



CDC MARKET BULLETIN



Retail Product Sales

Current period vs previous period ('000 kg)

Up to: October 23, 2010

	Previous 12 Month	12 Month	Change
Butter	50,906	51,381	+ 0.9%
Total Cheese	266,641	270,934	+ 1.6%
Cheddar	79,198	80,797	+ 2.0%
Specialty	76,657	80,030	+ 4.4%
Processed	110,787	110,108	- 0.6%
Ice cream	210,168	205,053	- 2.4%
Yogurt	240,164	251,452	+ 4.7%

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

Average Return from Milk Sales

(\$/hl std)

Milk Class	2008/11 to 2009/10	2009/11 to 2010/10	% Change
1	\$88.59	\$89.43	0.96%
2 to 4(d)	\$75.58	\$75.85	0.36%
4(m) 4(a1)*	\$8.43	\$11.21	33.06%
5(a) to (c)	\$29.27	\$32.06	9.53%
5(d)	\$22.16	\$26.31	18.71%
All Classes	\$73.15	\$74.07	1.26%

* Price based on SNF components only

Butter Inventory ('000 kg)

Oct 31, 2009 Oct 31, 2010

PLAN A BUTTER	2,920	1,616
PLAN B BUTTER	7,905	6,068
IMPORTED BUTTER	734	67
BUTTER FOR EXPORT	785	
TOTAL CDC BUTTER STOCKS	12,343	7,751
PRIVATE BUTTER STOCKS	6,530	5,535
TOTAL CDC AND PRIVATE BUTTER STOCKS	18,873	13,286

Other Private Stocks ('000 kg)

Oct 31, 2009 Oct 31, 2010

CHEDDAR	43,537	44,790
PROCESSED CHEESE	8,908	9,164
SPECIALTY CHEESE	21,324	23,119

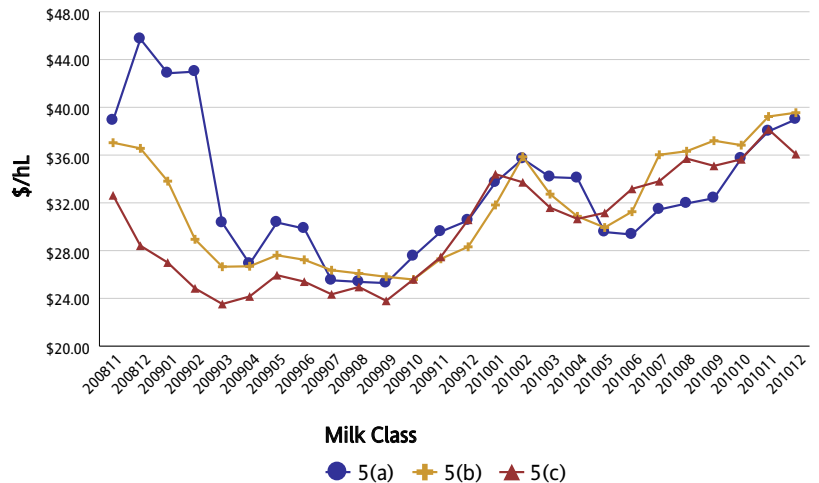
Comments on Stocks

Plan A butter sales picked up during the month, which allowed the CDC to bring down its inventories from 2,417 t to 1,616 t by October 31, 2010. Butter sales will likely remain strong during the month of November and Plan A could drop to 500 tonnes by mid-December. The CDC has not sold this much Plan A butter in the first three months of a dairy year since 2002.

Plan B butter stocks also decreased significantly during the month, declining from 7,857 t to 6068 t by the end of October 2010. At the end of December, our Plan B butter stocks should be of about 3,000 t, which would be very close to the average of the past 10 years.

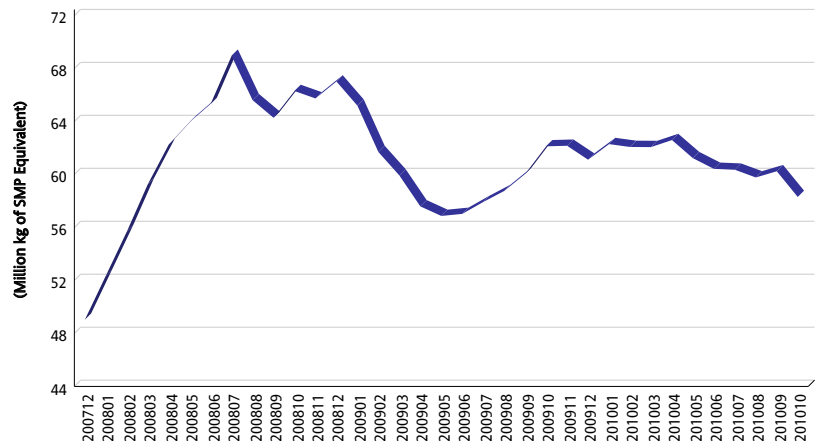
The CDC has received 67 t of the 1500 t of unsalted butter we will be importing this fall. The majority of the quantity will be arriving in the month of November. The 1,500 t of unsalted butter are part of the 3,274 t that we must import for the 2010-2011 dairy year. With the world price for butter starting to show signs of weakness, the remainder of the requirement will likely be imported later in the dairy year.

Class 5 Component Prices in \$/hL



Structural Surplus

(12 Month Rolling)



CDC MARKET BULLETIN



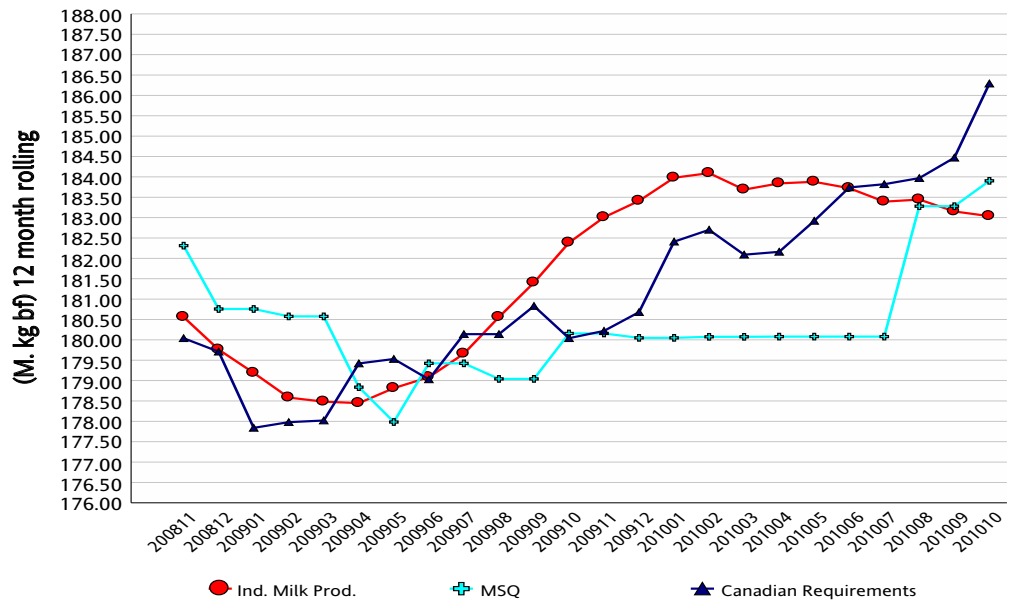
Market Comment

Canadian requirements for the twelve month period ending in October 2010 were 182.29 million kg of butterfat, up 0.99 % from the base of 184.47 million kg of butterfat of September 2010.

The use of butterfat in yogurt and ice cream increased by 18.5% in comparison to October last year. The use of Canadian ingredients in the further processing sector posted a strong increase of 15.8%. A growth in cheese production was also observed. Most of the overall increase, however, came from the butter market. The national consumption of butter was exceptionally low in October 2009. This year, consumption was very strong in comparison to last year which accounts for over one million kg of butterfat of the increase in Canadian requirements. It is expected that Canadian requirements will diminish in November 2010 since butter consumption was very strong during November of 2009.

In October 2010, total milk deliveries remained unchanged when compared to the same month last year. Deliveries of fluid milk grew by 1.1 % and deliveries of industrial milk decreased by 0.8%.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2008/11 to 2009/10	2009/11 to 2010/10	% Change	2008/11 to 2009/10	2009/11 to 2010/10	% Change	2008/11 to 2009/10	2009/11 to 2010/10	% Change
NL	1,835,432	1,889,933	2.97%	1,314,067	1,391,790	5.91%	521,365	498,143	-4.45%
P5	228,277,028	229,179,518	0.40%	80,650,140	80,315,665	-0.41%	147,626,888	148,863,853	0.84%
WMP	70,675,819	69,824,829	-1.20%	36,439,556	36,150,830	-0.79%	34,236,263	33,673,999	-1.64%
Canada	300,788,279	300,894,280	0.04%	118,403,763	117,858,285	-0.46%	182,384,516	183,035,995	0.36%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2008/11 to 2009/10	2009/11 to 2010/10	% Change	2008/11 to 2009/10	2009/11 to 2010/10	% Change
1(a)	47,189	47,071	-0.25%	248,323	247,992	-0.13%
1(b)	40,565	42,246	4.15%	17,980	18,632	3.63%
2	20,570	23,460	14.05%	36,169	38,339	6.00%
3	101,882	103,688	1.77%	235,388	238,915	1.50%
4(a)	60,140	53,190	-11.56%	11,793	13,808	17.09%
4(b)	2,038	1,412	-30.72%	7,319	5,668	-22.55%
4(m) 4(a1)	642	605	-5.78%	58,027	57,842	-0.32%
5(a,b,c)	22,837	25,162	10.18%	38,878	39,685	2.07%
5(d)	1,977	2,407	21.77%	25,698	23,565	-8.30%
Other	2,226	809	-63.67%	4,854	4,965	2.30%
Total	300,065	300,050	-0.01%	684,431	689,412	0.73%

Continuous Quota

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

October 31, 2010

Province	kg of bf	% *
NL	-196,685	-10.34%
PE	-9,198	-0.23%
NS	-97,840	-1.47%
NB	-27,016	-0.52%
QC	-1,795,548	-1.57%
ON	-1,352,938	-1.38%
MB	-181,193	-1.50%
SK	-172,830	-2.00%
AB	-496,022	-2.00%
BC	-171,251	-0.69%

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