



DECEMBER 2024

DAIRYNOMICS

MONTHLY RETAIL MARKETS AND PRODUCTION REPORT



P5 demand expected to align with CDC's optimistic forecast for 2025

DEMAND IN SEPTEMBER has not been as strong as it should have been because of an anomaly in the September 2023 butter stocks reporting, which brought down the 12-month P5 demand average (from 2.6 per cent to 1.2 per cent). This anomaly from last year should be corrected over the next couple of months, and as a result, P5 demand should get back in line with the CDC's optimistic forecast. For the 2025 calendar year, CDC is forecasting P5 demand reaches 2.6 per cent.

"Butter stocks are declining at a normal rate for the fall period. Cheese stocks have also dropped, which is also what we want for the fall period," says Patrice Dubé, Dairy Farmers of Ontario's chief economics and policy development officer.

From a milk allocation perspective, the holiday period will be a little bit challenging because Christmas and New Year fall on a mid-weekday this year, which basically represents the

equivalent of managing five weekends over two weeks. DFO will be utilizing all the tools available to minimize this impact.

At the beginning of 2025, there will be a reassessment of the market and production situation for the remainder of the dairy year. Butterfat content in milk will continue to be monitored because recent months have been higher than the same months in 2023, which was already at record levels. This means it takes less volume of milk to fill the same quota that is based on butterfat. January numbers will help determine next steps. Production on a butterfat basis continues to be very strong, which reflects the incentive days fill rate (over 45 per cent fill rate in Ontario for October incentive days).

For the rest of the dairy year, production is expected to initially continue to lead the market with P5 quota currently being significantly overissued at more than 103 per cent.

Expectations for the rest of the dairy year are that demand will grow faster than production in the coming months, which will allow it to align and maybe surpass the CDC's optimistic forecast model for 2025.

In October 2024, butter stocks reached 30,975 tonnes, down from September by 2,557 tonnes. October butter stock levels are higher than they have been for the same month in at least three years.

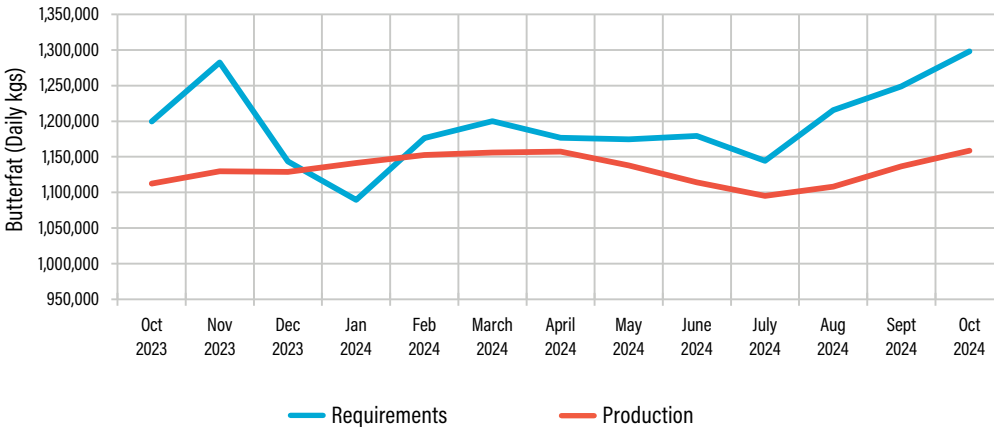
The cheese stock level for October 2024 was at 99,390 tonnes, which is lower compared to September by 1,777 tonnes, and higher than they have been for the same month in at least three years.

For the 52-weeks ending Nov. 2, 2024, sales for fluid milk, fluid cream, yogurt, ice cream, cheese and butter increased/decreased by 0.1, 1.5, 3.5, 1.7, 2.5 and 4.5 per cent, respectively.

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.

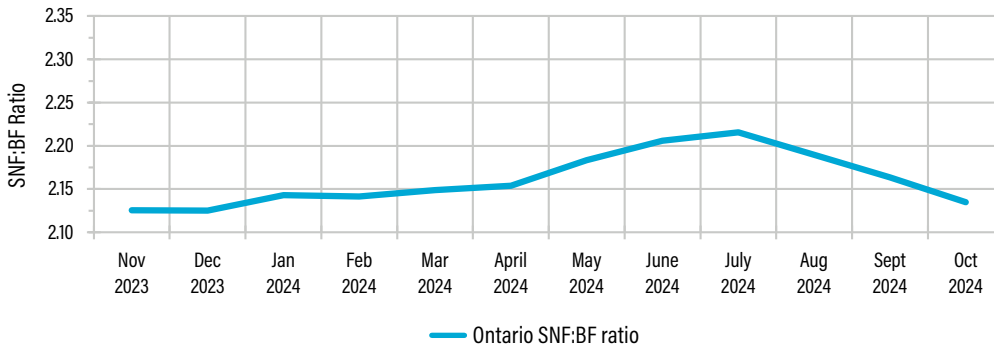


12-month production (in millions of kilograms) **415.3**

12-month requirements (in millions of kilograms) **436.9**

Canadian production has increased by **1.8 per cent** over the previous 12 months, and requirements have increased by **2.1 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.

October 2024: 2.1347

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 NOV 2, 2024	RETAIL SHARE OF TOTAL MARKET
Fluid milk	0.10%	77.80%
Cream	1.50%	39.20%
Cheese	2.50%	54.80%
Butter	4.50%	57.50%
Ice cream	1.70%	70.70%
Yogurt	3.50%	94.50%

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

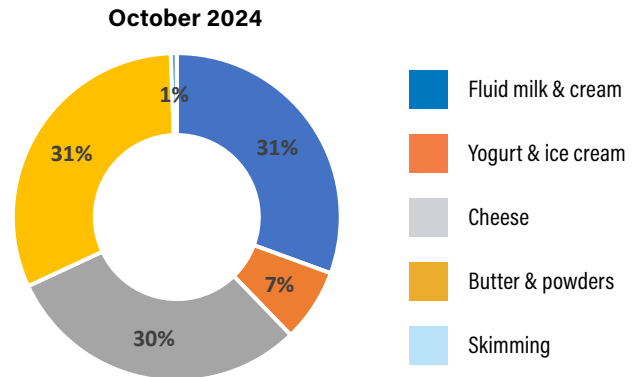
OCTOBER HIGHLIGHTS

- For the 2025 calendar year, CDC is forecasting P5 demand reaches 2.6 per cent;
- In October 2024, butter stocks reached 30,975 tonnes, down from September by 2,557 tonnes;
- The cheese stock level for October 2024 was at 99,390 tonnes, which is lower compared to September by 1,777 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.

	SEPTEMBER 2024	OCTOBER 2024	12-MONTH AVERAGE
Fluid milk & cream	29.5%	30.6%	29.9%
Yogurt & ice cream	7.4%	7.2%	7.4%
Cheese	30.1%	30.3%	30.2%
Butter & powders	32.4%	31.3%	31.6%
Skimming	0.6%	0.6%	0.9%

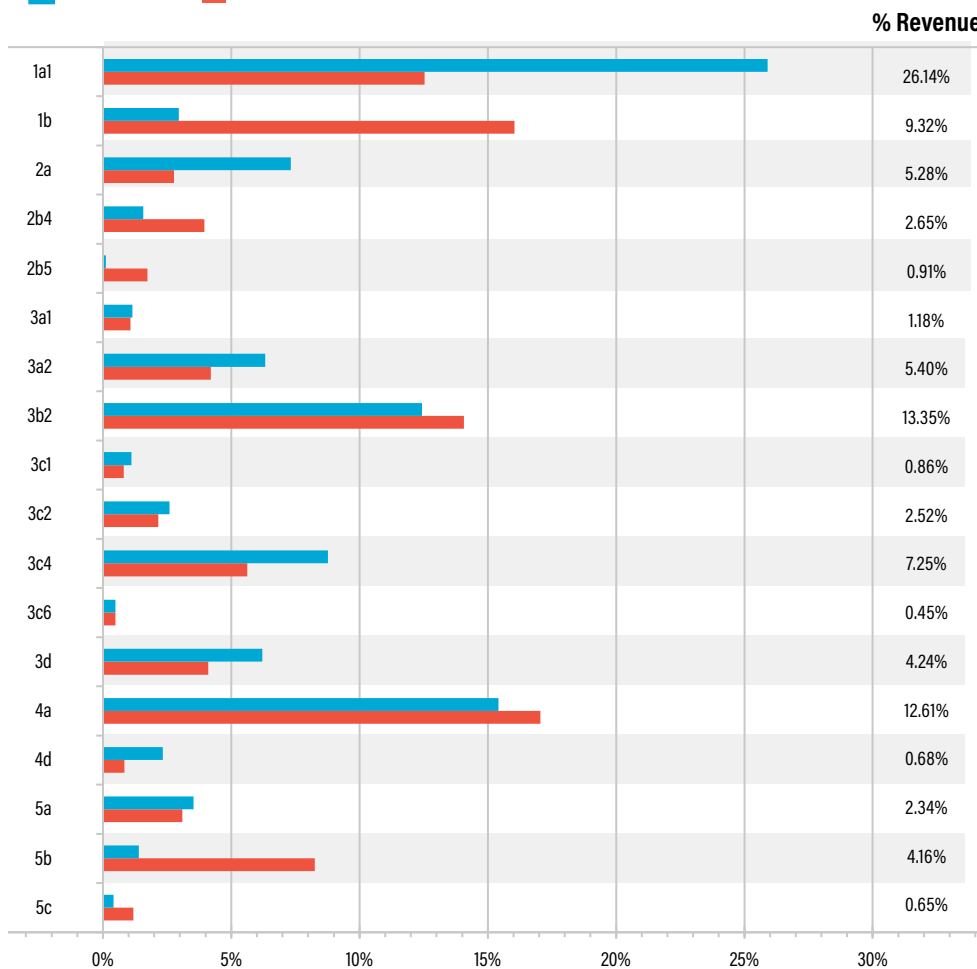


P10 UTILIZATION BY CLASS

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

*There is a two-month lag reporting these figures

% Solids non-fat % Butterfat



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

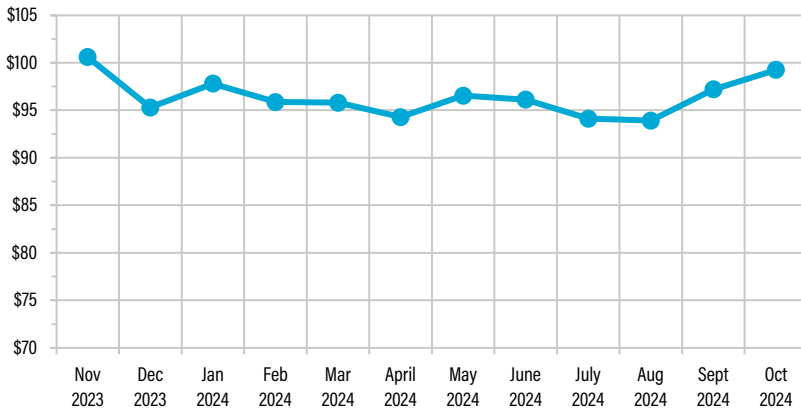
Class 5a Cheese for further processing

Class 5b Non-cheese products for further processing

Class 5c Confectionery products

ONTARIO MONTHLY PRODUCER AVERAGE GROSS BLEND PRICE

A total 3,169 producers sold milk to DFO in October compared with 3,213 a year earlier.



October 2024:
\$ 99.25

ONTARIO DEDUCTIONS, PER HL

For October 2024

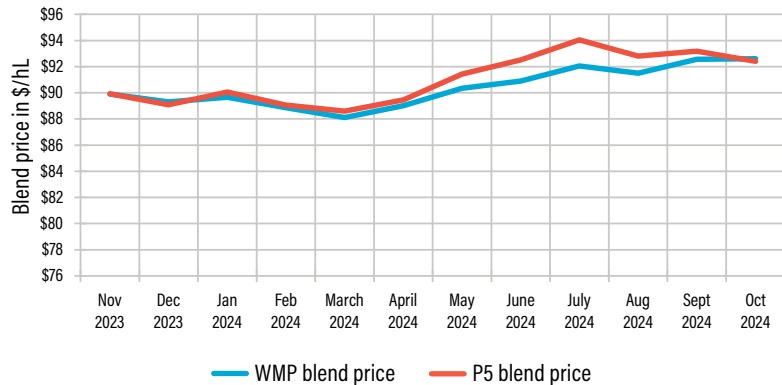
	Within quota	Over-quota
DFO administration	\$0.675	\$0.675
DFO research	\$0.050	\$0.050
CanWest DHI	\$0.060	\$0.060
Transportation	\$3.815	\$3.815
Market expansion	\$1.400	\$1.400
Total deductions	\$5.945	\$5.945
Average total net	\$92.622	-\$5.945

* These figures are based on Ontario's average composition for October 2024 of 4.3245 kg butterfat, 3.3117 kg protein and 5.9196 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: \$92.60

P5: \$92.40

U.S. CLASS PRICES

The November 2024 Class III Price, US\$19.95 per hundredweight, is equivalent to C\$63.62 per hectolitre. This equivalent is based on the exchange rate US \$1 = C\$ 1.40485 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)

NOVEMBER PRICES

PROVINCE	PRICE/KG	AMOUNT WANTED/KG	AMOUNT FOR SALE/KG	AMOUNT PURCHASED/KG
Alberta	\$55,700	277.70	49.50	49.50
Saskatchewan	\$40,600	100.00	97.27	59.58
Manitoba	\$49,890	311.02	113.95	66.70
British Columbia	\$35,500	382.04	56.40	56.40
Ontario*	\$24,000	23,672.59	249.35	249.41
Quebec*	\$24,000	18,342.48	741.96	742.37
New Brunswick*	\$24,000	524.60	0.50	0.50
PEI*	No Clearing Price Established			
Nova Scotia*	\$24,000	Exchange cancelled		

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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