

CDC MARKET BULLETIN



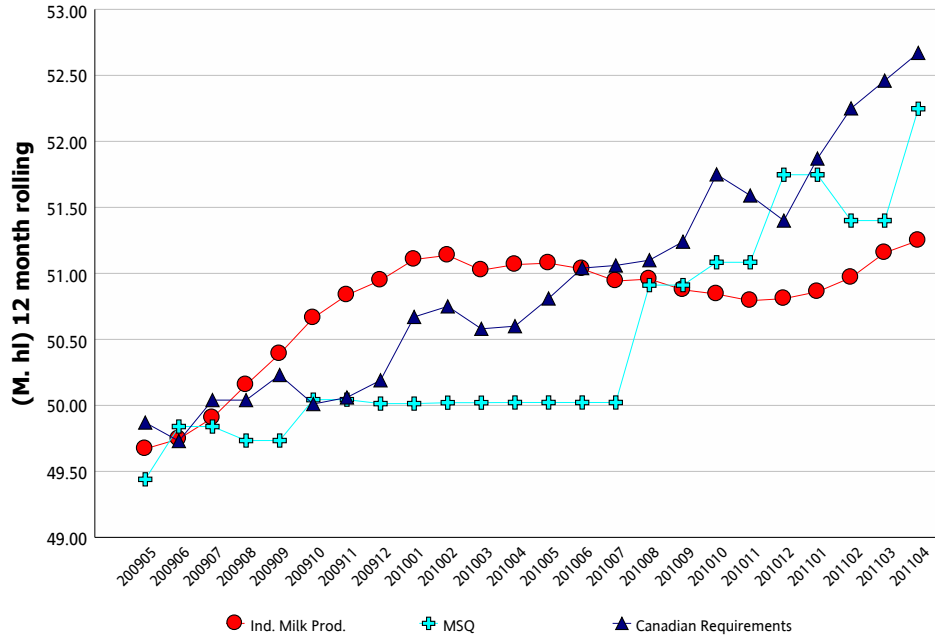
Market Comment

Canadian requirements for the twelve month period ended in April 2011 were 189.62 million kg of butterfat, a 0.41 % increase in comparison to the requirements of 188.84 million kg of butterfat for the period ended in March 2011.

The supply of cream from the fluid milk market has decreased again which has increased requirements for industrial milk. Butter consumption has increased by the equivalent of nearly one million kg of butterfat in April in comparison to the same month last year. Also, cheese processors have maintained high milk deliveries to their plants even though retail cheese sales have slowed, which has contributed to increasing their stock levels. These three factors more than compensated the negative effect on Canadian requirements of a significant decrease in activities in the further processing market.

In April 2011, total milk deliveries increased by 1.9% compared to the same month last year. Growth is lower than in March (+2.4%) and seems to be slowing a little. Fluid milk deliveries grew by 1.5 % and deliveries of industrial milk increased by 2.2 %. The CDC's butter stocks are not increasing as quickly this spring. Butter imports will therefore need to be concentrated next fall in order to satisfy the strong demand at that time of year.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2009/5 to 2010/4	2010/5 to 2011/4	% Change	2009/5 to 2010/4	2010/5 to 2011/4	% Change	2009/5 to 2010/4	2010/5 to 2011/4	% Change
NL	1,828,799	1,929,015	5.48%	1,373,438	1,463,611	6.57%	455,361	465,404	2.21%
P5	230,016,858	230,989,058	0.42%	80,587,903	80,655,015	0.08%	149,428,955	150,334,043	0.61%
WMP	70,147,478	70,160,681	0.02%	36,191,909	36,465,500	0.76%	33,955,569	33,695,181	-0.77%
Canada	301,993,135	303,078,754	0.36%	118,153,250	118,584,126	0.36%	183,839,885	184,494,628	0.36%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2009/5 to 2010/4	2010/5 to 2011/4	% Change	2009/5 to 2010/4	2010/5 to 2011/4	% Change
1(a)	47,143	47,328	0.39%	248,350	248,059	-0.12%
1(b)	41,610	43,259	3.96%	18,402	18,964	3.06%
2	21,661	23,759	9.69%	37,351	38,623	3.41%
3	104,359	103,930	-0.41%	240,820	238,010	-1.17%
4(a)	57,489	53,777	-6.46%	11,627	11,812	1.59%
4(b)	1,772	1,614	-8.90%	6,798	5,989	-11.89%
4(m) 4(a1)	595	589	-1.14%	56,535	56,265	-0.48%
5(a,b,c)	23,099	25,518	10.47%	38,344	41,697	8.74%
5(d)	2,073	1,480	-28.62%	28,056	24,576	-12.40%
Other	1,471	966	-34.35%	3,150	7,377	134.18%
Total	301,271	302,219	0.31%	689,432	691,373	0.28%

Continuous Quota

Cumulative Over/Under Production (with limits) as of:
April 30, 2011

Province	kg of bf	% *
NL	-240,027	-12.22%
PE	-9,898	-0.25%
NS	-61,940	-0.92%
NB	18,904	0.36%
QC	-1,216,292	-1.05%
ON	-1,320,898	-1.33%
MB	-169,093	-1.38%
SK	-167,955	-1.91%
AB	-386,223	-1.53%
BC	-322,828	-1.27%

* 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:	Previous 12 Month	12 Month	Change
May 7, 2010			
Butter	51,148	51,992	+ 1.6%
Total Cheese*	267,566	268,793	+ 0.5%
Cheddar	80,194	80,820	+ 0.8%
Specialty*	76,491	78,705	+ 2.9%
Processed	110,911	109,298	- 1.5%
Ice cream	207,118	201,390	- 2.8%
Yogurt	247,412	251,877	+ 1.8%

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

Butter Inventory ('000 kg)

	Apr 30, 2010	Apr 30, 2011
PLAN A BUTTER	2,724	678
PLAN B BUTTER	12,138	7,306
IMPORTED BUTTER	155	132
BUTTER FOR EXPORT	953	
TOTAL CDC BUTTER STOCKS	15,969	8,115
PRIVATE BUTTER STOCKS	6,454	6,707
TOTAL CDC AND PRIVATE BUTTER STOCKS	22,424	14,822

Other Private Stocks ('000 kg)	Apr 30, 2010	Apr 30, 2011
CHEDDAR	45,431	45,429
PROCESSED CHEESE	9,439	12,110
SPECIALTY CHEESE	22,392	23,595

Comments on Stocks

The overall CDC butter stocks are increasing, which is normal for this time of year as the milk supply increases in the spring. Plan A butter stocks rose slightly from 596 tonnes at the end of March to 678 tonnes at the end of April. However it is expected that the CDC will continue to sell Plan A over the coming months to satisfy demand by certain manufacturers. As a result, Plan A stocks will decrease from their current level moving into the summer.

Plan B butter stocks have increased to 7,306 tonnes at the end of April compared to 6,461 tonnes at the end of March. Plan B stocks are significantly lower that they were in April 2010, however the 2010 levels were higher than normal for that time of year.

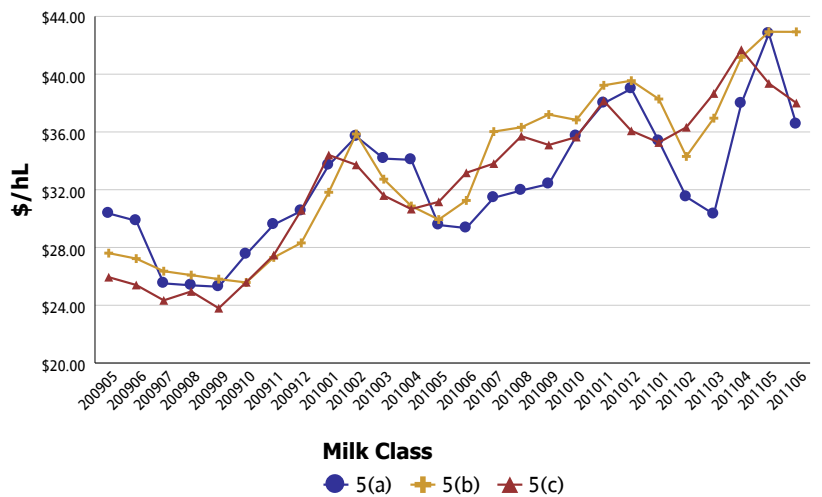
Imported butter stocks rose to 123 tonnes at the end of April compared to 73 tonnes at the end of March. The remaining 1,100 tonnes for the current dairy year will be imported over the coming months, with the majority of the butter scheduled to arrive in June 2011. As for export butter, our stocks are expected to remain at zero for the remainder of the dairy year.

Average Return from Milk Sales

Milk Class	(\$/hl std)		% Change
	2009/5 to 2010/4	2010/5 to 2011/4	
1	\$89.35	\$89.92	0.64%
2 to 4(d)	\$75.85	\$76.09	0.31%
4(m) 4(a1)*	\$9.76	\$12.83	31.41%
5(a) to (c)	\$28.41	\$34.43	21.21%
5(d)	\$21.66	\$29.60	36.68%
All Classes	\$73.56	\$74.84	1.74%

* Price based on SNF components only

Class 5 Component Prices in \$/hL



Structural Surplus

(12 Month Rolling)

