SEPTEMBER 2024

DAIRYNOMICS

MONTHLY RETAIL MARKETS AND PRODUCTION REPORT

P5 MESSAGE – QUOTA INCREASE SEPTEMBER AND FALL INCENTIVE DAYS – SEPTEMBER TO NOVEMBER - ORGANIC

TO ENSURE A CONTINUED PRODUCTION LEVEL needed to meet the current and anticipated demand, the P5 boards agreed to increase the saleable quota allocated to P5 producers by one per cent on Sept. 1, 2024.

P5 growth has reached 3.1 per cent since the beginning of the 2024 calendar year, which is a higher level than the 2.6 per cent growth projected by the CDC's optimistic model for the 12-month period of 2024. Imports have also been lower than anticipated for the 2023-24 dairy year. Market demand is anticipated to continue to be strong during the remainder of the calendar and 2024-25 dairy year.

"Processing capacity to handle raw and skim milk has been less of a concern in recent months which gave P5 boards more confidence to send a longer-term production signal," says Patrice Dubé, Dairy Farmers of Ontario's chief economics and policy development officer. "The over quota penalty at the national pool level that has been a source of concern in recent months has been avoided in July 2024, which gives the P5 more room to send a stronger production signal."

Total kilograms of butterfat produced at the P5 level have been lower than expected in recent months and pretty much on par with the same months in 2023. With production going in the opposite direction than demand, and some of the butter and cheese stocks expected to be utilized to meet the typically strong fall demand, sending a longer-term production signal became the logical thing to do to maintain some of the fall production momentum after the end of the fall incentive days period.

In July 2024, butter stocks reached 37,420 tonnes, up from June by 600 tonnes. July butter stock levels are higher compared to July 2023.

Cheese stock levels for July 2024 were at 100,271 tonnes, which is higher compared to June by 248 tonnes and the lowest they have been for the same month in at least three years. For the 52-weeks ending June 29, 2024, sales for fluid milk, fluid cream, yogurt, ice cream, cheese and butter increased/decreased by -0.4, 0.4, 2.5, 1.0, 2.1 and 3.0 per cent, respectively, compared with July 1, 2023.

The following table summarizes the incentive days:

August 2024	2	0
September 2024	3	3
October 2024	3	3
November 2024	2	2
December 2024		

Organic Milk

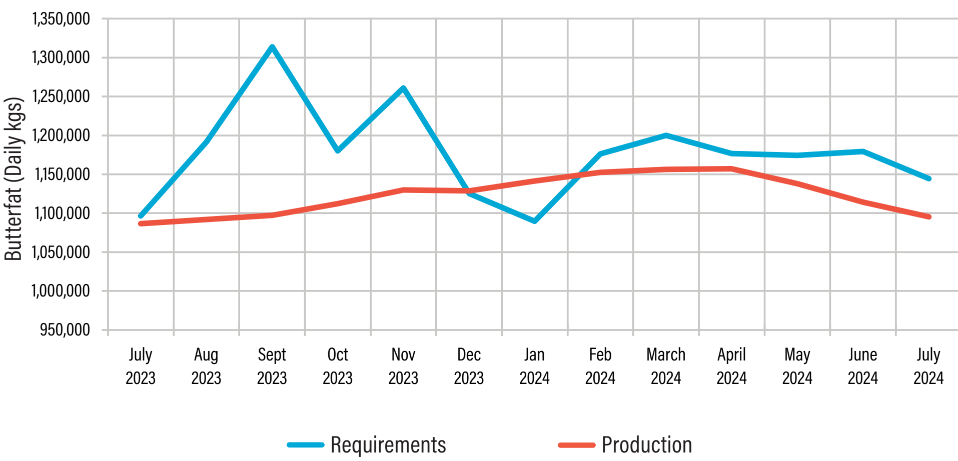
Separately, due to improvements in the organic utilization rate through the spring and summer of 2024, as well as some expected small increases in demand in the fall of 2024, the DFO board announced three incentive days for organic producers in each of the months of September and October and two incentive days in November, to be issued on a non-cumulative basis. This will provide the same incentive days to all producers, organic and conventional, in Ontario for the months of September to November 2024.

The DFO's board will continue to monitor the market demand for organic milk, as well as the utilization rate, impact on premium, and processor commitment volumes, and will continue to review and adapt production signals to address organic market changes, as required.

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.

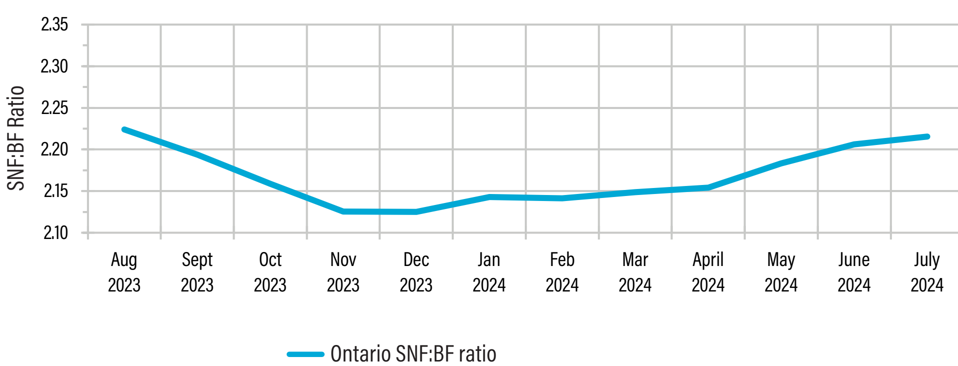


12-month production (in millions of kilograms) **412.2**

12-month requirements (in millions of kilograms) **433.3**

Canadian production has increased by **2.0 per cent** over the previous 12 months, and requirements have increased by **4.0 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.

July 2024: 2.2156

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 AUGUST 3, 2024	RETAIL SHARE OF TOTAL MARKET
Fluid milk	-0.30%	77.80%
Cream	0.70%	39.20%
Cheese	2.00%	54.80%
Butter	2.20%	57.50%
Ice cream	1.80%	70.70%
Yogurt	2.80%	94.50%

** Source: AC Nielsen & StatsCan*
NOTE: There is a two-month lag in the national retail sales data.

AUGUST HIGHLIGHTS

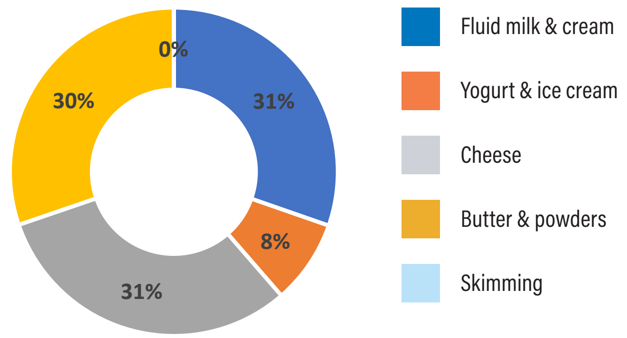
- To ensure a continued production level needed to meet the current and anticipated demand, the P5 boards agreed to increase the saleable quota allocated to P5 producers by one per cent on Sept. 1, 2024;
- Separately, due to improvements in the organic utilization rate through the spring and summer of 2024, as well as some expected small increases in demand in the fall of 2024, the DFO board announces 3 incentive days for organic producers in each of the months of September and October and two incentive days in November;
- In July 2024, butter stocks reached 37,420 tonnes, up from June by 600 tonnes. July butter stock levels are higher compared with July 2023.

ONTARIO UTILIZATION

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

	JUNE 2024	JULY 2024	12-MONTH AVERAGE
Fluid milk & cream	29.0%	30.3%	30.0%
Yogurt & ice cream	7.9%	8.3%	7.4%
Cheese	31.6%	31.2%	30.1%
Butter & powders	31.1%	30.2%	31.3%
Skimming	0.5%	0.0%	1.1%

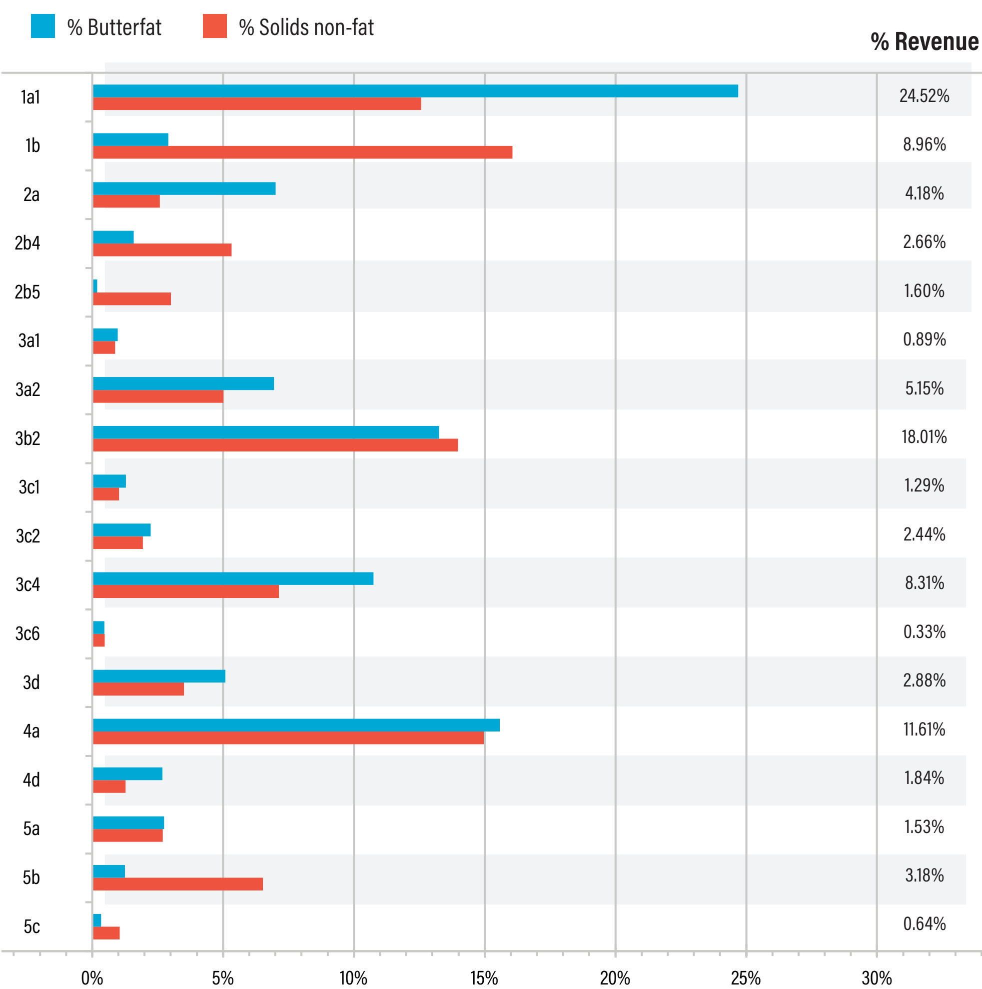
July 2024



P10 UTILIZATION BY CLASS

For July 2024 (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

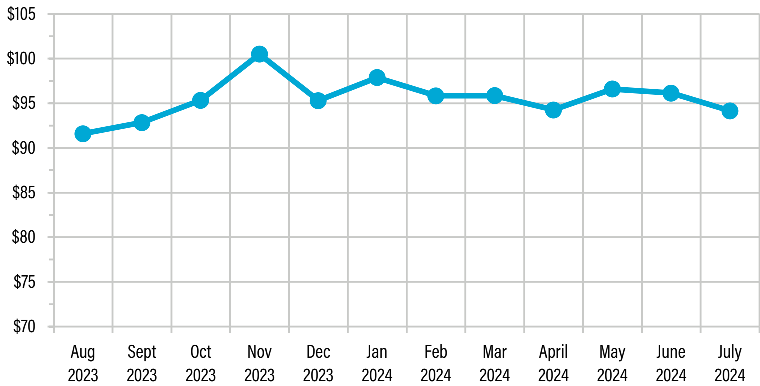
Class 5a Cheese for further processing

Class 5b Non-cheese products for further processing

Class 5c Confectionery products

ONTARIO MONTHLY PRODUCER AVERAGE GROSS BLEND PRICE

A total 3,178 producers sold milk to DFO in July compared with 3,220 a year earlier.



July 2024: $ 94.15

ONTARIO DEDUCTIONS, PER HL

For July 2024

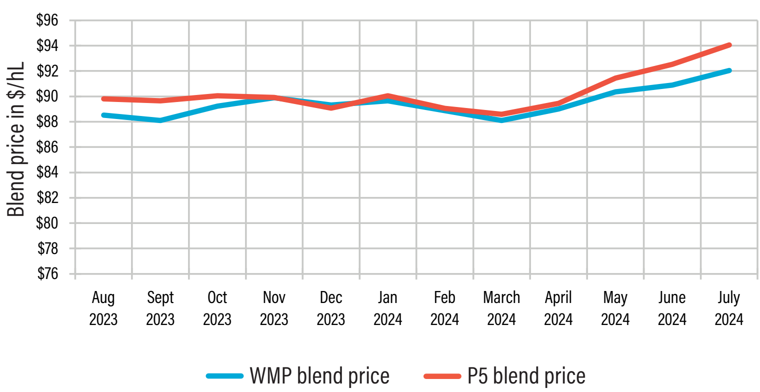
	Within quota	Over-quota
DFO administration	$0.675	$0.675
DFO research	$0.050	$0.050
CanWest DHI	$0.060	$0.060
Transportation	$3.790	$3.790
Market expansion	$1.400	$1.400
Total deductions	$5.975	$5.975
Average total net	$87.420	-$5.975

** These figures are based on Ontario's average composition for July 2024 of 4.1048 kg butterfat, 3.1546 kg protein and 5.9398 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: $92.04

P5: $94.05

U.S. CLASS PRICES

The August 2024 Class III Price, US$20.66 per hundredweight, is equivalent to C$63.46 per hectolitre. This equivalent is based on the exchange rate US$1 = C$ 1.35317 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)

AUGUST PRICES

PROVINCE	PRICE/KG	AMOUNT WANTED/KG	AMOUNT FOR SALE/KG	AMOUNT PURCHASED/KG
Alberta	$51,680	290.05	119.83	109.94
Saskatchewan	$39,325	120.00	15.47	2.97
Manitoba	$40,123	194.00	457.56	152.50
British Columbia	$35,500	606.44	145.90	145.90
Ontario*	$ 24,000	24,098.57	289.14	289.14
Quebec*	$ 24,000	19,502.33	636.75	635.99
New Brunswick*	$ 24,000	559.60	2.00	2.00
PEI*	No Clearing Price Established			
Nova Scotia*	$ 24,000	1,334.80	4.76	4.73

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.

Co-ordinated by Dairy Farmers of Ontario's communications and economics divisions. Questions? Please email questions@milk.org.

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