



CDC MARKET BULLETIN



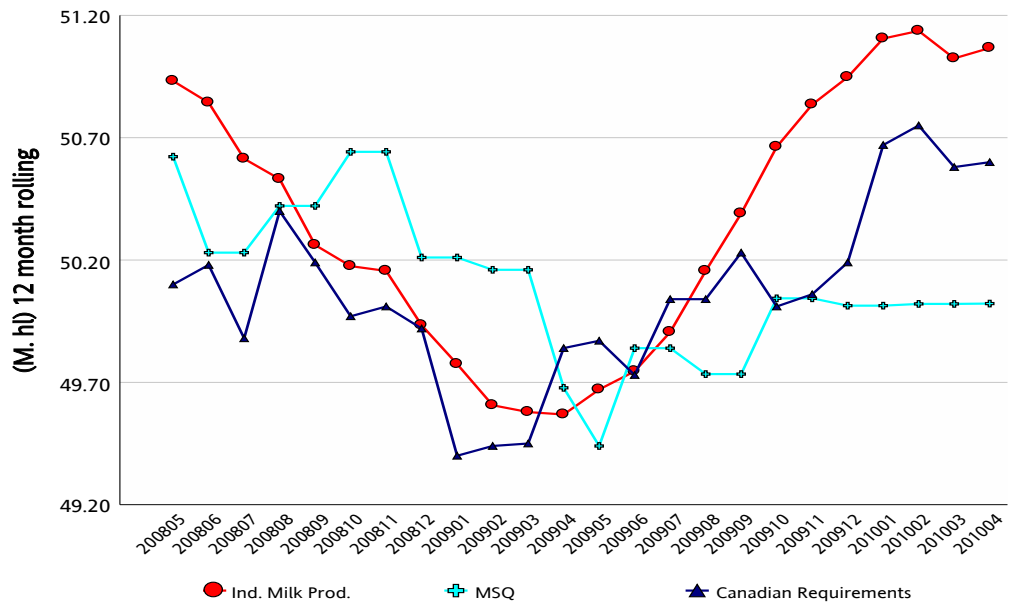
Market Comment

Canadian Requirements for the twelve month period ending in April 2010 were 50.60 million hl, which represents a slight 0.04 % increase from the result of 50.58 million hl of March 2010.

The growth trend in retail markets extended into April. Butter sales increased slightly in comparison to last year, while ice cream sales continued to decrease and yogurt and cheese sales continued to grow. As for skim-off in the fluid milk market, it dropped by 0.02 million hl in April, decreasing for a ninth consecutive month.

In April 2010, total milk deliveries decreased by 0.2 % compared to the same month last year. Deliveries of fluid milk fell by 2.2 % and deliveries of industrial milk increased by 1.0 %. Production over the coming months should be comparable to production at the same time last year.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2008/5 to 2009/4	2009/5 to 2010/4	% Change	2008/5 to 2009/4	2009/5 to 2010/4	% Change	2008/5 to 2009/4	2009/5 to 2010/4	% Change
NL	1,874,253	1,828,799	-2.43%	1,288,649	1,373,438	6.58%	585,604	455,361	-22.24%
P5	223,494,354	230,016,858	2.92%	80,573,887	80,587,903	0.02%	142,920,467	149,428,955	4.55%
WMP	71,321,608	70,147,478	-1.65%	36,380,808	36,191,909	-0.52%	34,940,800	33,955,569	-2.82%
Canada	296,690,215	301,993,135	1.79%	118,243,344	118,153,250	-0.08%	178,446,871	183,839,885	3.02%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2008/5 to 2009/4	2009/5 to 2010/4	% Change	2008/5 to 2009/4	2009/5 to 2010/4	% Change
1(a)	47,162	47,143	-0.04%	248,414	248,350	-0.03%
1(b)	40,082	41,610	3.81%	17,759	18,402	3.62%
2	19,632	21,661	10.33%	35,991	37,351	3.78%
3	100,830	104,359	3.50%	231,208	240,820	4.16%
4(a)	58,004	57,489	-0.89%	12,730	11,627	-8.66%
4(b)	1,993	1,772	-11.09%	7,355	6,798	-7.58%
4(m) 4(a1)	561	595	6.07%	50,395	56,535	12.18%
5(a,b,c)	23,734	23,099	-2.67%	38,569	38,344	-0.58%
5(d)	1,920	2,073	7.99%	29,651	28,056	-5.38%
Other	2,171	1,471	-32.24%	4,821	3,150	-34.66%
Total	296,089	301,271	1.75%	676,892	689,432	1.85%

Continuous Quota

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

April 30, 2010

Province	kg of bf	% *
NL	-204,535	-10.58%
PE	19,544	0.50%
NS	-24,208	-0.37%
NB	25,842	0.50%
QC	-1,965,885	-1.72%
ON	-764,233	-0.78%
MB	40,542	0.34%
SK	-107,217	-1.25%
AB	-371,730	-1.50%
BC	148,848	0.60%

* 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 8, 2010		
	Previous 12 Month	12 Month	Change
Butter	51,159	51,368	+ 0.4%
Total Cheese	264,682	271,741	+ 2.7%
Cheddar	77,942	80,575	+ 3.4%
Specialty	75,524	79,170	+ 4.8%
Processed	111,218	111,995	+ 0.7%
Ice cream	212,517	207,687	- 2.3%
Yogurt	236,358	248,220	+ 5.0%

Source: The Nielsen Company, MarketTrack [channel coverage eg: GB+D+MM+C&G]

Average Return from Milk Sales

(\$/hl std)

Milk Class	2008/5 to 2009/4	2009/5 to 2010/4	% Change
1	\$86.64	\$89.35	3.13%
2 to 4(d)	\$74.71	\$75.85	1.53%
4(m) 4(a1)*	\$10.79	\$9.76	-9.54%
5(a) to (c)	\$35.54	\$28.41	-20.07%
5(d)	\$29.84	\$21.66	-27.41%
All Classes	\$72.94	\$73.56	0.85%

* Price based on SNF components only

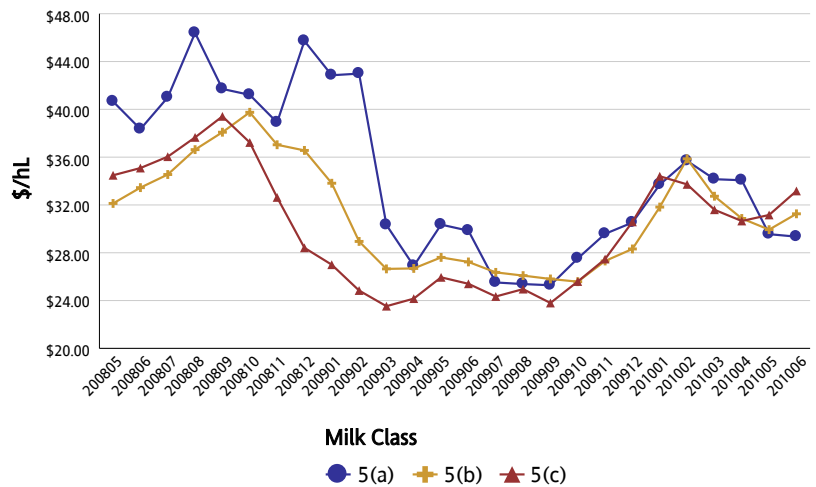
Butter Inventory ('000 kg)

	Apr 30, 2009	Apr 30, 2010
PLAN A BUTTER	2,790	2,724
PLAN B BUTTER	10,933	12,138
IMPORTED BUTTER	103	155
BUTTER FOR EXPORT		953
TOTAL CDC BUTTER STOCKS	13,826	15,969
PRIVATE BUTTER STOCKS	6,933	6,454
TOTAL CDC AND PRIVATE BUTTER STOCKS	20,759	22,424

Other Private Stocks ('000 kg)

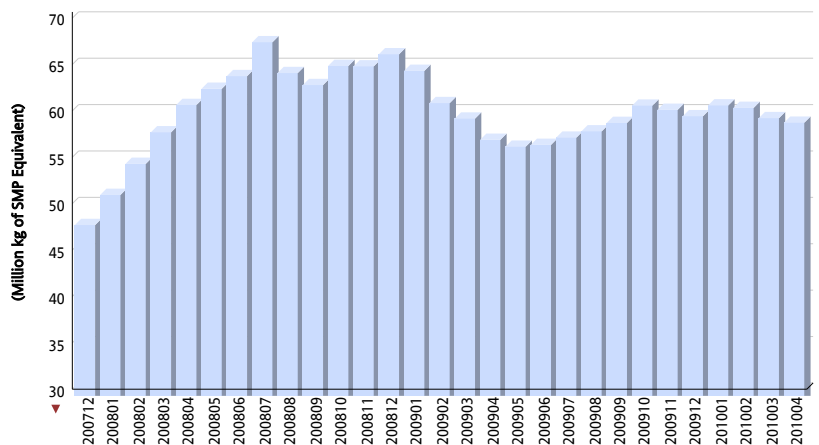
	Apr 30, 2009	Apr 30, 2010
CHEDDAR	44,880	45,431
PROCESSED CHEESE	10,420	9,439
SPECIALTY CHEESE	19,727	22,392

Class 5 Component Prices in \$/hl



Structural Surplus

(12 Month Rolling)



Comments on Stocks

Inventory levels of Plan A butter have not changed significantly in comparison to last year. They were at 2,790 tonnes on May 1st 2009, and at 2,724 tonnes on May 1st 2010. The CDC has purchased very limited quantities over the past month, and mostly unsalted butter for export under 5(d). Our domestic sales are usually slow at this time of the year. We expect to be able to purchase the quantity required to finish the dairy year with 3,000 tonnes in stock.

Plan B butter stocks continued to progress normally as is usually the case at this time of the year. They were at 12,138 tonnes at the beginning of May 2010, slightly above last year's levels at the same date and consistent with the average of recent years. They should continue to grow slowly in May and June to reach about 13,500 before they start coming down at the end of June.

There were 953 tonnes of unsalted butter for export in stock on May 1st 2010. We now expect to purchase at least 500 more tonnes before the end of July. If world prices warrant it, the CDC could export part of these stocks, but processors have indicated that they could be required for the domestic market. There remains about 700 tonnes of butter to import. To do so, the CDC expects to issue a call for tenders for the purchase of butter to be delivered to Canada before the end of July.