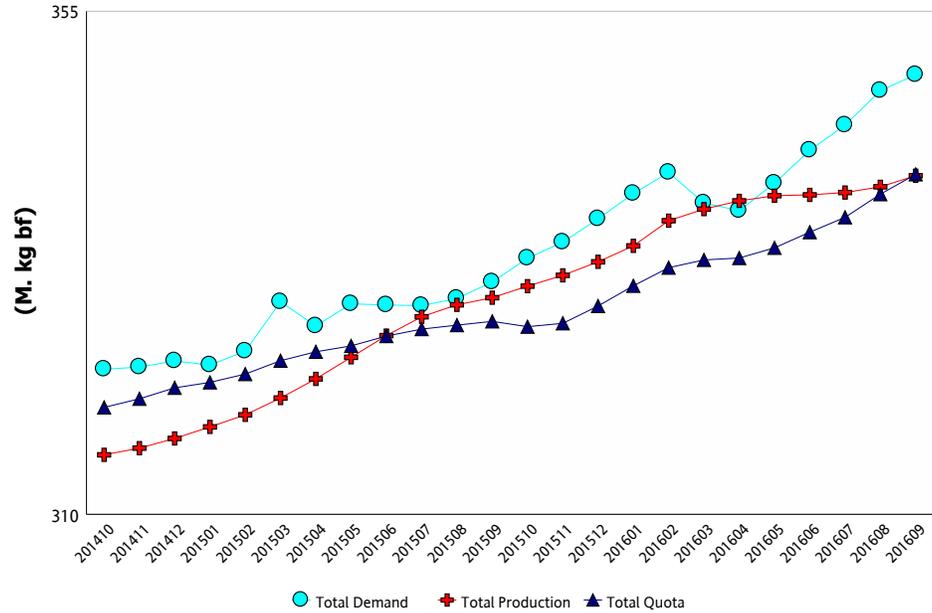


CDC MARKET BULLETIN

Market Comment

Total Requirements for the 12-month period ending September 2016 were 349.32 million kg BF. This figure represents a 0.41% increase compared to the same period ending August 2016, and a 5.6% increase over September 2015. Over the last few months, retail sales for cheese have increased significantly. Butterfat used in Class 3(c) cheeses for the month of September 2016 increased by 20.2% (equivalent to 545,000 kg BF) over the month of August 2016, partially offsetting decreases in previous months. Fluid cream usage in Class 1(b) increased in September 2016 by 12.7% over the same month a year ago, and is up 6.2% over the previous 12 months rolling. Comparing September 2016 to September 2015, total butterfat usage across all classes has increased by 3.3% on a 12-month basis (equivalent to 10.98 M kg BF), and by 3.8% in the single month of September versus the same month a year ago. Class 3(d) has once again seen an increase over the last 12 months in comparison with the previous twelve months, with 25.1% more BF being utilized, or 10.9 M Kg BF total. Butterfat utilization in Class 4(a) increased by 8.4% from August to September of this year, and is 13.8% higher than the same 12-month rolling 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)		
	2014/10 to 2015/9	2015/10 to 2016/9	% Change	2014/10 to 2015/9	2015/10 to 2016/9	% Change	2014/10 to 2015/9	2015/10 to 2016/9	% Change
NL	1,927,150	1,974,054	2.43%	1,466,809	1,488,775	1.50%	460,341	485,279	5.42%
P5	248,384,204	256,097,894	3.11%	78,337,352	76,855,864	-1.89%	170,046,852	179,242,030	5.41%
WMP	79,065,632	82,217,503	3.99%	35,931,501	36,013,263	0.23%	43,134,131	46,204,240	7.12%
Canada	329,376,986	340,289,451	3.31%	115,735,662	114,357,902	-1.19%	213,641,324	225,931,549	5.75%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2014/10 to 2015/9	2015/10 to 2016/9	% Change	2014/10 to 2015/9	2015/10 to 2016/9	% Change
1(a)	46,455	46,827	0.80%	234,113	231,789	-0.99%
1(b)	48,670	51,706	6.24%	20,989	21,980	4.72%
2	26,205	27,570	5.21%	48,384	48,409	0.05%
3	116,537	120,979	3.81%	242,939	236,697	-2.57%
4(a)	55,589	63,234	13.75%	10,056	16,554	64.61%
4(b)	1,851	1,856	0.26%	4,948	4,688	-5.27%
4(m) 4(a1)	895	869	-2.94%	94,305	113,161	19.99%
5(a,b,c)	30,228	23,978	-20.68%	45,497	42,959	-5.58%
5(d)	1,105	988	-10.55%	26,368	34,490	30.80%
Other	1,005	1,533	52.54%	5,450	11,047	102.69%
Total	328,540	339,540	3.35%	733,050	761,773	3.92%

Continuous Quota

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

September 30, 2016

Province	kg of bf	% *
NL	-214,319	-8.19%
PE	-81,269	-1.86%
NS	-74,216	-1.00%
NB	-81,365	-1.40%
QC	-1,149,241	-0.91%
ON	1,916,443	1.74%
MB	-1,089,681	-7.66%
SK	-225,961	-2.22%
AB	-392,262	-1.34%
BC	-306,982	-1.04%

* 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:	September 17, 2016		
	Previous 12 Month	12 Month	Change
Butter	57,509	59,062	+ 2.7%
Total Cheese	201,140	210,594	+ 4.7%
Cheddar	87,783	91,909	+ 4.7%
Fine Cheese*	51,667	53,734	+ 4.0%
Everyday Cheese*	58,411	61,565	+ 5.4%
Processed	59,231	57,336	- 3.2%
Ice cream	174,749	179,642	+ 2.8%
Yogurt	323,050	334,034	+ 3.4%
Cream	93,056	97,243	+ 4.5%

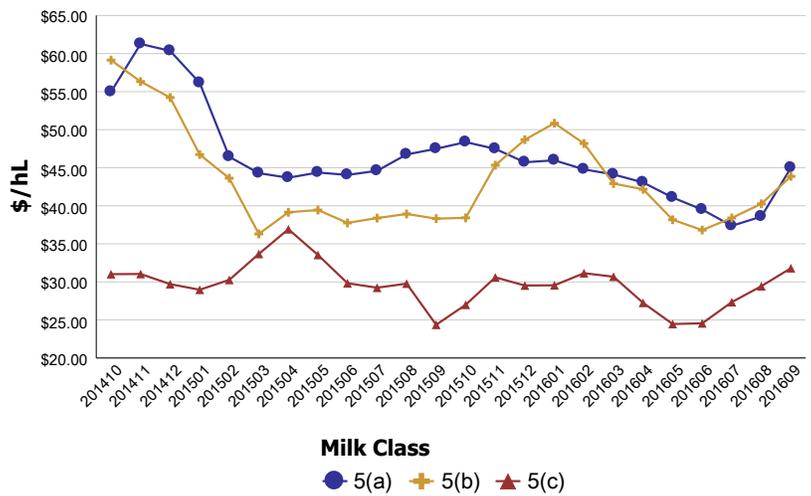
Source: The Nielsen Company, MarketTrack and Homescan panelists.
*Note: Everyday Cheese = 3(c), Fine Cheese = 3(a)

Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2014/10 to 2015/9	2015/10 to 2016/9	
1	\$96.18	\$97.29	1.15%
2 to 4(d)	\$77.80	\$75.91	-2.43%
4(m) 4(a1)*	\$9.43	\$8.70	-7.68%
5(a) to (c)	\$42.72	\$39.09	-8.49%
5(d)	\$27.25	\$21.59	-20.79%
All Classes	\$75.63	\$73.90	-2.29%

* Price based on SNF components only

Class 5 Component Prices in \$/hL



Butter Inventory ('000 kg)

	Sep 29, 2015	Sep 29, 2016
PLAN A BUTTER	253	0
PLAN B BUTTER	3,901	3,396
IMPORTED BUTTER	172	600
TOTAL CDC BUTTER STOCKS	4,327	3,995
PRIVATE BUTTER STOCKS	10,968	11,430
TOTAL CDC AND PRIVATE BUTTER STOCKS	15,295	15,425

Other Private Stocks ('000 kg)

	Sep 30, 2015	Sep 30, 2016
CHEDDAR	51,767	51,734
PROCESSED CHEESE	13,867	15,957
SPECIALTY CHEESE	29,508	28,946

Comments on Stocks

Total milk production for the 12-month period ending September 2016 was 3.5% higher than the same period last year. Production is expected to continue to increase during the fall months.

As of September 30, 2016, the CDC had 3,396 tonnes of butter in Plan B and 0 tonnes in Plan A. Stocks also include 600 tonnes of imported butter; the CDC brought in 364 tonnes through supplementary import permits and 1,215 tonnes through the tariff rate quota. In total, 18,200 tonnes of butter have been imported over the past 12 months. Private butter stocks currently stand at 11,430 tonnes. Butter stocks are 130 tonnes higher than the same period in 2015; emphasis is currently being placed on rebuilding stocks. The CDC continues to purchase butter through supplementary permits to meet further processor requirements. In addition, cream is being imported to mitigate temporary milk supply shortages.