

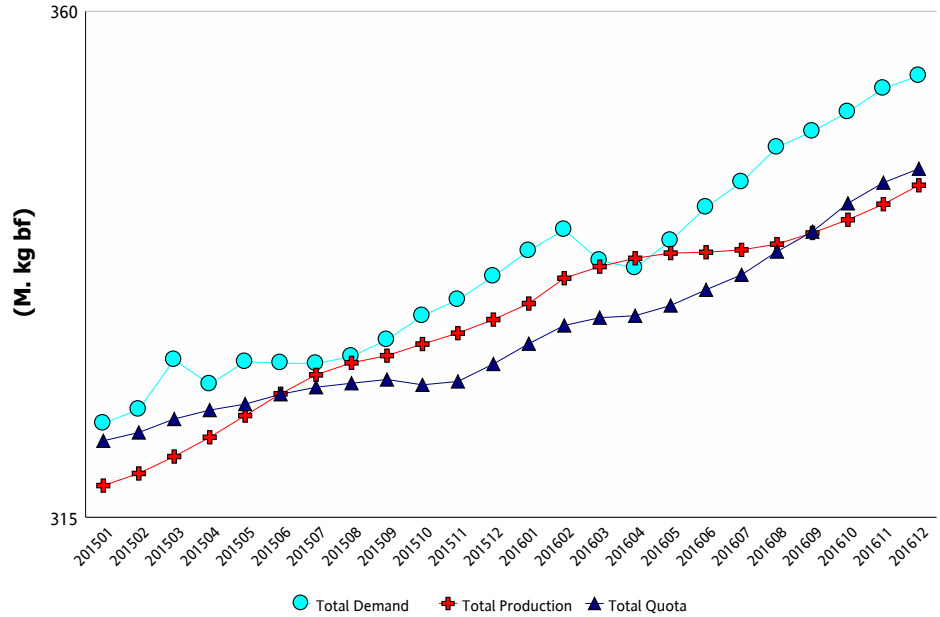
CDC MARKET BULLETIN



Market Comment

Total Requirements for the 12-month period ending December 2016 were 354.27 million kg BF. This figure represents a 0.32% increase compared to the same period ending November 2016, and a 5.3% increase over December 2015. Total butterfat usage across all classes has increased by 3.6% on a 12-month basis (equivalent to 12.1 M kg BF), and by 5.9% in the month of December 2016 versus December 2015. Class 1(a) saw an increase in BF utilization of 8.2% over November 2016, a difference of 330k kg BF. BF usage in Class 1 (b) also increased over November, up 16.9% for a total of 5M kg. Butterfat used in Class 4(a) for December 2016 increased by 21.5%, or 1.09M kg, over November 2016; BF utilization was 13.9% higher over the last 12 months versus the same 12-month rolling period 2014-2015. Class 3(d) BF usage increased by 21.1% over the last 12 months in comparison with the previous 12-month rolling period (Jan-Dec 2015).

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2015/1 to 2015/12	2016/1 to 2016/12	% Change	2015/1 to 2015/12	2016/1 to 2016/12	% Change	2015/1 to 2015/12	2016/1 to 2016/12	% Change
NL	1,954,810	1,976,306	1.10%	1,479,444	1,492,558	0.89%	475,366	483,748	1.76%
P5	250,638,173	259,861,964	3.68%	78,019,664	76,554,846	-1.88%	172,618,509	183,307,118	6.19%
WMP	79,994,250	82,694,898	3.38%	35,979,505	36,028,080	0.14%	44,014,745	46,666,818	6.03%
Canada	332,587,233	344,533,168	3.59%	115,478,613	114,075,484	-1.22%	217,108,620	230,457,684	6.15%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2015/1 to 2015/12	2016/1 to 2016/12	% Change	2015/1 to 2015/12	2016/1 to 2016/12	% Change
1(a)	46,765	46,627	-0.30%	233,546	230,767	-1.19%
1(b)	49,333	52,167	5.75%	21,234	22,109	4.12%
2	27,216	27,683	1.72%	49,215	47,237	-4.02%
3	117,446	117,321	-0.11%	242,079	224,946	-7.08%
4(a)	55,970	63,771	13.94%	13,300	14,336	7.78%
4(b)	1,841	1,921	4.38%	4,840	4,860	0.41%
4(m) 4(a1)	925	796	-13.92%	96,950	116,516	20.18%
5(a,b,c)	29,933	24,244	-19.01%	45,438	42,707	-6.01%
5(d)	1,129	1,041	-7.79%	28,489	42,302	48.49%
Other	1,177	8,258	601.45%	5,939	24,125	306.20%
Total	331,735	343,830	3.65%	741,031	769,905	3.90%

Continuous Quota

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

December 31, 2016

Province	kg of bf	% *
NL	-359,713	-13.63%
PE	-45,646	-1.03%
NS	-37,438	-0.50%
NB	-86,977	-1.48%
QC	-1,554,262	-1.21%
ON	2,620,017	2.35%
MB	-1,515,635	-10.40%
SK	-374,493	-3.59%
AB	-986,354	-3.29%
BC	-712,012	-2.36%

* 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:	Previous 12 Month	12 Month	Change
January 7, 2017			
December 10, 2016			
Butter	57 096	59 608	+ 4.4%
Total Cheese	202 974	213 123	+ 5.0%
Cheddar	88 571	92 822	+ 4.8%
Fine Cheese*	51 764	54 093	+ 4.5%
Everyday Cheese*	59 501	62 893	+ 5.7%
Processed	58 907	57 847	- 1.8%
Ice cream	173 939	179 505	+ 3.2%
Yogurt	326 479	335 620	+ 2.8%
Cream	94 238	98 007	+ 4.0%

Source: The Nielsen Company, MarketTrack and Homescan panelists.

*Note: Everyday Cheese = 3(c), Fine Cheese = 3(a)

Butter Inventory ('000 kg)

	Dec 30, 2015	Dec 30, 2016
PLAN A BUTTER	129	0
PLAN B BUTTER	641	0
IMPORTED BUTTER	1,225	1,455
TOTAL CDC BUTTER STOCKS	1,995	1,455
PRIVATE BUTTER STOCKS	8,994	14,264
TOTAL CDC AND PRIVATE BUTTER STOCKS	10,989	15,719

Other Private Stocks ('000 kg)

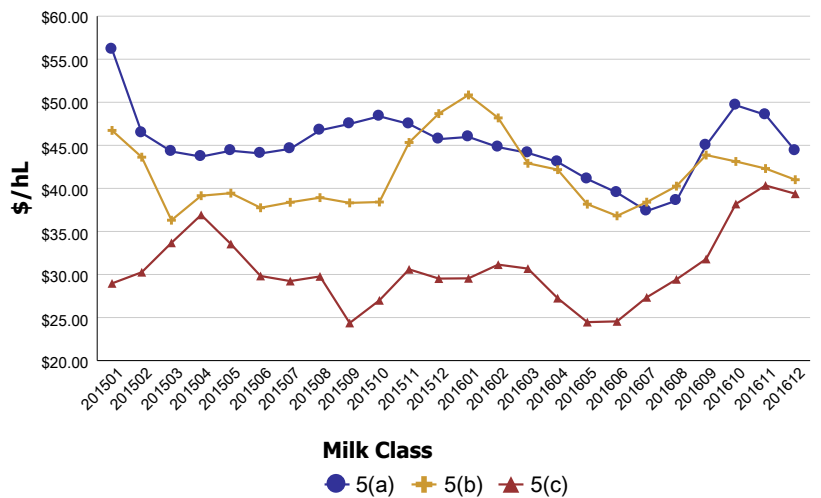
	Dec 31, 2015	Dec 31, 2016
CHEDDAR	49,782	49,857
PROCESSED CHEESE	13,589	12,046
SPECIALTY CHEESE	27,749	28,058

Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2015/1 to 2015/12	2016/1 to 2016/12	
1	\$96.03	\$97.88	1.93%
2 to 4(d)	\$77.37	\$76.02	-1.75%
4(m) 4(a1)*	\$8.89	\$10.37	16.63%
5(a) to (c)	\$40.38	\$39.48	-2.23%
5(d)	\$27.18	\$21.76	-19.96%
Other		\$82.40	
All Classes	\$74.93	\$74.19	-0.98%

* Price based on SNF components only

Class 5 Component Prices in \$/hL



Comments on Stocks

Total milk production (BF) for the 12-month period ending December 2016 was 3.6% higher than the same period last year.

Total requirements are maintaining a steady rate.

As of December 31, 2016, the CDC had 0 Plan A and B stocks, and 1,455 tonnes of imported butter. In December, the CDC brought in 1461 tonnes of butter through supplementary import permits and 465 tonnes through the tariff rate quota, as well as 638 tonnes of butterfat-equivalent cream under special cream permits. In total, 17,585 tonnes of butter and cream have been imported over the past 12 months rolling. Private butter stocks currently stand at 14,264 tonnes. Butter stocks are 4,730 tonnes higher than the same period in 2015; the CDC continues working to build stocks and import butter and cream to meet growing BF demand.