0.14%
ON	-137,033	-0.13%
MB	-229,202	-1.79%
SK	-58,586	-0.64%
AB	-319,715	-1.22%
BC	-195,767	-0.74%

* 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:	July 26, 2014		
	Previous 12 Month	12 Month	Change
Butter	53,718	56,120	+ 4.5%
Total Cheese	256,842	257,496	+ 0.3%
Cheddar	83,793	85,736	+ 2.3%
Fine Cheese*	50,825	50,353	- 0.9%
Everyday Cheese*	56,255	57,036	+ 1.4%
Processed	63,530	61,703	- 2.9%
Ice cream	182,353	179,007	- 1.8%
Yogurt	313,840	314,407	+ 0.2%

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

Butter Inventory ('000 kg)

	Jun 30, 2013	Jun 30, 2014
PLAN A BUTTER	2,473	1,706
PLAN B BUTTER	13,965	8,818
IMPORTED BUTTER	666	886
BUTTER FOR EXPORT	1,142	16
TOTAL CDC BUTTER STOCKS	18,246	11,426
PRIVATE BUTTER STOCKS	9,707	6,748
TOTAL CDC AND PRIVATE BUTTER STOCKS	27,952	18,174

Other Private Stocks ('000 kg)

	Jun 30, 2013	Jun 30, 2014
CHEDDAR	44,064	45,301
PROCESSED CHEESE	12,751	12,139
SPECIALTY CHEESE	24,608	23,979

Comments on Stocks

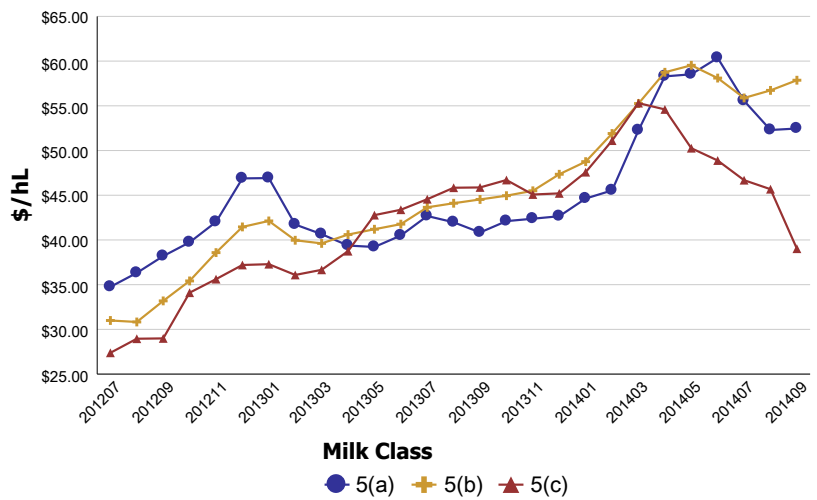
Plan A stocks were considerably lower due to strong demand that persisted in the early months of 2014. Plan B stocks were abnormally high in 2013. June 2014 levels were more in line with historic levels for that month. Stocks of imported butter were in line with previous year's results for June. Export butter levels were very low compared to previous year's, which again is explained by the strong demand for dairy products which resulted in no surplus butter being produced and available for export.

Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2012/7 to 2013/6	2013/7 to 2014/6	
1	\$94.35	\$95.52	1.24%
2 to 4(d)	\$78.40	\$78.70	0.38%
4(m) 4(a1)*	\$12.25	\$19.43	58.66%
5(a) to (c)	\$38.06	\$48.26	26.79%
5(d)	\$28.68	\$41.00	42.94%
All Classes	\$76.19	\$78.87	3.52%

* Price based on SNF components only

Class 5 Component Prices in \$/hL



SNF Surplus

(12 Month Rolling)

