

# CDC MARKET BULLETIN



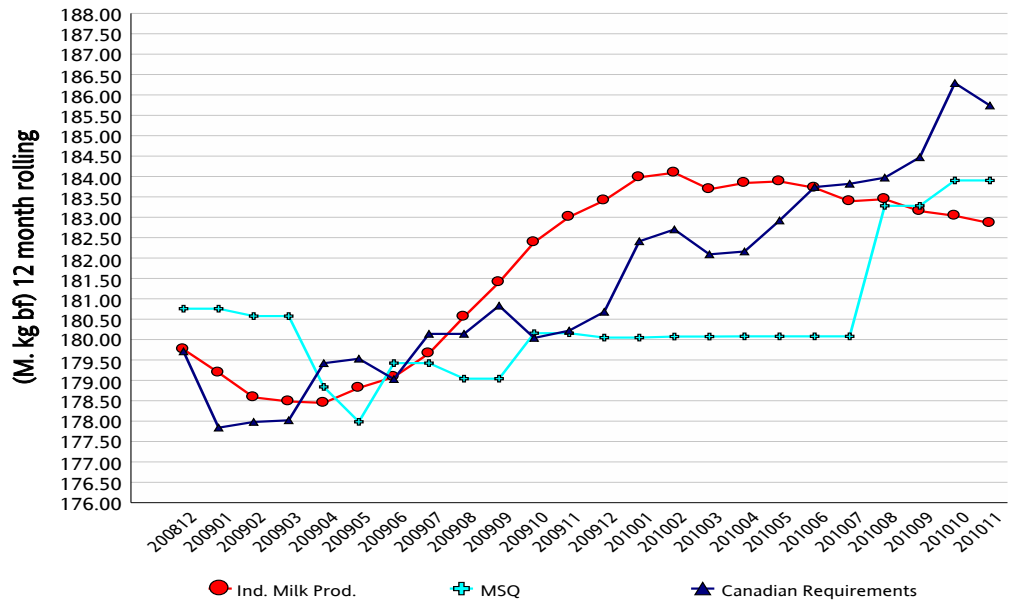
## Market Comment

Canadian requirements for the twelve month period ending in November 2010 were 185.74 million kg of butterfat, down 0.30 % from the Canadian requirements of 186.29 million kg of butterfat of October 2010.

Certain factors boosted Canadian requirements. Skim-off from fluid milk decreased in November 2010 in comparison to the same month last year. The use of butterfat in yogurt, sour cream and ice cream increased by 24.8%. The use of butterfat in cheese also increased by about 6%. These positive effects were however countered by other factors. The use of butterfat decreased in all the special milk classes. More importantly, butter consumption decreased by an equivalent of 1.2 million kg of butterfat.

In November 2010, total milk deliveries increased by 0.7% compared to the same month last year. Deliveries of fluid milk grew sharply by 3.5 % and deliveries of industrial milk decreased by 1.2%.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2008/12 to 2009/11	2009/12 to 2010/11	% Change	2008/12 to 2009/11	2009/12 to 2010/11	% Change	2008/12 to 2009/11	2009/12 to 2010/11	% Change
NL	1,834,969	1,892,504	3.14%	1,314,185	1,415,439	7.70%	520,784	477,065	-8.39%
P5	228,966,546	229,380,402	0.18%	80,661,793	80,505,264	-0.19%	148,304,753	148,875,138	0.38%
WMP	70,631,039	69,789,020	-1.19%	36,448,465	36,284,641	-0.45%	34,182,574	33,504,379	-1.98%
<b>Canada</b>	<b>301,432,554</b>	<b>301,061,926</b>	<b>-0.12%</b>	<b>118,424,443</b>	<b>118,205,344</b>	<b>-0.19%</b>	<b>183,008,111</b>	<b>182,856,582</b>	<b>-0.08%</b>

## Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2008/12 to 2009/11	2009/12 to 2010/11	% Change	2008/12 to 2009/11	2009/12 to 2010/11	% Change
1(a)	47,218	47,212	-0.01%	248,414	248,465	0.02%
1(b)	40,610	42,601	4.90%	18,008	18,742	4.07%
2	20,813	23,838	14.53%	36,356	38,537	6.00%
3	101,731	104,177	2.41%	235,504	239,426	1.67%
4(a)	61,009	53,045	-13.05%	12,742	13,007	2.08%
4(b)	2,015	1,476	-26.79%	7,317	5,766	-21.20%
4(m) 4(a1)	631	621	-1.66%	57,421	58,943	2.65%
5(a,b,c)	22,945	24,705	7.67%	39,456	39,476	0.05%
5(d)	1,998	2,275	13.86%	26,685	22,676	-15.03%
Other	1,717	402	-76.58%	3,997	4,601	15.12%
<b>Total</b>	<b>300,687</b>	<b>300,352</b>	<b>-0.11%</b>	<b>685,901</b>	<b>689,639</b>	<b>0.54%</b>

## Continuous Quota

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

November 30, 2010

Province	kg of bf	% *
NL	-215,752	-11.21%
PE	-12,839	-0.33%
NS	-104,697	-1.57%
NB	-29,767	-0.57%
QC	-1,906,322	-1.66%
ON	-1,380,056	-1.40%
MB	-204,500	-1.69%
SK	-146,521	-1.69%
AB	-420,509	-1.69%
BC	-288,505	-1.15%

\* 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: November 20, 2010

	Previous 12 Month	12 Month	Change
<b>Butter</b>	51,100	51,405	+ 0.6%
<b>Total Cheese</b>	266,867	272,172	+ 2.0%
Cheddar	79,077	81,344	+ 2.9%
Specialty	76,878	80,749	+ 5.0%
Processed	110,912	110,078	- 0.8%
<b>Ice cream</b>	210,012	204,344	- 2.7%
<b>Yogurt</b>	240,860	251,950	+ 4.6%

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

## Butter Inventory ('000 kg)

	Nov 30, 2009	Nov 30, 2010
<b>PLAN A BUTTER</b>	2,816	825
<b>PLAN B BUTTER</b>	7,165	4,539
<b>IMPORTED BUTTER</b>	255	1,067
<b>BUTTER FOR EXPORT</b>	785	
<b>TOTAL CDC BUTTER STOCKS</b>	<b>11,021</b>	<b>6,431</b>
<b>PRIVATE BUTTER STOCKS</b>	6,855	7,160
<b>TOTAL CDC AND PRIVATE BUTTER STOCKS</b>	<b>17,876</b>	<b>13,590</b>

**Other Private Stocks ('000 kg)**

	Nov 30, 2009	Nov 30, 2010
<b>CHEDDAR</b>	43,127	43,218
<b>PROCESSED CHEESE</b>	9,540	9,744
<b>SPECIALTY CHEESE</b>	20,950	21,630

### Comments on Stocks

Plan A butter sales continued to be strong in November, allowing the CDC to reduce its inventories from 1,616 t to 825 t on November 30th. To date, most buyers have covered their requirements for the holiday season, which means that sales should decrease in early December. Nevertheless, it is expected that the Plan A butter inventories could be as low as 500 t at the end of 2010. This has given the CDC the opportunity to sell its older inventory and replace it with fresh stocks as planned. Starting in January, the CDC will start to rebuild its Plan A stocks. Part of the stocks will consist of unsalted butter in order to fulfill the demand for this product.

Plan B butter stocks decreased by 1,529 t during the month, falling to 4,539 t by November 30th. Our Plan B inventory could decrease to approximately 3,000 t at the end of December before starting to increase in January 2011. This anticipated level of Plan B butter at the end of December should be very close to the past 10-year average and therefore is considered normal.

As for imported butter, we have received 1,000 t of unsalted butter during the month of November. The remainder of the 1,500 t purchased this fall will arrive within the first two weeks of December 2010.

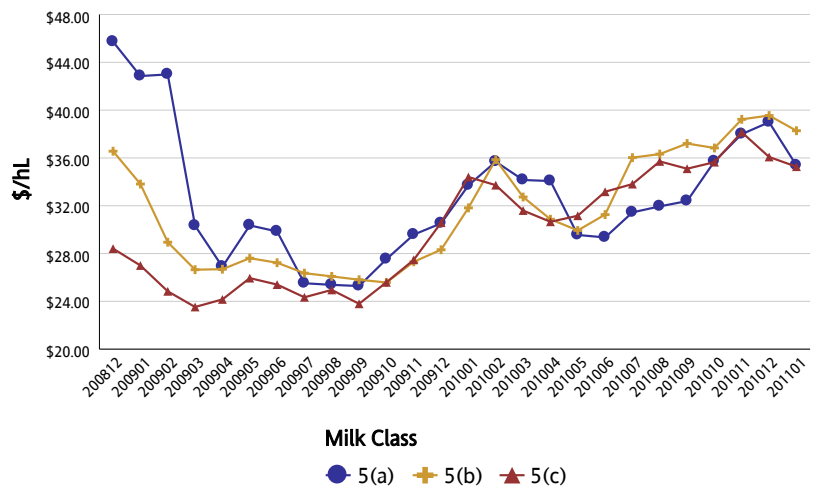
## Average Return from Milk Sales

(\$/hl std)

Milk Class	2008/12 to 2009/11	2009/12 to 2010/11	% Change
1	\$88.80	\$89.42	0.71%
2 to 4(d)	\$75.66	\$75.85	0.26%
4(m) 4(a1)*	\$8.69	\$11.27	29.64%
5(a) to (c)	\$28.46	\$32.95	15.75%
5(d)	\$21.84	\$26.49	21.29%
<b>All Classes</b>	<b>\$73.17</b>	<b>\$74.19</b>	<b>1.39%</b>

\* Price based on SNF components only

## Class 5 Component Prices in \$/hL



## Structural Surplus

(12 Month Rolling)

