

CDC MARKET BULLETIN



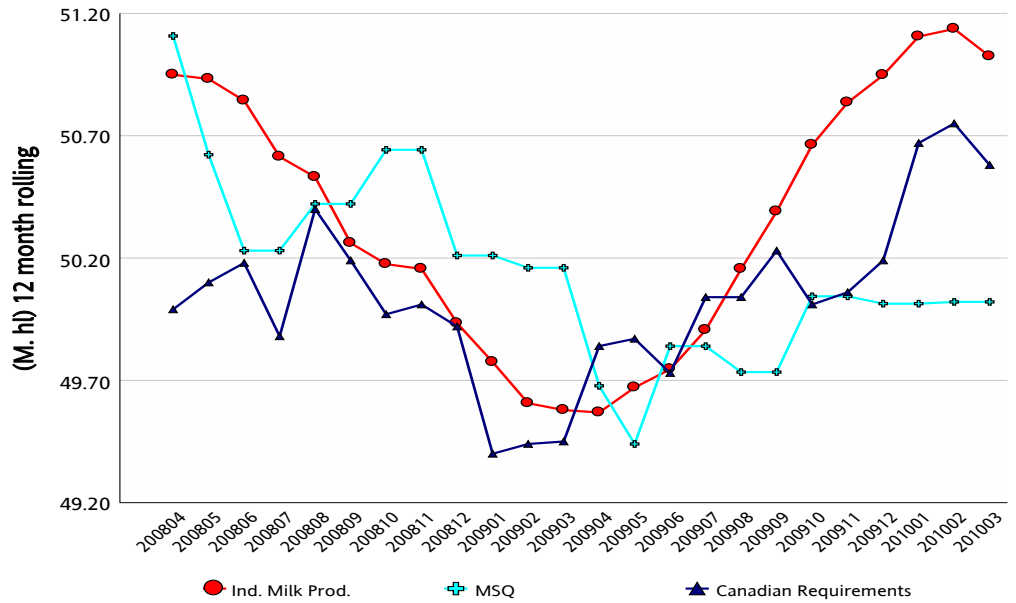
Market Comment

Canadian Requirements for the twelve month period ending in March 2010 were 50.58 million hl, down 0.34 % from the requirements of 50.75 million hl in February 2010.

Most of the retail markets have experienced a decline. Butter sales during the 12 month rolling period ending April 10 have decreased by 433 tonnes in comparison to the period ending March 13. Cheese sales have decreased by 809 tonnes and ice cream sales by 1,534 kilolitres. The general decline in retail sales was significant enough to counter the positive effect on Canadian requirements of an increase in private cheese stocks and a 0.12 million hl decrease in skim-off in March. It is important to note that skim-off has diminished by 0.43 million hl since the beginning of 2009-2010 which has maintained an upward pressure on Canadian requirements.

In March 2010, total milk deliveries decreased by 0.3 % compared to the same month last year. Deliveries of fluid milk grew by 3.4 % and deliveries of industrial milk decreased by 2.5%. A slight increase in milk production is expected this spring in comparison to last spring.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2008/4 to 2009/3	2009/4 to 2010/3	% Change	2008/4 to 2009/3	2009/4 to 2010/3	% Change	2008/4 to 2009/3	2009/4 to 2010/3	% Change
NL	1,889,772	1,821,552	-3.61%	1,288,120	1,375,757	6.80%	601,652	445,795	-25.90%
P5	223,424,965	229,921,106	2.91%	80,454,268	80,796,150	0.42%	142,970,697	149,124,956	4.30%
WMP	71,334,170	70,311,285	-1.43%	36,423,810	36,195,017	-0.63%	34,910,360	34,116,268	-2.27%
Canada	296,648,907	302,053,943	1.82%	118,166,198	118,366,924	0.17%	178,482,709	183,687,019	2.92%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2008/4 to 2009/3	2009/4 to 2010/3	% Change	2008/4 to 2009/3	2009/4 to 2010/3	% Change
1(a)	47,102	47,315	0.45%	248,375	248,616	0.10%
1(b)	39,871	41,568	4.25%	17,666	18,352	3.88%
2	19,490	21,553	10.58%	35,996	37,221	3.40%
3	101,025	103,559	2.51%	231,693	238,747	3.04%
4(a)	57,990	58,270	0.48%	10,846	12,420	14.51%
4(b)	2,018	1,858	-7.95%	7,365	7,021	-4.67%
4(m) 4(a1)	621	553	-10.93%	52,296	54,659	4.52%
5(a,b,c)	24,076	23,081	-4.13%	38,044	38,813	2.02%
5(d)	1,829	2,179	19.14%	29,852	29,976	0.41%
Other	1,978	1,426	-27.91%	4,924	3,195	-35.13%
Total	296,001	301,361	1.81%	677,059	689,020	1.77%

Continuous Quota

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

Province	kg of bf	% *
NL	-206,491	-10.58%
PE	19,560	0.50%
NS	-46,152	-0.70%
NB	21,392	0.41%
QC	-2,265,206	-1.98%
ON	-860,571	-0.88%
MB	32,812	0.27%
SK	-94,425	-1.10%
AB	-388,778	-1.57%
BC	173,642	0.70%

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



CDC MARKET BULLETIN



Retail Product Sales

Current period vs previous period ('000 kg)

Up to:	Previous 12 Month	12 Month	Change
April 10, 2010			
Butter	51,448	50,844	- 1.2%
Total Cheese	264,059	270,198	+ 2.3%
Cheddar	77,981	79,956	+ 2.5%
Specialty	75,435	78,585	+ 4.2%
Processed	110,644	111,657	+ 0.9%
Ice cream	213,885	207,881	- 2.8%
Yogurt	236,277	246,433	+ 4.3%

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

Average Return from Milk Sales

(\$/hl std)

Milk Class	2008/4 to 2009/3	2009/4 to 2010/3	% Change
1	\$86.20	\$89.33	3.64%
2 to 4(d)	\$74.54	\$75.85	1.76%
4(m) 4(a1)*	\$10.72	\$9.99	-6.78%
5(a) to (c)	\$36.52	\$27.84	-23.75%
5(d)	\$30.73	\$22.19	-27.79%
All Classes	\$72.66	\$73.54	1.21%

* Price based on SNF components only

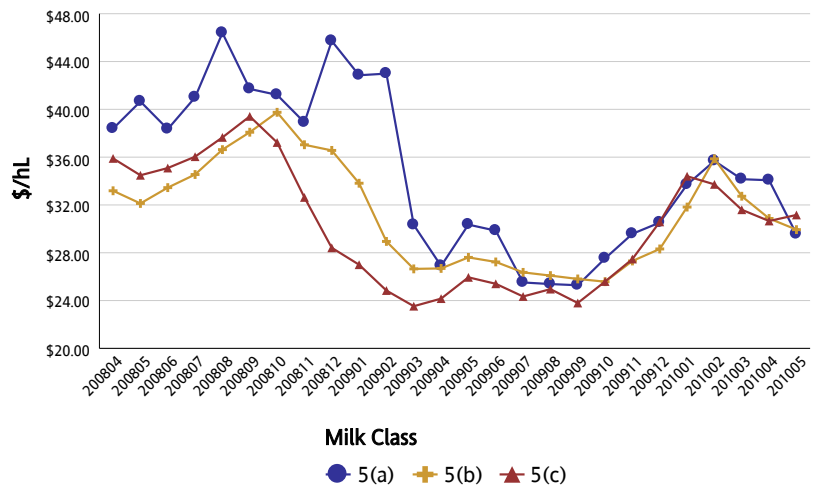
Butter Inventory ('000 kg)

	Mar 31, 2009	Mar 31, 2010
PLAN A BUTTER	2,527	2,639
PLAN B BUTTER	10,122	10,856
IMPORTED BUTTER	286	66
BUTTER FOR EXPORT		528
TOTAL CDC BUTTER STOCKS	12,935	14,089
PRIVATE BUTTER STOCKS	7,353	7,292
TOTAL CDC AND PRIVATE BUTTER STOCKS	20,289	21,381

Other Private Stocks ('000 kg)

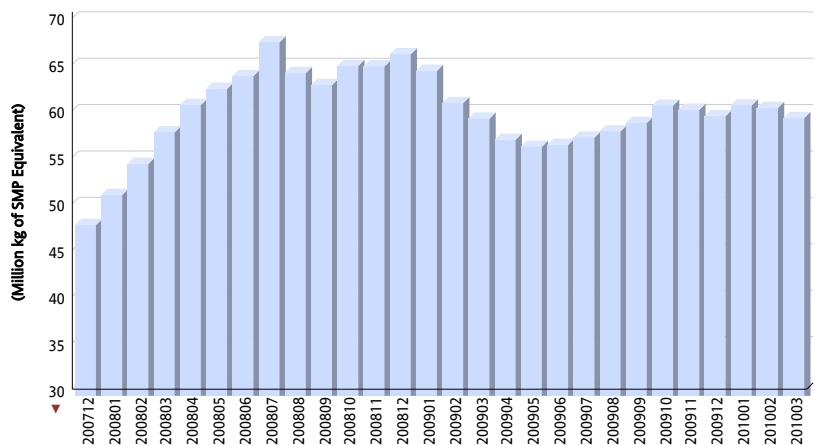
	Mar 31, 2009	Mar 31, 2010
CHEDDAR	44,697	44,502
PROCESSED CHEESE	10,124	10,260
SPECIALTY CHEESE	19,648	22,268

Class 5 Component Prices in \$/hL



Structural Surplus

(12 Month Rolling)



Comments on Stocks

The CDC continued to sell large quantities of Plan A butter. Between February and May, we are normally rebuilding butter stocks as there are usually no requests to purchase Plan A butter. Contrary to what was previously indicated, the CDC will likely have to buy Plan A butter in the next few months to finish the year closer to 3,000 tonnes.

Plan B butter stocks have continued to increase which is normal at this time of year. Butter stocks, which stood at 10,856 tonnes at the beginning of April 2010 are only slightly higher than what they were at this time last year. They should continue to grow slowly over the next months to reach 13 to 14,000 tonnes in June when they reach their highest level of the year.

As for butter destined for export, the CDC purchased 690 tonnes of unsalted butter so far this dairy year. At this point we don't expect to purchase much more than 1,000 tonnes this year. Some of this unsalted butter may be required by domestic processors and the rest will likely be exported in the next few months unless it is needed to replenish Plan A stocks. We will wait until we have a better idea of real butter surpluses before committing more for export. The world price of butter remains high at about \$US 3,500 and everything suggests that it will remain at this level over the coming months. Imported butter stocks are negligible at 66 tonnes since most of the butter recently purchased has been sold. There is still approximately 900 tonnes to import for the current dairy year.