

# CDC MARKET BULLETIN

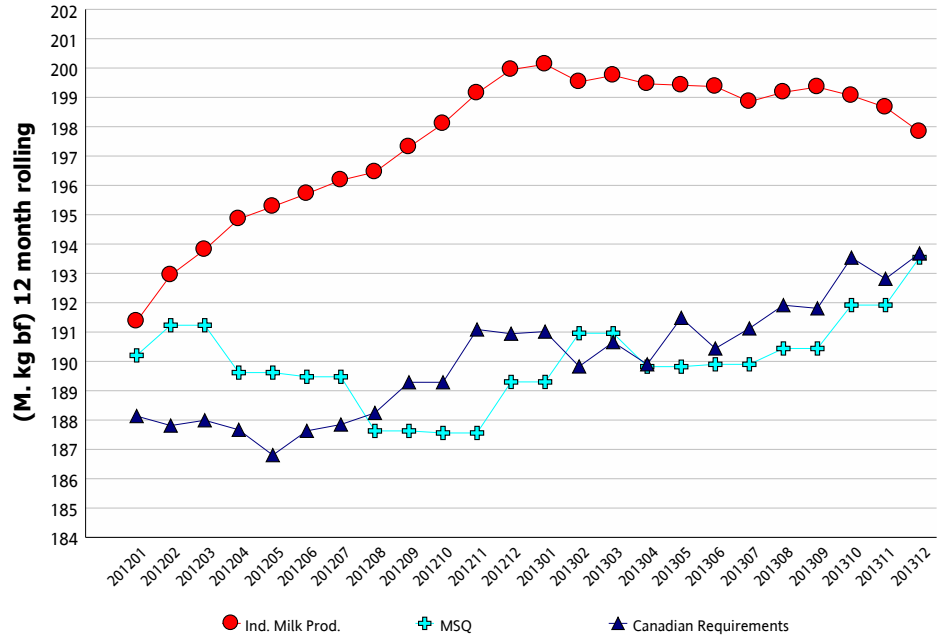
## Market Comment

Canadian requirements for the 12-month period ended in December 2013 were 193.67 millions kg of butterfat, which represents an increase of 0.45% over November requirements and a small increase of 0.07% in comparison to the base of October 2013.

Several factors contributed to the increase of Canadian requirement in December. The CDC estimates that butter consumption increased by 1.3 million kg of butterfat in comparison to the same month of the previous year. Butterfat utilization in further processing increased markedly, especially in the confectionery market where it has more than doubled. Skim-off from the fluid milk market decreased by 0.1 million kg of butterfat, which increased the requirement for industrial milk by as much. Conversely, butterfat utilization in Class 3 (cheese) decreased for a third consecutive month.

Total milk deliveries decreased by 2.4% in December in comparison to the same month of the previous year. Specifically, fluid milk deliveries increased by 1.6% and industrial milk deliveries fell by 4.8%.

## Industrial Milk Demand, Market Sharing Quota (MSQ) and Production



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2012/1 to 2012/12	2013/1 to 2013/12	% Change	2012/1 to 2012/12	2013/1 to 2013/12	% Change	2012/1 to 2012/12	2013/1 to 2013/12	% Change
NL	1,863,241	1,883,207	1.07%	1,453,612	1,497,756	3.04%	409,629	385,451	-5.90%
P5	240,298,813	239,481,114	-0.34%	79,697,919	79,360,302	-0.42%	160,600,894	160,120,812	-0.30%
WMP	75,011,184	73,042,665	-2.62%	36,076,847	35,720,950	-0.99%	38,934,337	37,321,715	-4.14%
<b>Canada</b>	<b>317,173,238</b>	<b>314,406,986</b>	<b>-0.87%</b>	<b>117,228,378</b>	<b>116,579,008</b>	<b>-0.55%</b>	<b>199,944,860</b>	<b>197,827,978</b>	<b>-1.06%</b>

## Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2012/1 to 2012/12	2013/1 to 2013/12	% Change	2012/1 to 2012/12	2013/1 to 2013/12	% Change
1(a)	46,614	46,396	-0.47%	243,404	239,510	-1.60%
1(b)	45,717	46,277	1.22%	19,923	20,036	0.57%
2	25,069	24,653	-1.66%	44,808	47,255	5.46%
3	107,323	109,541	2.07%	238,689	232,626	-2.54%
4(a)	57,469	49,797	-13.35%	11,159	10,226	-8.36%
4(b)	2,018	1,762	-12.69%	7,581	6,543	-13.69%
4(m) 4(a1)	757	781	3.15%	71,960	69,159	-3.89%
5(a,b,c)	26,852	29,356	9.32%	43,184	43,736	1.28%
5(d)	2,029	3,341	64.68%	36,871	33,463	-9.24%
Other	2,478	1,660	-33.01%	3,886	3,851	-0.91%
<b>Total</b>	<b>316,327</b>	<b>313,564</b>	<b>-0.87%</b>	<b>721,464</b>	<b>706,406</b>	<b>-2.09%</b>

## Continuous Quota

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

December 31, 2013

Province	kg of bf	% *
NL	-78,919	-4.09%
PE	-5,548	-0.14%
NS	-27,417	-0.40%
NB	22,430	0.42%
QC	398,224	0.34%
ON	529,658	0.52%
MB	-166,009	-1.32%
SK	-76,291	-0.84%
AB	-252,009	-0.97%
BC	-296,212	-1.13%

\* 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: January 11, 2014

	Previous 12 Month	12 Month	Change
<b>Butter</b>	53,074	55,290	<b>+ 4.2%</b>
<b>Total Cheese</b>	253,321	258,966	<b>+ 2.2%</b>
Cheddar	81,772	85,146	+ 4.1%
Fine Cheese*	50,808	50,625	- 0.4%
Everyday Cheese*	54,889	56,461	+ 2.9%
Processed	63,391	63,537	+ 0.2%
<b>Ice cream</b>	184,642	182,919	<b>- 0.9%</b>
<b>Yogurt</b>	265,245	272,422	<b>+ 2.7%</b>

Source: The Nielsen Company, MarketTrack and Homescan panelists.

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

### Butter Inventory ('000 kg)

	Dec 31, 2012	Dec 31, 2013
<b>PLAN A BUTTER</b>	2,439	2,709
<b>PLAN B BUTTER</b>	3,055	4,230
<b>IMPORTED BUTTER</b>	630	603
<b>BUTTER FOR EXPORT</b>	1,088	48
<b>TOTAL CDC BUTTER STOCKS</b>	<b>7,213</b>	<b>7,591</b>
<b>PRIVATE BUTTER STOCKS</b>	10,842	8,074
<b>TOTAL CDC AND PRIVATE BUTTER STOCKS</b>	<b>18,054</b>	<b>15,664</b>

### Other Private Stocks ('000 kg)

	Dec 31, 2012	Dec 31, 2013
<b>CHEDDAR</b>	41,960	41,765
<b>PROCESSED CHEESE</b>	12,194	9,858
<b>SPECIALTY CHEESE</b>	22,610	23,067

### Comments on Stocks

In December 2013, CDC continued to purchase unsalted butter to respond to demand for this type of butter. Plan A sales were limited which explains the higher stock levels which at December's end, amounted to 2,709 tons.

Plan B stocks dropped by 2,694 tons from 6,924 to 4,230 t. Purchases in December reached 522 t compared to 451 t for the previous month.

Prices for butter on the world market remain high. The CDC has only purchased 783 t of the 3,274 that remain to be purchased/imported by July 31, 2014. Stocks of imported butter for December 2013 amounted to 603 t compared to 639 t for the previous month.

An amount of 48 t of unsalted export butter was purchased under Class 5(d) which can be exported if not required to supply the domestic market.

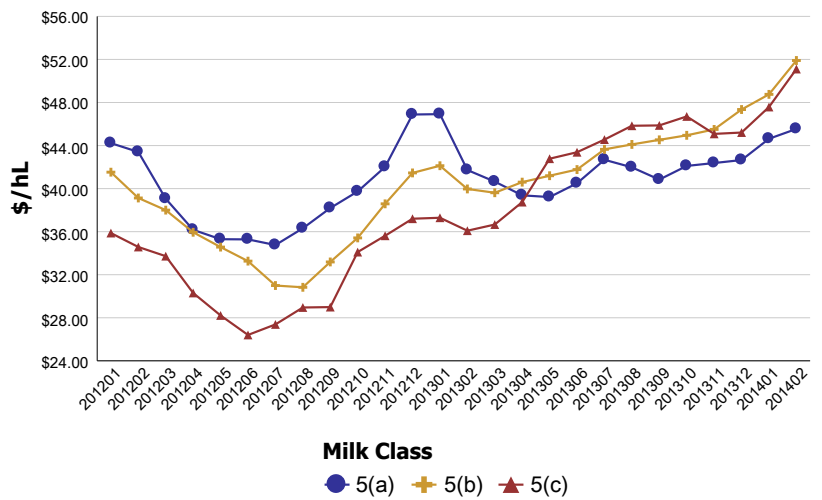
### Average Return from Milk Sales

(\$/hl std)

Milk Class	2012/1 to 2012/12	2013/1 to 2013/12	% Change
1	\$93.98	\$94.78	0.85%
2 to 4(d)	\$78.08	\$78.53	0.58%
4(m) 4(a1)*	\$11.69	\$14.81	26.70%
5(a) to (c)	\$35.87	\$42.15	17.50%
5(d)	\$28.46	\$33.97	19.39%
<b>All Classes</b>	<b>\$75.63</b>	<b>\$77.12</b>	<b>1.96%</b>

\* Price based on SNF components only

### Class 5 Component Prices in \$/hL



### Structural Surplus

(12 Month Rolling)

