

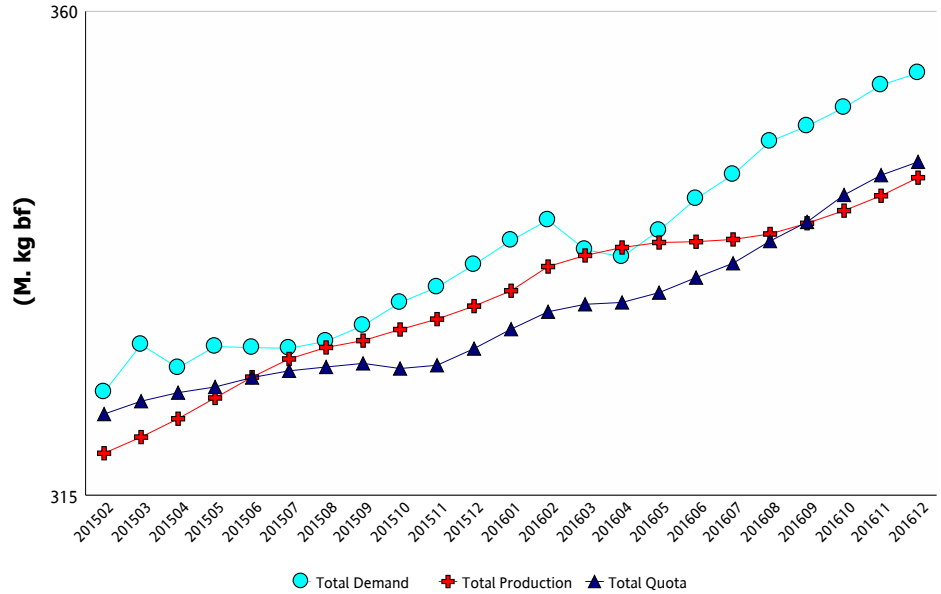
CDC MARKET BULLETIN



Market Comment

Total Requirements for the 12-month period ending January 2017 were 354.48 million kg BF. This figure represents a 0.06% increase compared to the same period ending December 2016, and a 4.66% increase over January 2016. Total butterfat usage across all classes has increased by 3.7% on a 12-month basis (an increase of 12.4M kg BF), and by 5.9% in the month of January 2017 versus the same month a year ago. Butterfat used in Class 2(a) increased by 38.2% over the previous month, and usage in 2(b) increased 14.5% over the same period. Butterfat used in Class 4(a) increased by 23.7% (equivalent to 1.6 M kg BF) over December 2016, and increased by 11.6% (6.7 M kg BF) over the last 12 months rolling in comparison with the same 12-month rolling period a year previous. Class 3(d) has seen an increase of 19.3% over the last 12 months in comparison with the previous 12-month rolling period, for a total of 11.2 M kg BF being utilized.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2015/2 to 2016/1	2016/2 to 2017/1	% Change	2015/2 to 2016/1	2016/2 to 2017/1	% Change	2015/2 to 2016/1	2016/2 to 2017/1	% Change
NL	1,962,204	1,978,815	0.85%	1,479,461	1,493,101	0.92%	482,743	485,714	0.62%
P5	251,798,388	261,342,412	3.79%	77,795,538	76,626,396	-1.50%	174,002,850	184,716,016	6.16%
WMP	80,254,577	82,930,151	3.33%	35,994,949	36,004,219	0.03%	44,259,628	46,925,932	6.02%
Canada	334,015,169	346,251,378	3.66%	115,269,948	114,123,716	-0.99%	218,745,221	232,127,662	6.12%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2015/2 to 2016/1	2016/2 to 2017/1	% Change	2015/2 to 2016/1	2016/2 to 2017/1	% Change
1(a)	46,734	46,656	-0.17%	233,118	230,473	-1.13%
1(b)	49,730	52,094	4.75%	21,321	22,133	3.81%
2	27,355	27,922	2.07%	49,410	46,800	-5.28%
3	117,709	114,303	-2.89%	240,818	218,760	-9.16%
4(a)	57,237	63,896	11.63%	13,105	15,931	21.57%
4(b)	1,877	1,883	0.32%	4,768	4,884	2.44%
4(m) 4(a1)	966	791	-18.12%	101,169	118,654	17.28%
5(a,b,c)	28,867	25,716	-10.91%	44,808	42,716	-4.67%
5(d)	977	1,193	22.17%	28,811	41,705	44.75%
Other	1,681	11,100	560.46%	7,294	31,135	326.84%
Total	333,133	345,553	3.73%	744,622	773,192	3.84%

Continuous Quota

Cumulative Over/Under Production (with limits) as of:
January 31, 2017

Province	kg of bf	% *
NL	-419,602	-15.91%
PE	-7,152	-0.16%
NS	23,554	0.31%
NB	-44,114	-0.75%
QC	-834,347	-0.65%
ON	3,508,617	3.14%
MB	-1,554,010	-10.65%
SK	-358,889	-3.43%
AB	-988,300	-3.29%
BC	-589,890	-1.95%

* 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 7, 2017		
	Previous 12 Month	12 Month	Change
Butter	57,727	60,267	+ 4.4%
Total Cheese	204,133	214,340	+ 5.0%
Cheddar	89,039	93,313	+ 4.8%
Fine Cheese*	51,988	54,327	+ 4.5%
Everyday Cheese*	59,988	63,407	+ 5.7%
Processed	59,318	58,250	- 1.8%
Ice cream	173,689	179,247	+ 3.2%
Yogurt	326,504	335,646	+ 2.8%
Cream	94,709	98,497	+ 4.0%

Source: The Nielsen Company, MarketTrack and Homescan panelists.

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

Butter Inventory ('000 kg)

	Jan 31, 2016	Jan 31, 2017
PLAN A BUTTER	69	0
PLAN B BUTTER	641	2,412
IMPORTED BUTTER	317	309
TOTAL CDC BUTTER STOCKS	1,027	2,721
PRIVATE BUTTER STOCKS	12,754	17,641
TOTAL CDC AND PRIVATE BUTTER STOCKS	13,781	20,362

Other Private Stocks ('000 kg)

	Jan 31, 2016	Jan 31, 2017
CHEDDAR	49,799	51,657
PROCESSED CHEESE	13,667	13,277
SPECIALTY CHEESE	28,784	31,116

Comments on Stocks

Total milk production (BF) for the 12-month period ending November 2016 was 3.5% higher than the same period last year. Total requirements are expected to level off at 3-4% growth per month.

As of January 31, 2017, the CDC had 0 tonnes of butter in Plan A and 2,412 tonnes in Plan B; CDC stocks also include 309 tonnes of imported butter. In January, the CDC brought in 395 tonnes of butter through supplementary import permits and 336 tonnes of butter through the tariff rate quota, as well as 1,124 tonnes of butterfat-equivalent cream under special cream permits. In total, 17,767 tonnes of butter and cream have been imported over the past 12 months. Private butter stocks currently stand at 17,641 tonnes. Butter stocks are 6581 tonnes higher than the same period in 2016; the CDC plans to continue building butter stocks to meet domestic demands.

Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2015/2 to 2016/1	2016/2 to 2017/1	
1	\$95.95	\$98.07	2.21%
2 to 4(d)	\$77.11	\$75.88	-1.60%
4(m) 4(a1)*	\$8.54	\$11.27	32.05%
5(a) to (c)	\$39.81	\$39.93	0.28%
5(d)	\$25.32	\$24.38	-3.72%
Other		\$82.39	
All Classes	\$74.53	\$74.36	-0.22%

* Price based on SNF components only

Class 5 Component Prices in \$/hL

