

CDC MARKET BULLETIN

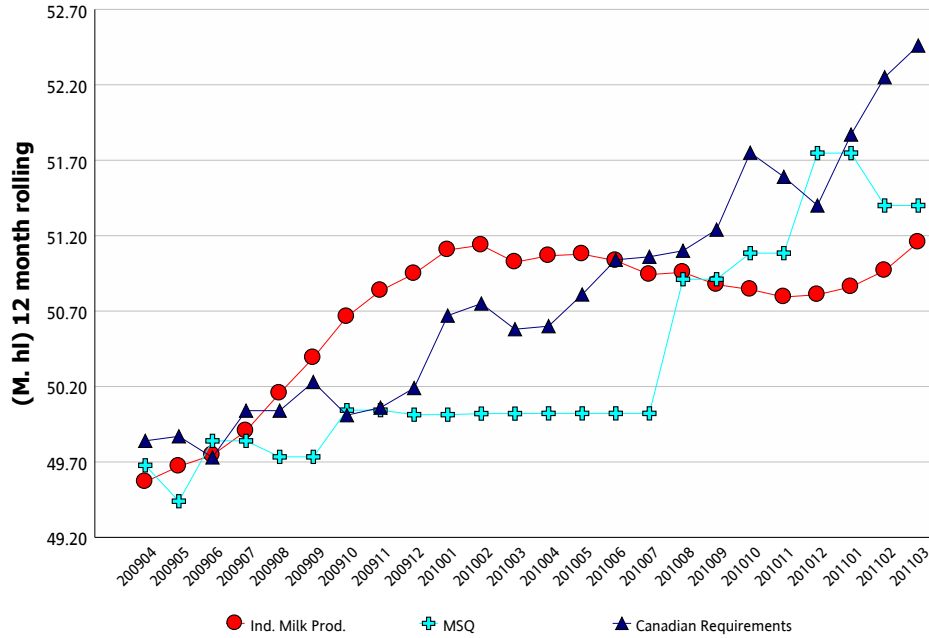
Market Comment

Canadian requirements for the twelve month period ended in March 2011 were 188.84 million kg of butterfat, a 0.40 % increase in comparison to the requirements of 188.04 million kg of butterfat for the period ended in January 2011.

The increase of Canadian requirements in March can be explained by a strong growth in the consumption of butter. According to our estimates, it was 0.7 million kg. of butterfat higher than consumption during the same month last year. Another important factor was a growth of approximately 0.4 million kg of butterfat in the further processing market in March. These two factors more than compensated the increase in skim-off in the fluid milk consumption market and the recent decrease in butter fat utilization in the yogurt, ice cream and cheese markets. It should be noted that Canadian requirements are expected to increase similarly in April but remain the same in the following months.

In March 2011, total milk deliveries increased by 2.4 % compared to the same month last year. Deliveries of fluid milk decreased by 0.6 % and deliveries of industrial milk increased by 4.3 %. We are now beginning to clearly see the effects of the policies implemented by the provinces to stimulate production.

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



	Total Production (kg bf)			Fluid Production (kg bf)			Industrial Production (kg bf)		
	2009/4 to 2010/3	2010/4 to 2011/3	% Change	2009/4 to 2010/3	2010/4 to 2011/3	% Change	2009/4 to 2010/3	2010/4 to 2011/3	% Change
NL	1,821,552	1,925,677	5.72%	1,375,757	1,456,910	5.90%	445,795	468,767	5.15%
P5	229,921,106	230,688,511	0.33%	80,796,150	80,542,204	-0.31%	149,124,956	150,146,307	0.68%
WMP	70,311,285	69,985,048	-0.46%	36,195,017	36,438,339	0.67%	34,116,268	33,546,709	-1.67%
Canada	302,053,943	302,599,236	0.18%	118,366,924	118,437,453	0.06%	183,687,019	184,161,783	0.26%

Milk Utilization ('000 kg)

Milk Class	Butterfat			Solids Non Fat		
	2009/4 to 2010/3	2010/4 to 2011/3	% Change	2009/4 to 2010/3	2010/4 to 2011/3	% Change
1(a)	47,315	47,214	-0.21%	248,616	248,131	-0.20%
1(b)	41,568	43,017	3.49%	18,352	18,898	2.97%
2	21,553	23,742	10.16%	37,221	38,588	3.67%
3	103,559	103,705	0.14%	238,747	238,230	-0.22%
4(a)	58,270	53,261	-8.60%	12,420	11,949	-3.79%
4(b)	1,858	1,540	-17.07%	7,021	5,835	-16.89%
4(m) 4(a1)	553	601	8.71%	54,659	57,316	4.86%
5(a,b,c)	23,081	26,031	12.78%	38,813	41,820	7.75%
5(d)	2,179	1,869	-14.21%	29,976	23,554	-21.42%
Other	1,426	750	-47.39%	3,195	6,537	104.63%
Total	301,361	301,731	0.12%	689,020	690,858	0.27%

Continuous Quota

Cumulative Over/Under Production (with limits) as of:
March 31, 2011

Province	kg of bf	% *
NL	-241,312	-12.31%
PE	-8,468	-0.21%
NS	-69,563	-1.04%
NB	15,606	0.30%
QC	-1,284,732	-1.11%
ON	-1,304,946	-1.32%
MB	-148,554	-1.21%
SK	-153,501	-1.75%
AB	-362,886	-1.44%
BC	-325,059	-1.29%

* 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)

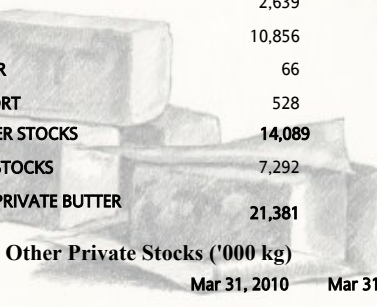
Up to:	March 12, 2011		
	Previous 12 Month	12 Month	Change
Butter	51,124	52,028	+ 1.8%
Total Cheese*	268,781	272,578	+ 0.8%
Cheddar	79,741	81,308	+ 2.0%
Specialty*	75,915	79,032	+ 4.1%
Processed	111,281	109,519	- 1.6%
Ice cream	208,768	202,167	- 3.2%
Yogurt	245,342	251,120	+ 2.4%

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

Butter Inventory ('000 kg)

	Mar 31, 2010	Mar 31, 2011
PLAN A BUTTER	2,639	596
PLAN B BUTTER	10,856	6,461
IMPORTED BUTTER	66	73
BUTTER FOR EXPORT	528	
TOTAL CDC BUTTER STOCKS	14,089	7,130
PRIVATE BUTTER STOCKS	7,292	7,331
TOTAL CDC AND PRIVATE BUTTER STOCKS	21,381	14,461

	Mar 31, 2010	Mar 31, 2011
CHEDDAR	44,502	43,820
PROCESSED CHEESE	10,260	10,459
SPECIALTY CHEESE	22,268	23,958



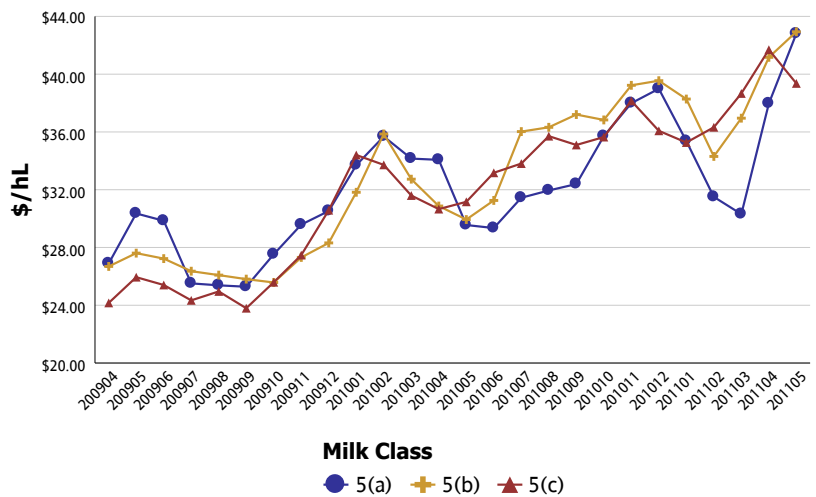
Average Return from Milk Sales

(\$/hl std)

Milk Class	2009/4 to 2010/3	2010/4 to 2011/3	% Change
1	\$89.33	\$89.75	0.46%
2 to 4(d)	\$75.85	\$76.01	0.21%
4(m) 4(a1)*	\$9.99	\$12.23	22.42%
5(a) to (c)	\$27.84	\$33.86	21.60%
5(d)	\$22.19	\$29.04	30.88%
All Classes	\$73.54	\$74.56	1.39%

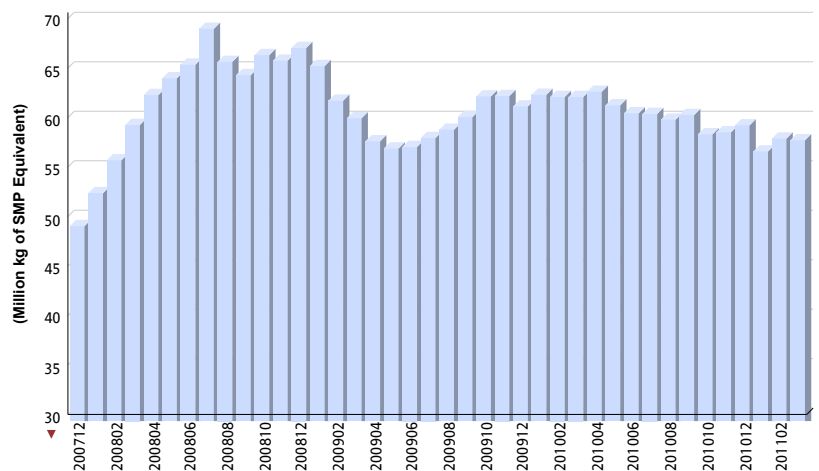
* Price based on SNF components only

Class 5 Component Prices in \$/hL



Structural Surplus

(12 Month Rolling)



Comments on Stocks

Plan A butter stocks continued their decrease in March, falling to 596 tonnes by the end of the month. The CDC continues to sell Plan A butter to satisfy the increasing demand. It is expected that this strong demand will continue over the coming months, which will further deplete the Plan A stocks. Milk production is expected to strengthen later this spring in order to supply this market growth.

Plan B butter stocks have increased to 6,461 tonnes at the end of March compared to 4813 tonnes at the end of February. Plan B stocks are significantly lower than they were in March 2010, however the 2010 levels were higher than normal for that time of year.

Imported butter stocks were at 73 tonnes at the end of March. A total of 114 tonnes of imported butter was purchased in March. The remaining 1,530 tonnes will be imported over the coming months, with most of the butter set to arrive by the end of May. As for export butter, our stocks are expected to remain at zero for the remainder of the dairy year.