

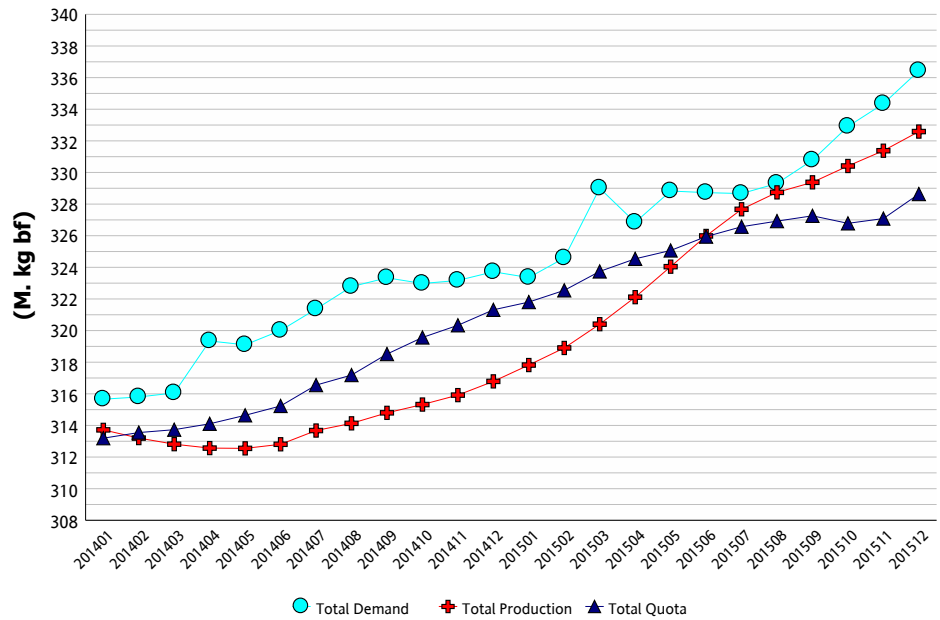
# CDC MARKET BULLETIN

## Market Comment

Total demand for the twelve month period ending December 2015 was 336.43 M. kg BF, representing an increase of 0.4% compared to November 2015 and an increase of 3.9% compared to December 2014.

Trends in butterfat utilization for the 12-months ending December 2015 mirror what has been reported over the last few months: strong increases for all classes. There was 0.7% more BF used in Class 1(a), equivalent to 300,000 kg BF, for this period, and a 4.1% increase in Class 1(b) (2 M. kg BF). Class 2 also realized an increase of 14.4% in BF utilization. BF used in cheeses in Class 3 increased by 6.7%, primarily driven by a 17.3% increase in Class 3(d). Higher BF utilization in Class 4(a) and increased butter imports have contributed to an increase in butter consumption compared to this time last year.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2014/1 to 2014/12	2015/1 to 2015/12	% Change	2014/1 to 2014/12	2015/1 to 2015/12	% Change	2014/1 to 2014/12	2015/1 to 2015/12	% Change
NL	1,923,188	1,954,810	1.64%	1,525,113	1,479,444	-2.99%	398,075	475,366	19.42%
P5	239,318,764	250,638,173	4.73%	79,032,017	78,019,664	-1.28%	160,286,747	172,618,509	7.69%
WMP	75,543,582	79,994,250	5.89%	35,609,448	35,979,505	1.04%	39,934,134	44,014,745	10.22%
<b>Canada</b>	<b>316,785,534</b>	<b>332,587,233</b>	<b>4.99%</b>	<b>116,166,578</b>	<b>115,478,613</b>	<b>-0.59%</b>	<b>200,618,956</b>	<b>217,108,620</b>	<b>8.22%</b>

## Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2014/1 to 2014/12	2015/1 to 2015/12	% Change	2014/1 to 2014/12	2015/1 to 2015/12	% Change
1(a)	46,430	46,765	0.72%	236,580	233,546	-1.28%
1(b)	47,401	49,333	4.07%	20,291	21,234	4.65%
2	23,796	27,216	14.37%	46,825	49,215	5.10%
3	110,024	117,446	6.74%	237,282	242,079	2.02%
4(a)	52,320	55,970	6.98%	13,172	13,300	0.97%
4(b)	1,799	1,841	2.33%	5,022	4,840	-3.62%
4(m) 4(a1)	644	925	43.62%	69,929	96,950	38.64%
5(a,b,c)	30,204	29,933	-0.90%	44,483	45,438	2.15%
5(d)	2,275	1,129	-50.39%	30,830	28,489	-7.59%
Other	1,007	1,177	16.86%	2,850	5,939	108.42%
<b>Total</b>	<b>315,901</b>	<b>331,735</b>	<b>5.01%</b>	<b>707,264</b>	<b>741,031</b>	<b>4.77%</b>

## Continuous Quota

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

December 31, 2015

Province	kg of bf	% *
NL	-257,376	-11.70%
PE	-170,268	-4.02%
NS	-99,446	-1.38%
NB	-120,986	-2.15%
QC	-1,394,695	-1.13%
ON	1,009,250	0.95%
MB	-348,242	-2.56%
SK	-142,060	-1.46%
AB	-442,904	-1.59%
BC	-178,770	-0.64%

\* 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:	January 9, 2016		
	Previous 12 Month	12 Month	Change
<b>Butter</b>	56,700	57,639	+ 1.7%
<b>Total Cheese</b>	258,032	259,510	+ 0.6%
Cheddar	86,837	88,520	+ 1.9%
Fine Cheese*	51,134	51,852	+ 1.4%
Everyday Cheese*	57,414	59,290	+ 3.3%
Processed	59,862	57,064	- 4.7%
<b>Ice cream</b>	177,065	178,359	+ 0.7%
<b>Yogurt</b>	315,830	326,642	+ 3.4%
<b>Cream</b>	90,706	94,298	+ 4.0%

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

### Butter Inventory ('000 kg)

	Dec 31, 2014	Dec 31, 2015
PLAN A BUTTER	81	129
PLAN B BUTTER	531	641
IMPORTED BUTTER	1,534	1,225
<b>TOTAL CDC BUTTER STOCKS</b>	<b>2,147</b>	<b>1,995</b>
PRIVATE BUTTER STOCKS	8,074	8,994
<b>TOTAL CDC AND PRIVATE BUTTER STOCKS</b>	<b>10,220</b>	<b>10,989</b>

### Other Private Stocks ('000 kg)

	Dec 31, 2014	Dec 31, 2015
CHEDDAR	44,715	49,782
PROCESSED CHEESE	11,788	13,589
SPECIALTY CHEESE	24,530	27,749

### Comments on Stocks

Total milk production for the twelve month period ending December 2015 was 5.0% higher than the twelve months ending December 2014. Starting December 2015, all pools have been granted production credits and an additional growth allowance of 3% to encourage this upward production trend to continue.

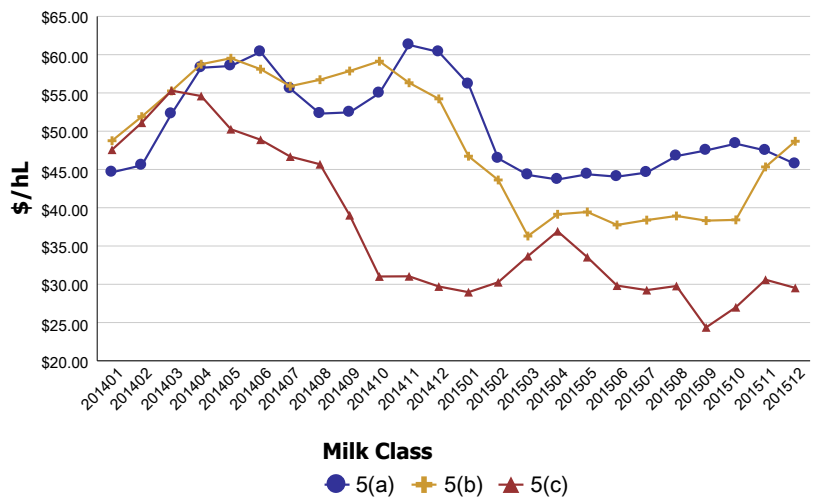
From November 2015 to December 2015, the CDC's Plan A butter stocks increased slightly to reach 129 t. During the same period, Plan B stocks decreased significantly from 2,159 t to 641 t. For the past five years, Plan A stocks sat at an average of 1,200 t in December, while Plan B were 6,700 t on average. Imported butter stocks (including supplementary imports) reached 1,225 t on December 31, 2015.

### Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2014/1 to 2014/12	2015/1 to 2015/12	
1	\$96.37	\$96.03	-0.36%
2 to 4(d)	\$79.01	\$77.37	-2.08%
4(m) 4(a1)*	\$15.90	\$8.89	-44.11%
5(a) to (c)	\$52.11	\$40.38	-22.50%
5(d)	\$41.41	\$27.18	-34.36%
<b>All Classes</b>	<b>\$79.17</b>	<b>\$74.93</b>	<b>-5.35%</b>

\* Price based on SNF components only

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



### SNF Surplus

(12 Month Rolling)

