

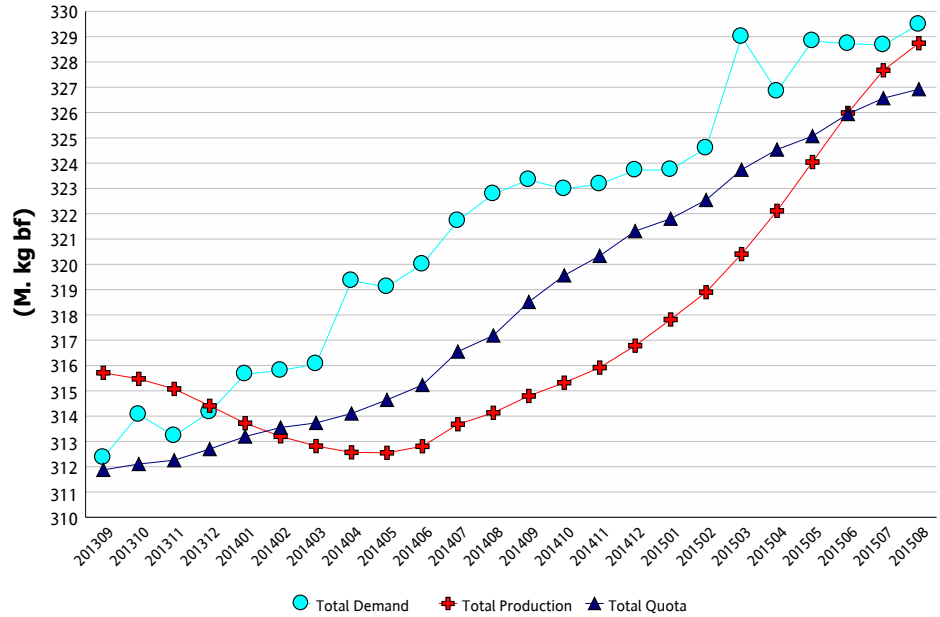
CDC MARKET BULLETIN

Market Comment

Total Demand for the twelve-month period ending August 31, 2015 was 329.31 M. kg BF, representing an increase of 0.2% compared to July 2015.

Class 1(a) BF utilization increased by 0.4% over the 12-month period ending August 2015 compared to the previous year, which follows the recent consumption trend towards higher fat products. Note that fluid milk sales continue their decline of about 1% per year. Cream in Class 1(b) was strong again with a 3.2% increase in BF utilization. Once again, the month's biggest increase comes from yogurt in Class 2(a), with an increase of 1.1 M. kg BF (15%) over the past year. Class 2(b) also experienced BF growth of 1.2 M. kg BF, or 7.6% of BF utilization. BF usage for cheese in all categories (including further processing, Class 5(a)) increased for the period by an average of 9.4%. The butter market, including imports, stocks (both CDC and processor), and BF utilization in Class 4(a)), is similar to the market in August 2014 partly due to the increase in imports at the start of this dairy year.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2013/9 to 2014/8	2014/9 to 2015/8	% Change	2013/9 to 2014/8	2014/9 to 2015/8	% Change	2013/9 to 2014/8	2014/9 to 2015/8	% Change
NL	1,883,644	1,969,656	4.57%	1,507,496	1,514,813	0.49%	376,148	454,843	20.92%
P5	238,030,771	248,039,015	4.20%	79,140,238	78,490,229	-0.82%	158,890,533	169,548,786	6.71%
WMP	74,217,694	78,732,554	6.08%	35,557,830	35,895,792	0.95%	38,659,864	42,836,762	10.80%
Canada	314,132,109	328,741,225	4.65%	116,205,564	115,900,834	-0.26%	197,926,545	212,840,391	7.54%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2013/9 to 2014/8	2014/9 to 2015/8	% Change	2013/9 to 2014/8	2014/9 to 2015/8	% Change
1(a)	46,344	46,524	0.39%	237,304	234,340	-1.25%
1(b)	46,929	48,416	3.17%	20,054	20,938	4.41%
2	23,666	25,993	9.83%	46,425	48,301	4.04%
3	107,768	115,305	6.99%	234,930	241,376	2.74%
4(a)	50,876	56,594	11.24%	13,045	9,383	-28.07%
4(b)	1,702	1,881	10.50%	5,368	5,039	-6.13%
4(m) 4(a1)	545	891	63.59%	58,591	94,559	61.39%
5(a,b,c)	31,406	30,426	-3.12%	44,950	45,499	1.22%
5(d)	2,597	1,163	-55.22%	38,340	26,953	-29.70%
Other	1,395	713	-48.90%	3,302	4,954	50.03%
Total	313,227	327,905	4.69%	702,309	731,343	4.13%

Continuous Quota

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

August 31, 2015

Province	kg of bf	% *
NL	-44,585	-2.18%
PE	-132,022	-3.13%
NS	-41,372	-0.58%
NB	-91,748	-1.64%
QC	-169,760	-0.14%
ON	1,434,135	1.35%
MB	-84,356	-0.63%
SK	-60,062	-0.62%
AB	-137,773	-0.50%
BC	-78,378	-0.28%

* 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:	August 22, 2015		
	Previous 12 Month	12 Month	Change
Butter	56,125	57,752	+ 2.9%
Total Cheese	257,992	258,429	+ 0.2%
Cheddar	86,385	87,309	+ 1.1%
Fine Cheese*	50,633	51,296	+ 1.3%
Everyday Cheese*	56,981	58,344	+ 2.4%
Processed	61,297	58,500	- 4.6%
Ice cream	178,082	177,399	- 0.4%
Yogurt	314,579	321,243	+ 2.1%

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

Butter Inventory ('000 kg)

	Aug 31, 2014	Aug 31, 2015
PLAN A BUTTER	877	662
PLAN B BUTTER	7,581	5,869
IMPORTED BUTTER	638	528
TOTAL CDC BUTTER STOCKS	9,097	7,060
PRIVATE BUTTER STOCKS	7,148	11,632
TOTAL CDC AND PRIVATE BUTTER STOCKS	16,245	18,693

Other Private Stocks ('000 kg)

	Aug 31, 2014	Aug 31, 2015
CHEDDAR	47,678	52,888
PROCESSED CHEESE	12,847	14,544
SPECIALTY CHEESE	26,141	28,904

Comments on Stocks

Total milk production for the twelve-months ending August 2015 was 4.7% higher than that of August 2014. Production is expected to remain high as producers catch up to the growth in demand seen over the past year.

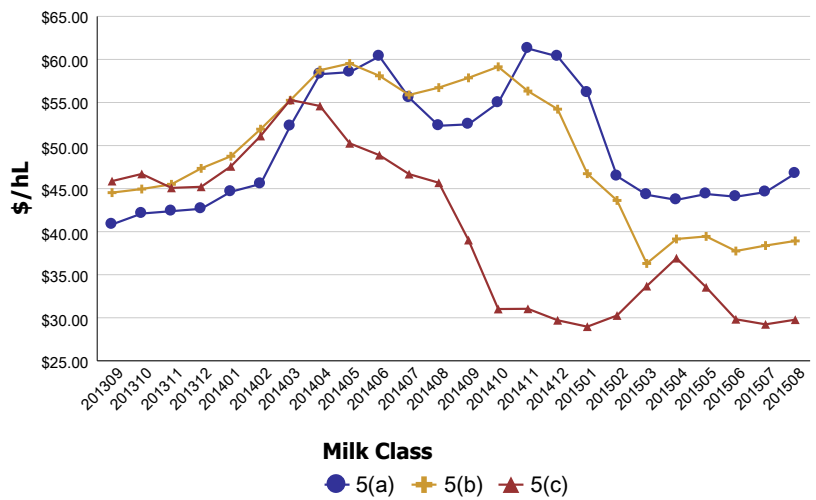
As of August 2015, CDC's Plan A butter stocks were 662 t while Plan B butter stocks were 5,869 t. While there was a significant amount of import butter purchased in August, much of it has already been sold to processors and further processors. The pressure on the butter market seen by processors and further processors can be partially attributed to the continuing strong demand for butterfat. Imported butter inventories were 528 t at the end of August 2015.

Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2013/9 to 2014/8	2014/9 to 2015/8	
1	\$95.79	\$96.21	0.44%
2 to 4(d)	\$78.78	\$77.97	-1.03%
4(m) 4(a1)*	\$19.72	\$9.68	-50.91%
5(a) to (c)	\$49.68	\$43.88	-11.67%
5(d)	\$41.60	\$27.64	-33.57%
All Classes	\$79.17	\$75.79	-4.27%

* Price based on SNF components only

Class 5 Component Prices in \$/hL



SNF Surplus

(12 Month Rolling)

