



OCTOBER 2024

DAIRYNOMICS

MONTHLY RETAIL MARKETS AND PRODUCTION REPORT



P5 PRODUCTION HAS RESPONDED POSITIVELY TO RECENT QUOTA INCREASE

P5 markets have increased by 2.3 per cent over the last 12 months ending in July and are slowly narrowing the gap with the Canadian Dairy Commission's (CDC) optimistic scenario of 2.6 per cent for 2024. P5 production has responded positively to the signal sent by P5 boards recently with production level reaching more than 19.5 million litres per day on average during August 2024.

"The key here is again, and with no surprise, our capacity to process all the milk we put into the system everyday, which can pose a challenge until we get more processing capacity," says Patrice Dubé, Dairy Farmers of Ontario's chief economics and policy development officer.

P5 incentive days fill rate was over 26 per cent for August. P5 butterfat tests in milk for the fall period are expected to be lower than last year but higher than where they were two years ago. Therefore, for a given quantity of quota, there should be more volume of milk shipped.

If the markets remain as strong as seen recently, butter stocks can be expected to be reduced. This could put the butter stocks at closer to 25,000 tonnes in December, which is historically the quantity of stock expected for that time of year. The P5 quota committee and P5 boards will further discuss the supply-demand situation at their October meetings to determine the appropriate

production signal for the period following the fall incentive days.

In August 2024, butter stocks reached 33,843 tonnes, down from July by 3,577 tonnes. August butter stock levels are similar to the August 2023 level.

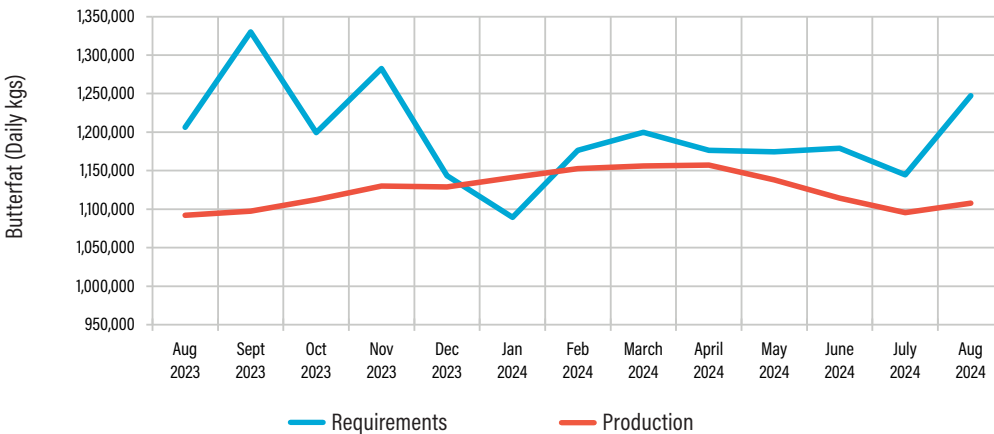
The cheese stock level for August 2024 was at 102,078 tonnes, which is higher compared with July by 1,807 tonnes, and higher than they have been for the same month in at least three years.

For the 52-weeks ending Aug. 3, 2024, sales for fluid milk, fluid cream, yogurt, ice cream, cheese and butter increased/decreased by -0.3, 0.7, 2.6, 1.7, 2.0 and 2.2 per cent, respectively, compared with Aug. 5, 2023.

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.

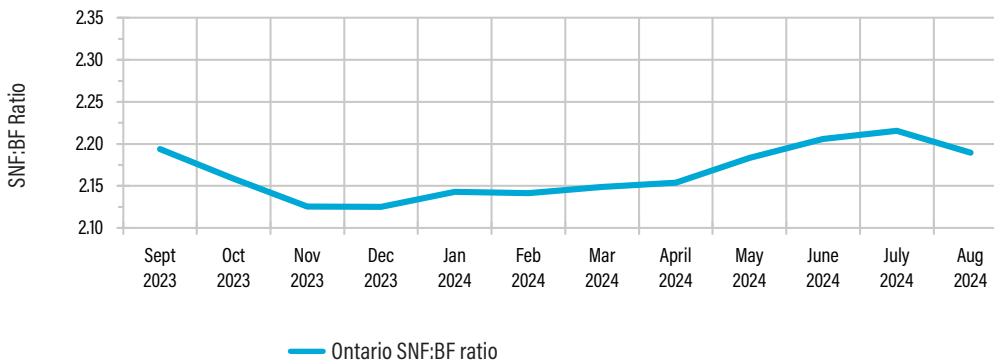


12-month production (in millions of kilograms) **412.7**

12-month requirements (in millions of kilograms) **437.3**

Canadian production has increased by **1.5 per cent** over the previous 12 months, and requirements have increased by **3.1 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.

August 2024: 2.1895

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 31, 2024	RETAIL SHARE OF TOTAL MARKET
Fluid milk	0.20%	77.80%
Cream	0.80%	39.20%
Cheese	1.60%	54.80%
Butter	2.40%	57.50%
Ice cream	1.80%	70.70%
Yogurt	2.90%	94.50%

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

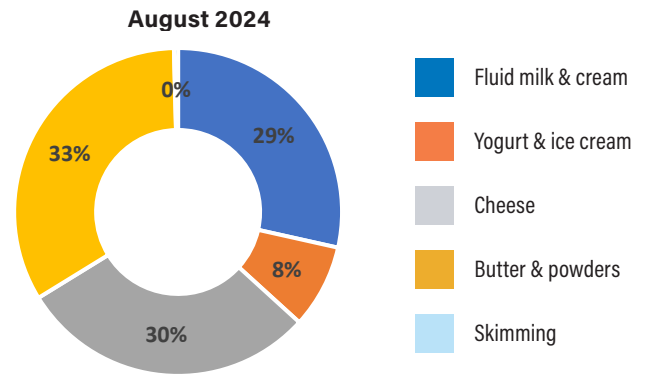
SEPTEMBER HIGHLIGHTS

- P5 markets have increased by 2.3 per cent over the last 12 months ending in July and are slowly narrowing the gap with the Canadian Dairy Commission's (CDC) optimistic scenario of 2.6 per cent for 2024;
- If the markets remain as strong as seen recently, butter stocks can be expected to be reduced. This could put the butter stocks at closer to 25,000 tonnes in December, which is historically the quantity of stock expected for that time of year;
- The cheese stock level for August 2024 was at 102,078 tonnes, which is higher compared with July by 1,807 tonnes, and higher than they have been for the same month in at least three years.

ONTARIO UTILIZATION

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

	JULY 2024	AUGUST 2024	12-MONTH AVERAGE
Fluid milk & cream	30.3%	28.5%	30.1%
Yogurt & ice cream	8.2%	8.3%	7.4%
Cheese	31.2%	29.5%	30.1%
Butter & powders	30.4%	33.4%	31.5%
Skimming	0.0%	0.4%	0.9%



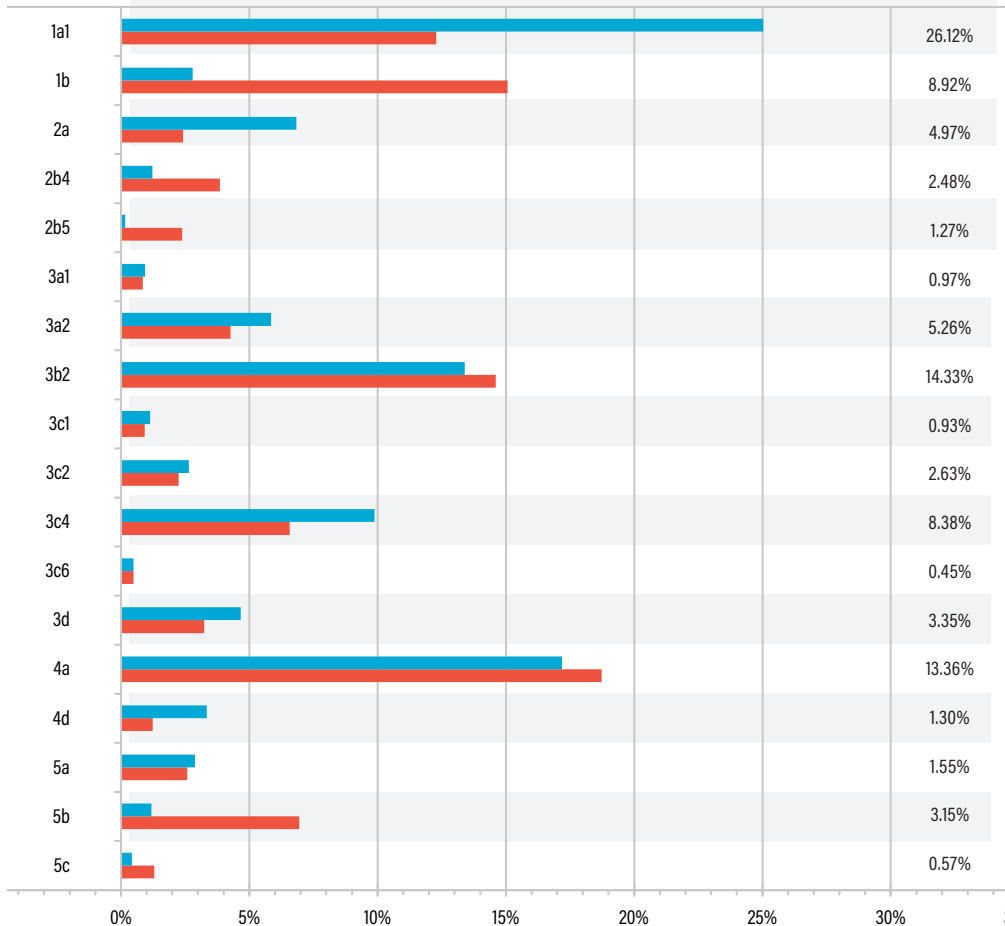
P10 UTILIZATION BY CLASS

For August 2024 (kg of butterfat/kg of solids non-fat)

*There is a two-month lag reporting these figures

■ % Butterfat ■ % Solids non-fat

% Revenue



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

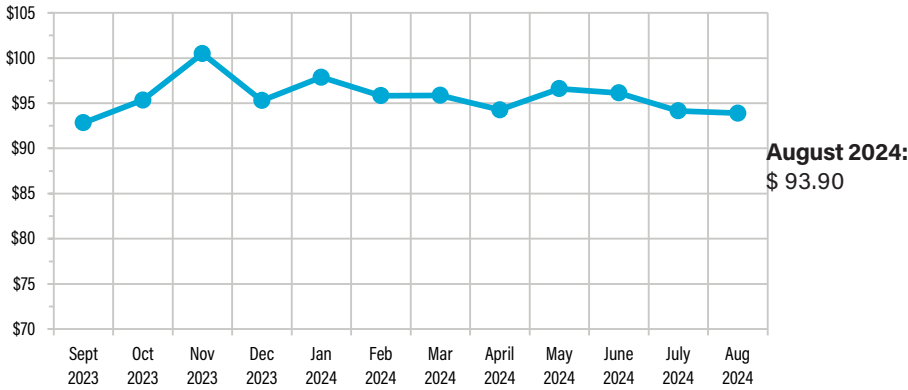
Class 5a Cheese for further processing

Class 5b Non-cheese products for further processing

Class 5c Confectionery products

ONTARIO MONTHLY PRODUCER AVERAGE GROSS BLEND PRICE

A total 3,177 producers sold milk to DFO in August compared with 3,217 a year earlier.



ONTARIO DEDUCTIONS, PER HL

For August 2024

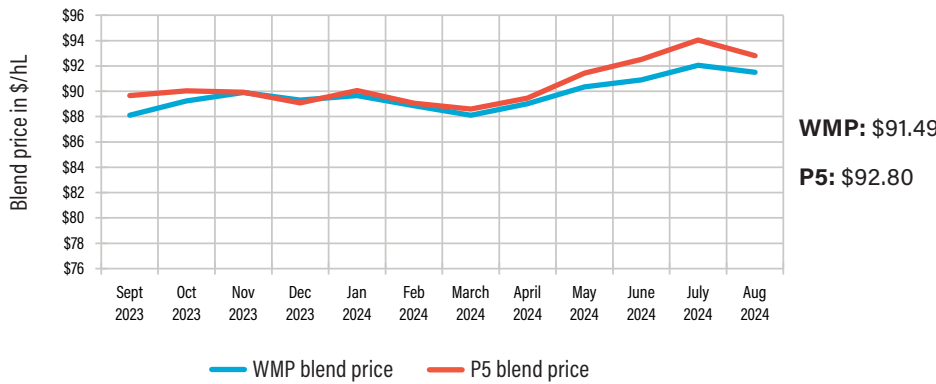
	Within quota	Over-quota
DFO administration	\$0.675	\$0.675
DFO research	\$0.050	\$0.050
CanWest DHI	\$0.060	\$0.060
Transportation	\$3.740	\$3.740
Market expansion	\$1.400	\$1.400
Total deductions	\$5.925	\$5.925
Average total net	\$87.244	-\$5.925

* These figures are based on Ontario's average composition for August 2024 of 4.1563 kg butterfat, 3.1772 kg protein and 5.9233 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



U.S. CLASS PRICES

The September 2024 Class III Price, US\$23.34 per hundredweight, is equivalent to C\$71.60 per hectolitre. This equivalent is based on the exchange rate US\$1 = C\$ 1.35132 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/KG
Alberta	\$52,075	324.34	85.12	85.12
Saskatchewan	\$39,410	90.00	59.18	50.00
Manitoba	\$40,000	314.61	394.07	261.82
British Columbia	\$35,500	481.55	88.93	88.93
Ontario*	\$24,000	23,532.85	159.63	0 <i>Exchange cancelled</i>
Quebec*	\$24,000	18,956.13	355.15	355.76
New Brunswick*	\$24,000	520.20	0	0 <i>Exchange cancelled</i>
PEI*	No Clearing Price Established			
Nova Scotia*	\$24,000	1,431.04	2.68	2.62

SEPTEMBER PRICES

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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