

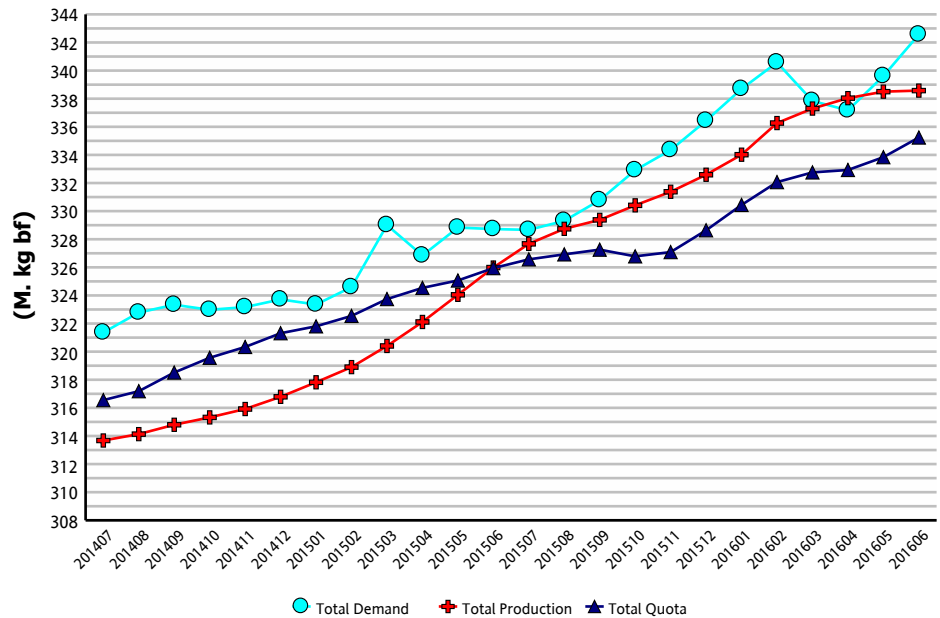
CDC MARKET BULLETIN

Market Comment

Total Requirements for the 12 month period ending June 2016 were 342.57 kg BF (millions). This figure represents a 0.87% increase compared to last month and a 4.2% increase over June 2015. This growth is above expectation and seems driven by strong promotional activity in retail, especially for cheese.

Butterfat used in cream for the month of June increased by 6% over May 2016, and increased by 5.1% on a 12-month rolling basis. Class 3(d) continues to grow overall, with a 26.5% increase in BF usage over the last twelve months, although it has decreased slightly (-4.8%) from last month. Butter production has decreased by 17% over May figures, but has still increased by 13% over this same 12-month 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)		
	2014/7 to 2015/6	2015/7 to 2016/6	% Change	2014/7 to 2015/6	2015/7 to 2016/6	% Change	2014/7 to 2015/6	2015/7 to 2016/6	% Change
NL	1,949,404	1,966,247	0.86%	1,508,274	1,494,663	-0.90%	441,130	471,584	6.90%
P5	246,022,021	255,082,215	3.68%	78,671,735	77,216,711	-1.85%	167,350,286	177,865,504	6.28%
WMP	78,013,446	81,527,167	4.50%	35,713,564	36,080,078	1.03%	42,299,882	45,447,089	7.44%
Canada	325,984,871	338,575,629	3.86%	115,893,573	114,791,452	-0.95%	210,091,298	223,784,177	6.52%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2014/7 to 2015/6	2015/7 to 2016/6	% Change	2014/7 to 2015/6	2015/7 to 2016/6	% Change
1(a)	46,475	46,876	0.86%	234,526	232,508	-0.86%
1(b)	48,354	50,822	5.11%	20,852	21,754	4.32%
2	25,258	27,791	10.03%	47,666	50,339	5.61%
3	115,006	119,765	4.14%	241,464	239,802	-0.69%
4(a)	55,064	62,312	13.16%	12,709	15,016	18.15%
4(b)	1,918	1,766	-7.91%	5,121	4,490	-12.32%
4(m) 4(a1)	825	987	19.60%	86,540	112,707	30.24%
5(a,b,c)	29,668	25,434	-14.27%	45,142	43,248	-4.20%
5(d)	1,285	989	-23.06%	27,606	26,359	-4.52%
Other	1,269	1,003	-20.96%	3,936	10,770	173.66%
Total	325,122	337,746	3.88%	725,562	756,995	4.33%

Continuous Quota

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

June 30, 2016

Province	kg of bf	% *
NL	-613,042	-23.92%
PE	-69,801	-1.62%
NS	13,151	0.18%
NB	-17,877	-0.31%
QC	12,046	0.01%
ON	2,424,124	2.23%
MB	-696,280	-4.99%
SK	-104,254	-1.04%
AB	-169,133	-0.59%
BC	-44,541	-0.15%

* 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 25, 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)

	Jun 28, 2015	Jun 28, 2016
PLAN A BUTTER	146	0
PLAN B BUTTER	2,525	9,123
IMPORTED BUTTER	17	279
TOTAL CDC BUTTER STOCKS	2,688	9,402
PRIVATE BUTTER STOCKS	15,245	12,219
TOTAL CDC AND PRIVATE BUTTER STOCKS	17,933	21,620

Other Private Stocks ('000 kg)

	Jun 30, 2015	Jun 30, 2016
CHEDDAR	49,534	51,297
PROCESSED CHEESE	13,390	15,198
SPECIALTY CHEESE	28,738	31,712

Comments on Stocks

Total butterfat production for the 12-month rolling period ending June 2016 increased by 4% over the same period last year. This is a slight decrease from the previous month, and production is expected to continue decreasing through the summer months, turning upwards again with the arrival of fall.

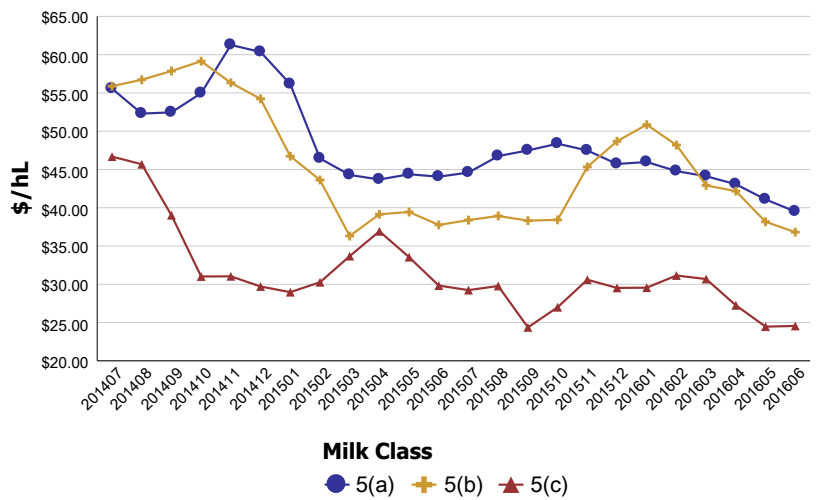
As of June 30, 2016, the CDC had 9,000 tonnes of butter in Plan B. In order to meet market demand and to continue replenishing butter stocks, the CDC imported 1,300 tonnes of butter in June 2016 (including supplementary imports, for a total of 6,844 tonnes of supplementary imports in the past year).

Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2014/7 to 2015/6	2015/7 to 2016/6	
1	\$96.28	\$96.78	0.52%
2 to 4(d)	\$78.46	\$75.57	-3.68%
4(m) 4(a1)*	\$11.20	\$7.77	-30.63%
5(a) to (c)	\$46.08	\$39.20	-14.94%
5(d)	\$30.60	\$23.63	-22.79%
All Classes	\$76.88	\$73.76	-4.05%

* Price based on SNF components only

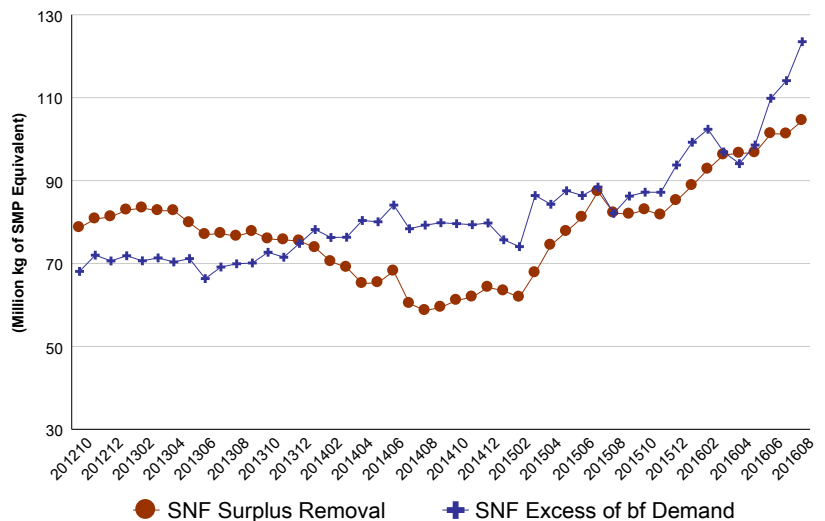
Class 5 Component Prices in \$/hL



Milk Class
● 5(a) + 5(b) ▲ 5(c)

SNF Surplus

(12 Month Rolling)



● SNF Surplus Removal + SNF Excess of bf Demand