



# CDC MARKET BULLETIN



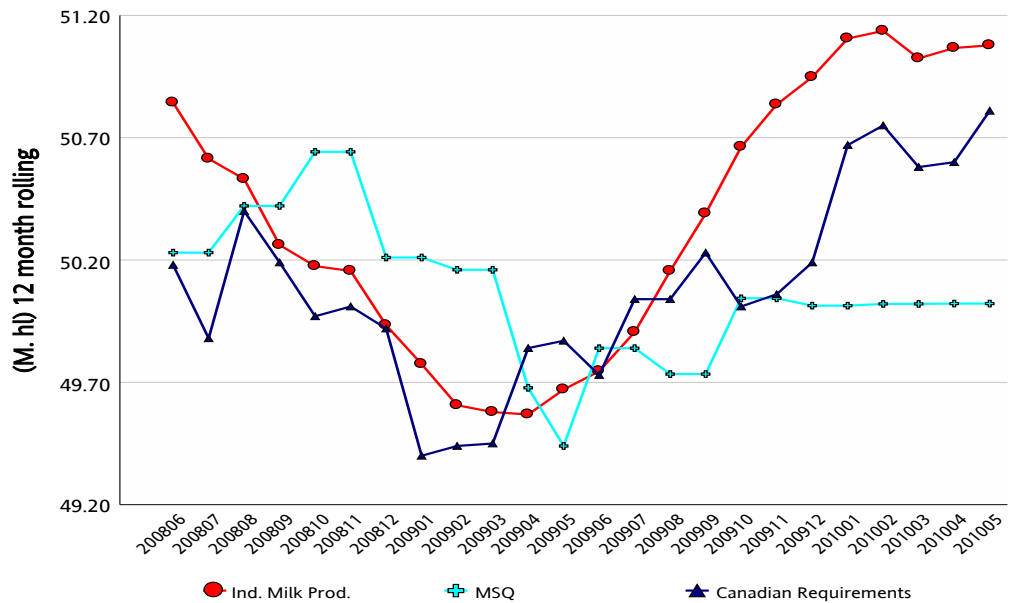
### Market Comment

Canadian requirements for the twelve month period ending in May 2010 were 50.81 million hl, up 0.42 % from the base of 50.60 million hl of April 2010. The level of Canadian requirements is still 1.58% higher than the market sharing quota of 50.02 million hl established last February 2010 following the CMSMC's decision to suspend all positive quota adjustments until August 1, 2010.

Retail markets continued to grow in May. Butter sales have increased slightly in comparison to last year, ice cream sales continued to decrease and yogurt and cheese sales maintained their growth. Skim-off from the fluid milk market decreased by 0.08 million hl in May, down for a tenth consecutive month.

In May 2010, total milk deliveries decreased by 0.6 % compared to the same month last year. Deliveries of fluid milk decreased by 2.0 % and deliveries of industrial milk increased by 0.2 %. In the coming months, production should be comparable to last year's production.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2008/6 to 2009/5	2009/6 to 2010/5	% Change	2008/6 to 2009/5	2009/6 to 2010/5	% Change	2008/6 to 2009/5	2009/6 to 2010/5	% Change
NL	1,860,888	1,834,697	-1.41%	1,286,351	1,377,430	7.08%	574,537	457,267	-20.41%
P5	223,797,912	230,026,619	2.78%	80,446,693	80,442,256	-0.01%	143,351,219	149,584,363	4.35%
WMP	71,309,538	69,976,183	-1.87%	36,420,402	36,138,619	-0.77%	34,889,136	33,837,564	-3.01%
<b>Canada</b>	<b>296,968,338</b>	<b>301,837,499</b>	<b>1.64%</b>	<b>118,153,446</b>	<b>117,958,305</b>	<b>-0.17%</b>	<b>178,814,892</b>	<b>183,879,194</b>	<b>2.83%</b>

### Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2008/6 to 2009/5	2009/6 to 2010/5	% Change	2008/6 to 2009/5	2009/6 to 2010/5	% Change
1(a)	47,121	47,111	-0.02%	248,160	248,029	-0.05%
1(b)	40,044	41,731	4.21%	17,736	18,462	4.10%
2	19,677	22,153	12.58%	36,008	37,640	4.53%
3	100,995	103,860	2.84%	231,839	239,654	3.37%
4(a)	58,229	57,110	-1.92%	12,872	13,256	2.98%
4(b)	1,977	1,702	-13.89%	7,225	6,580	-8.93%
4(m) 4(a1)	552	589	6.83%	49,697	56,940	14.57%
5(a,b,c)	23,312	23,305	-0.03%	37,708	39,031	3.51%
5(d)	1,929	2,223	15.22%	30,599	26,475	-13.48%
Other	2,466	1,351	-45.21%	5,246	3,560	-32.15%
<b>Total</b>	<b>296,302</b>	<b>301,135</b>	<b>1.63%</b>	<b>677,091</b>	<b>689,626</b>	<b>1.85%</b>

### Continuous Quota

Cumulative Over/Under Production (with limits) as of: May 31, 2010

Province	kg of bf	% *
NL	-202,436	-10.54%
PE	19,546	0.50%
NS	-731	-0.01%
NB	25,855	0.50%
QC	-1,573,630	-1.38%
ON	-612,153	-0.63%
MB	49,829	0.42%
SK	-121,225	-1.41%
AB	-350,168	-1.42%
BC	109,033	0.44%

\* 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:	June 5, 2010	Previous 12 Month	12 Month	Change
<b>Butter</b>		51,035	51,715	+ 1.3%
<b>Total Cheese</b>		264,935	271,953	+ 2.6%
Cheddar		77,888	80,847	+ 3.8%
Specialty		75,701	79,400	+ 4.9%
Processed		111,347	111,706	+ 0.3%
<b>Ice cream</b>		212,586	207,540	- 2.4%
<b>Yogurt</b>		237,397	248,598	+ 4.7%

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

### Average Return from Milk Sales

(\$/hl std)

Milk Class	2008/6 to 2009/5	2009/6 to 2010/5	% Change
1	\$87.04	\$89.37	2.67%
2 to 4(d)	\$74.91	\$75.85	1.27%
4(m) 4(a1)*	\$10.75	\$9.74	-9.33%
5(a) to (c)	\$34.98	\$28.48	-18.58%
5(d)	\$29.33	\$22.00	-25.00%
<b>All Classes</b>	<b>\$73.18</b>	<b>\$73.59</b>	<b>0.56%</b>

\* Price based on SNF components only

### Butter Inventory ('000 kg)

	May 31, 2009	May 31, 2010
<b>PLAN A BUTTER</b>	2,653	2,358
<b>PLAN B BUTTER</b>	12,057	12,871
<b>IMPORTED BUTTER</b>	290	262
<b>BUTTER FOR EXPORT</b>		922
<b>TOTAL CDC BUTTER STOCKS</b>	<b>15,000</b>	<b>16,412</b>
<b>PRIVATE BUTTER STOCKS</b>	6,991	6,332
<b>TOTAL CDC AND PRIVATE BUTTER STOCKS</b>	<b>21,992</b>	<b>22,744</b>

### Other Private Stocks ('000 kg)

	May 31, 2009	May 31, 2010
<b>CHEDDAR</b>	45,034	45,397
<b>PROCESSED CHEESE</b>	12,253	9,256
<b>SPECIALTY CHEESE</b>	20,000	21,844

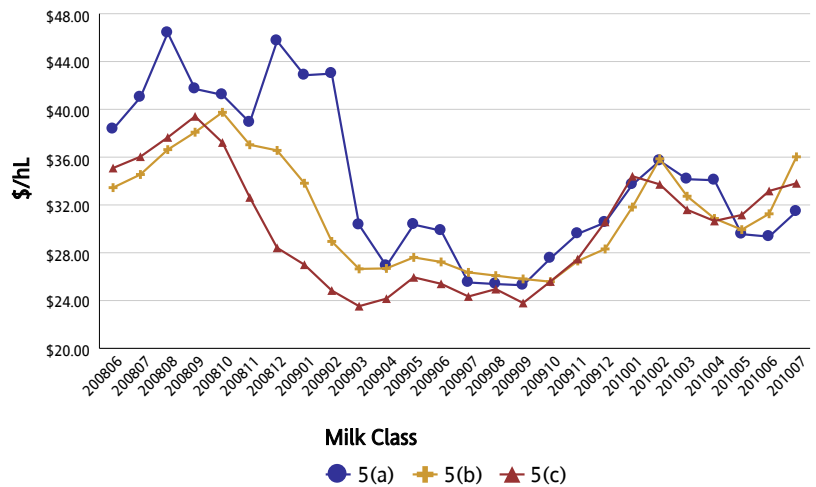
### Comments on Stocks

We started to purchase Plan A butter in April and May to replace the butter that was sold. These purchases brought Plan A stock levels down from 2,724 to 2,358 t in May. We will however continue to purchase Plan A butter in June in order to finish the dairy year as planned with an inventory of at least 3,000 t.

Plan B butter stocks continued to progress normally as is usually the case at this time of year. They stood at 12,871 t at the beginning of June 2010, only slightly higher than last year at the same period, but well within the average range of the last few years. They should stabilize at the current level before starting to come down in mid-June.

As far as export butter is concerned, we have 922 t of unsalted butter in inventory. We should buy at least another 200 t before the end of July. Because some processors have indicated that they could require a certain amount of unsalted butter to fulfill domestic needs, the CDC will not sell all of this butter for export. The world price for butter continued to increase to reach about US\$ 4,100 per t. As for imported butter, the CDC has completed its purchases of the New Zealand portion. There remains about 450 t to import from any source from now to July 31 and we issued a call for tenders for this amount at the beginning of June.

### Class 5 Component Prices in \$/hl



### Structural Surplus

(12 Month Rolling)

