JUNE 2026

DAIRYNOMICS

MONTHLY RETAIL MARKETS AND PRODUCTION REPORT

Changes in Solids-Non-Fat (SNF) payment policy and non-saleable quota – June 1, 2026

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

- Increase the no-pay ratio from 2.30 to 2.50; and
- Modify butterfat and Tier 1 Protein price by changing the distribution of the residual revenue from the other solids, from 30 per cent to butterfat and 70 per cent to protein, to 100 per cent to protein paid in Tier 1.

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, the no-pay ratio is increased to 2.50 to further support those in a position to make greater contribution. There is no change in the market ratio of 2.20 as it continues to be in line with market demand.

The 2025 P5 SNF ratio was 2.1190 with the market demand for SNF currently closer to 2.20. Therefore, to emphasise the importance of increasing the protein and volumes produced, the butterfat will be paid at the market revenue. The other solids residual revenue will be applied at 100 per cent to the Tier 1 protein price. The effect is expected to increase the Tier 1 protein price by approximately $1.60 and decrease the butterfat price by approximately $1.20.

In addition to the payment policy changes announced above and to provide additional flexibility in the short-term to producers during the changes in the milk composition, while there is continued focus on increasing volume production in the medium to long-term, the P5 Boards have approved the issuance of two per cent non-saleable quota to all P5 producers effective June 1, 2026.

The combination of these announcements is to implement changes in a timely manner with the available tools. The P5 Quota Committee will continue to monitor the markets to determine if further adjustments are required, to the payment policy or the production signal.

Total requirements in March, on a 12-month basis, growth continues to be strong at 3.6 per cent. At the P5 level on a 12-month basis for March, quota growth was 3.6 per cent. January and February total requirements were revised due to a change in butter stocks reported, but the 12-month basis remains the same.

P5 production is trending at 0.9 per cent above the forecast for the last four months. With the change in payment policy in April, as well as normal seasonality, there was a decrease in the butterfat test at P5 between April and March, but it is still above the butterfat test in April 2025. Given the strong demand for protein, there is still a strong need from the market to better align production.

In April 2026, butter stocks reached 42,012 tonnes, up from March by 2,186 tonnes. Given the level of stocks, there is pre-filled quota at the national level, P5 will need to reduce production on a butterfat basis in six months to avoid a financial penalty .

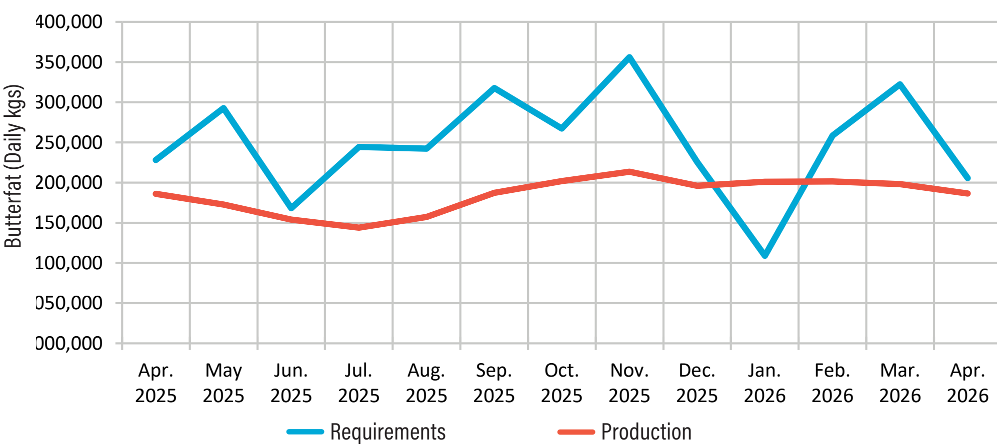
Cheese stock levels for the month of April 2026 were at 106,891 tonnes, up 866 tonnes from March and higher than the last five-year average.

For the 52 weeks ending May 2, 2026, sales for fluid milk, fluid cream, yogurt, ice cream, cheese and butter increased/decreased by -0.6, 0.1, 5.9, 4.9, 1.7 and 3.4 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.

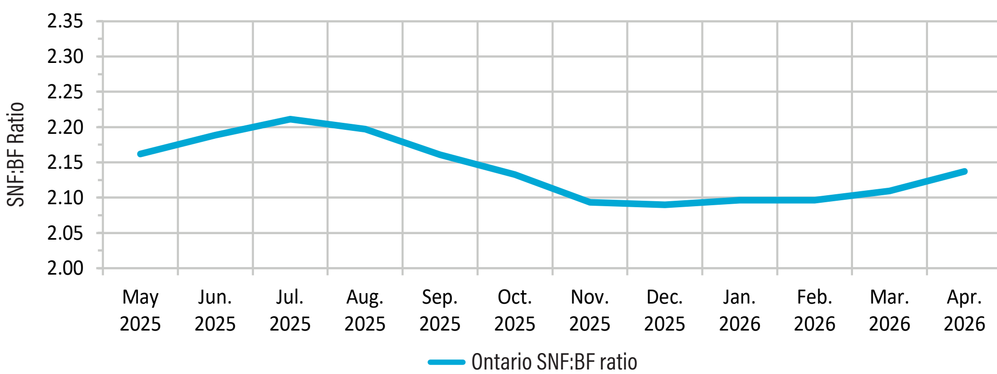


12-month production (in millions of kilograms) **432.3**

12-month requirements (in millions of kilograms) **456.5**

Canadian production has increased by **2.6 per cent** over the previous 12 months, and requirements have increased by **3.1 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.

April 2026: 2.1372

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 MAY 2, 2026	RETAIL SHARE OF TOTAL MARKET
Fluid milk	-0.60%	76.80%
Cream	0.10%	39.70%
Cheese	1.90%	55.80%
Butter	3.40%	58.20%
Ice cream	4.90%	70.70%
Yogurt	5.90%	95.10%

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

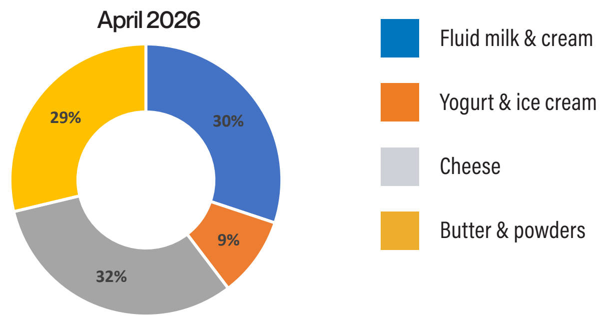
HIGHLIGHTS

- Effective June 1, 2026, the P5 Boards have approved changes to the payment policy to increase protein production:
  - Increase the no-pay ratio from 2.30 to 2.50; and
  - Modify butterfat and Tier 1 Protein price by changing the distribution of the residual revenue from the other solids, from 30 per cent to butterfat and 70 per cent to protein, to 100 per cent to protein paid in Tier 1;
- P5 Boards have approved the issuance of two per cent non-saleable quota to all P5 producers effective June 1, 2026;
- Total requirements in March, on a 12-month basis, growth continues to be strong at 3.6 per cent. At the P5 level on a 12-month basis for March, quota growth was 3.6 per cent.

ONTARIO UTILIZATION

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

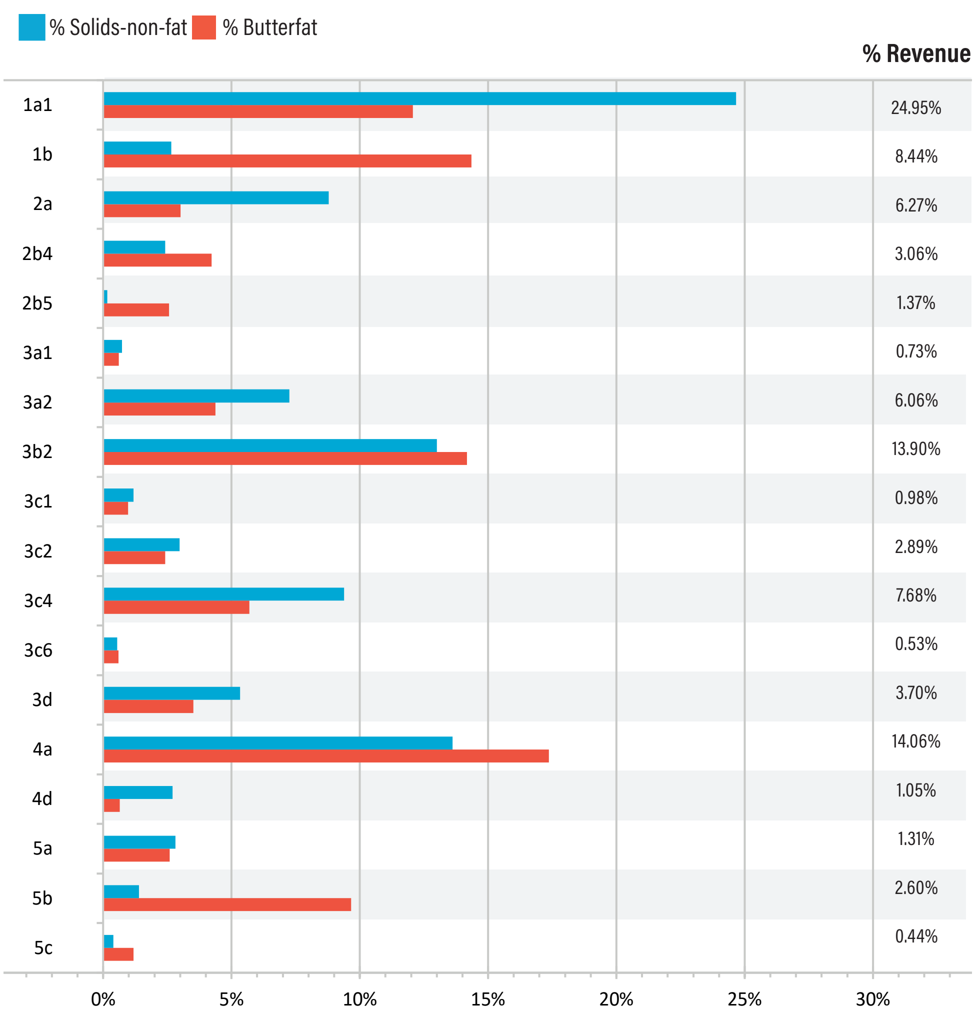
	MARCH 2026	APRIL 2026	12-MONTH AVERAGE
Fluid milk & cream	30.5%	30.1%	29.4%
Yogurt & ice cream	9.5%	9.5%	8.3%
Cheese	31.8%	31.6%	30.6%
Butter & powders	28.2%	28.7%	30.6%
Skimming	0.0%	0.0%	1.1%



P10 UTILIZATION BY CLASS

For April 2026 (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

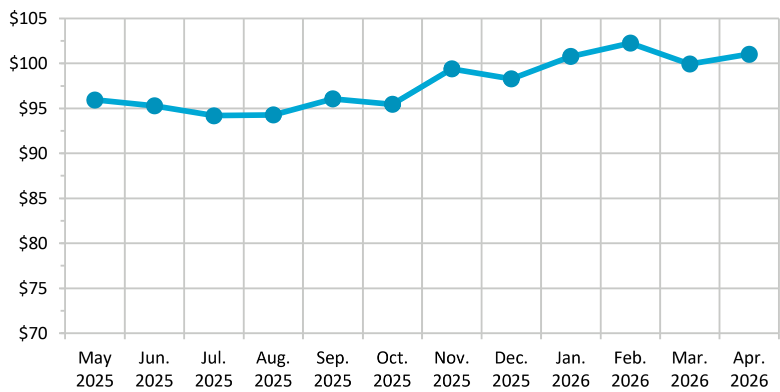
Class 5a Cheese for further processing

Class 5b Non-cheese products for further processing

Class 5c Confectionery products

ONTARIO MONTHLY PRODUCER AVERAGE GROSS BLEND PRICE

A total 3,134 producers sold milk to DFO in April compared with 3,157 a year earlier.



April 2026:
101.03

ONTARIO DEDUCTIONS, PER HL

For April 2026

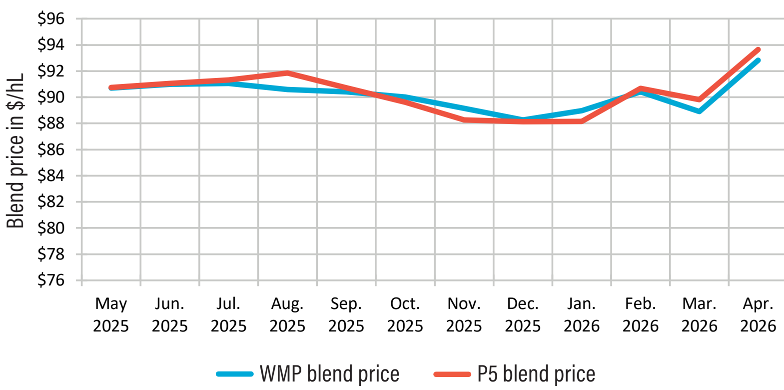
	Within quota	Over-quota
DFO administration	$0.725	$0.725
DFO research	$0.050	$0.050
CanWest DHI	$0.060	$0.060
Transportation	$4.090	$4.090
Market expansion	$1.500	$1.500
Total deductions	$ 6.425	$6.425
Average total net	$94.43	-$6.425

** These figures are based on Ontario's average composition for April 2026 of 4.3554 kg butterfat, 3.3427 kg protein and 5.9655 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: $92.83
P5: $93.65

U.S. CLASS PRICES

The May 2026 Class III Price, US $16.92 per hundredweight, is equivalent to C $53.16 per hectolitre. This equivalent is based on the exchange rate US $1 = C $1.38394 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)

MAY PRICES

PROVINCE	PRICE/KG	AMOUNT WANTED/KG	AMOUNT FOR SALE/KG	AMOUNT PURCHASED/KG
Alberta	$66,375.00	258.50	177.54	109.25
Saskatchewan	$45,250.00	117.00	71.06	41.06
Manitoba	$60,000.00	459.30	22.00	20.92
British Columbia	$40,600.00	857.24	110.68	110.68
Ontario*	$24,000.00	26,153.61	138.39	Exchange cancelled
Quebec*	$24,000.00	29,748.86	444.92	443.92
New Brunswick*	$24,000.00	865.90	9.39	9.39
PEI*	No Clearing Price Established			
Nova Scotia*	$24,000.00	NA	NA	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 departments. Questions? Please email questions@milk.org.

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