

# CDC MARKET BULLETIN



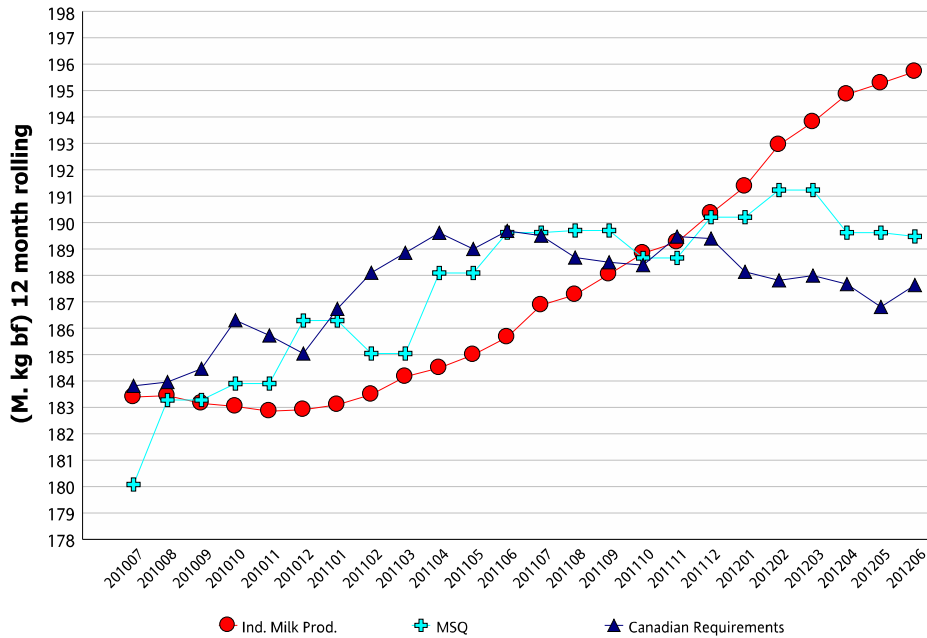
## Market Comment

Canadian requirements for the 12-month period ended in June 2012 were 187.63 million kg of butterfat, a 0.45% increase in comparison to the requirements of May 2012 but roughly equivalent to the base of April 2012.

Several factors had a positive effect on Canadian requirements in June. Skim-off from the fluid milk market decreased once again, causing an increase in raw milk requirements. Butterfat utilization in cheddar cheese increased. Retail sales of butter also increased slightly. This increase in Canadian requirements was however limited by a decrease in butterfat utilization in further processing.

In June 2012, total milk deliveries increased by 1.1% in comparison to the same month last year. Deliveries of fluid milk decreased by 1.7% and deliveries of industrial milk increased by 2.8%. The July heat wave in the Eastern part of the country could cause production to decrease more rapidly than anticipated.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2010/7 to 2011/6	2011/7 to 2012/6	% Change	2010/7 to 2011/6	2011/7 to 2012/6	% Change	2010/7 to 2011/6	2011/7 to 2012/6	% Change
NL	1,917,256	1,860,881	-2.94%	1,486,594	1,508,505	1.47%	430,662	352,376	-18.18%
P5	231,954,566	237,232,514	2.28%	80,950,057	80,261,732	-0.85%	151,004,509	156,970,782	3.95%
WMP	70,694,234	74,814,776	5.83%	36,471,201	36,423,391	-0.13%	34,223,033	38,391,385	12.18%
Canada	304,566,056	313,908,171	3.07%	118,907,852	118,193,628	-0.60%	185,658,204	195,714,543	5.42%

## Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2010/7 to 2011/6	2011/7 to 2012/6	% Change	2010/7 to 2011/6	2011/7 to 2012/6	% Change
1(a)	47,330	46,847	-1.02%	248,116	245,765	-0.95%
1(b)	43,423	45,321	4.37%	19,001	19,732	3.85%
2	23,904	24,293	1.63%	38,909	42,504	9.24%
3	104,580	105,057	0.46%	237,892	236,878	-0.43%
4(a)	54,175	59,672	10.15%	12,742	12,534	-1.63%
4(b)	1,807	1,925	6.55%	6,498	7,313	12.54%
4(m) 4(a1)	572	773	35.21%	54,019	71,341	32.07%
5(a,b,c)	25,560	25,353	-0.81%	41,906	42,601	1.66%
5(d)	1,181	780	-33.96%	27,331	29,728	8.77%
Other	1,106	3,087	179.02%	6,869	5,994	-12.74%
<b>Total</b>	<b>303,638</b>	<b>313,108</b>	<b>3.12%</b>	<b>693,283</b>	<b>714,389</b>	<b>3.04%</b>

## Continuous Quota

Cumulative Over/Under Production (with limits) as of:  
June 30, 2012

Province	kg of bf	% *
NL	-149,708	-7.41%
PE	-15,822	-0.39%
NS	-16,303	-0.24%
NB	43,663	0.81%
QC	-561,334	-0.47%
ON	-287,935	-0.28%
MB	78,882	0.63%
SK	-35,895	-0.40%
AB	162,190	0.63%
BC	163,425	0.63%

\* Cumulative Over / Under Production (with limits) expressed as a % of the most recent 12 months total quota

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## Retail Product Sales\*

Up to:	Current period vs previous period ('000 kg)			
	June 30, 2012	Previous 12 Month	12 Month	Change
Butter	52,035	52,600		+ 1.1%
Total Cheese	271,736	272,538		- 0.1%
Cheddar	79,517	80,091		+ 0.7%
Specialty	80,398	80,804		+ 0.5%
Processed	86,913	85,788		- 1.3%
Ice cream	199,046	187,940		- 5.6%
Yogurt	252,705	256,659		+ 1.6%

Source: The Nielsen Company, MarketTrack and Homescan panelists.

## Butter Inventory ('000 kg)

	Jun 30, 2011	Jun 30, 2012
PLAN A BUTTER	76	1,629
PLAN B BUTTER	9,421	14,912
IMPORTED BUTTER	209	156
TOTAL CDC BUTTER STOCKS	9,705	16,697
PRIVATE BUTTER STOCKS	6,604	6,754
TOTAL CDC AND PRIVATE BUTTER STOCKS	16,310	23,450

## Other Private Stocks ('000 kg)

	Jun 30, 2011	Jun 30, 2012
CHEDDAR	46,843	44,433
PROCESSED CHEESE	10,553	12,107
SPECIALTY CHEESE	23,399	24,113

### Comments on Stocks

Plan A butter stocks increased from 1321 t at the end of May to 1,629 t at the end of June. It is expected that the Plan A stocks will be below their target level of 3,000 t by the end of July, 2012.

Plan B butter stocks decreased from 15,076 t at the end of May to 14,912 t at the end of June. Plan B stocks will continue to decline moving into the summer/fall months. The overall Plan B stocks are expected to be at higher than normal levels at the end of July.

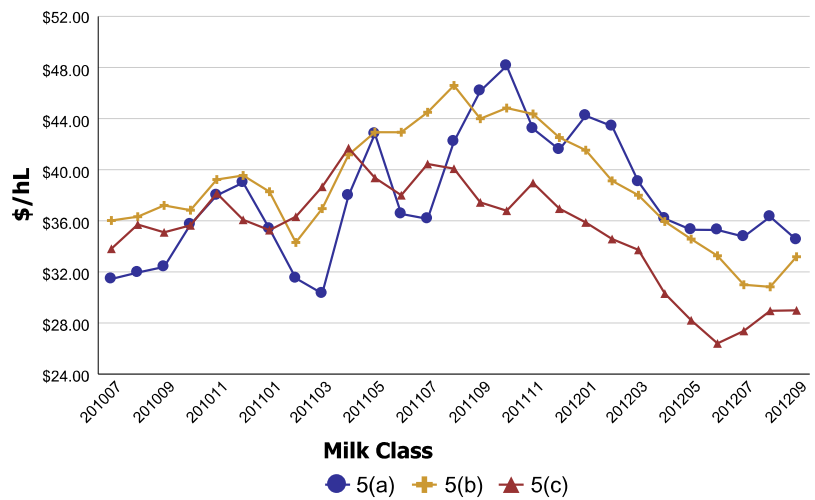
Imported butter stocks decreased slightly from 161 t at the end of May to 156 t at the end of June. The CDC has imported all of the butter it had committed to importing for this dairy year. The first shipments for the new dairy year are expected to start arriving in August 2012. As for export butter, our stocks will remain at zero over the coming months.

## Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2010/7 to 2011/6	2011/7 to 2012/6	
1	\$90.29	\$94.11	4.24%
2 to 4(d)	\$76.27	\$77.43	1.52%
4(m) 4(a1)*	\$13.36	\$11.50	-13.90%
5(a) to (c)	\$36.17	\$38.96	7.74%
5(d)	\$30.72	\$31.74	3.33%
All Classes	\$75.28	\$76.13	1.13%

\* Price based on SNF components only

## Class 5 Component Prices in \$/hL



## Structural Surplus

(12 Month Rolling)

