

CDC MARKET BULLETIN

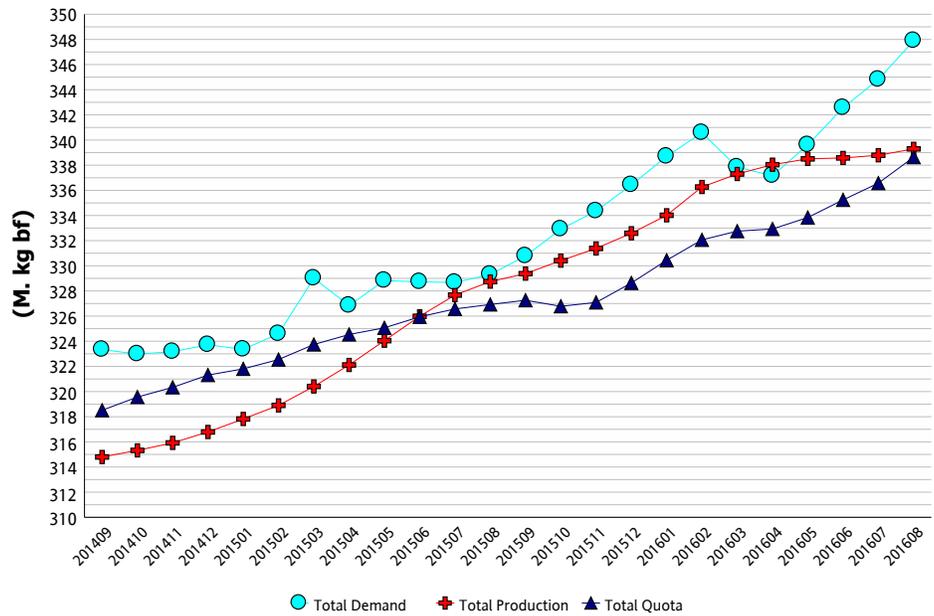
Market Comment

Total Requirements for the 12 month period ending August 2016 were 347.9 kg BF (millions). This figure represents a 0.9% increase compared to the same period ending July 2016 and a 5.7% increase over August 2015. Total Requirements usually increase with the beginning of the new schoolyear; however, unusually strong cheese activity over the 2016 summer may neutralize this expected fall growth.

Butterfat used in cream for the month of August 2016 increased by 6.2% (equivalent to 415,000 kg BF) over the month of July 2016 and increased by 5.7% on a 12-month rolling basis, with an increase of 10.4% over August 2015.

Comparing August 2016 to August 2015, butterfat usage has increased by 3.3% on a 12-month basis (equivalent to 8.88 M kg BF). Class 2(a) remains strong, with an increase of 32% in BF usage from July 2016 to August 2016. Class 3(d) has once again seen an increase over the last twelve months in comparison with the previous twelve months, with 27.6% more BF being utilized, or 10.8 M Kg BF. On a 12-month rolling basis, butterfat utilization for Class 4(a) decreased 8.5% from July to August 2016, but is 10.2% higher than the same 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)		
	2014/9 to 2015/8	2015/9 to 2016/8	% Change	2014/9 to 2015/8	2015/9 to 2016/8	% Change	2014/9 to 2015/8	2015/9 to 2016/8	% Change
NL	1,969,656	1,971,323	0.08%	1,514,813	1,484,681	-1.99%	454,843	486,642	6.99%
P5	248,039,015	255,297,157	2.93%	78,490,229	76,855,276	-2.08%	169,548,786	178,441,881	5.25%
WMP	78,732,554	82,027,659	4.19%	35,895,792	36,033,933	0.38%	42,836,762	45,993,726	7.37%
Canada	328,741,225	339,296,139	3.21%	115,900,834	114,373,890	-1.32%	212,840,391	224,922,249	5.68%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2014/9 to 2015/8	2015/9 to 2016/8	% Change	2014/9 to 2015/8	2015/9 to 2016/8	% Change
1(a)	46,524	46,923	0.86%	234,340	231,947	-1.02%
1(b)	48,416	51,188	5.73%	20,938	21,823	4.23%
2	25,993	27,705	6.58%	48,301	49,110	1.68%
3	115,305	120,482	4.49%	241,376	237,526	-1.60%
4(a)	56,594	62,340	10.15%	9,383	17,036	81.56%
4(b)	1,881	1,816	-3.46%	5,039	4,597	-8.78%
4(m) 4(a1)	891	918	3.01%	94,559	112,805	19.30%
5(a,b,c)	30,426	24,538	-19.35%	45,499	43,119	-5.23%
5(d)	1,163	1,008	-13.30%	26,953	30,449	12.97%
Other	713	1,611	126.02%	4,954	11,187	125.79%
Total	327,905	338,527	3.24%	731,343	759,599	3.86%

Continuous Quota

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

August 31, 2016

Province	kg of bf	% *
NL	-161,914	-6.18%
PE	-78,171	-1.80%
NS	-55,894	-0.75%
NB	-60,389	-1.05%
QC	-746,643	-0.59%
ON	2,036,489	1.86%
MB	-961,965	-6.80%
SK	-180,122	-1.78%
AB	-263,423	-0.91%
BC	-190,444	-0.65%

* 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:	August 20, 2016		
	Previous 12 Month	12 Month	Change
Butter	57,752	59,139	+ 2.7%
Total Cheese	258,429	209,672	+ 4.5%
Cheddar	87,309	91,521	+ 4.7%
Fine Cheese*	51,296	53,412	+ 3.4%
Everyday Cheese*	58,344	61,334	+ 5.0%
Processed	58,500	57,285	- 3.2%
Ice cream	177,399	179,708	+ 3.3%
Yogurt	321,243	331,106	+ 2.9%
Cream	92,860	96,642	+ 4.0%

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

Butter Inventory ('000 kg)

	Aug 31, 2015	Aug 31, 2016
PLAN A BUTTER	663	0
PLAN B BUTTER	5,869	4,773
IMPORTED BUTTER	528	1,402
TOTAL CDC BUTTER STOCKS	7,060	6,175
PRIVATE BUTTER STOCKS	11,632	11,973
TOTAL CDC AND PRIVATE BUTTER STOCKS	18,693	18,148
Other Private Stocks ('000 kg)		
	Aug 31, 2015	Aug 31, 2016
CHEDDAR	52,888	53,901
PROCESSED CHEESE	14,544	15,710
SPECIALTY CHEESE	28,904	29,878

Comments on Stocks

Total milk production for the 12 month period ending August 2016 was 3.5% higher than the same period last year. Production is expected to increase during the fall months.

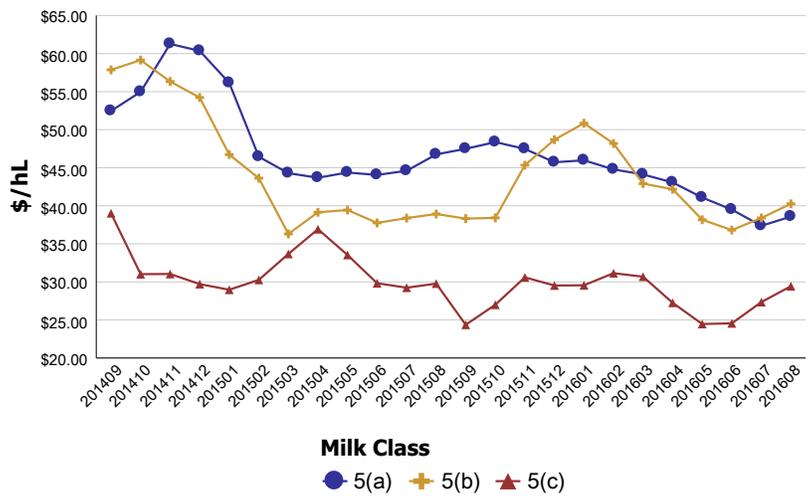
As of August 31, 2016, the CDC had 4,773 tonnes of butter in Plan B and 0 tonnes in Plan A. Stocks also include 1,402 tonnes of imported butter; the CDC brought in 254 tonnes through supplementary imports and 411 through tariff rate quota. In total, 11,580 tonnes of butter have been imported over the past 12 months. Private butter stocks currently stand at 11,973 tonnes. Butter stocks are 545 tonnes lower than the same period in 2015; emphasis is currently being placed on rebuilding stocks.

Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2014/9 to 2015/8	2015/9 to 2016/8	
1	\$96.21	\$97.11	0.94%
2 to 4(d)	\$77.97	\$75.70	-2.91%
4(m) 4(a1)*	\$9.68	\$8.35	-13.71%
5(a) to (c)	\$43.88	\$38.83	-11.52%
5(d)	\$27.64	\$21.99	-20.44%
All Classes	\$75.79	\$73.83	-2.58%

* Price based on SNF components only

Class 5 Component Prices in \$/hL



SNF Surplus

(12 Month Rolling)

