

CDC MARKET BULLETIN

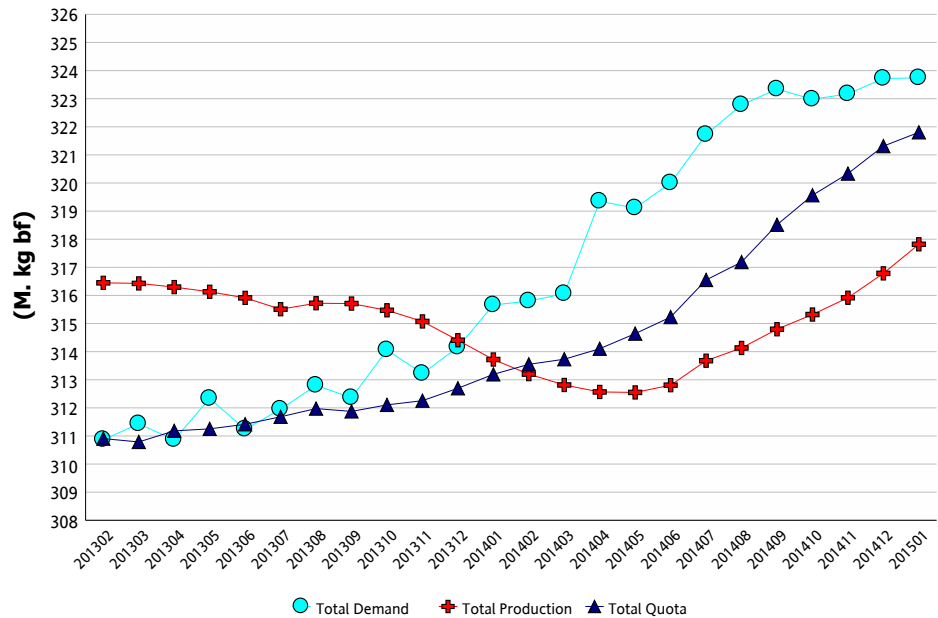
Market Comment

Canadian Requirements for the twelve-month period ending in January 2015 were 202.04 million kg of butterfat, representing a slight increase of 0.1% compared to December 2014. The following information shows changes in market data from the month of January 2014 to that of January 2015.

Contributing to the increase in Canadian Requirements, butterfat utilization for ice cream went up by 560,000 kg and for cheese by 600,000 kg. Skim-off from fluid milk decreased by 0.1 million kg of BF which increased the demand for industrial milk by the same amount. However, the CDC estimates that January butter consumption fell by 600,000 kg of BF. Also, further processing (Class 5) experienced a decrease of 38% or 1.3 million kg of BF

January 2015 saw total milk deliveries increase by 3.8%. Specifically, fluid milk deliveries fell by 4.3% while industrial milk deliveries increased by 8.8%.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2013/2 to 2014/1	2014/2 to 2015/1	% Change	2013/2 to 2014/1	2014/2 to 2015/1	% Change	2013/2 to 2014/1	2014/2 to 2015/1	% Change
NL	1,882,826	1,921,468	2.05%	1,502,317	1,512,102	0.65%	380,509	409,366	7.58%
P5	238,899,903	239,926,256	0.43%	79,617,526	78,614,911	-1.26%	159,282,377	161,311,345	1.27%
WMP	72,937,618	75,972,154	4.16%	35,647,100	35,601,061	-0.13%	37,290,518	40,371,093	8.26%
Canada	313,720,347	317,819,878	1.31%	116,766,943	115,728,074	-0.89%	196,953,404	202,091,804	2.61%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2013/2 to 2014/1	2014/2 to 2015/1	% Change	2013/2 to 2014/1	2014/2 to 2015/1	% Change
1(a)	46,373	46,287	-0.19%	239,648	235,547	-1.71%
1(b)	46,535	47,220	1.47%	20,135	20,232	0.48%
2	24,247	24,300	0.22%	47,102	46,830	-0.58%
3	108,803	110,623	1.67%	231,508	237,993	2.80%
4(a)	49,410	53,435	8.15%	10,129	14,111	39.31%
4(b)	1,735	1,817	4.72%	6,352	5,065	-20.27%
4(m) 4(a1)	760	635	-16.43%	66,277	73,184	10.42%
5(a,b,c)	30,436	29,241	-3.92%	44,296	44,253	-0.10%
5(d)	3,058	1,850	-39.49%	35,095	28,330	-19.28%
Other	1,508	1,555	3.06%	3,800	3,600	-5.28%
Total	312,865	316,964	1.31%	704,343	709,145	0.68%

Continuous Quota

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

January 31, 2015

Province	kg of bf	% *
NL	-62,867	-3.20%
PE	-156,922	-3.77%
NS	-131,849	-1.87%
NB	-139,606	-2.53%
QC	-1,348,978	-1.11%
ON	-554,484	-0.53%
MB	-185,656	-1.41%
SK	-123,489	-1.31%
AB	-305,487	-1.13%
BC	-328,506	-1.21%

* 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 10, 2015		
	Previous 12 Month	12 Month	Change
Butter	54,909	56,855	+ 3.5%
Total Cheese	257,408	257,086	- 0.1%
Cheddar	84,647	86,283	+ 1.9%
Fine Cheese*	50,678	51,082	+ 0.8%
Everyday Cheese*	56,475	57,080	+ 1.1%
Processed	63,055	59,862	- 5.1%
Ice cream	119,896	114,750	- 4.3%
Yogurt	308,826	310,421	+ 0.5%

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

Butter Inventory ('000 kg)

	Jan 31, 2014	Jan 31, 2015
PLAN A BUTTER	2,298	7
PLAN B BUTTER	5,069	2,858
IMPORTED BUTTER	537	1,114
BUTTER FOR EXPORT	418	
TOTAL CDC BUTTER STOCKS	8,322	3,979
PRIVATE BUTTER STOCKS	9,138	9,670
TOTAL CDC AND PRIVATE BUTTER STOCKS	17,460	13,649

Other Private Stocks ('000 kg)

	Jan 31, 2014	Jan 31, 2015
CHEDDAR	44,742	45,947
PROCESSED CHEESE	10,373	14,142
SPECIALTY CHEESE	23,736	

Comments on Stocks

Plan A stocks for January 2015 were at 7 t. The Plan B butter program, which was suspended on October 1, 2014, was re-opened for the month of January 2015 and has now been suspended again as a result of only 17 tons of Plan A butter being purchased by CDC. A minimum quantity of 750 t needed to be offered to CDC in order to re-open the Plan B program.

Plan B butter stocks grew to 2,858 t, compared to 531 t in December 2014.

Imported butter inventories amounted to 1,114 t, which includes the recent import of Irish and NZ butter.

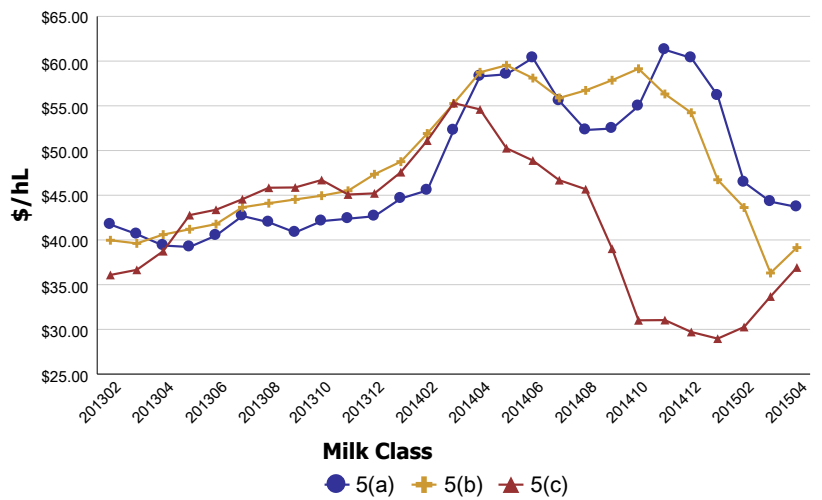
Class 4(m) stocks of powder for the month of January 2015 amounted to 23,383 t. Current Class 5(d) inventory amounts to 562 t. A recent CDC tender for SMP will see approximately 3,400 t exported in the next 2 months. Average sale price achieved: US\$2,100/t.

Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2013/2 to 2014/1	2014/2 to 2015/1	
1	\$94.84	\$96.51	1.76%
2 to 4(d)	\$78.52	\$79.10	0.74%
4(m) 4(a1)*	\$15.74	\$14.83	-5.80%
5(a) to (c)	\$42.54	\$52.15	22.60%
5(d)	\$35.70	\$40.61	13.74%
All Classes	\$77.36	\$79.05	2.19%

* Price based on SNF components only

Class 5 Component Prices in \$/hL



SNF Surplus

(12 Month Rolling)

