

# CDC MARKET BULLETIN



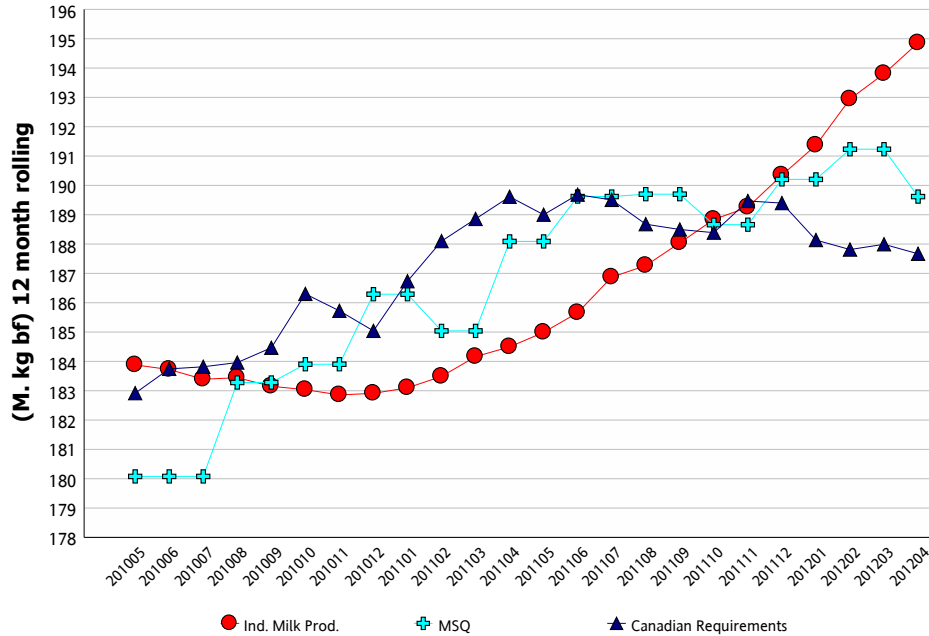
## Market Comment

Canadian requirements for the twelve month period ended in April 2012 are 187.67 million kg of butterfat, which represents a decrease of 0.16% in comparison to Canadian requirements in March, and a decrease of 0.07% in comparison to the base of February 2012.

The consumption of cheddar cheese decreased significantly in April, by the equivalent of approximately 400,000 kg of butterfat. The negative effect on Canadian requirements was compensated by an increase in the utilization of butterfat in the production of ice cream and in the further processing sector. The growth of the further processing sector is not the result of strong activity in April 2012, but rather of the weakness of activity in April 2011, the month used for comparison. It should also be noted that skim-off from the fluid milk market has come down again in April, thereby increasing raw milk requirements.

In April 2012, total milk deliveries increased by 2.9 % compared to the same month last year. Deliveries of fluid milk decreased by 3.0% and deliveries of industrial milk increased by 6.6%. Production has reached the peak of its cycle in certain provinces.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2010/5 to 2011/4	2011/5 to 2012/4	% Change	2010/5 to 2011/4	2011/5 to 2012/4	% Change	2010/5 to 2011/4	2011/5 to 2012/4	% Change
NL	1,929,015	1,855,219	-3.83%	1,463,611	1,509,357	3.13%	465,404	345,862	-25.69%
P5	230,989,058	236,997,274	2.60%	80,655,015	80,348,879	-0.38%	150,334,043	156,648,395	4.20%
WMP	70,160,681	74,295,150	5.89%	36,465,500	36,436,173	-0.08%	33,695,181	37,858,977	12.36%
<b>Canada</b>	<b>303,078,754</b>	<b>313,147,643</b>	<b>3.32%</b>	<b>118,584,126</b>	<b>118,294,409</b>	<b>-0.24%</b>	<b>184,494,628</b>	<b>194,853,234</b>	<b>5.61%</b>

## Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2010/5 to 2011/4	2011/5 to 2012/4	% Change	2010/5 to 2011/4	2011/5 to 2012/4	% Change
1(a)	47,328	46,922	-0.86%	248,059	246,018	-0.82%
1(b)	43,259	44,750	3.45%	18,964	19,445	2.53%
2	23,759	24,098	1.43%	38,623	41,695	7.96%
3	103,930	104,717	0.76%	238,010	236,231	-0.75%
4(a)	53,777	59,951	11.48%	11,812	18,038	52.70%
4(b)	1,614	1,970	22.06%	5,989	7,286	21.66%
4(m) 4(a1)	589	689	16.99%	56,265	62,786	11.59%
5(a,b,c)	25,518	25,196	-1.26%	41,697	42,538	2.02%
5(d)	1,480	637	-56.96%	24,576	31,780	29.31%
Other	966	3,368	248.71%	7,377	6,426	-12.89%
<b>Total</b>	<b>302,219</b>	<b>312,297</b>	<b>3.33%</b>	<b>691,373</b>	<b>712,245</b>	<b>3.02%</b>

## Continuous Quota

Cumulative Over/Under Production (with limits) as of:  
April 30, 2012

Province	kg of bf	% *
NL	-138,054	-6.85%
PE	-43,449	-1.07%
NS	-47,326	-0.69%
NB	2,550	0.05%
QC	-930,711	-0.79%
ON	-338,263	-0.33%
MB	-16,415	-0.13%
SK	-61,840	-0.68%
AB	-4,449	-0.02%
BC	59,921	0.23%

\* 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:	May 5, 2012		
	Previous 12 Month	12 Month	Change
<b>Butter</b>	52,100	52,430	+ 0.6%
<b>Total Cheese</b>	270,175	272,380	+ 0.7%
Cheddar	79,431	79,601	+ 0.2%
Specialty	80,051	80,324	+ 0.3%
Processed	108,720	110,032	+ 1.2%
<b>Ice cream</b>	200,705	190,442	- 5.1%
<b>Yogurt</b>	251,590	256,032	+ 1.8%

Source: The Nielsen Company, MarketTrack [channel coverage eg: T,GB+D+MM

\*NOTE: Homescan panelists temporarily removed due to irregularities in the data.

### Butter Inventory ('000 kg)

	Apr 30, 2011	Apr 30, 2012
<b>PLAN A BUTTER</b>	666	755
<b>PLAN B BUTTER</b>	7,306	13,616
<b>IMPORTED BUTTER</b>	132	176
<b>TOTAL CDC BUTTER STOCKS</b>	<b>8,103</b>	<b>14,548</b>
<b>PRIVATE BUTTER STOCKS</b>	6,707	8,038
<b>TOTAL CDC AND PRIVATE BUTTER STOCKS</b>	<b>14,810</b>	<b>22,585</b>

### Other Private Stocks ('000 kg)

	Apr 30, 2011	Apr 30, 2012
<b>CHEDDAR</b>	45,429	45,681
<b>PROCESSED CHEESE</b>	12,110	11,139
<b>SPECIALTY CHEESE</b>	23,595	24,585

### Comments on Stocks

Plan A butter stocks increased from 727 t at the end of March to 755 t at the end of April. It is expected that the Plan A stocks will be at their target level of 3,000 t by the end of July, 2012 as the overall milk supply is higher than it was a year ago.

Plan B butter stocks increased from 9,016 t at the end of March to 13,616 t at the end of April. Plan B stocks will likely peak in the month of May and are expected to be slightly higher than normal levels at the end of July.

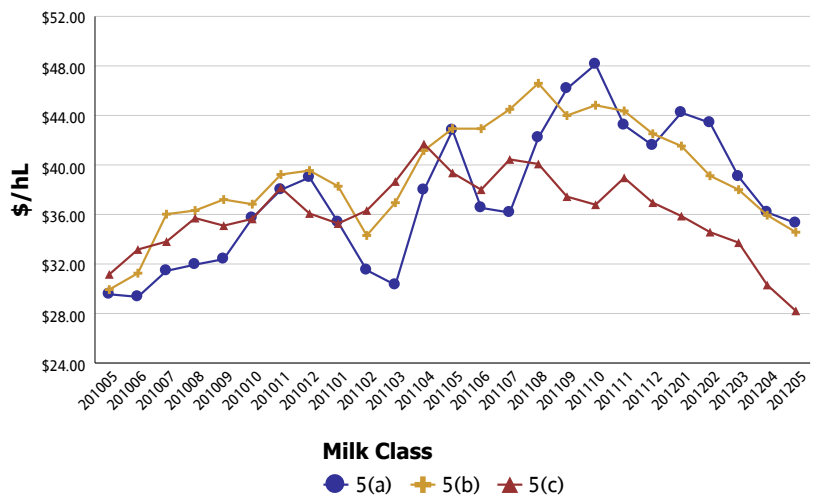
Imported butter stocks decreased slightly from 188 t at the end of March to 176 t at the end of April. The CDC has imported all of the butter it had committed to importing for this dairy year. As for export butter, our stocks will remain at zero over the coming months.

### Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2010/5 to 2011/4	2011/5 to 2012/4	
1	\$89.92	\$93.77	4.28%
2 to 4(d)	\$76.09	\$77.19	1.45%
4(m) 4(a1)*	\$12.83	\$12.38	-3.53%
5(a) to (c)	\$34.43	\$40.29	17.00%
5(d)	\$29.60	\$31.69	7.04%
<b>All Classes</b>	<b>\$74.84</b>	<b>\$76.51</b>	<b>2.22%</b>

\* Price based on SNF components only

### Class 5 Component Prices in \$/hL



### Structural Surplus

(12 Month Rolling)

