



# "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	+04	+62	+66	+66	+69	+64	+58	+30	+16	+11	+02	-02

### 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 Milk Basis Levels. For ease, MARGINSMART® pulls all of the items that impact your milk price into one combined basis amount. We can help you incorporate various factors into this combined basis including various component levels (we can incorporate energy corrected milk or fat corrected milk), SCC and other quality and/or volume related premiums, as well as producer price differentials. We can assist you in projecting basis levels for each individual month of the year if you desire, but you can also use an annual basis level if that is your preference. Finally, we can set these basis levels up to either Class III or Class IV milk prices, or a combination of the two. We will help you identify which will be best beneficial for your situation. Call us with any questions that you may have on milk basis.

### Market News

**Milk:** The Class III milk futures have continued to move up recently, including during the day ended Monday June 23. For some perspective, every month from July – December 2014 is up over \$1.40 per cwt. from where the corresponding futures price was just 30 days ago. This includes over \$.30 per cwt. on June 23, 2014 alone.

### Market News (Continued)

#### Grains/Feedstuffs/Cattle/Poultry:

- 2014 corn crop rated good to excellent on 6-23-14 was 74% compared to 65% in 2013
- 2014 soybean crop rated good to excellent on 6-23-14 was 73% compared to 65% in 2013
- USDA released its June Beef Cattle on Feed report which shows 98.4% of last year's amount. Corn requirements for the beef sector will remain lighter than prior years
- The inversion of SBM futures prices for July to September 2014 has eased. At the end of trading on June 23 the difference on the CBOT was \$42 per ton. This was \$70 per ton just three weeks ago.

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

### MARGINSMART® Insight

*MARGINSMART® can help you identify your true profitability and cash flow projections! Let us help you make informed decisions.*

Visit us on the Web at:

[www.marginsmart.com](http://www.marginsmart.com)

[www.facebook.com/MarginSmart](http://www.facebook.com/MarginSmart)

## Market Update (As of 6/20/2014 Close)

	June '14	+/-*	July '14	+/-*	Aug. '14	+/-*	Sep. '14	+/-*	Nov. '14	+/-*	Dec. '14	+/-*	Mar. '15	+/-*
Class III Milk	21.34	+04	21.55	+62	21.33	+63	21.30	+67	20.28	+70	19.77	+60	18.38	+12
Class IV Milk	22.95	+31	23.10	+88	22.74	+109	22.25	+89	20.90	+56	20.42	+53	18.90	+10
Corn			4.53	+06			4.48	+05			4.52	+05	4.62	+04
Soybeans			14.16	-10	13.61	-08	12.63	+03	12.31	+10			12.44	+11
Soybean Meal			459	-9	440	-3	416	-1			399	+2	397	+3

\*Change from the Previous Week Price

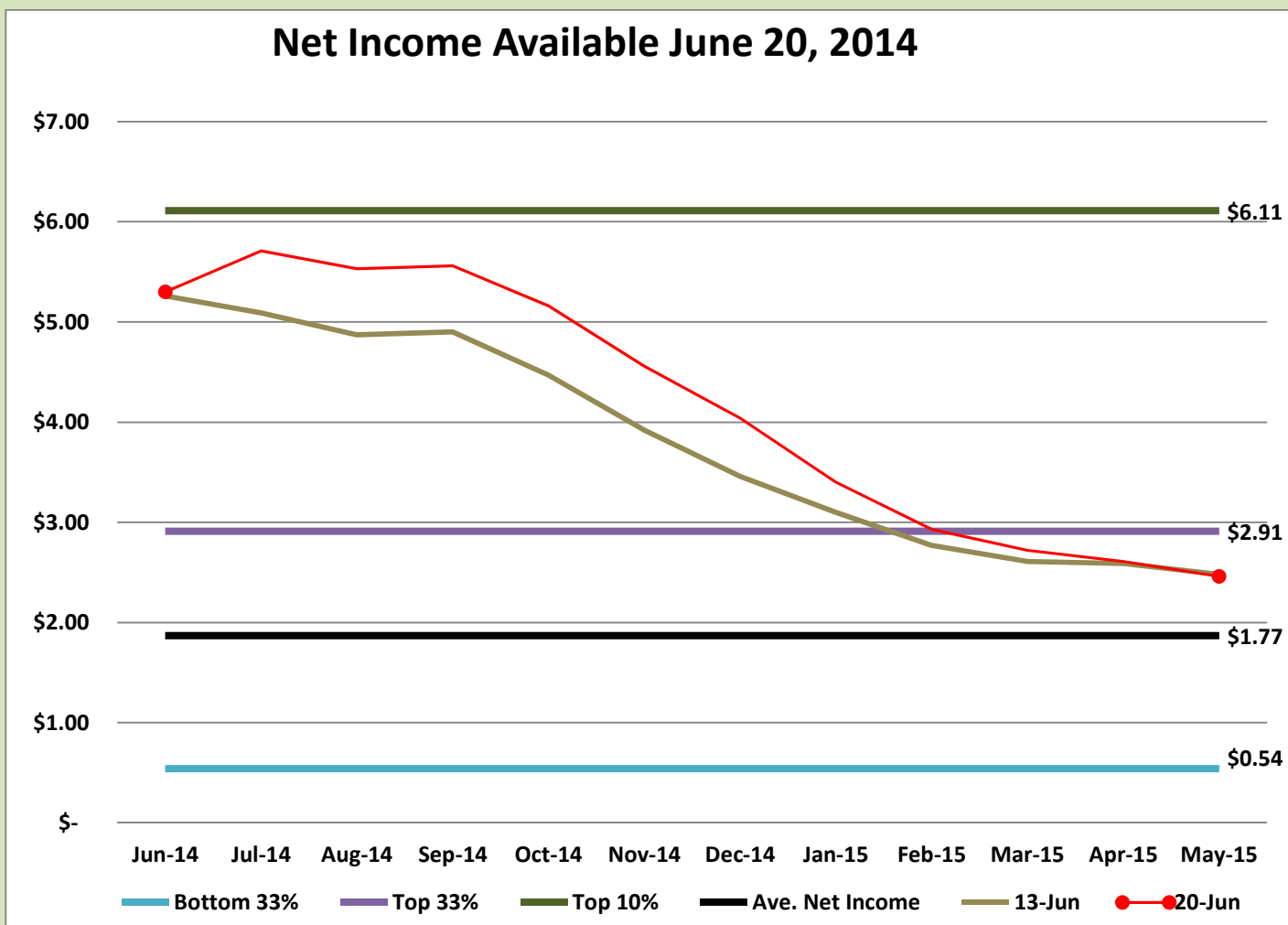
\*\*New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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.

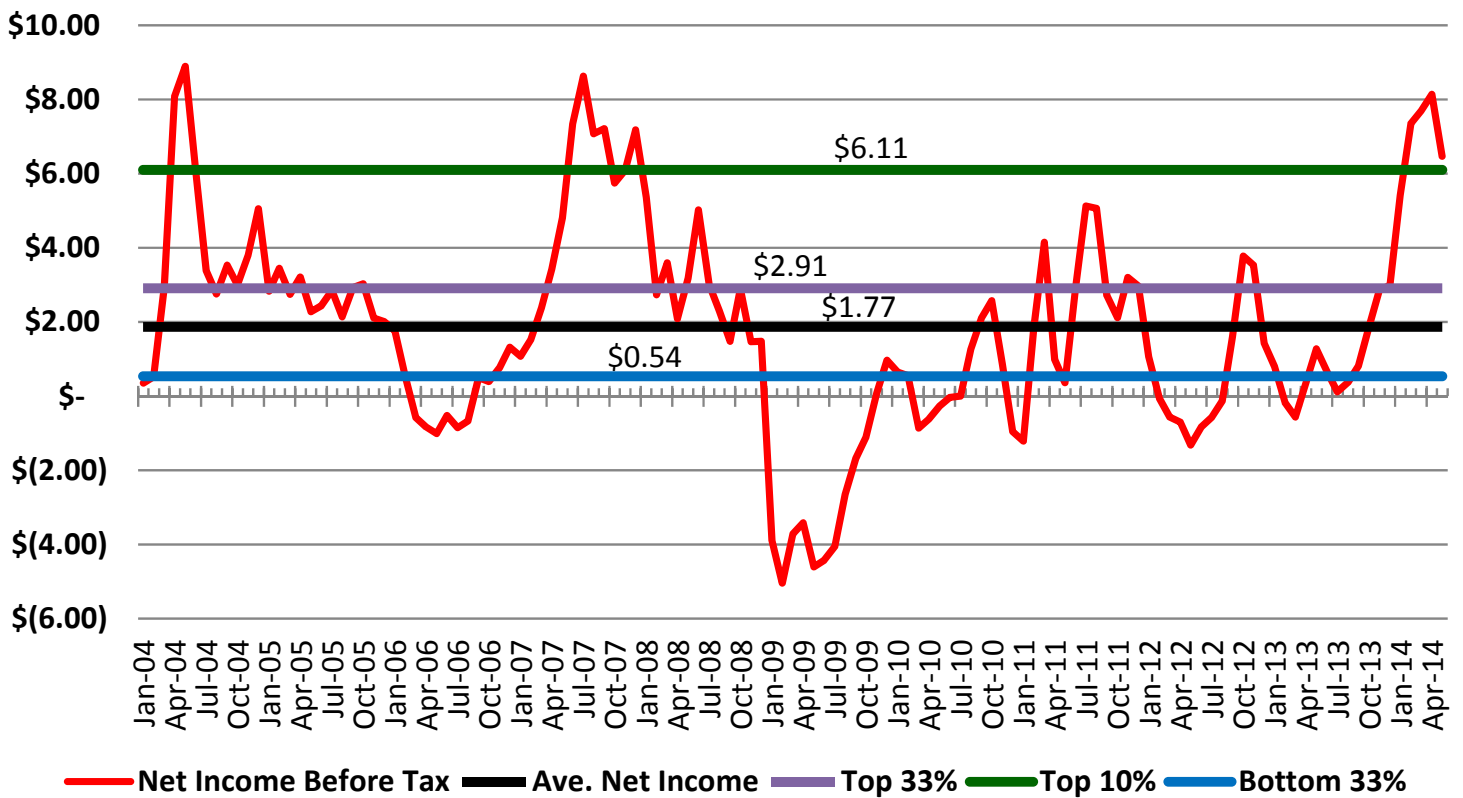
### Net Income Available June 20, 2014





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% (90<sup>th</sup> percentile), top 33% (67<sup>th</sup> percentage), the average and bottom 33% (33<sup>rd</sup> 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			