Canadian Dairy Commission | Commission canadienne du lait

January 6, 2010

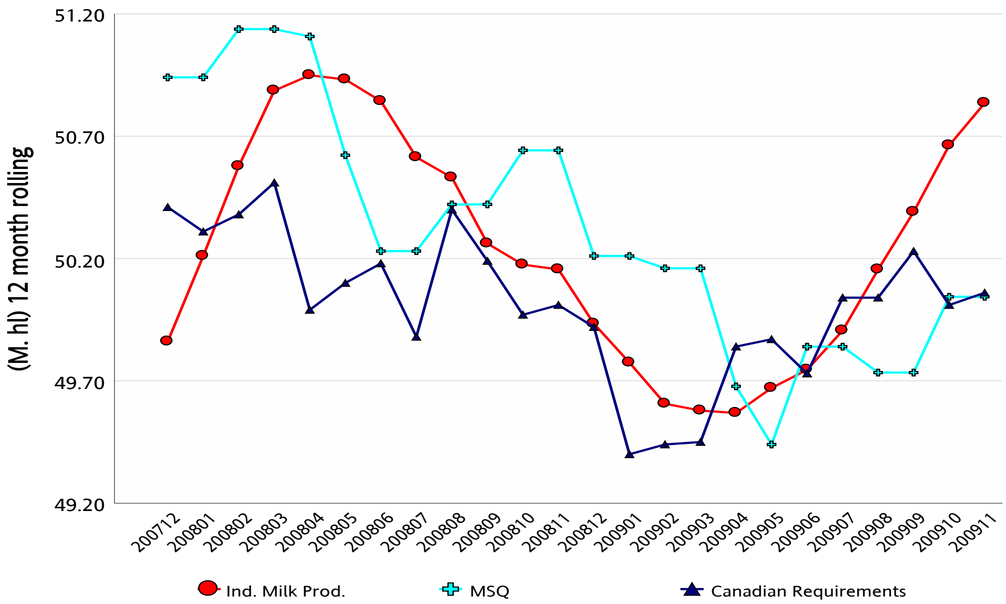
Market Comment

Canadian Requirements for the twelve month period ending in November 2009 were 50.06 million hl, which represents a slight increase of 0.1 % from the base of 50.01 million hl established in October 2009.

The growth in the retail market continued for the month of November. Sales of butter over the twelve month period ending in November were up 210 tonnes in comparison the twelve month period ending in October. Cheese and yogourt sales increased by 424 tonnes and 716 tonnes respectively. Ice cream sales, however, decreased by 112 tonnes. As for other factors which influence Canadian requirements, skim-off was down for a fourth consecutive month and the utilization of cheese stocks to supply the market also diminished.

In November 2009, total milk deliveries increased by 2.7 % compared to the same month last year. Deliveries of fluid milk grew by 0.2 % and deliveries of industrial milk increased by 4.4%.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2007/12 to 2008/11	2008/12 to 2009/11	% Change	2007/12 to 2008/11	2008/12 to 2009/11	% Change	2007/12 to 2008/11	2008/12 to 2009/11	% Change
NL	1,926,334	1,834,969	-4.74%	1,312,525	1,314,185	0.13%	613,809	520,784	-15.16%
P5	225,370,112	228,966,546	1.60%	80,525,477	80,661,793	0.17%	144,844,635	148,304,753	2.39%
WMP	71,356,824	70,631,039	-1.02%	36,255,260	36,448,465	0.53%	35,101,564	34,182,574	-2.62%
Canada	**298,653,270**	**301,432,554**	**0.93%**	**118,093,262**	**118,424,443**	**0.28%**	**180,560,008**	**183,008,111**	**1.36%**

Milk Utilization ('000 kg)

	Butterfat			Solids Non Fat		
Milk Class	2007/12 to 2008/11	2008/12 to 2009/11	% Change	2007/12 to 2008/11	2008/12 to 2009/11	% Change
1(a)	47,098	47,218	0.26%	248,458	248,414	-0.02%
1(b)	39,981	40,610	1.57%	17,639	18,008	2.09%
2	19,137	20,813	8.76%	35,373	36,356	2.78%
3	100,945	101,731	0.78%	230,328	235,504	2.25%
4(a)	59,376	61,009	2.75%	14,386	12,742	-11.42%
4(b)	1,978	2,015	1.90%	7,358	7,317	-0.56%
4(m) 4(a1)	679	631	-7.04%	56,401	57,421	1.81%
5(a,b,c)	24,359	22,945	-5.81%	36,333	39,456	8.59%
5(d)	1,922	1,998	3.96%	30,816	26,685	-13.40%
Other	2,565	1,717	-33.08%	5,899	3,997	-32.25%
Total	**298,040**	**300,687**	**0.89%**	**682,992**	**685,901**	**0.43%**

Continuous Quota

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

November 30, 2009

Province	kg of bf	% *
NL	-183,058	-9.44%
PE	-32,591	-0.83%
NS	-88,207	-1.33%
NB	-13,306	-0.26%
QC	-2,672,117	-2.33%
ON	-1,050,778	-1.07%
MB	52,388	0.44%
SK	-9,331	-0.11%
AB	-509,741	-2.05%
BC	-2,650	-0.01%

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

For additional information, please contact: roger.heard@cdc-ccl.gc.ca

Canada

January 6, 2010

CDC Market Bulletin

Retail Product Sales

Current period vs previous period
('000 kg)

Up to: November 21, 2009

	Previous 12 Month	12 Month	Change
Butter	50,445	51,364	**+ 1.8%**
Total Cheese	259,318	268,269	**+ 3.5%**
Cheddar	76,086	79,360	+ 4.3%
Specialty	74,388	77,283	+ 3.9%
Processed	108,843	111,626	+ 2.6%
Ice cream	214,111	210,153	**- 1.8%**
Yogurt	233,836	239,816	**+ 2.6%**

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

Butter Inventory ('000 kg)

	Nov 30, 2008	Nov 30, 2009
PLAN A BUTTER	1,056	2,816
PLAN B BUTTER	6,329	7,165
IMPORTED BUTTER	383	255
BUTTER FOR EXPORT		785
TOTAL CDC BUTTER STOCKS	**7,768**	**11,021**
PRIVATE BUTTER STOCKS	6,188	6,855
TOTAL CDC AND PRIVATE BUTTER STOCKS	**13,956**	**17,876**

Other Private Stocks ('000 kg)

	Nov 30, 2008	Nov 30, 2009
CHEDDAR	44,644	43,127
PROCESSED CHEESE	11,035	9,540
SPECIALTY CHEESE	19,856	20,950

Comments on Stocks

In general, butter stocks continued to decrease during the month of November. In the case of Plan A butter, stock have gone down by only 3 truckloads and are now slightly above 2800 mt. The quantities sold so far are smaller than usual for a normal year when we sell approximately 2000 mt of Plan A butter during the period leading to Christmas. This relatively low quantity of sale indicate that the supply of milk and cream is relatively strong this fall.

Plan B butter stocks continue to decrease as well. However, these stocks continue to be higher than last year when they were at 6,329 mt at the end of November. This level of Plan B butter at this time of the year is considered relatively high given that most of these stocks should be repurchased by manufacturers before Christmas. The month of December is traditionally a high sale month.

Regarding imported butter, stocks of this type of butter has decreased during the month of November in spite of the 1000 mt that was delivery from New Zealand during the month of November. Our stocks of imported butter are now at 384 mt compared to 763 mt last month. In view of the current high world prices for butter, the balance of the TRQ butter will be imported later in 2010.

Concerning butter for export, no further purchase of this type of butter has taken place in October and November. However, those stocks will reduce by 400 mt in mid-December as that quantity has been sold and is scheduled to be shipped for export before Christmas.

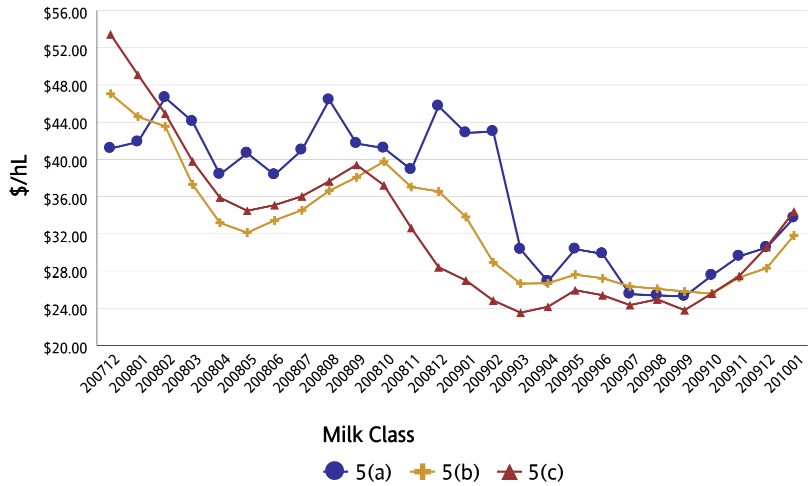
Average Return from Milk Sales

($/hl std)

Milk Class	2007/12 to 2008/11	2008/12 to 2009/11	% Change
1	$84.46	$88.80	5.14%
2 to 4(d)	$73.86	$75.66	2.43%
4(m) 4(a1)*	$12.25	$8.69	-29.06%
5(a) to (c)	$39.45	$28.46	-27.85%
5(d)	$33.20	$21.84	-34.23%
All Classes	**$71.74**	**$73.17**	**1.99%**

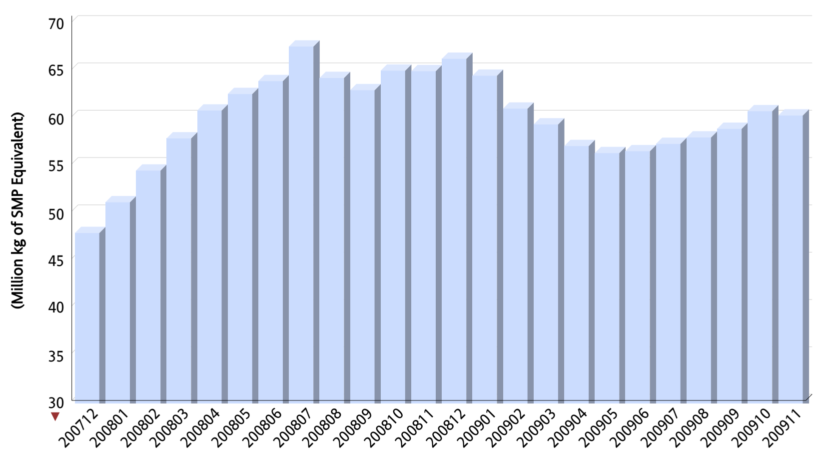
* Price based on SNF components only

Class 5 Component Prices in $/hL



Structural Surplus

(12 Month Rolling)



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