

APRIL 2025

DAIRY ECONOMICS

MONTHLY RETAIL MARKETS AND PRODUCTION REPORT

P5 Message – 2025 Fall Incentive Days conventional and organic

To meet the demand for milk in the Fall, the P5 Boards announced the following incentive days to be issued on a non-cumulative basis for the Fall of 2025: 1 day in September, 2 days in October, and 1 day in November.

The P5 provincial boards' primary objective is to continuously monitor the milk market situation and meet demand in the most optimal way and will continue to adapt production signals to address market changes, as required.

When analyzing the markets, the national overall demand is currently tracking with the CDC optimistic scenario of 2.9 per cent. The national overall demand is tracking above the CDC optimistic scenario for the last four months available (October to January). Looking at the P5 quota, it is also tracking above the CDC's optimistic scenario, at 2.8 per cent versus 2.6 per cent.

On the production side, butterfat production continues to be very strong, with a historical record high level butterfat test in raw milk. This situation results in less volume of milk in the system.

"P10 and P5 are filling their respective quota, which is on a butterfat basis, but the reduction in milk volume produced makes the protein market, for which the demand continues to grow, certainly tighter compared to recent years when the industry was dealing with significant surpluses" says Patrice Dubé, Dairy Farmers of Ontario's chief economics and policy development officer.

"This creates a situation where processors are requesting more milk to meet their skim milk needs and process the associated butterfat into butter. That additional butterfat ends up in the butter stocks. Typically, when demand is as strong as it is now, and a gap between the milk orders and milk supply is observed, butter stocks would normally decrease rather than increase, so what P5 is observing now is very unusual."

Technical staff and CDC are currently investigating to better understand the situation. In the meantime, the national industry has agreed to not make any drastic decisions with the production signal sent to producers until things get clearer, and that another discussion takes place at the next national meeting in June. Therefore, there should be no additional production signal announcements until the June meeting.

As for the P10 over quota situation, recent numbers indicate that the P10 could be in an over quota situation as early as March 2025. Since the P10 over quota situation would be solely the responsibility of P5, a financial penalty could be imposed to P5 six months after, which means in September, unless P5 takes action to realign its production. However, in the context where there is a significant gap between milk orders and milk supply, it would be fair to expect that the national industry would decide in June to relax the national over quota calculation in such a way that P5 would not be penalized financially. The national meeting in June would also hopefully confirm the national industry players' willingness to continue to meet the short- and longer-term market needs regardless of the national over quota situation.

In February 2025, butter stocks reached 39,129 tonnes, up from January by 2,834 tonnes. February butter stock levels are higher by close to 10,000 tonnes the five-year average level.

Cheese stock levels for the month of February 2025 were at 101,804 tonnes, up 418 tonnes from January and lower than the last five-year average but higher than 2023-24.

For the 52-weeks ending March 1, 2025, sales for fluid milk, fluid cream, yogurt, ice cream, cheese and butter increased/decreased by 0.4, 1.9, 4.8, 2.0, 2.0 and 4.3 per cent, respectively, compared with March 2024.

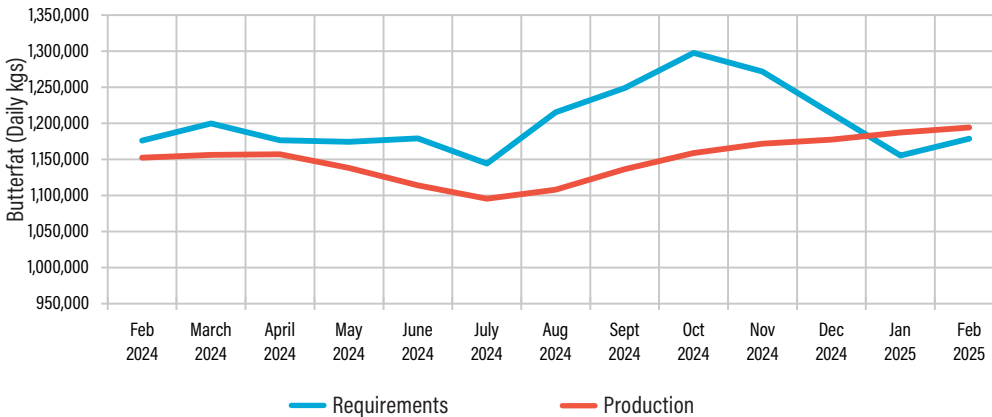
The following table summarizes the incentive days:

	Conventional	Organic
March 2025		1
April 2025		1
May 2025		1
June 2025		1
July 2025		1
August 2025		1
September 2025	1	1
October 2025	2	2
November 2025	1	1
December 2025		1

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.

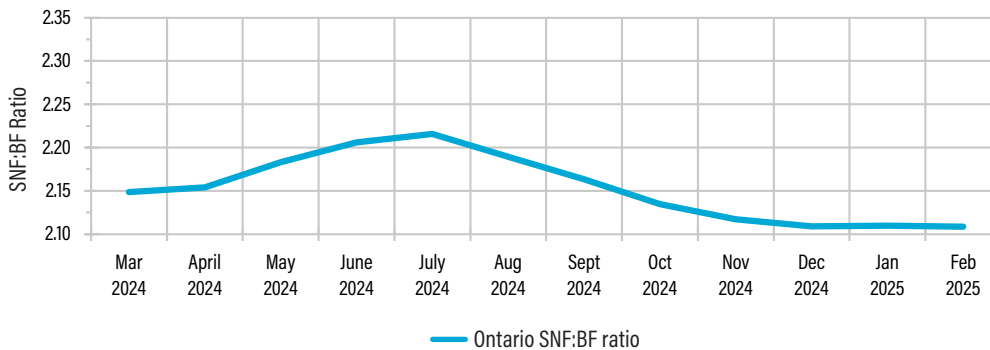


12-month production (in millions of kilograms) **419.5**

12-month requirements (in millions of kilograms) **439.7**

Canadian production has increased by **2.6 per cent** over the previous 12 months, and requirements have increased by **2.5 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.

February 2025: 2.1084

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 MARCH 1, 2025	RETAIL SHARE OF TOTAL MARKET
Fluid milk	0.40%	76.90%
Cream	1.90%	39.70%
Cheese	2.00%	55.40%
Butter	4.30%	58.70%
Ice cream	2.00%	70.70%
Yogurt	4.80%	94.90%

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

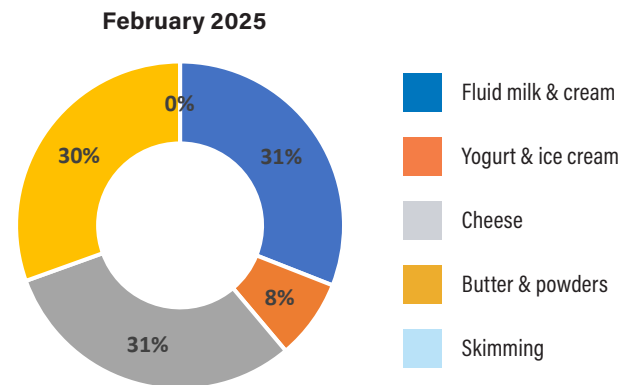
MARCH HIGHLIGHTS

- To meet the demand for milk in the Fall, the P5 Boards announced the following incentive days to be issued on a non-cumulative basis for the Fall of 2025: 1 day in September, 2 days in October, and 1 day in November;
- On the production side, butterfat production continues to be very strong, with a historical record high level butterfat test in raw milk. This situation results in less volume of milk in the system;
- For the 52-weeks ending March 1, 2025, sales for fluid milk, fluid cream, yogurt, ice cream, cheese and butter increased/ decreased by 0.4, 1.9, 4.8, 2.0, 2.0 and 4.3 per cent, respectively, compared with March 2024.

ONTARIO UTILIZATION

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

	JANUARY 2025	FEBRUARY 2025	12-MONTH AVERAGE
Fluid milk & cream	30.9%	31.0%	29.9%
Yogurt & ice cream	8.0%	7.9%	7.5%
Cheese	31.4%	30.7%	30.4%
Butter & powders	29.2%	30.5%	31.4%
Skimming	0.5%	0.0%	0.8%

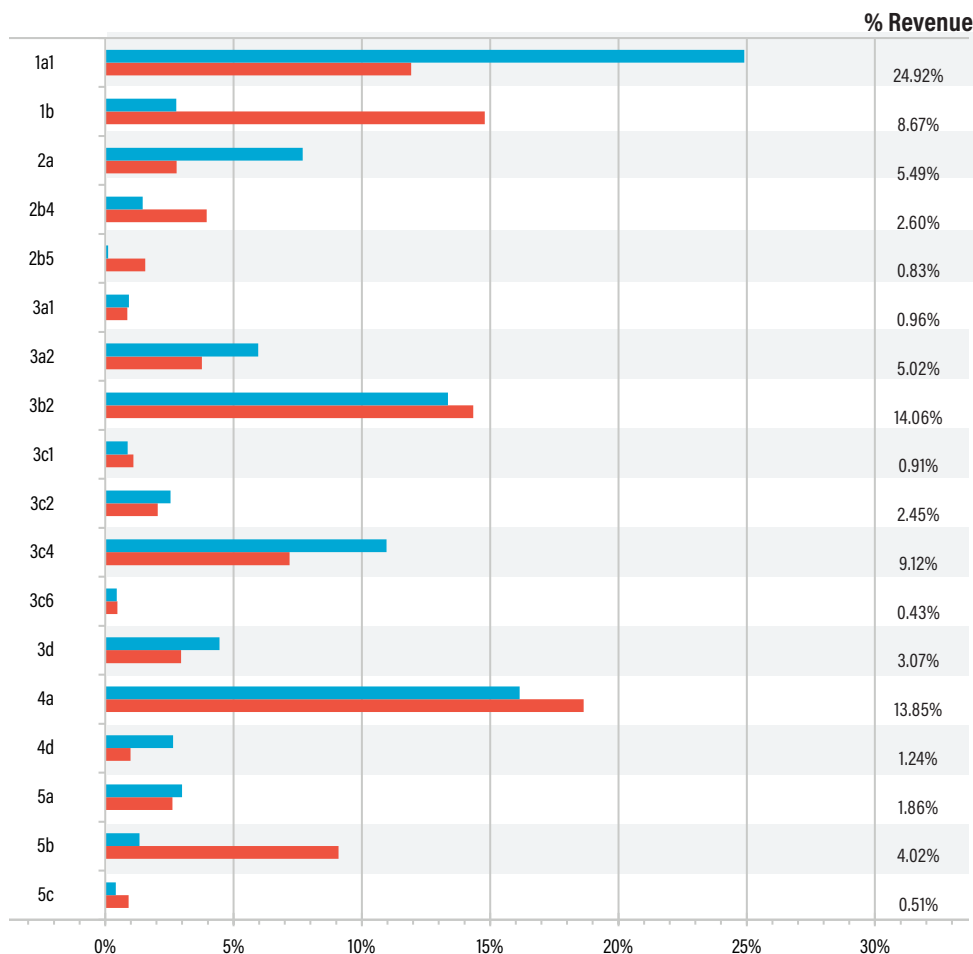


P10 UTILIZATION BY CLASS

For February 2025 (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

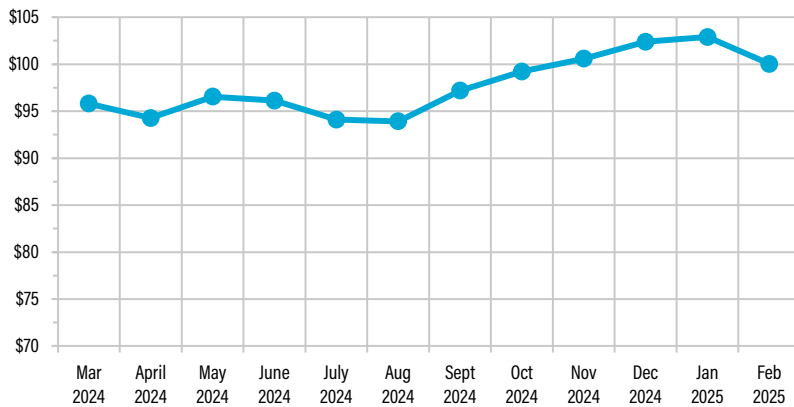
Class 5a Cheese for further processing

Class 5b Non-cheese products for further processing

Class 5c Confectionery products

ONTARIO MONTHLY PRODUCER AVERAGE GROSS BLEND PRICE

A total 3,155 producers sold milk to DFO in February compared with 3,193 a year earlier.



February 2025:
\$ 100.03

ONTARIO DEDUCTIONS, PER HL

For February 2025

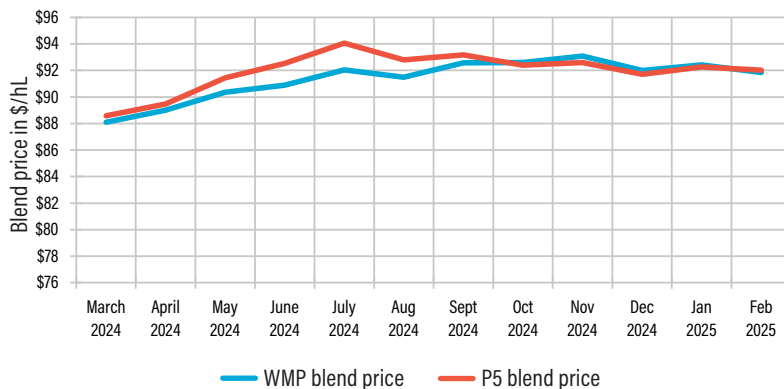
	Within quota	Over-quota
DFO administration	\$0.675	\$0.675
DFO research	\$0.050	\$0.050
CanWest DHI	\$0.060	\$0.060
Transportation	\$3.850	\$3.850
Market expansion	\$1.500	\$1.500
Total deductions	\$6.135	\$6.135
Average total net	\$93.294	-\$6.135

* These figures are based on Ontario's average composition for February 2025 of 4.4247 kg butterfat, 3.3676 kg protein and 5.9616 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: \$91.84
P5: \$92.02

U.S. CLASS PRICES

The March 2025 Class III Price, US\$18.62 per hundredweight, is equivalent to C\$60.69 per hectolitre. This equivalent is based on the exchange rate US \$1 = C\$ 1.43589 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	\$55,000	218.20	314.09	188.20
Saskatchewan	\$ 40,160	80.00	112.67	70.00
Manitoba	\$38,900	272.37	239.54	80.47
British Columbia	\$37,500	124.91	108.46	108.46
Ontario*	\$24,000	24,798.25	211.34	214.50
Quebec*	\$24,000	22,318.91	550.08	550.08
New Brunswick*	\$24,000	691.70	2.00	2.00
PEI*	No Clearing Price Established			
Nova Scotia*	\$24,000	1536.96	4.50	4.50

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.

MARCH PRICES

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

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