

OCTOBER 2023



# DAIRYNOMICS

## MONTHLY RETAIL MARKETS AND PRODUCTION REPORT



## AUGUST DEMAND JUMPS BY MORE THAN SIX PER CENT

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The main message from last month, in terms of the need to properly supply milk for the short-term fall market while keeping an eye on the medium to longer term, remains essentially the same this month. One new positive element is the demand for August went up by more than six per cent compared to the same month the previous year. This is a change in direction compared with the last four or five months, but there is still uncertainty about whether demand will continue to be this strong in the coming months.

"If demand continues to be stronger than for the same months last year as we have seen in August, then the

realignment of production to meet medium- to long-term demand may need to be smaller than anticipated only a month ago," says Patrice Dubé, Dairy Farmers of Ontario's chief economics and policy development officer.

Even with August's good news, the P5 demand for domestic milk (after imports) for the 2022 to 2023 dairy year is only up by 0.6 per cent compared with the previous dairy year. The CDC forecast model was expecting P5 demand to be more in the range of 2.6 per cent. It is important to point out the P5 butterfat production since the beginning of the 2023 calendar year ending in August is 3.5 per cent higher than for the same

period last year.

In August 2023, butter stocks reached 33,538 tonnes, down from July by close to 1,731 tonnes. August butter stock levels are also significantly higher than where they were in August 2022.

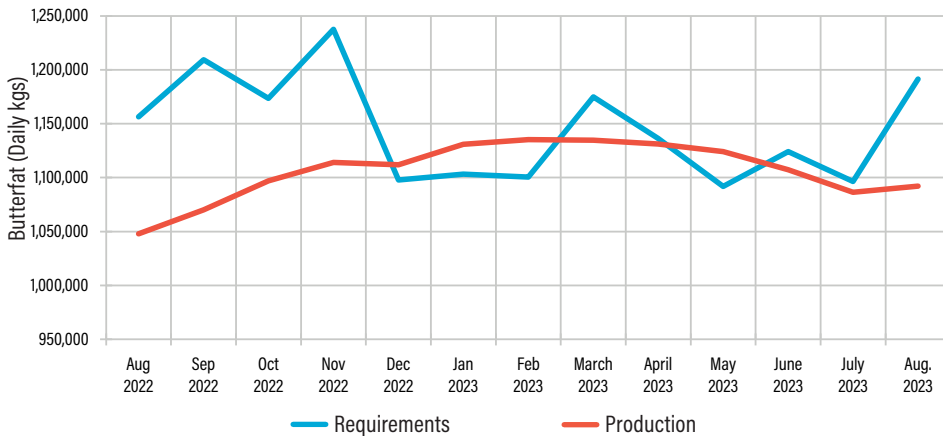
Cheese stock levels for the month of August 2023 were at 101,326 tonnes, which is higher than where they were in August 2022 (99,186).

For the annual growth rate ending July 15, 2023, sales for fluid milk, fluid cream, yogurt, ice cream, cheese and butter increased/decreased by -0.8, 2.6, 1.7, 1.8, 1.1 and 0.1 per cent, respectively, compared with July 20, 2019.

# A monthly recap of markets and production trends in Canada and Ontario

## CANADIAN REQUIREMENTS AND PRODUCTION

Canadian butterfat requirements in kilograms and actual butterfat production across the P10.

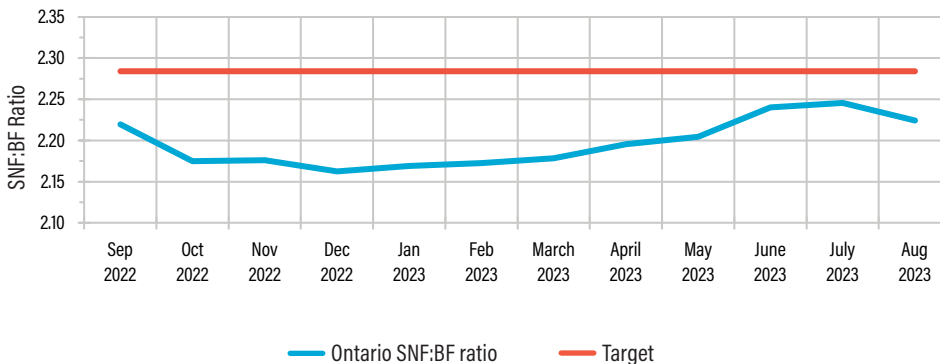


12-month production (in millions of kilograms) **405.6**

12-month requirements (in millions of kilograms) **417.8**

Canadian production has increased by **2.8 per cent** over the previous 12 months, and requirements have increased by **0.7 per cent** over the previous 12 months.

## SOLIDS NON-FAT TO BUTTERFAT (SNF-BF) RATIO



This graph shows Ontario's SNF-BF ratio for the last 12 months in relation to Ontario's target SNF-BF ratio of 2.2840.

**August 2023:** 2.2242

## NATIONAL RETAIL SALES

Average increase in retail sales for dairy products sold in Ontario and the dairy product's share of the total market sales, including at hotels, restaurants and institutions.

	12 MONTHS ENDING SEPTEMBER 2, 2023	RETAIL SHARE OF TOTAL MARKET
Fluid milk	-1.70%	81.50%
Cream	-2.60%	40.90%
Cheese	-0.60%	54.40%
Butter	-3.60%	57.60%
Ice cream	1.30%	70.70%
Yogurt	3.20%	94.40%

\* Source: AC Nielsen & StatsCan

NOTE: There is a two-month lag in the national retail sales data.

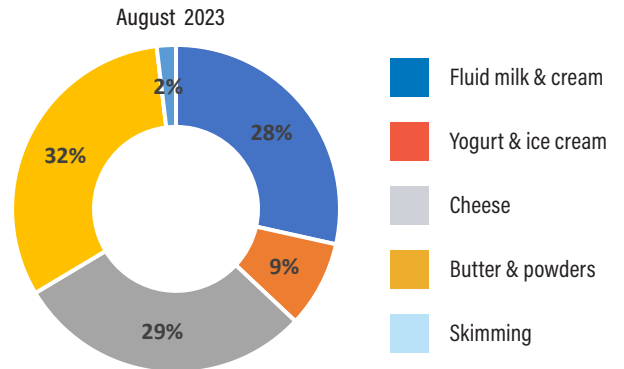
## SEPTEMBER HIGHLIGHTS

- One new positive element is the demand for August went up by more than six per cent compared to the same month the previous year. This is a change in direction compared with the last four or five months, but there is still uncertainty about whether demand will continue to be this strong in the coming months;
- Even with August's good news, the P5 demand for domestic milk (after imports) for the 2022 to 2023 dairy year is only up by 0.6 per cent compared with the previous dairy year. The CDC forecast model was expecting P5 demand to be more in the range of 2.6 per cent;
- In August 2023, butter stocks reached 33,538 tonnes, down from July by close to 1,731 tonnes. August butter stock levels are also significantly higher than where they were in August 2022.

## ONTARIO UTILIZATION

Percentage of the total milk produced in Ontario that was used to produce dairy products.

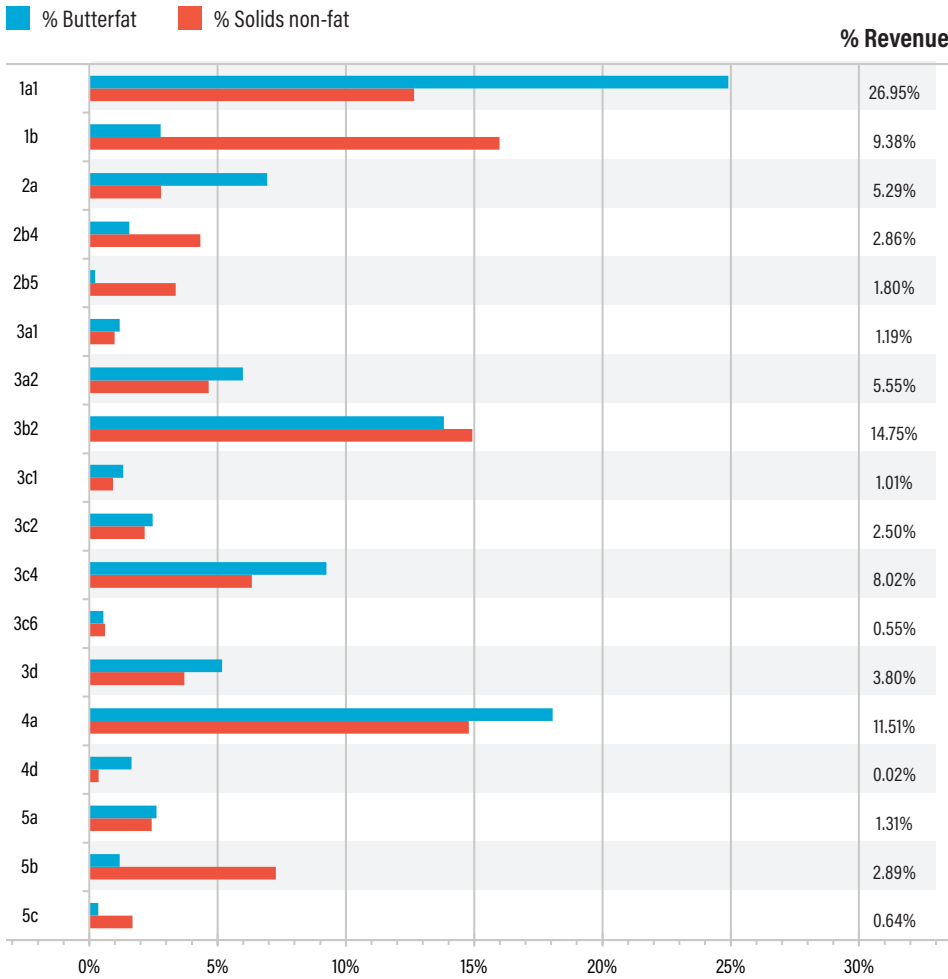
	JULY 2023	AUGUST 2023	12-MONTH AVERAGE
Fluid milk & cream	27.3%	28.5%	29.2%
Yogurt & ice cream	7.9%	8.5%	7.0%
Cheese	27.3%	29.4%	28.5%
Butter & powders	32.9%	31.7%	31.9%
Skimming	4.6%	1.9%	3.4%



## P10 UTILIZATION BY CLASS

For August 2023 (kg of butterfat/kg of solids non-fat)

\*There is a two-month lag reporting these figures

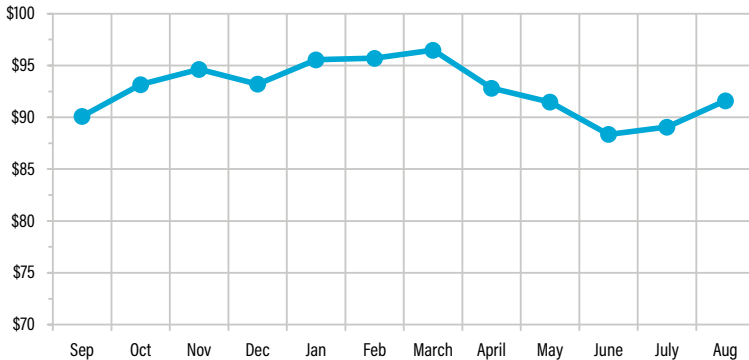


- Class 1a1 (includes Classes 1a2, 1a3, 1c and 1d for confidentiality reasons)** Fluid milk and beverages
- Class 1b** Fluid creams Class 2a Yogurt, yogurt beverages, kefir and lassi
- Class 2b4 (includes Classes 2b1, 2b2 and 2b3 for confidentiality reasons)** Fresh dairy desserts, sour cream, milkshakes and sports nutrition drinks
- Class 2b5** Ice cream and frozen yogurt
- Class 3a1** Specialty cheese
- Class 3a2** Cheese curds and fresh cheeses
- Class 3b2 (includes Class 3b1 for confidentiality reasons)** Cheddar cheese and aged cheddar
- Class 3c1** Feta
- Class 3c2** Asiago, Gouda, Havarti, Parmesan and Swiss
- Class 3c4 (includes Classes 3c3 and 3c5 for confidentiality reasons)** Brick, Colby, farmer's, jack, Monterey jack, muenster, pizza cheese, pizza mozzarella and mozzarella other than what falls within 3d
- Class 3c6** Paneer
- Class 3d** Mozzarella used strictly on fresh pizzas by establishments registered with the Canadian Dairy Commission
- Class 4a** Butter and powders
- Class 4d (includes Classes 4b1, 4b2, 4c and 4m for confidentiality reasons)** Concentrated milk for retail, losses and animal feed
- Class 5a** Cheese for further processing
- Class 5b** Non-cheese products for further processing
- Class 5c** Confectionery products

## PRICES UPDATE

### ONTARIO MONTHLY PRODUCER AVERAGE GROSS BLEND PRICE

A total 3,217 producers sold milk to DFO in August compared with 3,284 a year earlier.



**August 2023:**  
\$ 91.60

### ONTARIO DEDUCTIONS, PER HL

For August 2023

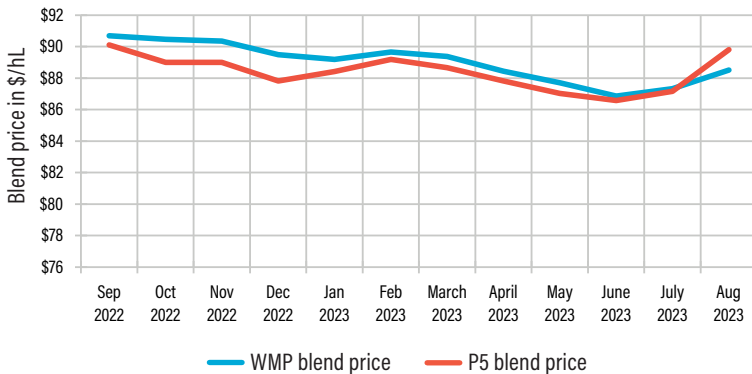
	Within quota	Over-quota
<b>DFO administration</b>	\$0.675	\$0.675
<b>DFO research</b>	\$0.050	\$0.050
<b>CanWest DHI</b>	\$0.060	\$0.060
<b>Transportation</b>	\$3.280	\$3.280
<b>Market expansion</b>	\$1.400	\$1.400
<b>Total deductions</b>	\$5.465	\$5.465
<b>Average total net</b>	\$85.407	-\$5.465

\* These figures are based on Ontario's average composition for August 2023 of 4.1061 kg butterfat, 3.1880 kg protein and 5.9449 kg other solids, rounded to the nearest cent.

### P5 AND WESTERN MILK POOL BLEND PRICES\*

The graph below shows the 12-month blend price for the P5 provinces and Western Milk Pool (WMP).

\*There is a two-month lag reporting these figures



**WMP: \$88.51**

**P5: \$89.81**

### U.S. CLASS PRICES

The September 2023 Class III Price, US\$18.39 per hundredweight, is equivalent to C\$57.29 per hectolitre. This equivalent is based on the exchange rate US\$1 = C\$ 1.3724 the exchange rate when the USDA announced the Class III Price.

The Class III Price is in \$ US per hundredweight at 3.5 per cent butterfat. One hundredweight equals 0.44 hectolitres. Canadian Class 5a and Class 5b prices track U.S. prices set by the U.S. Department of Agriculture.

Source: USDA

### MONTHLY QUOTA PRICES (\$/KG)

PROVINCE	PRICE/KG	AMOUNT WANTED/KG	AMOUNT FOR SALE/KG	AMOUNT PURCHASED/
<b>Alberta</b>	\$ 50,000	202.75	173.02	90.52
<b>Saskatchewan</b>	\$ 42,000	51.00	162.97	21.00
<b>Manitoba</b>	\$ 38,550	382.60	248.62	24.76
<b>British Columbia</b>	\$ 36,500	77.27	178.58	72.27
<b>Ontario</b>	\$ 24,000	21,891.83	352.68	352.67
<b>Quebec</b>	\$ 24,000	16,905.96	888.13	887.42
<b>New Brunswick</b>	\$ 24,000	365.3	5.00	5.00
<b>PEI</b>	No Clearing Price Established			
<b>Nova Scotia</b>	\$ 24,000	1,158.21	6.00	6.00

\* Newfoundland does not operate a monthly quota exchange. Quota is traded between producers.

\*\* Quota cap price of \$24,000 in effect in Prince Edward Island, New Brunswick, Ontario, Nova Scotia and Quebec.

SEPTEMBER PRICES

Co-ordinated by Dairy Farmers of Ontario's communications and economics divisions. Questions? Please email [questions@milk.org](mailto:questions@milk.org).

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