MARCH 2025

DAIRYNOMICS

MONTHLY RETAIL MARKETS AND PRODUCTION REPORT

Markets continue strong trend in first quarter

The markets are still very strong and P5 quota for the last calendar year (2024) has been leaning toward the Canadian Dairy Commission's (CDC) optimistic model, with a 2.3 per cent actual quota growth versus a 2.6 per cent forecast growth for 2025.

P5 butterfat production is also very strong and forecasted to continue to be 1.5 per cent higher in 2025 than in 2024. As a result, butter and cheese stocks are relatively high for this time of year, respectively reaching 36,300 and 101,400 tonnes in January 2025. It is worth noting the current January butter stocks level is already equivalent to the highest level that is normally observed in the months of June or July.

P10 and P5 are currently facing a significant challenge with butter stocks continuously increasing while both Ontario and Quebec, but mostly Quebec, are having difficulties meeting all processors' orders, especially during weekdays. This situation could be explained, at least in part, by the high butterfat level in farm raw milk. This significantly reduced the overall milk volume necessary to fill P5 quota, resulting in a gap between milk orders and milk available to satisfy solids non-fat needs, with the resulting butterfat surplus ending up in butter stocks.

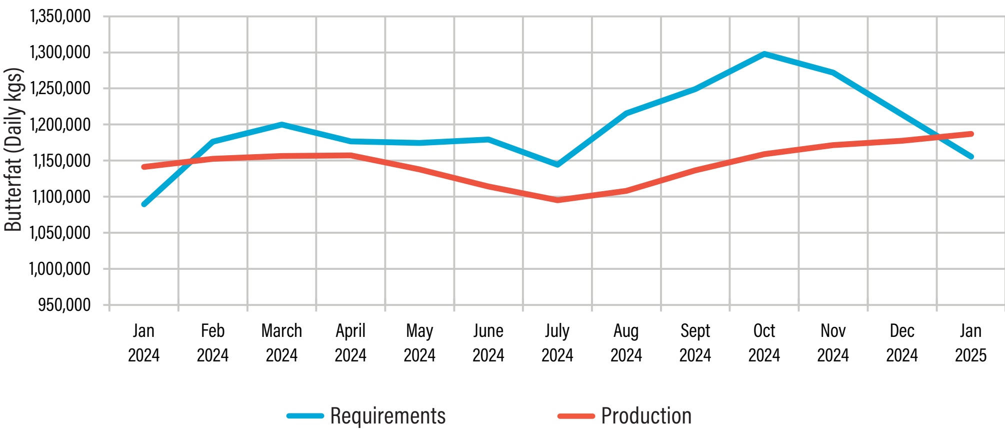
"The CDC and provincial boards are further investigating the market dynamic to better understand where to go next," says Patrice Dubé, Dairy Farmers of Ontario's chief economics and policy development officer. "This investigation will hopefully help us understand if an adjustment to the production signal, one way or the other, is required. The main objective will always be to appropriately fill all of the P5 market."

For the 52-weeks ending Dec. 30, 2024, sales for fluid milk, fluid cream, yogurt, ice cream, cheese and butter increased by 0.3, 2.0,4.1, 1.5, 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.

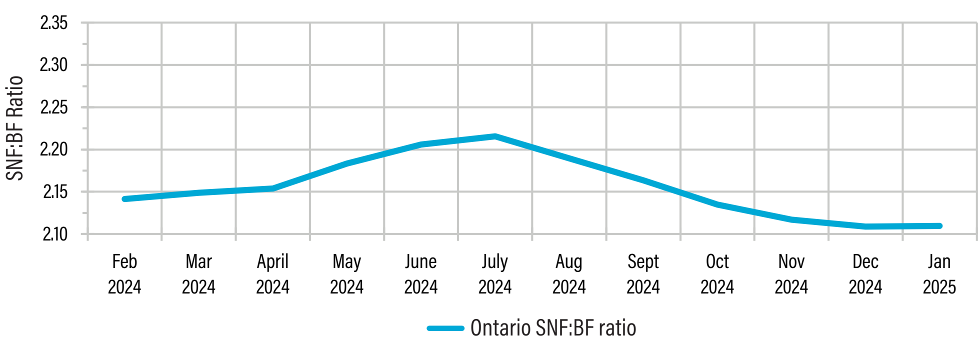


12-month production (in millions of kilograms) **419.5**

12-month requirements (in millions of kilograms) **440.9**

Canadian production has increased by **2.5 per cent** over the previous 12 months, and requirements have increased by **2.9 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.

January 2025: 2.1096

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 FEB 1, 2025	RETAIL SHARE OF TOTAL MARKET
Fluid milk	0.10%	76.90%
Cream	1.90%	39.70%
Cheese	2.00%	55.40%
Butter	3.80%	58.70%
Ice cream	1.50%	70.70%
Yogurt	4.50%	94.90%

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

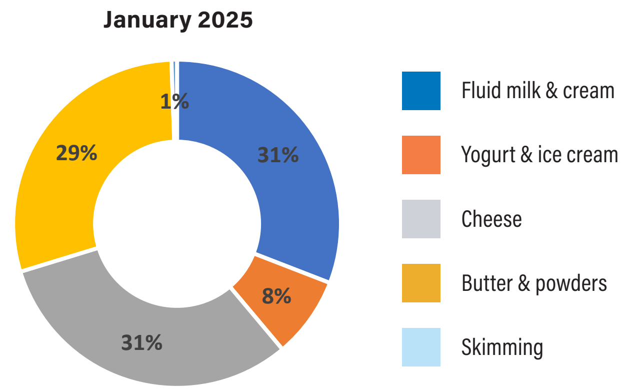
JANUARY HIGHLIGHTS

- The markets are still very strong and P5 quota for the last calendar year (2024) has been leaning toward the Canadian Dairy Commission's (CDC) optimistic model, with a 2.3 per cent actual quota growth;
- P5 butterfat production is also very strong and forecasted to continue to be 1.5 per cent higher in 2025 than in 2024;
- For the 52-weeks ending Dec. 30, 2024, sales for fluid milk, fluid cream, yogurt, ice cream, cheese and butter increased by 0.3, 2.0,4.1, 1.5, 2.5 and 4.5 per cent, respectively.

ONTARIO UTILIZATION

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

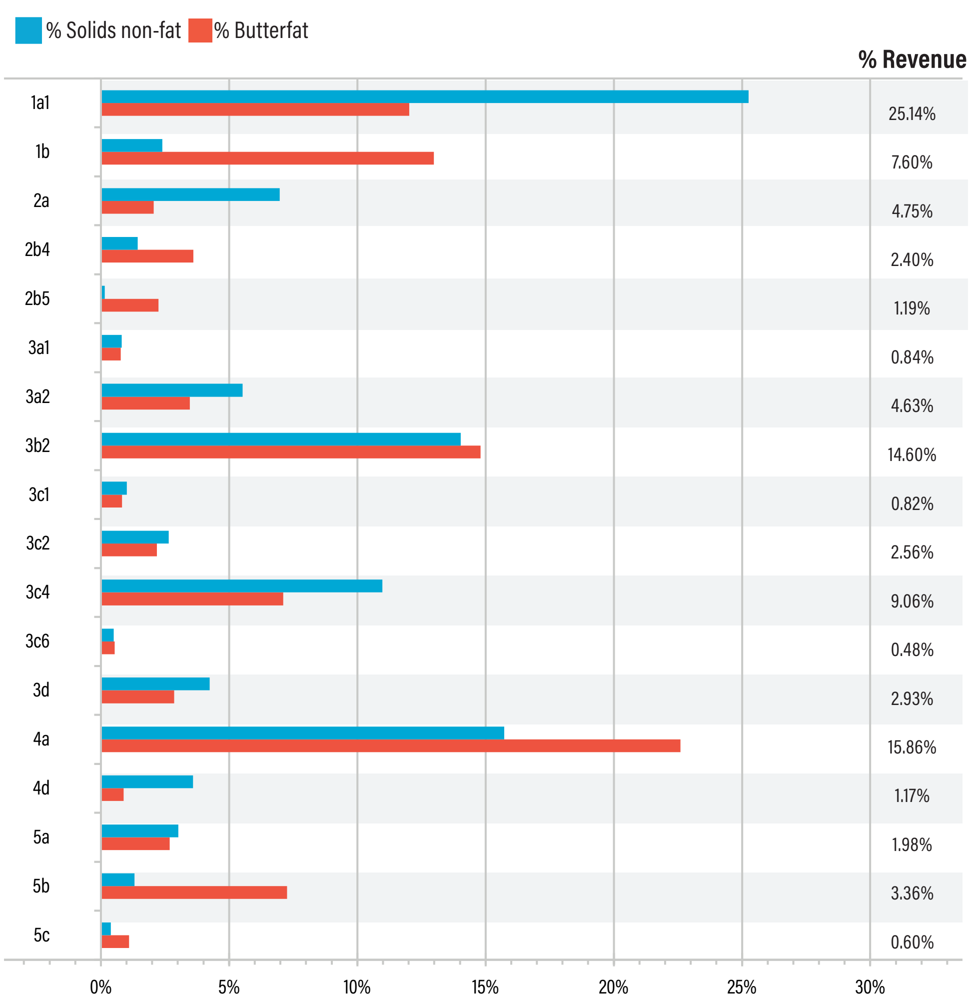
	DECEMBER 2024	JANUARY 2025	12-MONTH AVERAGE
Fluid milk & cream	30.1%	30.9%	29.8%
Yogurt & ice cream	6.3%	8.0%	7.5%
Cheese	28.8%	31.4%	30.3%
Butter & powders	30.9%	29.2%	31.5%
Skimming	3.8%	0.5%	0.9%



P10 UTILIZATION BY CLASS

For January 2025 (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

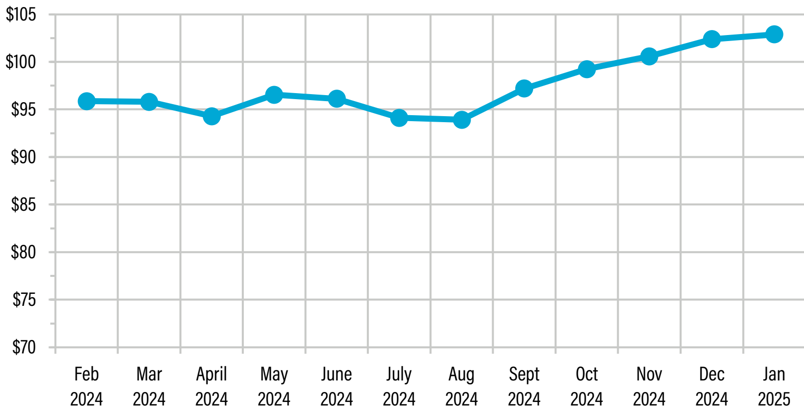
Class 5a Cheese for further processing

Class 5b Non-cheese products for further processing

Class 5c Confectionery products

ONTARIO MONTHLY PRODUCER AVERAGE GROSS BLEND PRICE

A total 3,157 producers sold milk to DFO in January compared with 3,200 a year earlier.



January 2025:
$ 102.89

ONTARIO DEDUCTIONS, PER HL

For January 2025

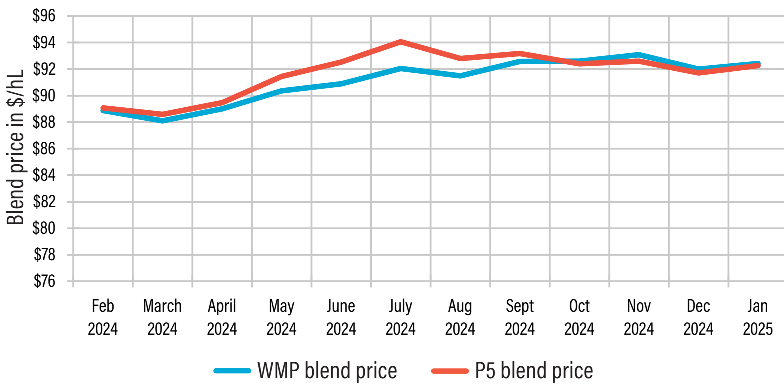
	Within quota	Over-quota
DFO administration	$0.675	$0.675
DFO research	$0.050	$0.050
CanWest DHI	$0.060	$0.060
Transportation	$3.850	$3.850
Market expansion	$1.500	$1.500
Total deductions	$6.135	$6.135
Average total net	$96.134	-$6.135

** These figures are based on Ontario's average composition for January 2025 of 4.4077 kg butterfat, 3.3474 kg protein and 5.9512 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: $92.42
P5: $92.26

U.S. CLASS PRICES

The February 2025 Class III Price, US$20.18 per hundredweight, is equivalent to C$66.28 per hectolitre. This equivalent is based on the exchange rate US $1 = C$ 1.44675 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)

FEBRUARY PRICES

PROVINCE	PRICE/KG	AMOUNT WANTED/KG	AMOUNT FOR SALE/KG	AMOUNT PURCHASED/KG
Alberta	$56,500	308.60	546.52	230.20
Saskatchewan	$40,425	20.00	93.70	18.70
Manitoba	$39,813	216.59	197.71	56.65
British Columbia	$36,500	231.21	94.60	94.60
Ontario*	$24,000	24,860.01	371.46	371.52
Quebec*	$24,000	21,032.43	749.15	748.48
New Brunswick*	$24,000	641.70	0.50	0.50
PEI*	No Clearing Price Established			
Nova Scotia*	$24,000	1445.09	71.83	71.83

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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