

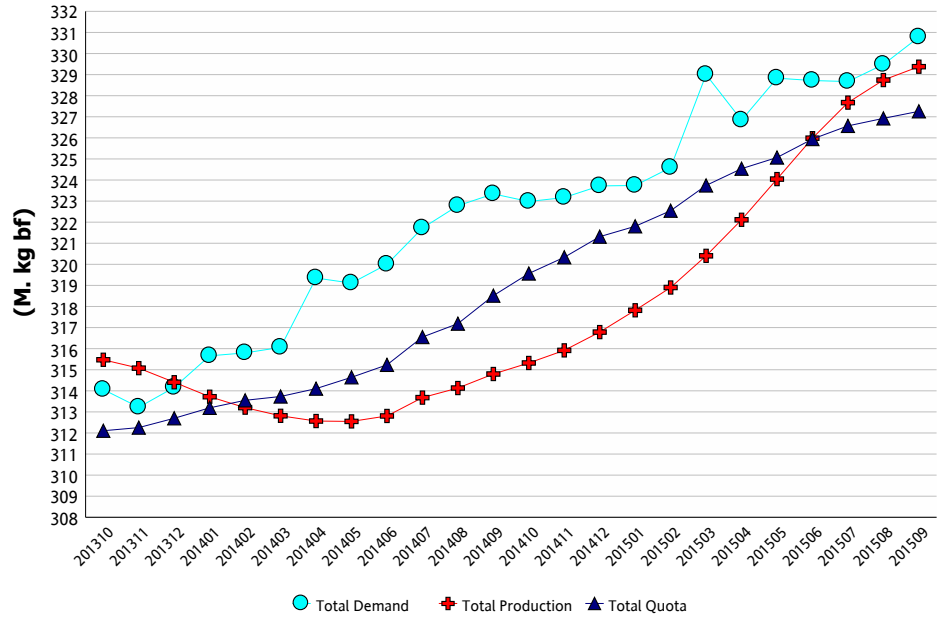
CDC MARKET BULLETIN

Market Comment

Total demand for the twelve-month period ending September 2015 was 330.78 M. kg BF, representing an increase of 0.4% compared to August 2015.

The main driver for growth in the Total Requirements continues to be cheese processing. BF usage in cheese increased by 8.2% in Classes 3 and 5(a) (cheese for further processing) for the 12-month period ending September 2015 over the same period last year. Strong growth was also seen in Class 1(b) (3.3% increase in BF) and 2(b) (8.9% increase in BF). Class 1(a) BF utilization was flat for the 12-month period ending September 2015 compared to the same period the year before. BF used in yogurt for Class 2(a) increased by 10.4% during the same period. While demand for butter remains strong, consumption for the month of September 2015 was 6% lower than September 2014. Butter consumption has been constrained due in part to the amount of butter being processed and the ability of further processors to access the existing stocks.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2013/10 to 2014/9	2014/10 to 2015/9	% Change	2013/10 to 2014/9	2014/10 to 2015/9	% Change	2013/10 to 2014/9	2014/10 to 2015/9	% Change
NL	1,929,983	1,927,150	-0.15%	1,551,228	1,466,809	-5.44%	378,755	460,341	21.54%
P5	238,300,120	248,384,204	4.23%	79,285,267	78,337,352	-1.20%	159,014,853	170,046,852	6.94%
WMP	74,566,981	79,065,632	6.03%	35,639,354	35,931,501	0.82%	38,927,627	43,134,131	10.81%
Canada	314,797,084	329,376,986	4.63%	116,475,849	115,735,662	-0.64%	198,321,235	213,641,324	7.72%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2013/10 to 2014/9	2014/10 to 2015/9	% Change	2013/10 to 2014/9	2014/10 to 2015/9	% Change
1(a)	46,446	46,455	0.02%	237,619	234,113	-1.48%
1(b)	47,112	48,670	3.31%	20,176	20,989	4.03%
2	23,960	26,205	9.37%	46,774	48,384	3.44%
3	107,357	116,537	8.55%	234,719	242,939	3.50%
4(a)	51,766	55,589	7.38%	14,075	10,056	-28.55%
4(b)	1,699	1,851	8.94%	5,177	4,948	-4.42%
4(m) 4(a1)	545	895	64.16%	61,610	94,305	53.07%
5(a,b,c)	31,539	30,228	-4.16%	44,750	45,497	1.67%
5(d)	2,524	1,105	-56.23%	35,830	26,368	-26.41%
Other	942	1,005	6.63%	2,808	5,450	94.08%
Total	313,892	328,540	4.67%	703,538	733,050	4.19%

Continuous Quota

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

September 30, 2015

Province	kg of bf	% *
NL	-102,252	-4.97%
PE	-139,389	-3.30%
NS	-48,977	-0.68%
NB	-96,862	-1.73%
QC	-344,477	-0.28%
ON	1,575,467	1.49%
MB	-135,705	-1.00%
SK	-73,416	-0.76%
AB	-197,876	-0.71%
BC	-98,067	-0.35%

* 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: October 17, 2015

	Previous 12 Month	12 Month	Change
Butter	56,626	58,167	+ 2.7%
Total Cheese	257,662	258,861	+ 0.5%
Cheddar	86,306	87,790	+ 1.7%
Fine Cheese*	50,893	51,415	+ 1.0%
Everyday Cheese*	57,142	58,691	+ 2.7%
Processed	60,570	58,021	- 4.2%
Ice cream	177,936	177,899	+ 0.0%
Yogurt	315,102	323,665	+ 2.7%

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

Butter Inventory ('000 kg)

	Sep 30, 2014	Sep 30, 2015
PLAN A BUTTER	585	253
PLAN B BUTTER	4,889	3,901
IMPORTED BUTTER	391	172
TOTAL CDC BUTTER STOCKS	5,866	4,327
PRIVATE BUTTER STOCKS	7,549	10,968
TOTAL CDC AND PRIVATE BUTTER STOCKS	13,415	15,295

Other Private Stocks ('000 kg)

	Sep 30, 2014	Sep 30, 2015
CHEDDAR	46,303	51,767
PROCESSED CHEESE	11,735	13,867
SPECIALTY CHEESE	25,335	29,508

Comments on Stocks

Total milk production for the twelve-month period ending September 2015 was 4.6% higher than the 12-month period ending September 2014. While the growth rate of total milk production has slowed down compared to earlier in 2015, a majority of the excess production has been directed towards cheese processing, as indicated by strong Class 3 utilization and high levels of private cheese stocks.

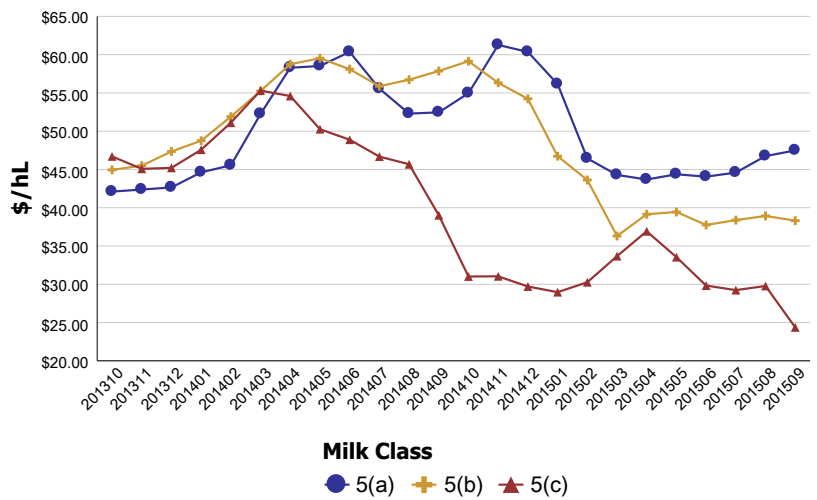
As of September 2015, CDC's Plan A butter stocks were at 253 t and processors drew on Plan B stocks to bring them to 3,901 t. Imported butter inventories were 173 t. As butter imports for the 2015-16 dairy year arrive, they leave CDC inventories just as quickly to meet further processor demands.

Average Return from Milk Sales

Milk Class	2013/10 to 2014/9 (\$/hl std)	2014/10 to 2015/9	% Change
1	\$95.91	\$96.18	0.28%
2 to 4(d)	\$78.84	\$77.80	-1.31%
4(m) 4(a1)*	\$18.68	\$9.43	-49.52%
5(a) to (c)	\$50.40	\$42.72	-15.24%
5(d)	\$41.78	\$27.25	-34.77%
All Classes	\$79.20	\$75.63	-4.50%

* Price based on SNF components only

Class 5 Component Prices in \$/hL



SNF Surplus

(12 Month Rolling)

