

CDC MARKET BULLETIN

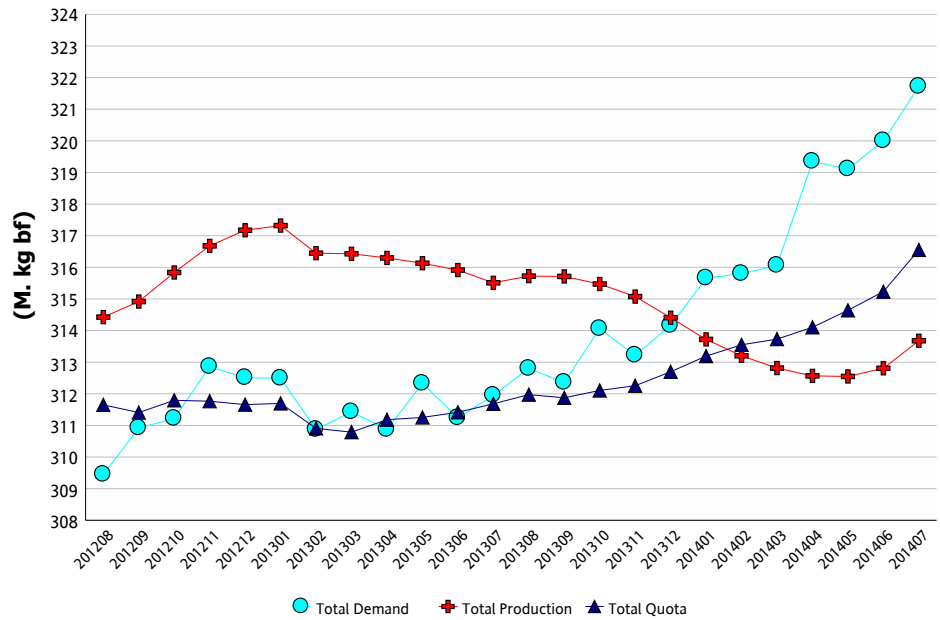
Market Comment

Canadian requirements for the twelve month period ending in July 2014 were 200.84 million kg of butterfat, which represents a 0.77% increase in relation to the base of June 2014.

Many factors have contributed to the increase in Canadian requirements this month. The CDC estimates that the butter consumption increased by approximately 600,000 kg of BF in July compared to the same month last year. An increase in BF utilization was also observed in the cheese market and in further processing, amounting to approximately 300,000 kg and 80,000 kg of BF, respectively. There was an important decline in skim-off that increased the need for industrial milk by close to 400,000 kg of BF. Butterfat utilization declined, however, in the yogurt and ice cream markets.

Total milk deliveries increased by 3.4% in July compared to the same month last year. More specifically, fluid milk deliveries increased by 0.6% while deliveries of industrial milk increased by 5.0%. The lack of a significant heat wave in the eastern part of the country this summer sped up the increase in milk production.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2012/8 to 2013/7	2013/8 to 2014/7	% Change	2012/8 to 2013/7	2013/8 to 2014/7	% Change	2012/8 to 2013/7	2013/8 to 2014/7	% Change
NL	1,789,336	1,944,737	8.68%	1,406,412	1,558,390	10.81%	382,924	386,347	0.89%
P5	240,351,514	237,741,801	-1.09%	79,542,957	79,312,531	-0.29%	160,808,557	158,429,270	-1.48%
WMP	73,369,707	73,991,745	0.85%	35,708,589	35,644,361	-0.18%	37,661,118	38,347,384	1.82%
Canada	315,510,557	313,678,283	-0.58%	116,657,958	116,515,282	-0.12%	198,852,599	197,163,001	-0.85%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2012/8 to 2013/7	2013/8 to 2014/7	% Change	2012/8 to 2013/7	2013/8 to 2014/7	% Change
1(a)	46,594	46,360	-0.50%	240,952	238,029	-1.21%
1(b)	46,057	46,992	2.03%	19,969	20,073	0.52%
2	25,227	23,729	-5.94%	47,339	46,498	-1.78%
3	110,526	107,450	-2.78%	236,080	234,151	-0.82%
4(a)	50,406	51,131	1.44%	9,942	14,123	42.06%
4(b)	1,919	1,712	-10.77%	6,869	5,586	-18.68%
4(m) 4(a1)	741	548	-26.04%	69,265	55,596	-19.73%
5(a,b,c)	27,472	31,478	14.58%	43,146	44,771	3.77%
5(d)	3,925	2,518	-35.84%	35,079	40,370	15.08%
Other	1,771	880	-50.35%	4,416	2,306	-47.77%
Total	314,638	312,797	-0.58%	713,056	701,503	-1.62%

Continuous Quota

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

July 31, 2014

Province	kg of bf	% *
NL	-112,760	-5.62%
PE	-60,068	-1.46%
NS	-85,034	-1.22%
NB	-75,307	-1.38%
QC	-134,770	-0.11%
ON	-291,408	-0.28%
MB	-242,936	-1.89%
SK	-66,387	-0.72%
AB	-346,313	-1.31%
BC	-235,875	-0.89%

* 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:	August 23, 2014		
	Previous 12 Month	12 Month	Change
Butter	53,868	56,109	+ 4.2%
Total Cheese	255,774	257,340	+ 0.6%
Cheddar	83,487	85,899	+ 2.9%
Fine Cheese*	50,766	50,579	- 0.4%
Everyday Cheese*	55,976	56,888	+ 1.6%
Processed	63,089	61,296	- 2.8%
Ice cream	181,001	178,632	- 1.3%
Yogurt	314,525	314,235	- 0.1%

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

Butter Inventory ('000 kg)

	Jul 31, 2013	Jul 31, 2014
PLAN A BUTTER	2,870	1,273
PLAN B BUTTER	13,207	8,159
IMPORTED BUTTER	944	1,104
BUTTER FOR EXPORT	284	0
TOTAL CDC BUTTER STOCKS	17,305	10,535
PRIVATE BUTTER STOCKS	9,314	6,880
TOTAL CDC AND PRIVATE BUTTER STOCKS	26,619	17,416

Other Private Stocks ('000 kg)

	Jul 31, 2013	Jul 31, 2014
CHEDDAR	45,390	46,901
PROCESSED CHEESE	13,534	13,465
SPECIALTY CHEESE	24,960	25,144

Comments on Stocks

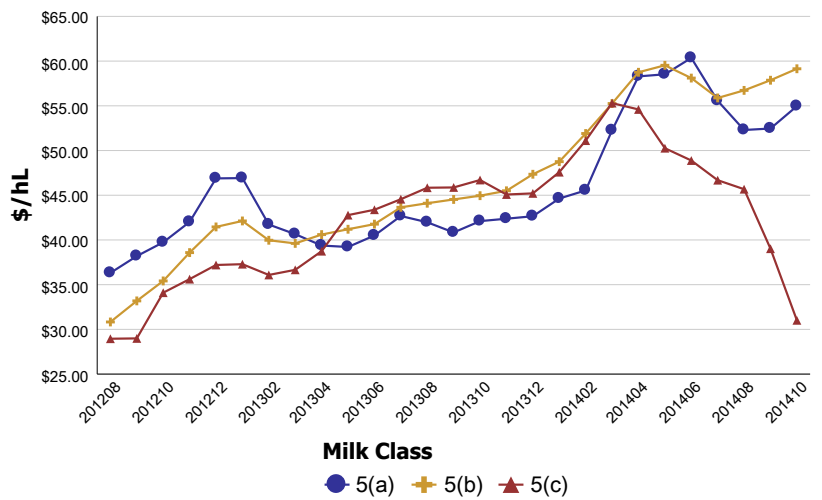
Plan A stocks were considerably lower than in July of 2013 due to tightness in milk supply which occurred in early 2014 and which affected butter production in various regions of the country. Plan B stocks were also considerably lower due in part to stronger demand. Imported butter stocks in July 2014 were similar to July in the previous year, therefore able to respond to the increase in demand. There being no surplus butter in the domestic market, no export activities were deemed necessary.

Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2012/8 to 2013/7	2013/8 to 2014/7	
1	\$94.44	\$95.64	1.27%
2 to 4(d)	\$78.48	\$78.69	0.27%
4(m) 4(a1)*	\$12.83	\$20.13	56.88%
5(a) to (c)	\$39.08	\$48.99	25.36%
5(d)	\$29.62	\$41.25	39.27%
All Classes	\$76.45	\$79.11	3.48%

* Price based on SNF components only

Class 5 Component Prices in \$/hL



SNF Surplus

(12 Month Rolling)

