

CDC MARKET BULLETIN

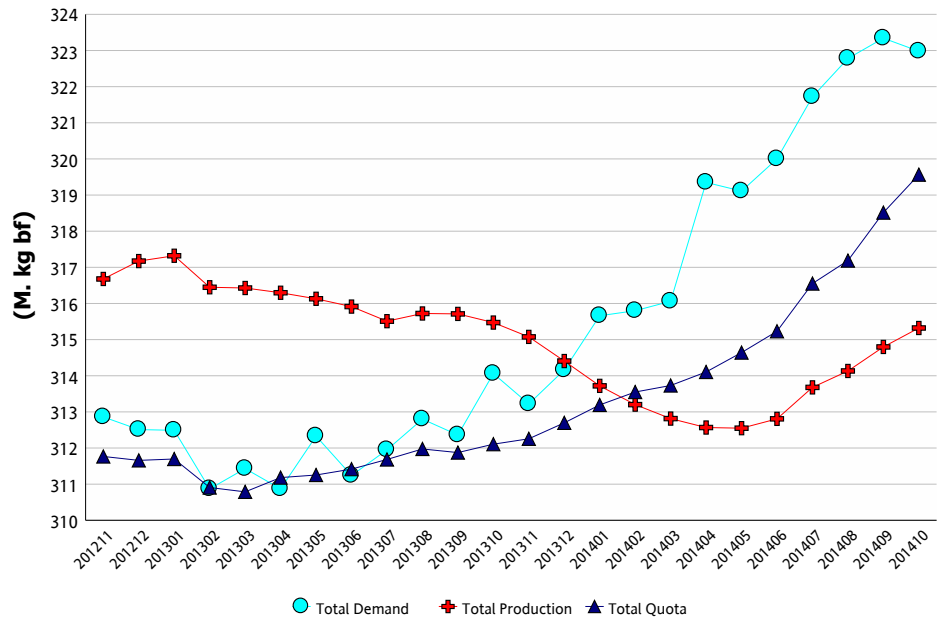
Market Comment

Canadian requirements for the twelve month period ending in October 2014 were 201.51 million kg of butterfat, which represents a 0.2% decrease compared to September 2014 and remains the same compared to the base of August 2014.

In October 2014, butter consumption decreased by about 1.3 million kg of BF compared to October 2013. This decrease was to be expected since the butter market was very strong in October 2013. For the same reason, the use of butterfat in further processing also decreased by 0.3 million kg. Other markets grew in October. Butterfat utilization in the cheese market increased by 0.8 million kg. The yogurt (2(a)) and ice cream (2(b)) markets each increased by 0.1 million kg of butterfat. Skim-off from the fluid milk market has also decreased which has increased demand for industrial milk.

Total milk deliveries increased by 2.0% in October compared to the same month last year. More specifically, fluid milk deliveries fell by 0.4 % while deliveries of industrial milk increased by 3.5 %.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2012/11 to 2013/10	2013/11 to 2014/10	% Change	2012/11 to 2013/10	2013/11 to 2014/10	% Change	2012/11 to 2013/10	2013/11 to 2014/10	% Change
NL	1,837,962	1,927,449	4.87%	1,459,880	1,542,226	5.64%	378,082	385,223	1.89%
P5	240,484,339	238,584,571	-0.79%	79,257,041	79,276,700	0.02%	161,227,298	159,307,871	-1.19%
WMP	73,149,688	74,809,406	2.27%	35,696,844	35,616,792	-0.22%	37,452,844	39,192,614	4.65%
Canada	315,471,989	315,321,426	-0.05%	116,413,765	116,435,718	0.02%	199,058,224	198,885,708	-0.09%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2012/11 to 2013/10	2013/11 to 2014/10	% Change	2012/11 to 2013/10	2013/11 to 2014/10	% Change
1(a)	46,469	46,486	0.04%	239,844	237,435	-1.00%
1(b)	45,994	47,238	2.71%	19,920	20,223	1.52%
2	24,822	24,145	-2.73%	47,243	46,646	-1.26%
3	110,294	108,189	-1.91%	233,977	235,623	0.70%
4(a)	50,540	51,918	2.73%	12,827	14,190	10.63%
4(b)	1,911	1,656	-13.34%	6,863	4,993	-27.25%
4(m) 4(a1)	775	572	-26.22%	67,589	63,745	-5.69%
5(a,b,c)	28,132	31,015	10.25%	42,592	45,068	5.81%
5(d)	3,812	2,511	-34.12%	35,488	34,245	-3.50%
Other	1,915	688	-64.10%	4,079	2,396	-41.28%
Total	314,666	314,419	-0.08%	710,421	704,563	-0.82%

Continuous Quota

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

October 31, 2014

Province	kg of bf	% *
NL	-59,034	-2.96%
PE	-125,176	-3.02%
NS	-143,960	-2.05%
NB	-132,438	-2.41%
QC	-992,879	-0.82%
ON	-442,688	-0.43%
MB	-195,291	-1.50%
SK	-139,923	-1.50%
AB	-401,535	-1.50%
BC	-403,939	-1.50%

* 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: November 15, 2014

	Previous 12 Month	12 Month	Change
Butter	55,069	56,121	+ 1.9%
Total Cheese	256,743	256,866	+ 0.0%
Cheddar	84,307	86,014	+ 2.0%
Fine Cheese*	50,549	50,919	+ 0.7%
Everyday Cheese*	56,367	56,916	+ 1.0%
Processed	63,009	60,274	- 4.3%
Ice cream	182,377	178,434	- 2.2%
Yogurt	309,849	309,394	- 0.1%

Source: The Nielsen Company, MarketTrack and Homescan panelists.

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

Butter Inventory ('000 kg)

	Oct 31, 2013	Oct 31, 2014
PLAN A BUTTER	2,924	295
PLAN B BUTTER	8,769	3,176
IMPORTED BUTTER	853	1,044
BUTTER FOR EXPORT	0	
TOTAL CDC BUTTER STOCKS	12,546	4,515
PRIVATE BUTTER STOCKS	8,106	8,292
TOTAL CDC AND PRIVATE BUTTER STOCKS	20,652	12,807

Other Private Stocks ('000 kg)

	Oct 31, 2013	Oct 31, 2014
CHEDDAR	44,171	45,595
PROCESSED CHEESE	10,496	12,098
SPECIALTY CHEESE	23,852	24,826

Comments on Stocks

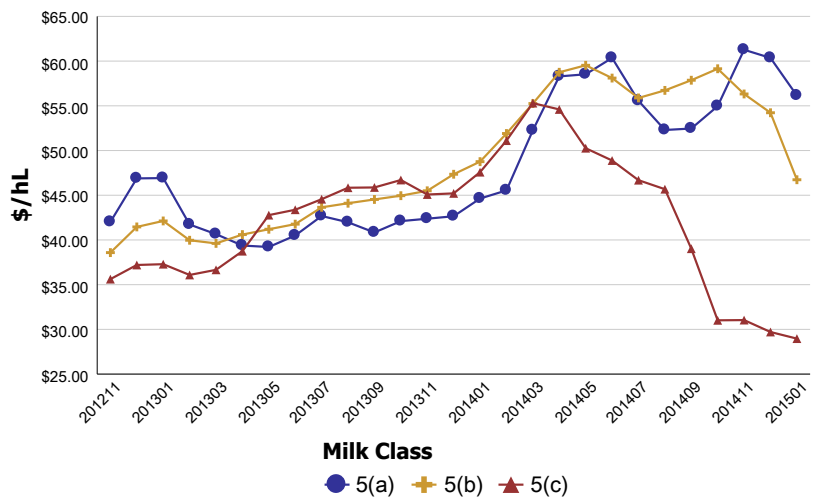
Demand for Plan A and Plan B butter remained strong throughout the fall period. The Plan B Program remains closed to encourage the re-building of Plan A stocks. 1,900 t of imported butter was purchased in the fall which will be delivered into CDC warehouses by mid-December, 2014. Another 1,374 t remains to be imported in the 2014-2015 dairy year. No surplus butter production is expected to be purchased by CDC for the remainder of the 2014-15 dairy year.

Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2012/11 to 2013/10	2013/11 to 2014/10	
1	\$94.66	\$96.07	1.49%
2 to 4(d)	\$78.51	\$78.85	0.44%
4(m) 4(a1)*	\$14.32	\$17.76	24.03%
5(a) to (c)	\$41.60	\$51.02	22.65%
5(d)	\$31.70	\$41.92	32.25%
All Classes	\$76.97	\$79.22	2.93%

* Price based on SNF components only

Class 5 Component Prices in \$/hL



SNF Surplus

(12 Month Rolling)

