FEBRUARY 2026

DAIRYNOMICS

MONTHLY RETAIL MARKETS AND PRODUCTION REPORT

Changes in Solids-Non-Fat (SNF) Payment Policy – April 1, 2026

AS THERE CONTINUES TO BE A STRONG CONSUMER PREFERENCE for dairy products high in protein, it has increased the demand for protein from the market at a faster rate. For example, Greek yogurt that uses up to six times more milk than regular yogurt grew by 18.8 per cent in 2025, and now represents a third of yogurt retail sales in Canada. Soft cheeses that are high in protein are also a growing category, such as cottage cheese that that now represents 10 per cent of cheese sales. This shift in demand occurred as there continues to be a decrease in the farm production ratio, which has resulted in shifts in the protein available to serve all markets.

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

Effective April 1, 2026, the P5 Boards have approved changes to the payment policy to increase protein production:

- Increase the market ratio to 2.20;
- Increase the no-pay ratio to 2.30; and
- Modify butterfat (BF) and Tier 1 Protein price by changing the distribution of the residual revenue from the other solids, 30 per cent to BF and 70 per cent to protein paid in Tier 1.

As observed increasingly in 2025, the demand for protein is strong while the butterfat test at the farm has grown faster than anticipated in the P5. As part of the continuous assessment of the payment policy parameters, the conclusion was reached that to meet the recent and expected market demand for increased protein, the volume produced by the P5 needs to increase more significantly.

Therefore, both payment ratios are increased to encourage an increase in the on-farm SNF/BF production ratio to increase volume in P5 to better align with market demand. The market ratio increase is expected to generate additional volumes to reduce the milk shortage, while limiting the impact on butter stocks.

To emphasize the importance of increasing the protein and volumes produced, the revenue distribution from other solids for the prices of butterfat and Tier 1 protein are also modified. The effect is expected to increase the Tier 1 protein price by approximately $2.00 and decrease the butterfat price by approximately $1.80.

Total requirements in November saw a 6.6 per cent increase compared to November last year. On a 12-month basis, growth continues to be strong at 4.2 per cent. The same trend was seen in quota requirements for November.

At the P5 level on a 12-month basis for November, quota growth continues to be strong at 3.4 per cent. However, production has also been very strong throughout the fall.

In December 2025, butter stocks reached 36,545 tonnes, up from November by 1,329 tonnes. Butter stock levels continue to be at the highest seen in the last five years.

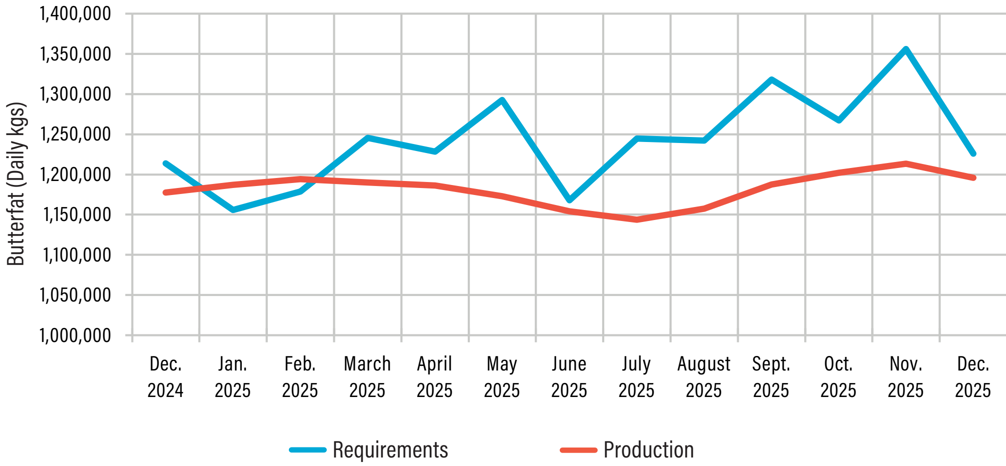
Cheese stock levels for the month of December 2025 were at 103,412 tonnes, down 1,970 tonnes from November and higher than the last five-year average.

For the 52 weeks ending January 3, 2026, sales for fluid milk, fluid cream, yogurt, ice cream, cheese and butter increased/decreased by -0.2, 0.3, 6.6, 7.6, 2.0 and 4.4 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.

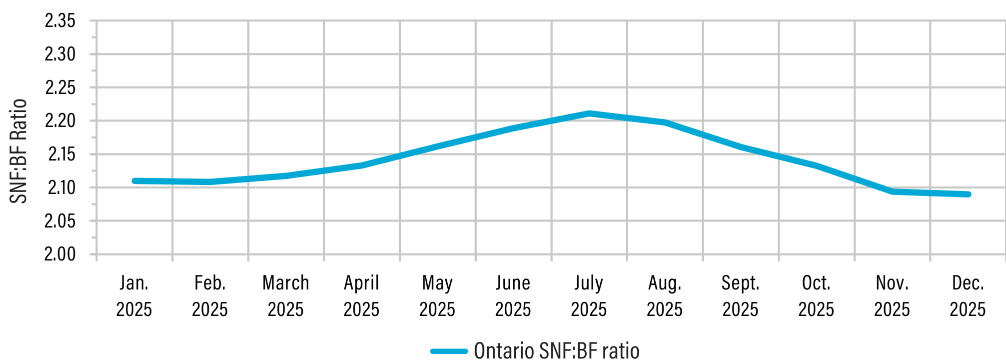


12-month production (in millions of kilograms) **431.4**

12-month requirements (in millions of kilograms) **454.0**

Canadian production has increased by **3.5 per cent** over the previous 12 months, and requirements have increased by **3.7 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.

Dec. 2025: 2.0897

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 JAN. 3, 2026	RETAIL SHARE OF TOTAL MARKET
Fluid milk	-0.20%	76.80%
Cream	0.30%	39.70%
Cheese	2.00%	55.80%
Butter	4.40%	58.20%
Ice cream	7.60%	70.70%
Yogurt	6.60%	95.10%

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

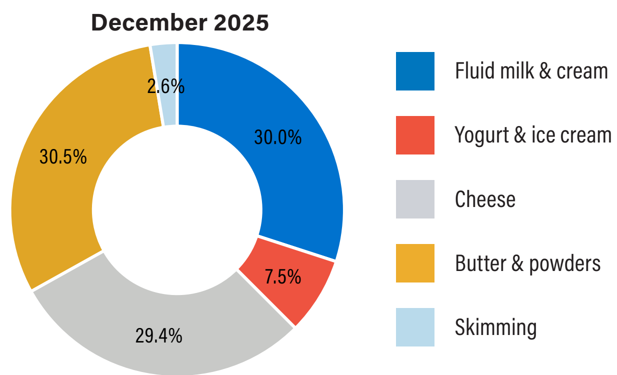
DECEMBER HIGHLIGHTS

- As there continues to be a strong consumer preference for dairy products high in protein, it has increased the demand for protein from the market at a faster rate;
- To emphasize the importance of increasing the protein and volumes produced, the revenue distribution from other solids for the prices of butterfat and Tier 1 protein are also modified. The effect is expected to increase the Tier 1 protein price by approximately $2.00 and decrease the butterfat price by approximately $1.80;
- For the 52 weeks ending January 3, 2026, sales for fluid milk, fluid cream, yogurt, ice cream, cheese and butter increased/decreased by -0.2, 0.3, 6.6, 7.6, 2.0 and 4.4 per cent, respectively.

ONTARIO UTILIZATION

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

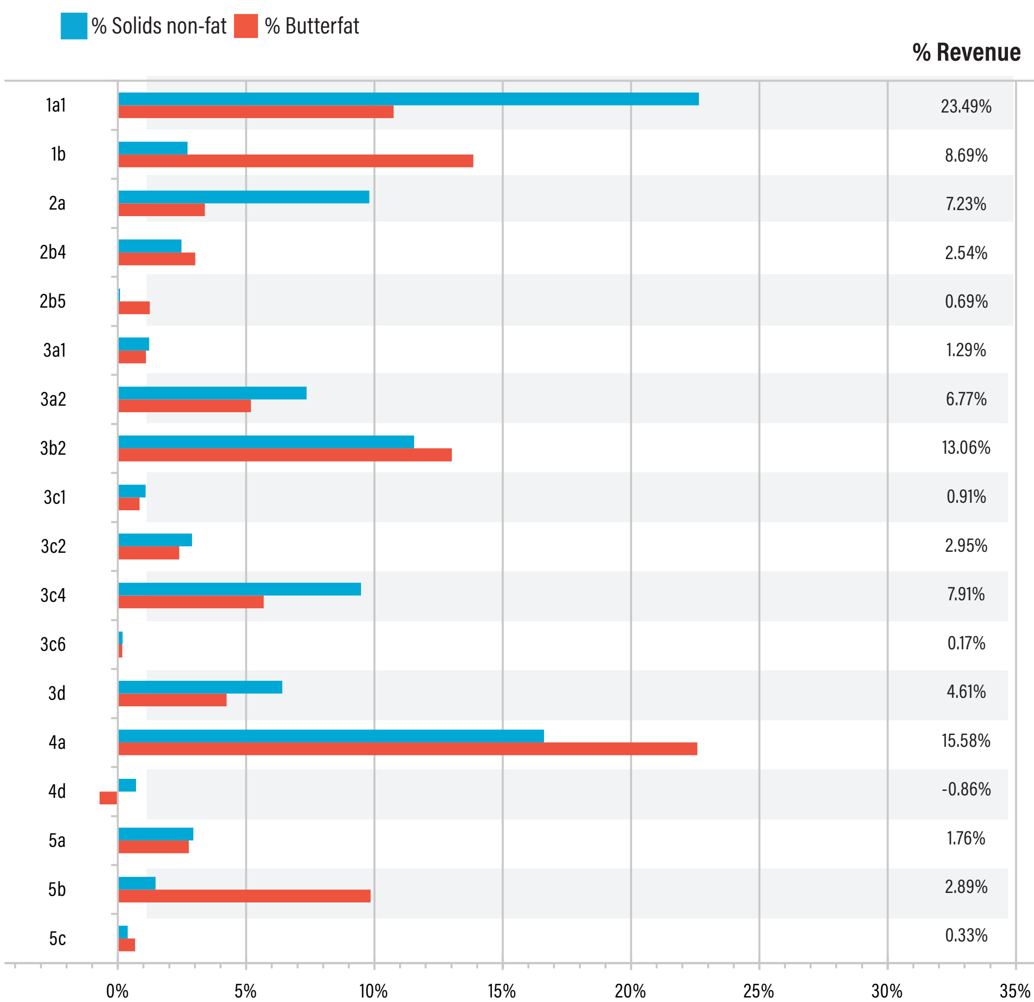
	NOVEMBER 2025	DECEMBER 2025	12-MONTH AVERAGE
Fluid milk & cream	28.8%	30.0%	29.7%
Yogurt & ice cream	7.4%	7.5%	8.1%
Cheese	28.7%	29.4%	30.5%
Butter & powders	30.2%	30.5%	30.6%
Skimming	4.9%	2.6%	1.1%



P10 UTILIZATION BY CLASS

For December 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

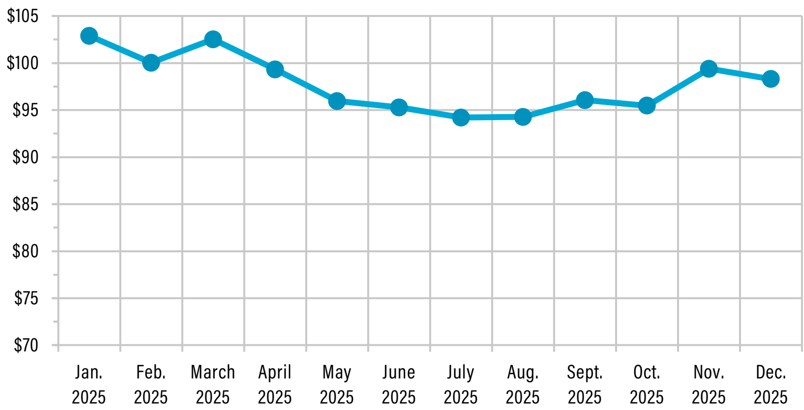
Class 5a Cheese for further processing

Class 5b Non-cheese products for further processing

Class 5c Confectionery products

ONTARIO MONTHLY PRODUCER AVERAGE GROSS BLEND PRICE

A total 3,144 producers sold milk to DFO in December compared with 3,162 a year earlier.



Dec. 2025: $98.29

ONTARIO DEDUCTIONS, PER HL

For December 2025

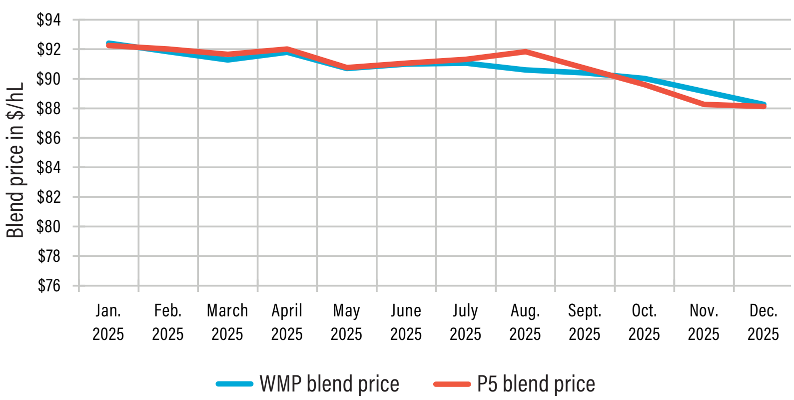
	Within quota	Over-quota
DFO administration	$0.725	$0.725
DFO research	$0.050	$0.050
CanWest DHI	$0.060	$0.060
Transportation	$3.620	$3.620
Market expansion	$1.500	$1.500
Total deductions	$ 5.955	$5.955
Average total net	$ 91.678	-$5.955

** These figures are based on Ontario's average composition for December 2025 of 4.4848 kg butterfat, 3.4079 kg protein and 5.9640 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: $88.26
P5: $88.12

U.S. CLASS PRICES

The January 2026 Class III Price, US $14.59 per hundredweight, is equivalent to C $45.24 per hectolitre. This equivalent is based on the exchange rate US $1 = C $1.3658 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)

JANUARY PRICES

PROVINCE	PRICE/KG	AMOUNT WANTED/KG	AMOUNT FOR SALE/KG	AMOUNT PURCHASED/KG
Alberta	$67,800	452.66	30.89	29.89
Saskatchewan	$41,975	140.47	66.52	46.52
Manitoba	$54,469	254.65	246.31	96.00
British Columbia	$37,500	410.17	46.07	46.07
Ontario*	$24,000	25,266.37	252.76	250.10
Quebec*	$24,000	25,639.33	472.27	471.34
New Brunswick*	$24,000	749.90	2.90	2.90
PEI*	No Clearing Price Established			
Nova Scotia*	$24,000	1,580.94	3.60	3.60

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 departments. Questions? Please email questions@milk.org.

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