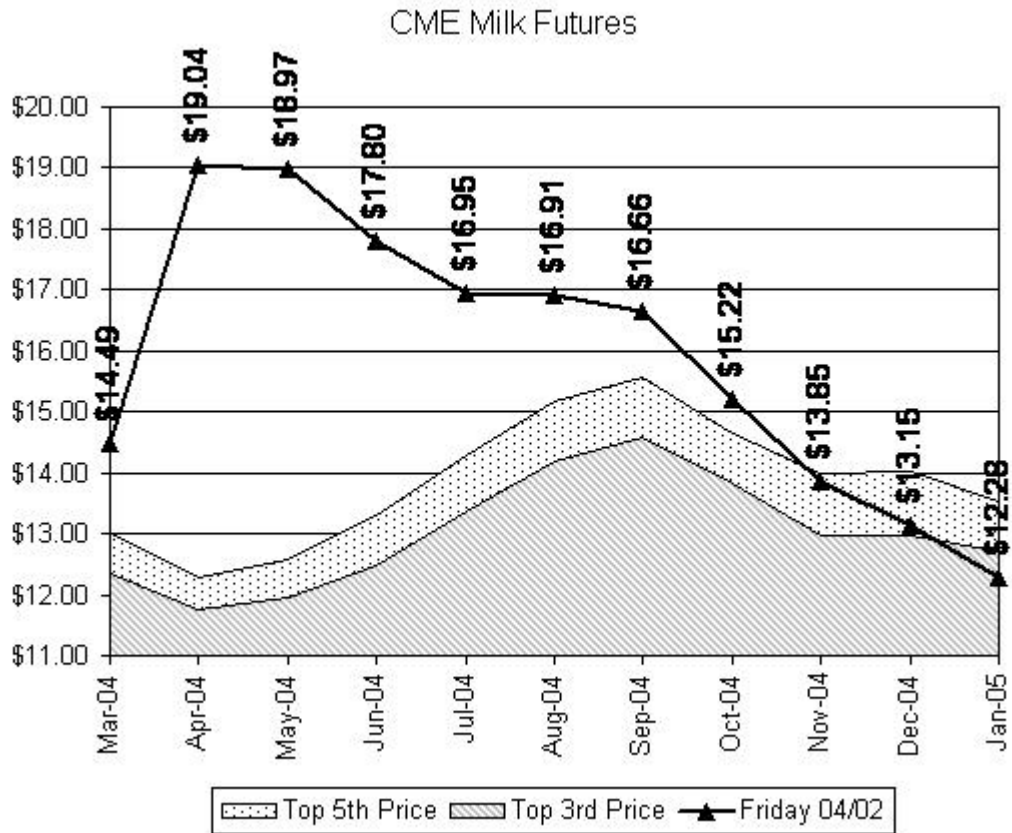


however....

- Weekly cow slaughter continues to lag below prior year levels. For the week ending 03/20/04, 48,600 head were removed from the milking herd vs. 62,900 during the same period a year ago. With the price of milk near the stratosphere and replacement heifers hard to come by, the lower cull rate may be the only way to "grow" the size of the U.S. dairy herd. Long term, it remains to be seen if dairymen will continue to milk marginal cows in the face of higher protein costs and a solid cull cow price.
- Demand for fluid milk is tapering off in Florida, as Spring break is under way in many school districts and winter residents are heading north.
- Hay harvest has come early in California due to the recent hot spell, and quality is reported as excellent. Dairy plants anticipate this could mean additional milk supplies.



Recommendation:

Encouraging economic news and strong fundamentals are continuing to move this market higher. April closed above the \$19 mark today with May close behind. Assuming fundamentals remain unchanged over the next 30 days, ask yourself where June, currently at \$17.80, will be priced. Well, it will probably look a lot like where May is today. And July will look like June, and so on. How long and how high are our most frequent questions, and unfortunately, we don't have the answer. But we do know we won't be able to pick the top on this market, so our recommendation from last week remains unchanged. Spend some money on a decent PUT option and leave your upside open. Enter open orders for the following:

May 1775 puts	30 cents
June 1650 puts	45 cents
July 1600 puts	60 cents
August 1550 puts	60 cents
September 1500 puts	55 cents
October 1375 puts	55 cents
November 1325 puts	70 cents
December 1250 puts	60 cents

To discuss this and more advanced strategies, give us a call! 877.695.8538

Trading in commodities can result in substantial losses. You should carefully consider whether the risks involved in trading in commodities is suitable for you or your organization in light of your financial condition. While the information we gather and present is deemed reliable, neither the opinions expressed on this website nor in "The KDM Dairy Report", shall be construed as an offer to buy or sell any futures or options on futures contracts. In addition, past performance is not necessarily indicative of future results.