



# “For **SMART** Management”

January 6, 2014 Vol. 2, Issue 1

MARGINSMART®  
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## MARGINSMART® Sample Farm Profitability Changes From Last Week

	Dec. 13'	Jan. 14'	Feb. 14'	Mar. 14'	Apr. 14'	May14'	June 14'	July 14'	Aug. 14'	Sep. 14'	Oct. 14'	Nov. 14'
Change From Prior Week	+0.00	+0.62	+0.97	+0.46	+0.33	+0.27	+0.19	+0.16	+0.13	+0.07	+0.12	+0.05

### Welcome to MARGINSMART®

The weekly newsletter will keep you up-to-date on various topics such as market news, upcoming events, and getting the most out of MARGINSMART®.

### MARGINSMART® Tip of the Week

This week we will visit Physical Contracts in the “Commitments” Tab. As the chart below indicates milk and feed prices are in a volatile state. Milk is trending upward while feed costs have decreased slightly. Physical contracts provide an opportunity to lock-in the favorable prices and inputting the contracts into MARGINSMART® indicates the affect to your bottom line. If you are unsure how a certain contract could affect YOUR bottom line, input a sample contract and compare the numbers. A sample contract must be deleted when finished to preserve the true picture of your operation. Call with questions about Physical Contracts.

### Market News

**Milk:** The final December 2013 Class III price was \$18.95 per cwt, up 12 cents from Nov. 2013 and up from \$18.66 in Dec. 2012. The final December 2013 Class IV price was \$21.54 per cwt, up \$1.02 from Nov. 2013 and up from \$17.83 in Dec. 2012. Market prices are trending upward for nearby months creating opportunities for better bottom line profits.

### Market News (Continued)

**Livestock:** The USDA released its “Quarterly Hogs and Pigs” report on 12/27/2013. Highlights:

- 66M hd on 12/1/13, down 1% from Dec 2012 and down 2% from Sept. 2013
- 6M breeder head, down 1% from Dec. 2012 and Sept 2013.
- 3M head intended to farrow next quarter up from last quarter and same time last year.

Major takeaway – fewer hogs will mean more feed inventory possibly keeping prices down. **Also note the SBM prices have declined as shown below.**

**Don't forget about  
MARGINSMART®'s Referral  
Program! Call Today for  
Details.**

### MARGINSMART® Insight

*As mentioned in the Tip of the Week Physical Contracts are a great way to take advantage of the favorable milk and feed prices. Check with your milk plant and feed supplier to execute.*

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## Market Update (As of 1/3/2014 Close)

	Jan. '14	+/-*	Feb. '14	+/-*	Mar. '14	+/-*	May '14	+/-*	Jul. '14	+/-*	Sep. '14	+/-*	New Crop 14'	+/-*
Class III Milk	20.06	+0.58	19.68	+0.90	19.07	+0.45	18.18	+0.18	17.72	+0.09	17.60	+0.00	17.46**	+0.04
Class IV Milk	21.73	+0.01	21.87	-0.08	21.59	-0.16	20.29	+0.02	19.15	-0.01	18.99	+0.04	18.37**	+0.00
Corn					4.23	-0.04	4.32	-0.04	4.39	-0.04	4.45	-0.04	4.52**	-0.03
Soybeans	12.89	-0.42			12.71	-0.43	12.58	-0.41	12.48	-0.38	11.65	-0.30	11.30**	-0.24
Soybean Meal	425	-21			407	-20	400	-17	395	-15	371	-10	349**	-8

\*Change from the Previous Week Price

\*\*New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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MARGINSMART® maintains a fully virtual Sample Farm with 1,500 mature cows and an 85 #s of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. The red line on the Net Income chart below shows the net income / cwt. available last Friday over the next 12 months based on 100% market prices for milk and feed, and full operating activities. We also calculated the past 9 years results (with adj. milk / day) and show the projected actual and various percentile averages on the charts below.

