

CDC MARKET BULLETIN



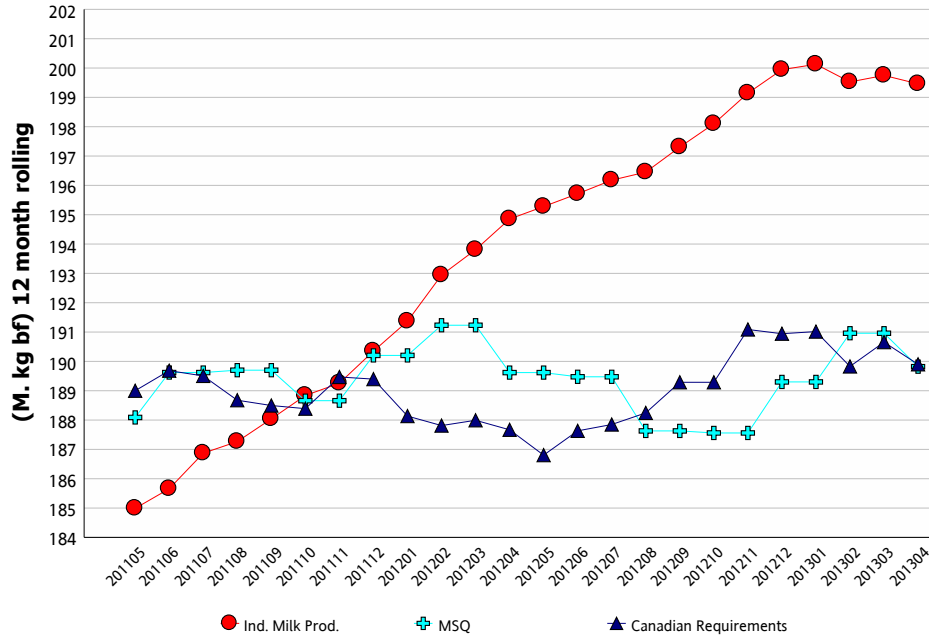
Market Comment

Canadian Requirements for the twelve-month period ending in April 2013 were 189.90 million kg BF, down 0.42% from March requirements. They are unchanged compared to the base of February 2013.

For the first time in this dairy year, skim-off from the fluid milk market increased in April compared to the same month last year. This increase contributed in part to the decline in Canadian requirements. The increase in butter retail sales was not reflected in the butterfat purchases in class 4(a), and this also contributed to the decline in Canadian requirements. Still, some markets performed well in April. In particular, there was an increase in butterfat utilization in cheese manufacturing and further processing.

In April 2013, total milk deliveries decreased by 0.5 % compared to the same month last year. Fluid milk deliveries grew by 1.6 % and deliveries of industrial milk decreased by 1.7 %.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2011/5 to 2012/4	2012/5 to 2013/4	% Change	2011/5 to 2012/4	2012/5 to 2013/4	% Change	2011/5 to 2012/4	2012/5 to 2013/4	% Change
NL	1,855,219	1,858,109	0.16%	1,509,357	1,451,807	-3.81%	345,862	406,302	17.48%
P5	236,997,274	240,325,120	1.40%	80,348,879	79,574,344	-0.96%	156,648,395	160,750,776	2.62%
WMP	74,295,150	74,114,082	-0.24%	36,436,173	35,809,936	-1.72%	37,858,977	38,304,146	1.18%
Canada	313,147,643	316,297,311	1.01%	118,294,409	116,836,087	-1.23%	194,853,234	199,461,224	2.36%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2011/5 to 2012/4	2012/5 to 2013/4	% Change	2011/5 to 2012/4	2012/5 to 2013/4	% Change
1(a)	46,922	46,745	-0.38%	246,018	241,799	-1.71%
1(b)	44,750	45,848	2.45%	19,445	20,010	2.91%
2	24,098	25,097	4.14%	41,695	46,326	11.10%
3	104,717	109,305	4.38%	236,231	238,145	0.81%
4(a)	59,951	53,487	-10.78%	18,038	7,343	-59.29%
4(b)	1,970	1,877	-4.73%	7,286	7,078	-2.86%
4(m) 4(a1)	689	829	20.36%	62,786	75,826	20.77%
5(a,b,c)	25,196	27,870	10.61%	42,538	43,127	1.38%
5(d)	637	3,252	410.65%	31,780	34,106	7.32%
Other	3,368	1,111	-67.00%	6,426	3,264	-49.20%
Total	312,297	315,421	1.00%	712,245	717,023	0.67%

Continuous Quota

Cumulative Over/Under Production (with limits) as of:
April 30, 2013

Province	kg of bf	% *
NL	-75,415	-3.98%
PE	20,252	0.50%
NS	34,350	0.50%
NB	26,814	0.50%
QC	592,032	0.50%
ON	507,155	0.50%
MB	94,706	0.76%
SK	-62,312	-0.70%
AB	194,724	0.76%
BC	138,717	0.53%

* 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:	May 4, 2013		
	Previous 12 Month	12 Month	Change
Butter	52,390	53,296	+ 1.7%
Total Cheese	249,460	256,187	+ 1.2%
Cheddar	79,779	80,680	+ 1.1%
Specialty	80,362	82,349	+ 2.5%
Processed	86,826	86,923	+ 0.1%
Ice cream	189,699	184,159	- 2.9%
Yogurt	256,236	268,932	+ 5.0%

Source: The Nielsen Company, MarketTrack and Homescan panelists.

Average Return from Milk Sales

(\$/hl std)

Milk Class	2011/5 to 2012/4	2012/5 to 2013/4	% Change
1	\$93.77	\$94.18	0.44%
2 to 4(d)	\$77.19	\$78.29	1.42%
4(m) 4(a1)*	\$12.38	\$11.41	-7.77%
5(a) to (c)	\$40.29	\$36.61	-9.13%
5(d)	\$31.69	\$28.07	-11.42%
All Classes	\$76.51	\$75.59	-1.19%

* Price based on SNF components only

Butter Inventory ('000 kg)

	Apr 30, 2012	Apr 30, 2013
PLAN A BUTTER	755	2,031
PLAN B BUTTER	13,616	14,358
IMPORTED BUTTER	176	38
BUTTER FOR EXPORT		1,110
TOTAL CDC BUTTER STOCKS	14,548	17,537
PRIVATE BUTTER STOCKS	8,038	10,471
TOTAL CDC AND PRIVATE BUTTER STOCKS	22,585	28,008

Other Private Stocks ('000 kg)

	Apr 30, 2012	Apr 30, 2013
CHEDDAR	45,681	46,397
PROCESSED CHEESE	11,139	12,647
SPECIALTY CHEESE	24,585	24,791

Comments on Stocks

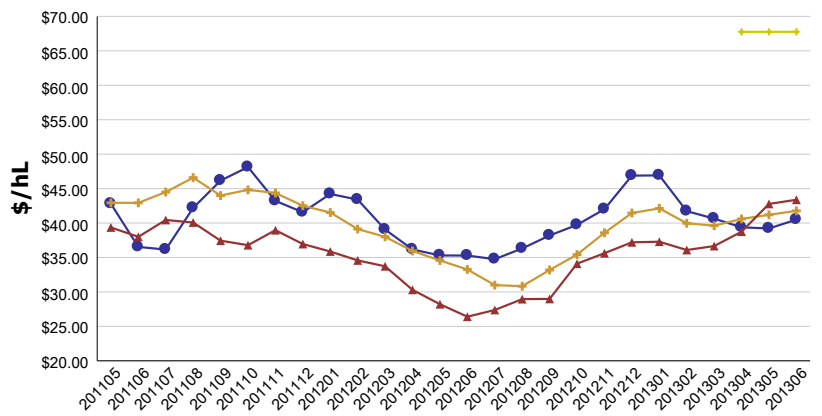
We continue to sell small quantities of butter in Plan A, thereby lowering our inventories from 2,204 to 2,031 t in April 2013. No butter is accepted for purchase in Plan A at this time. Purchases are for export only, through 5(d) permits.

Plan B butter stocks climbed again in April, from 11,632 t to 14,358 t. Historically, this level is very high and it is unlikely that it will increase significantly in the next two months.

At the end of April, we only had 38 t of imported butter in stock. However, the price of butter decreased on the American market in early May and we took this opportunity to complete our import program for 2012-2013. The CDC will therefore receive large quantities of American butter, both salted and unsalted, in June and July 2013.

We continue to buy large quantities of butter for exports. Even though we have already shipped 2,000 t from our warehouses since the beginning of the dairy year, we still have 1,110 t in inventory. As the CDC is still receiving offers, we have issued a call for tenders in order to export more butter in the next few months.

Class 5 Component Prices in \$/hL



Milk Class

● 5(a) + 5(b) ▲ 5(c) ◆ 5(d)

Structural Surplus

(12 Month Rolling)

