



"For **SMART** Management"

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MARGINSMART®

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MARGINSMART® Sample Farm Profitability Changes From Last Week

	June '14	July '14	Aug. '14	Sep. '14	Oct. '14	Nov. '14	Dec. '14	Jan. '15	Feb. '15	Mar. '15	Apr. '15	May '15
Change From Prior Week	+0.12	+0.64	+0.39	+0.29	+0.13	+0.12	+0.11	+0.18	+0.08	+0.01	+0.07	+0.10

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 discuss feed/grain Basis Levels. For some of you Basis may be a new term so we will start with a very basic definition. You can consider basis to be the difference in price between the price of a commodity on the Chicago Board of Trade (corn for example) and the price you actually pay to have it delivered to your farm. This should be for the same time period. For example, corn on the CBOT for July 2014 was priced at \$4.41 per bushel (\$157.50 per ton) at the close of trading on Monday June 16. Prices for each dairy vary across the United States due to transportation costs so if your farm's price for corn today is \$4.70 per bushel (\$167.86 per ton), your Basis would be +\$.29 per bushel. If you also pay to have the corn ground, flaked, rolled or processed in any other way we would also add that to the cost. The concept applies to other feed and grain.

Market News

Milk: The final March 2014 average mailbox price was \$25.18 per cwt., up \$.27 per cwt. from February 2014. Final total milk production for 2013 reported by AMS was just over 201B pounds. Projections for 2014 by AMS are just over 206B pounds with an average Class III price range of \$20.80 - \$21.20 for the year.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

- 2014 corn crop rated good to excellent on 6-16-14 was 75% compared to 64% last year
- 2014 soybean crop rated good to excellent on 6-16-14 was 74% compared to 64% last year
- Generally all crops across the US for 2014 are equal to or ahead of 2013 crops for emergence, development and general condition
- Weather conditions continue to support crop development over most of the US for the 2014 crop
- YTD dairy cull slaughter is nearly 140,000 head behind 2013. High prices continue.

**Contact Curtis Gerrits at
920-217-7255 for a FREE
MARGINSMART® DEMO!**

MARGINSMART® Insight

*Use the Scenario Farm option within
MARGINSMART® to compare alternative rations
and all kinds of other "what-if" options!*

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Market Update (As of 6/13/2014 Close)

	June '14	+/-*	July '14	+/-*	Aug. '14	+/-*	Sep. '14	+/-*	Nov. '14	+/-*	Dec. '14	+/-*	Mar. '15	+/-*
Class III Milk	21.30	+0.06	20.93	+0.55	20.70	+0.37	20.63	+0.31	19.64	+0.11	19.17	+0.12	18.26	-0.01
Class IV Milk	22.64	-0.06	22.22	+0.04	21.65	+0.07	21.36	-0.22	20.34	-0.27	19.89	-0.32	18.80	-0.05
Corn			4.47	-0.12			4.43	-0.13			4.47	-0.11	4.58	-0.09
Soybeans			14.26	-0.31	13.69	-0.32	12.60	-0.04	12.21	+0.02			12.33	+0.03
Soybean Meal			468	-20	443	-19	417	-7			397	+3	394	+1

*Change from the Previous Week Price

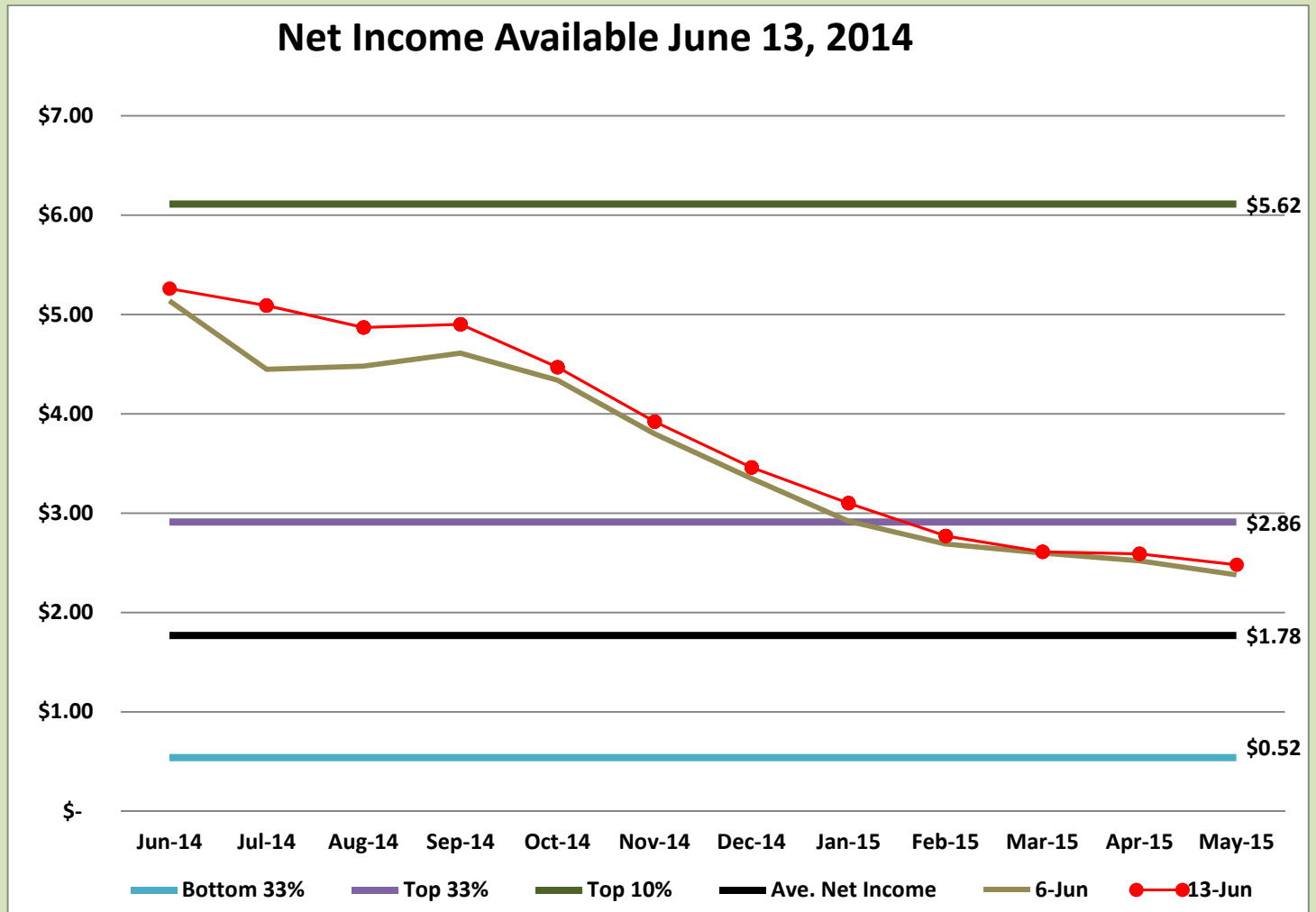
**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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.

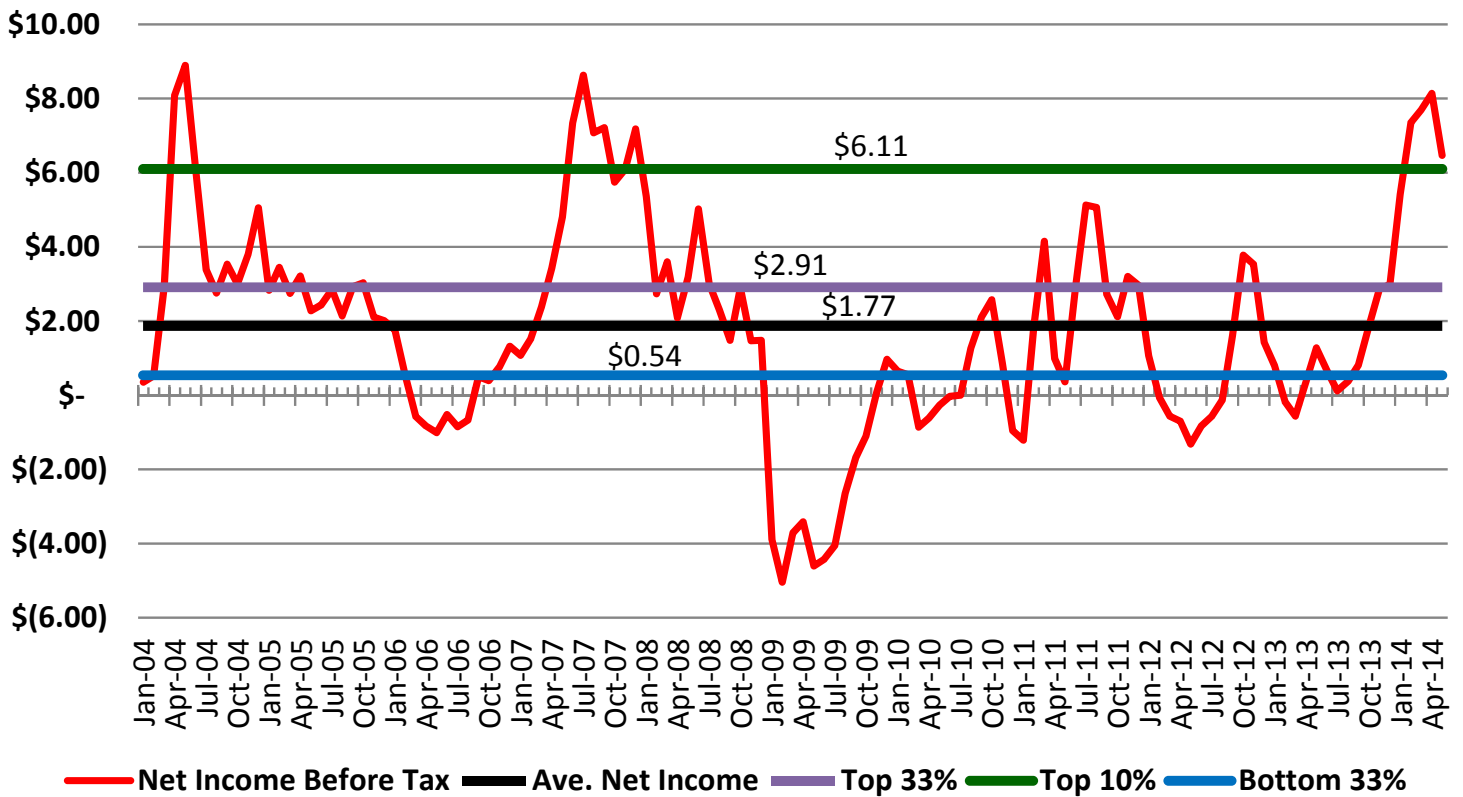
Net Income Available June 13, 2014





MARGINSMART® maintains a fully virtual Sample Farm with 1,500 mature cows and an 85 #s (current level – this has increased over the past 10 years) of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. We calculated the past 10 years’ results (with adj. milk / day). The red line on the chart below shows the net income before tax for the last 10 years WITHOUT ANY contracting, and completely subject to market prices. It also shows the Top 10% (90th percentile), top 33% (67th percentage), the average and bottom 33% (33rd percentile.)

2004-2014 Historical Net Income Before Tax





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Historical Yearly Average Net Income Before Tax

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
4.04	2.67	0.07	5.21	2.89	-2.79	0.44	2.52	0.60	0.95

Historical Quarterly Average Net Income Before Tax

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
2004	1.27	7.70	3.22	3.95
2005	3.01	2.64	2.64	2.38
2006	0.58	-0.79	-0.34	0.83
2007	1.66	5.19	7.64	6.34
2008	3.90	3.43	2.27	1.95
2009	-4.22	-4.15	-2.79	-0.01
2010	0.11	-0.30	1.13	0.82
2011	1.58	1.42	4.30	2.76
2012	0.15	-0.95	0.30	2.92
2013	0.02	0.77	0.43	2.57
2014	6.82			