



DAIRYNOMICS

MONTHLY RETAIL MARKETS AND PRODUCTION REPORT

Quota increase and changes in Solids-Non-Fat (SNF) payment policy

To maintain the current P5 production of butterfat (BF) for 2026, the P5 Boards have approved a 1% saleable quota increase on December 1, 2025.

In addition, the P5 Boards have approved to change the SNF/BF payment policy tier 2 protein to be paid at the monthly 4a price plus \$3.00 per kg, effective January 1, 2026.

A shift in consumer preference to dairy products high in protein (ex. yogurt) since the beginning of 2025, has increased the demand for protein from the market at a faster rate than usual. This shift in demand occurred as there continues to be a decrease of the farm production ratio, which has resulted in shifts in the protein available to serve all markets, and a better return for surplus SNF. As part of the continuous assessment of the payment policy parameters, the conclusion was reached that to meet the recent market demand for increased protein, additional income will be paid on protein in tier 2. The additional \$3.00/kg of protein in tier 2 will increase the value of protein produced up to the no-pay ratio of 2.20 and result in a slight decrease in tier 1 protein price. Further information will be provided on the impact for producers.

The faster than anticipated decrease of the farm production ratio generating less surplus, the growth in profitable markets that utilize SNF and a better global revenue for the decreasing SNF surplus lead the P5 Boards to implement the above policy change.

The objectives of the component payment policy remain to better reflect market revenue and the components that best contribute to yield, to limit the growth of surplus SNF and to

maintain the quality of dairy components, while aiming to ensure a greater equity between producers.

The P5 Quota Committee will continue to evaluate the payment policy and update its parameters, as necessary, to ensure objectives continue to be met.

Total requirements in August saw growth compared to August last year with a 2.2 per cent increase. On a 12-month basis, growth continues to be strong at 3.4 per cent. The same trend was seen in quota requirements for August.

P5 had been trending below forecast production and additional incentives days were issued to increase production through the fall. The incentive day fill-rate in September was 43.6 per cent in P5 and 50.9 per cent in Ontario. The strong fill rate on incentives in September put production well over the forecast for September.

In September 2025, butter stocks reached 37,429 tonnes, down from August by 2,543 tonnes but continue to have very strong numbers for this year. Butter stock forecast is halfway between the optimistic and average scenarios at this time, and levels continue to be at the highest seen in the last five years.

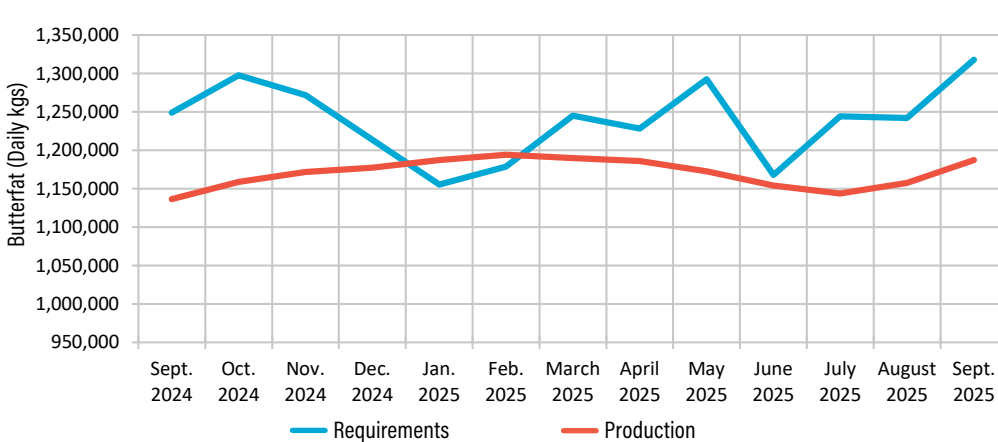
Cheese stock levels for the month of September 2025 were at 105,050 tonnes, down 4,331 tonnes from August but higher than the last five-year average.

For the 52 weeks ending September 27, 2025, sales for fluid milk, fluid cream, yogurt, ice cream, cheese and butter increased/decreased by -0.1, 0.7, 6.5, 6.0, 3.8 and 4.3 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.

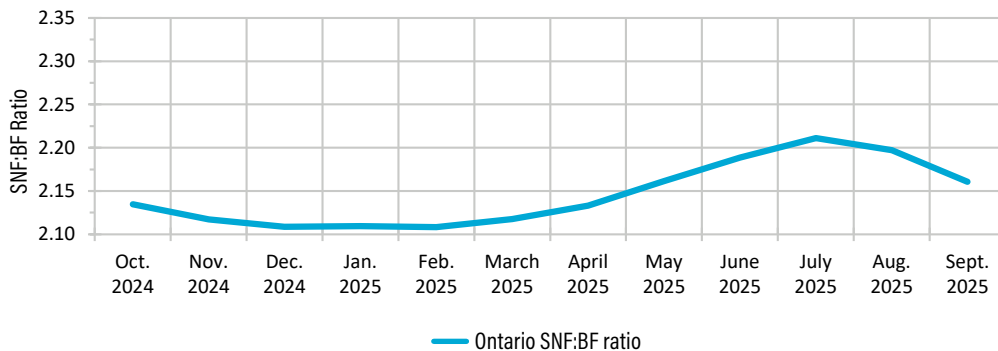


12-month production
(in millions of kilograms) **428.2**

12-month requirements
(in millions of kilograms) **452.0**

Canadian production has increased by **3.5 per cent** over the previous 12 months, and requirements have increased by **4.2 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.

Sept. 2025: 2.1608

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 SEPT. 27, 2025	RETAIL SHARE OF TOTAL MARKET
Fluid milk	0.10%	76.80%
Cream	0.70%	39.70%
Cheese	3.80%	55.80%
Butter	4.30%	58.20%
Ice cream	6.00%	70.70%
Yogurt	6.50%	95.10%

* Source: AC Nielsen & StatsCan

NOTE: There is a two-month lag in the national retail sales data.

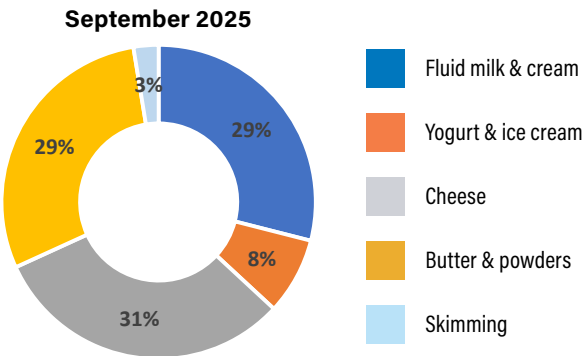
SEPTEMBER HIGHLIGHTS

- To maintain the current P5 production of butterfat (BF) for 2026, the P5 Boards have approved a 1 per cent saleable quota increase on December 1, 2025;
- In addition, the P5 Boards have approved to change the SNF/BF payment policy tier 2 protein to be paid at the monthly 4a price plus \$3.00 per kg, effective January 1, 2026;
- Total requirements in August saw growth compared to August last year with a 2.2 per cent increase. On a 12-month basis, growth continues to be strong at 3.4 per cent. The same trend was seen in quota requirements for August.

ONTARIO UTILIZATION

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

	AUGUST 2025	SEPTEMBER 2025	12-MONTH AVERAGE
Fluid milk & cream	27.9%	29.0%	30.0%
Yogurt & ice cream	7.8%	7.9%	7.9%
Cheese	29.8%	31.3%	30.6%
Butter & powders	33.4%	29.2%	30.7%
Skimming	1.0%	2.6%	0.9%

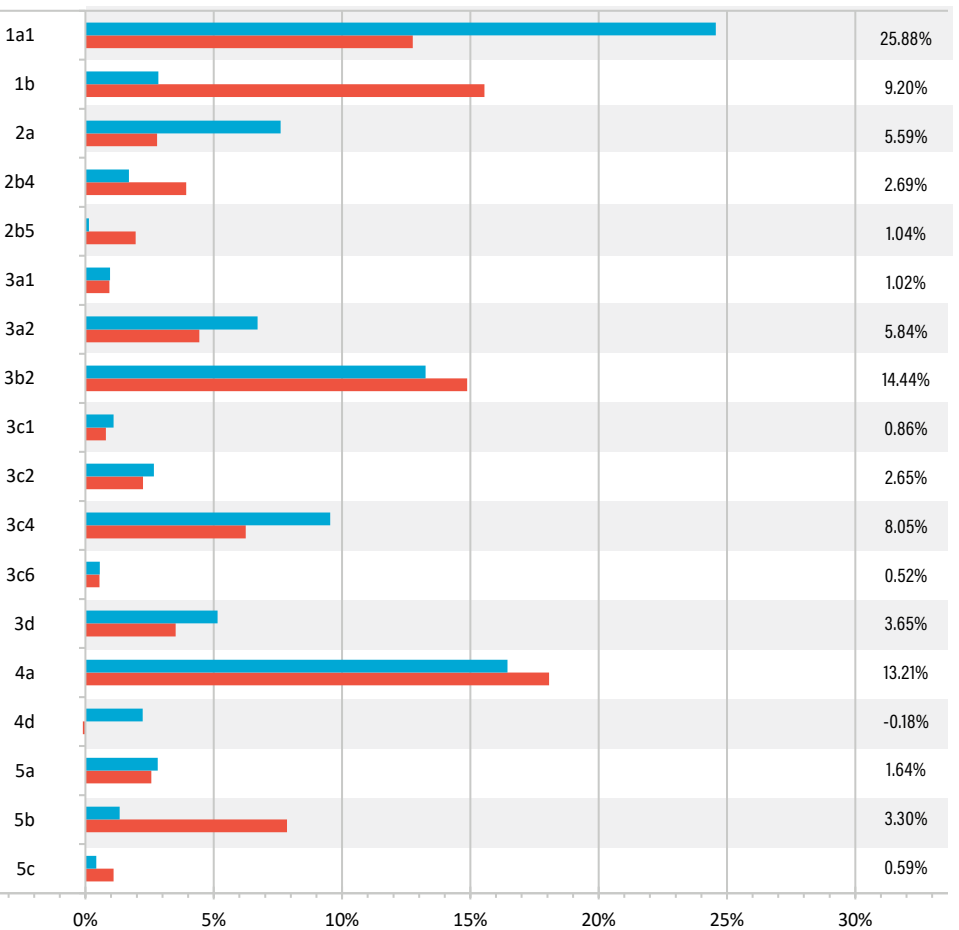


P10 UTILIZATION BY CLASS

For September 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

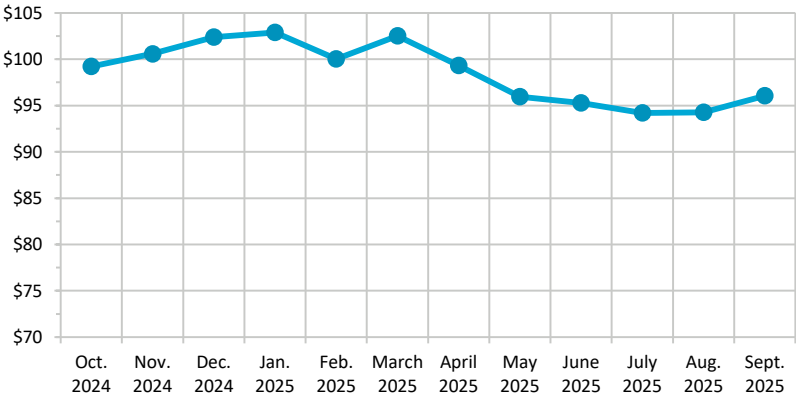
Class 5a Cheese for further processing

Class 5b Non-cheese products for further processing

Class 5c Confectionery products

ONTARIO MONTHLY PRODUCER AVERAGE GROSS BLEND PRICE

A total 3,150 producers sold milk to DFO in September compared with 3,172 a year earlier.



Sept. 2025:
\$96.06

ONTARIO DEDUCTIONS, PER HL

For September 2025

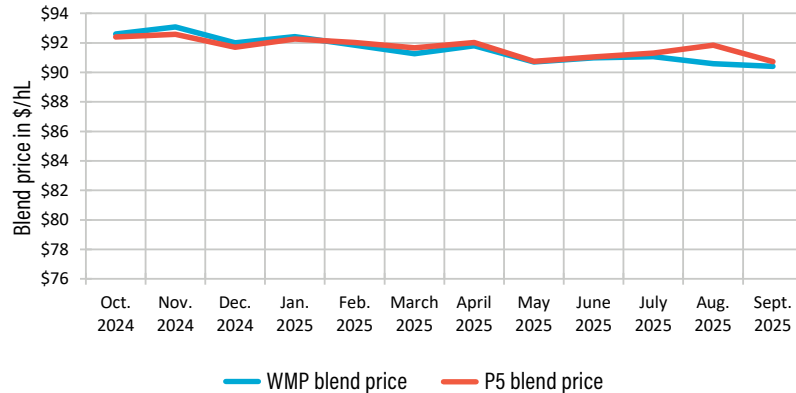
	Within quota	Over-quota
DFO administration	\$0.675	\$0.675
DFO research	\$0.050	\$0.050
CanWest DHI	\$0.060	\$0.060
Transportation	\$3.810	\$3.810
Market expansion	\$1.500	\$1.500
Total deductions	\$ 6.095	\$6.095
Average total net	\$ 89.00	-\$6.095

* These figures are based on Ontario's average composition for September 2025 of 4.2657 kg butterfat, 3.2708 kg protein and 5.9465 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: \$90.40
P5: \$90.72

U.S. CLASS PRICES

The October 2025 Class III Price, US\$16.91 per hundredweight, is equivalent to C\$54.04 per hectolitre. This equivalent is based on the exchange rate US \$1 = C\$ 1.40783 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
OCTOBER PRICES	Alberta	\$57,115	554.71	109.74	109.74
	Saskatchewan	\$41,210	90.00	56.39	40.00
	Manitoba	\$49,900	276.42	109.18	48.00
	British Columbia	\$35,500	334.43	131.66	131.66
	Ontario*	\$24,000	24,317.81	121.30	Exchange cancelled
	Quebec*	\$24,000	24,182.11	660.15	661.09
	New Brunswick*	\$24,000	661.20	0.00	Exchange cancelled
	PEI*	No Clearing Price Established			
	Nova Scotia*	\$24,000	1322.13	60.88	60.88

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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