

CDC MARKET BULLETIN

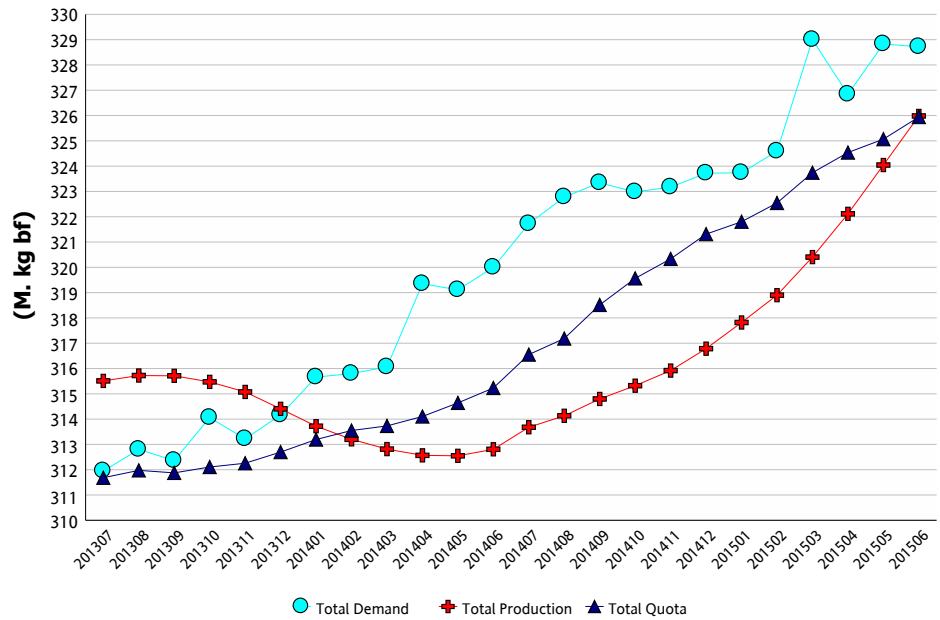
Market Comment

Total Requirements for the twelve-month period ending June 30, 2015 were 328.72 M. kg BF, representing a slight decrease of 0.04% compared to May 2015.

BF utilization for fluid milk in June 2015 saw an increase of 300,000 kg; however, over the long-term, fluid deliveries continue to decline by about 1% per year. BF utilization for fresh cream was strong for June 2015, with a 600,000 kg increase over June 2014 and an average annual growth rate of 3 to 4%. BF utilization for Class 2(a) has increased by 11.2% over last June and Class 2(b) has resumed some growth, with a 200,000 kg increase over the same period. Over the long term, BF utilization for ice cream is declining slightly while yogurt maintains steady growth.

BF usage in Class 3 (cheese) decreased slightly for June 2015, along with dairy products used in further processing. Cheese stocks remain high and will likely be used to serve the market in coming months. Butter consumption declined in June 2015 compared to the same month last year, but remains flat over the long term.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2013/7 to 2014/6	2014/7 to 2015/6	% Change	2013/7 to 2014/6	2014/7 to 2015/6	% Change	2013/7 to 2014/6	2014/7 to 2015/6	% Change
NL	1,884,921	1,949,404	3.42%	1,514,413	1,508,274	-0.41%	370,508	441,130	19.06%
P5	237,260,512	246,022,021	3.69%	79,293,096	78,671,735	-0.78%	157,967,416	167,350,286	5.94%
WMP	73,661,769	78,013,446	5.91%	35,657,997	35,713,564	0.16%	38,003,772	42,299,882	11.30%
Canada	312,807,202	325,984,871	4.21%	116,465,506	115,893,573	-0.49%	196,341,696	210,091,298	7.00%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2013/7 to 2014/6	2014/7 to 2015/6	% Change	2013/7 to 2014/6	2014/7 to 2015/6	% Change
1(a)	46,390	46,475	0.19%	238,273	234,526	-1.57%
1(b)	46,763	48,354	3.40%	20,007	20,852	4.23%
2	24,017	25,258	5.17%	46,657	47,666	2.16%
3	107,124	115,006	7.36%	232,869	241,464	3.69%
4(a)	50,550	55,064	8.93%	11,131	12,709	14.18%
4(b)	1,727	1,918	11.04%	5,720	5,121	-10.47%
4(m) 4(a1)	582	825	41.86%	57,993	86,540	49.22%
5(a,b,c)	31,395	29,668	-5.50%	44,589	45,142	1.24%
5(d)	2,427	1,285	-47.04%	39,869	27,606	-30.76%
Other	983	1,269	29.12%	2,863	3,936	37.46%
Total	311,957	325,122	4.22%	699,971	725,562	3.66%

Continuous Quota

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

June 30, 2015

Province	kg of bf	% *
NL	-65,118	-3.29%
PE	-131,137	-3.11%
NS	-31,719	-0.44%
NB	-91,686	-1.64%
QC	-332,188	-0.27%
ON	817,651	0.77%
MB	-69,917	-0.52%
SK	-66,214	-0.69%
AB	-123,792	-0.45%
BC	-109,909	-0.40%

* Cumulative Over / Under Production (with limits) expressed as a % of the most recent 12 months total quota



CDC MARKET BULLETIN



Retail Product Sales*

Current period vs previous period ('000 kg)

Up to:	June 27, 2015		
	Previous 12 Month	12 Month	Change
Butter	55,639	57,354	+ 3.1%
Total Cheese	257,181	258,247	+ 0.4%
Cheddar	85,694	87,339	+ 1.9%
Fine Cheese*	50,630	51,530	+ 1.8%
Everyday Cheese*	56,659	57,888	+ 2.2%
Processed	61,529	58,535	- 4.9%
Ice cream	179,091	176,510	- 1.4%
Yogurt	314,084	320,163	+ 1.9%

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

Butter Inventory ('000 kg)

	Jun 30, 2014	Jun 30, 2015
PLAN A BUTTER	1,706	146
PLAN B BUTTER	8,818	2,525
IMPORTED BUTTER	886	17
BUTTER FOR EXPORT	16	
TOTAL CDC BUTTER STOCKS	11,426	2,688
PRIVATE BUTTER STOCKS	6,748	15,245
TOTAL CDC AND PRIVATE BUTTER STOCKS	18,174	17,933

Other Private Stocks ('000 kg)

	Jun 30, 2014	Jun 30, 2015
CHEDDAR	45,301	49,534
PROCESSED CHEESE	12,139	13,390
SPECIALTY CHEESE	23,979	28,738

Comments on Stocks

Total milk production for June 2015 was 7.6% higher than that of June 2014. Fluid deliveries increased by 4% and industrial deliveries increased by 9.5%.

As of June 2015, CDC butter stocks remain low while reported private stocks are still above historical averages. Plan A butter stocks for June 2015 increased to 146 t and Plan B butter stocks increased to 2,525 t. Imported butter inventories were just 17 t for June 2015. CDC stocks of SMP were 730 t as of June 2015.

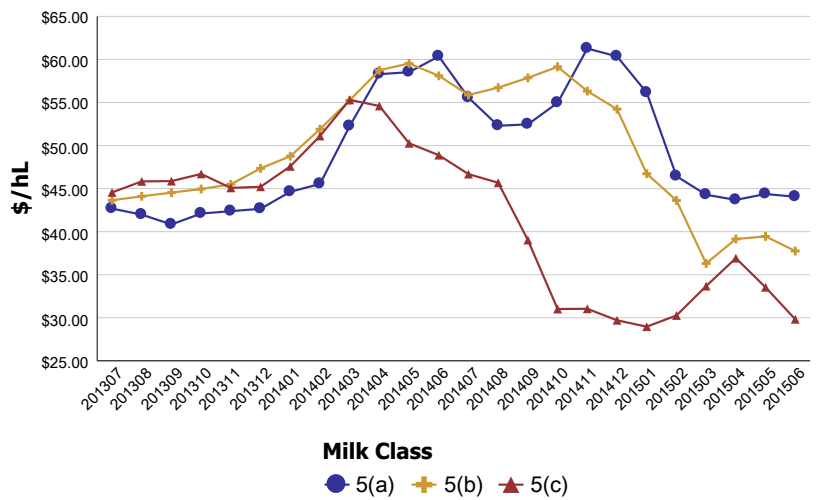
Due in part to the increase in SNF production and the stagnation of SNF requirements, SNF surplus removal stands at 81.1 M. kg as of June 30, 2015.

Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2013/7 to 2014/6	2014/7 to 2015/6	
1	\$95.52	\$96.28	0.79%
2 to 4(d)	\$78.70	\$78.46	-0.30%
4(m) 4(a1)*	\$19.43	\$11.20	-42.34%
5(a) to (c)	\$48.26	\$46.08	-4.52%
5(d)	\$41.00	\$30.60	-25.36%
All Classes	\$78.87	\$76.88	-2.52%

* Price based on SNF components only

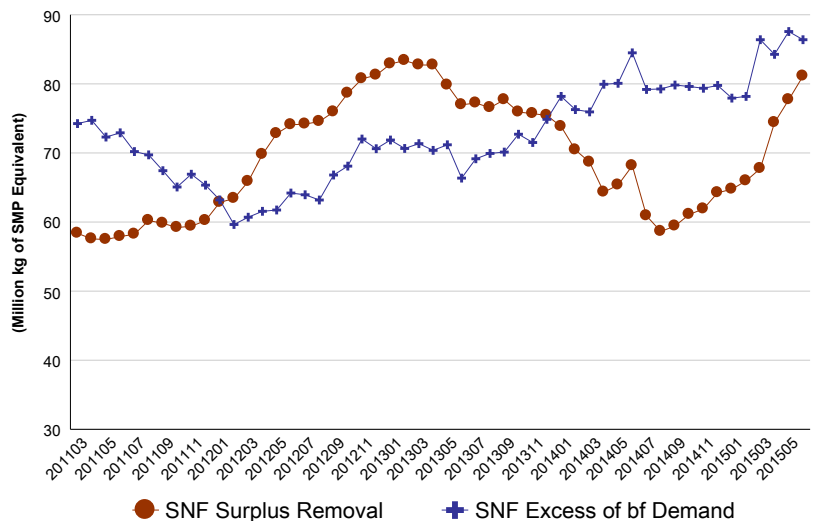
Class 5 Component Prices in \$/hL



Milk Class
● 5(a) + 5(b) ▲ 5(c)

SNF Surplus

(12 Month Rolling)



● SNF Surplus Removal + SNF Excess of Demand