



according to Dairy Market News, with a [projected 4-5% increase](#) over last season.

- Cheese plants we work with indicate orders are lightening up, which is unusual for this time of year.
- Economy: The economic impact of Katrina could hurt the economy as energy prices remain high, and the nation faces the largest insured loss in U.S. history of over \$25 billion. Total economic [losses could exceed \\$100 billion](#), according to an article today in MarketWatch.com.

**Recommendation:**

Month	Strike	Premium
Oct	14.00	.25
Nov	13.25	.25
Dec	12.75	.25
Jan	12.00	.25
Feb	11.75	.25
Mar	11.75	.25
Apr	11.50	.25
May	11.75	.30
Jun	12.00	.35

Our recommendation from last week is virtually unchanged. Seasonal buying and continued tight current cheddar supplies look to support the market in the short term, but long-term prospects look negative. Enter orders to buy the put options listed in the table above. If filled, they would give you protection now, and buy you time to sell in to the market later or buy higher levels of put options should the market rally longer than expected. It also leaves 100% of your production open to the upside.

**Note:** Our offices will be closed on Monday in observance of Labor Day.

Trading futures and commodities involves substantial risk and may not be suitable for all investors. 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 to be reliable, it is in no way guaranteed. 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.

