

# CDC MARKET BULLETIN

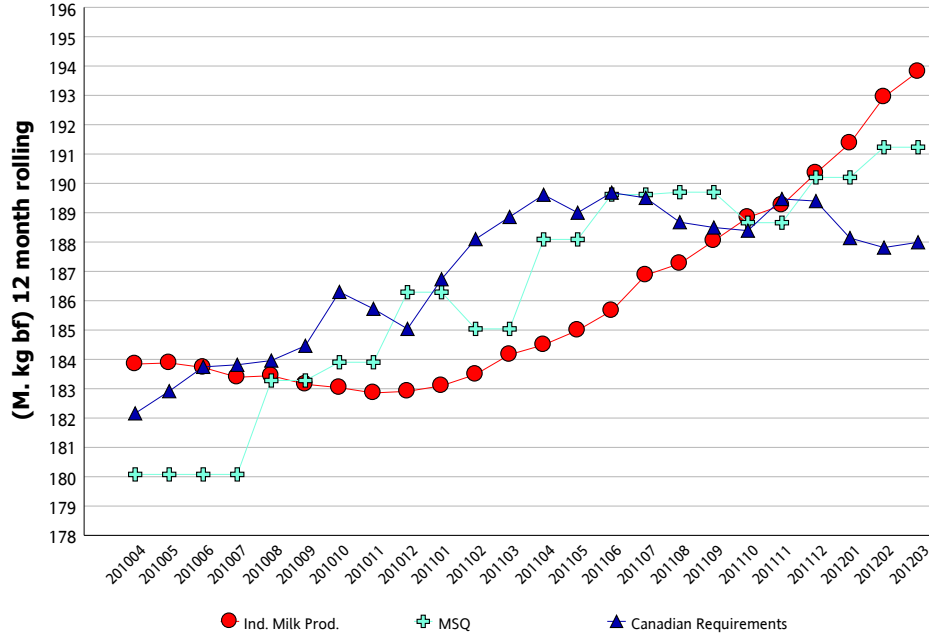
## Market Comment

Canadian requirements for the twelve month period ending in March 2012 were 187.98 million hl, slightly up 0.09% from the base of February 2012.

Ice cream consumption was exceptional in March, with temperatures reaching record levels in many parts of Canada. The use of butterfat in this market increased by nearly 400,000 kg. Another factor which boosted Canadian requirements was fluid milk skim-off. It decreased by 300,000 kg in comparison to the same month last year which has increased Canadian requirements by as much. These positive factors were cancelled out by a 30% decrease in the utilization of cheese by further processors in March and by the massive introduction of private cheese stocks into the market which reduced requirements for raw milk. During the coming months, the use of butterfat in special classes should remain relatively low. The consumption of cream, however, will continue to grow and should more than compensate for weak utilization in special classes. Also, the national consumption of butter is expected to increase considerably.

In March 2012, total deliveries increased by 2.8% in comparison to the same month last year. Deliveries of fluid milk decreased by 1.3% and deliveries of industrial milk increased by 5.3%.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2010/4 to 2011/3	2011/4 to 2012/3	% Change	2010/4 to 2011/3	2011/4 to 2012/3	% Change	2010/4 to 2011/3	2011/4 to 2012/3	% Change
NL	1,925,677	1,857,767	-3.53%	1,456,910	1,510,743	3.70%	468,767	347,024	-25.97%
P5	230,688,511	236,565,695	2.55%	80,542,204	80,593,581	0.06%	150,146,307	155,972,114	3.88%
WMP	69,985,048	73,979,048	5.71%	36,438,339	36,490,987	0.14%	33,546,709	37,488,061	11.75%
<b>Canada</b>	<b>302,599,236</b>	<b>312,402,510</b>	<b>3.24%</b>	<b>118,437,453</b>	<b>118,595,311</b>	<b>0.13%</b>	<b>184,161,783</b>	<b>193,807,199</b>	<b>5.24%</b>

## Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2010/4 to 2011/3	2011/4 to 2012/3	% Change	2010/4 to 2011/3	2011/4 to 2012/3	% Change
1(a)	47,214	46,801	-0.87%	248,131	245,861	-0.91%
1(b)	43,017	45,063	4.76%	18,898	20,060	6.15%
2	23,742	23,983	1.01%	38,588	41,469	7.47%
3	103,705	105,056	1.30%	238,230	236,905	-0.56%
4(a)	53,261	58,852	10.50%	11,949	18,357	53.63%
4(b)	1,540	1,986	28.90%	5,835	7,251	24.25%
4(m) 4(a1)	601	663	10.29%	57,316	59,446	3.72%
5(a,b,c)	26,031	24,873	-4.45%	41,820	42,283	1.11%
5(d)	1,869	664	-64.50%	23,554	31,679	34.49%
Other	750	3,623	382.97%	6,537	7,151	9.39%
<b>Total</b>	<b>301,731</b>	<b>311,564</b>	<b>3.26%</b>	<b>690,858</b>	<b>710,459</b>	<b>2.84%</b>

## Continuous Quota

Cumulative Over/Under Production (with limits) as of:  
March 31, 2012

Province	kg of bf	% *
NL	-135,129	-6.71%
PE	-53,940	-1.33%
NS	-71,690	-1.04%
NB	-21,735	-0.41%
QC	-1,256,728	-1.06%
ON	-603,885	-0.60%
MB	-71,565	-0.57%
SK	-70,989	-0.79%
AB	-108,297	-0.42%
BC	-44,427	-0.17%

\* 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:	April 7, 2012		
	Previous 12 Month	12 Month	Change
<b>Butter</b>	52,035	52,917	+ 1.7%
<b>Total Cheese</b>	270,226	273,139	+ 0.9%
Cheddar	79,336	80,191	+ 1.1%
Specialty	79,784	80,635	+ 1.1%
Processed	109,166	109,995	+ 0.8%
<b>Ice cream</b>	133,193	126,809	- 2.6%
<b>Yogurt</b>	252,642	254,973	+ 0.9%

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)

	Mar 31, 2011	Mar 31, 2012
<b>PLAN A BUTTER</b>	596	727
<b>PLAN B BUTTER</b>	6,461	9,016
<b>IMPORTED BUTTER</b>	73	188
<b>TOTAL CDC BUTTER STOCKS</b>	<b>7,130</b>	<b>9,932</b>
<b>PRIVATE BUTTER STOCKS</b>	7,331	10,821
<b>TOTAL CDC AND PRIVATE BUTTER STOCKS</b>	<b>14,461</b>	<b>20,752</b>

### Other Private Stocks ('000 kg)

	Mar 31, 2011	Mar 31, 2012
<b>CHEDDAR</b>	43,820	44,826
<b>PROCESSED CHEESE</b>	10,459	10,901
<b>SPECIALTY CHEESE</b>	23,958	24,258

### Comments on Stocks

Plan A butter stocks increased from 394 t at the end of February to 727 t at the end of March. The overall milk production is significantly higher than it was a year ago. As a result, the CDC has been able to start rebuilding its butter stocks. It is expected that Plan A butter stocks will be at their target level of 3,000 t by the end of July 2012.

Plan B butter stocks increased from 4,042 t at the end of February to 9,016 t at the end of March. Plan B stocks are likely to continue increasing rapidly throughout the month of May which is in line with the normal seasonal trend. They are expected to be at their target levels at the end of July.

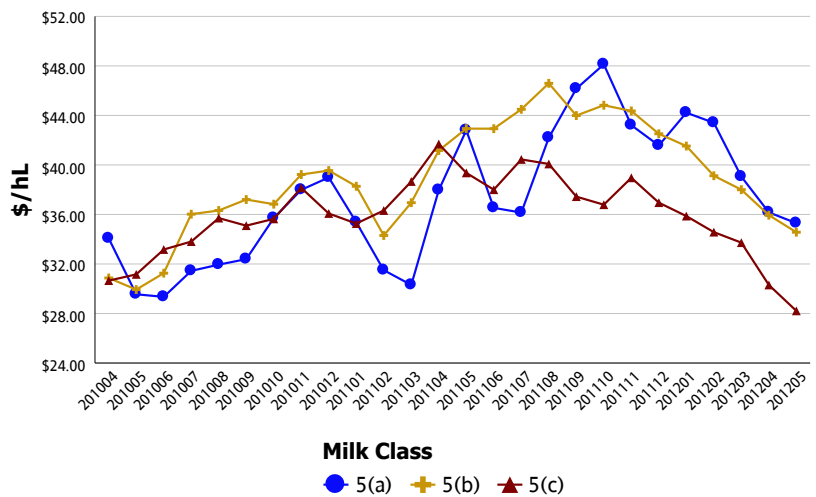
Imported butter stocks decreased slightly from 251 t at the end of February to 188 t at the end of March. The CDC has imported all of the butter it had committed to importing for this dairy year. As for export butter, our stocks will remain at zero over the coming months.

### Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2010/4 to 2011/3	2011/4 to 2012/3	
1	\$89.75	\$93.56	4.25%
2 to 4(d)	\$76.01	\$77.08	1.40%
4(m) 4(a1)*	\$12.23	\$13.08	6.92%
5(a) to (c)	\$33.86	\$40.72	20.28%
5(d)	\$29.04	\$31.92	9.89%
<b>All Classes</b>	<b>\$74.56</b>	<b>\$76.70</b>	<b>2.87%</b>

\* Price based on SNF components only

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



### Structural Surplus

(12 Month Rolling)

