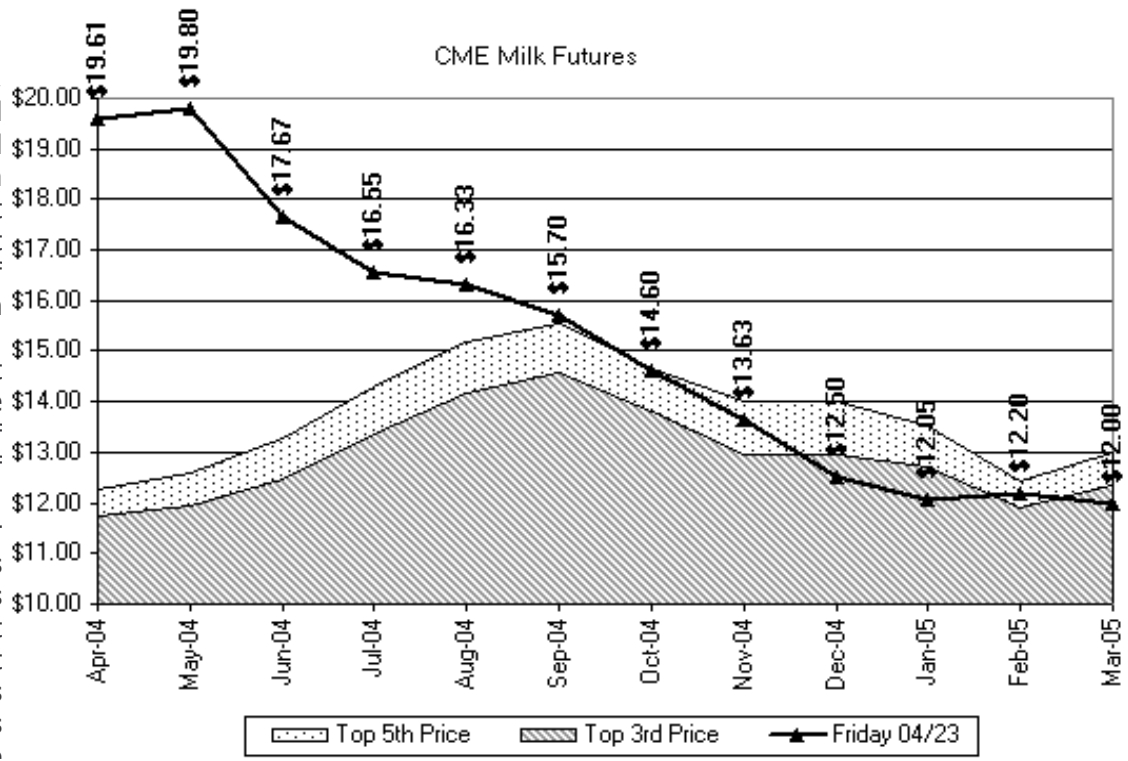


however....

- After a steady rise, cash cheese stalled and was unchanged for the week, with blocks settling at \$2.20 and barrels at \$2.1550, coming off a \$2.17 high on Monday.
- In addition, product showed up en-masse with nine cars of blocks and 20 cars of barrels traded.
- NASS prices for blocks or barrels has been up double digits in each of the past four weeks, but today's numbers weren't up as sharply. We could be making a near-term top on the cheese price.



- For the week ending 04/10, dairy cow slaughter was off 27% vs. the prior year, according to the Weekly Slaughter Report. The lower cull is likely a response to higher milk prices.
- Fluid Milk & Cream Review reports that demand from manufacturers has slowed due to the high price, and that suppliers have had to discount prices to get buyers to take loads.
- Dairy Market News reports buyer resistance to the high cheese price has increased, while interest in mozzarella, provolone and soft-style cheese is only fair, with manufacturers either switching to cheddar or selling their milk to cheddar producers.

Recommendation:

Well, it certainly seems as if we've hit a near-term peak in cheese, and more product could be heading our way. While we don't expect the price to head too far south, we may see blocks and barrels hover around the \$2 range for a while.

If you have forward contracted or sold futures already, keep a close eye on the CALL options. Further deterioration of the market may give you an opportunity by pick up some less expensive CALL options Jun - Aug, to protect yourself against higher prices should we heat up this summer. If you are still open to the market, take a good hard look at the June - Aug contracts and consider selling some milk. While we'll never be able to pick the top, we're just over a dollar off the contract high for June, and still at a very profitable price. Congratulate yourself for not selling at \$13. After selling, be ready as well to purchase CALL options to protect your upside. Or, use our trade recommendation from last week, selling the Jan - Mar 12.00 PUTs, but this time, use the premium to help pay for Jun - Aug PUTs, keeping all of your upside open.

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.