



"For **SMART** Management"

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MARGINSMART®
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MARGINSMART® Sample Farm Profitability Changes From Last Week

	Mar. '14	Apr. '14	May '14	June '14	July '14	Aug. '14	Sep. '14	Oct. '14	Nov. '14	Dec. '14	Jan. '15	Feb. '15
Change From Prior Week	+0.61	+1.19	+0.57	+0.28	+0.24	+0.26	+0.11	-0.04	+0.05	+0.03	+0.09	+0.13

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 revisit the "Grown Feed" portion of MARGINSMART®. It allows you the ability to include grown feed at either "Cost" or "Market". If you decide to use "Market" you can determine the market cost, or we can tie certain ingredients into the CBOT to adjust market continually. If you decide to use "Cost", and you have your specific cost per ton or per bushel, we can use that. However, if you do not know your exact costs per ton or bushel, we can utilize your crop input costs to make the overall determination. We will then work with you to get these set up correctly. For 2014 we are seeing lower fertilizer costs across the board, so we can take into account your exact projected input costs so that we make the most accurate projection for your dairy. Call us with any questions.

Market News

Milk: This week we will hit a couple key highlights:

- All 4 classes of milk have just set record highs
- For 2013 across all federal orders usage was , Class I - 32%, Class II - 12%, Class III - 47% and Class IV - 9%
- US heifer inventory at Jan '14 was 4.54M head, down .3% from Jan '13 and down 1.8% from Jan '12

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry: This week we will highlight certain items:

- Drought concerns in Brazil had lowered soybean prices, however prices dropped last week
- Ukraine is still moving corn, with major movements to China despite the unsettled political climate
- Beef production YTD is down 4.7%, leading to record high steer and cow prices. Prices for beef trimmings are extremely high leading to great cow demand and high cull cow prices
- Poultry production has not increased as expected due to disease and survivability issues
- SBM prices retreated last week

MARGINSMART® has a referral program for existing customers. Please contact us for details!

MARGINSMART® Insight

Class III Milk Futures prices have continued their strength and are pushing margins and profitability higher!

Visit us on the Web at:

www.marginSMART.com
www.facebook.com/MarginSmart

Market Update (As of 3/14/2014 Close)

	Mar. '14	+/-*	Apr. '14	+/-*	May. '14	+/-*	Jul '14	+/-*	Aug. '14	+/-*	Sep.'14	+/-*	New Crop 14'	+/-*
Class III Milk	23.29	+0.64	22.37	+1.12	20.76	+0.51	20.05	+0.25	19.83	+0.24	19.50	+0.16	18.52**	+0.02
Class IV Milk	23.60	+0.25	23.33	+0.33	22.34	+0.07	21.00	.00	20.75	+0.04	20.50	.00	19.25**	+0.05
Corn	4.72	-0.09			4.86	-0.03	4.90	-0.03			4.88	+0.01	4.87**	+0.02
Soybeans	13.76	-0.81			13.88	-0.70	13.72	-0.53	13.33	-0.40	12.32	-0.23	11.74**	-0.13
Soybean Meal	449	-16			444	-14	431	-14	415	-11	393	-6	363**	+1

*Change from the Previous Week Price

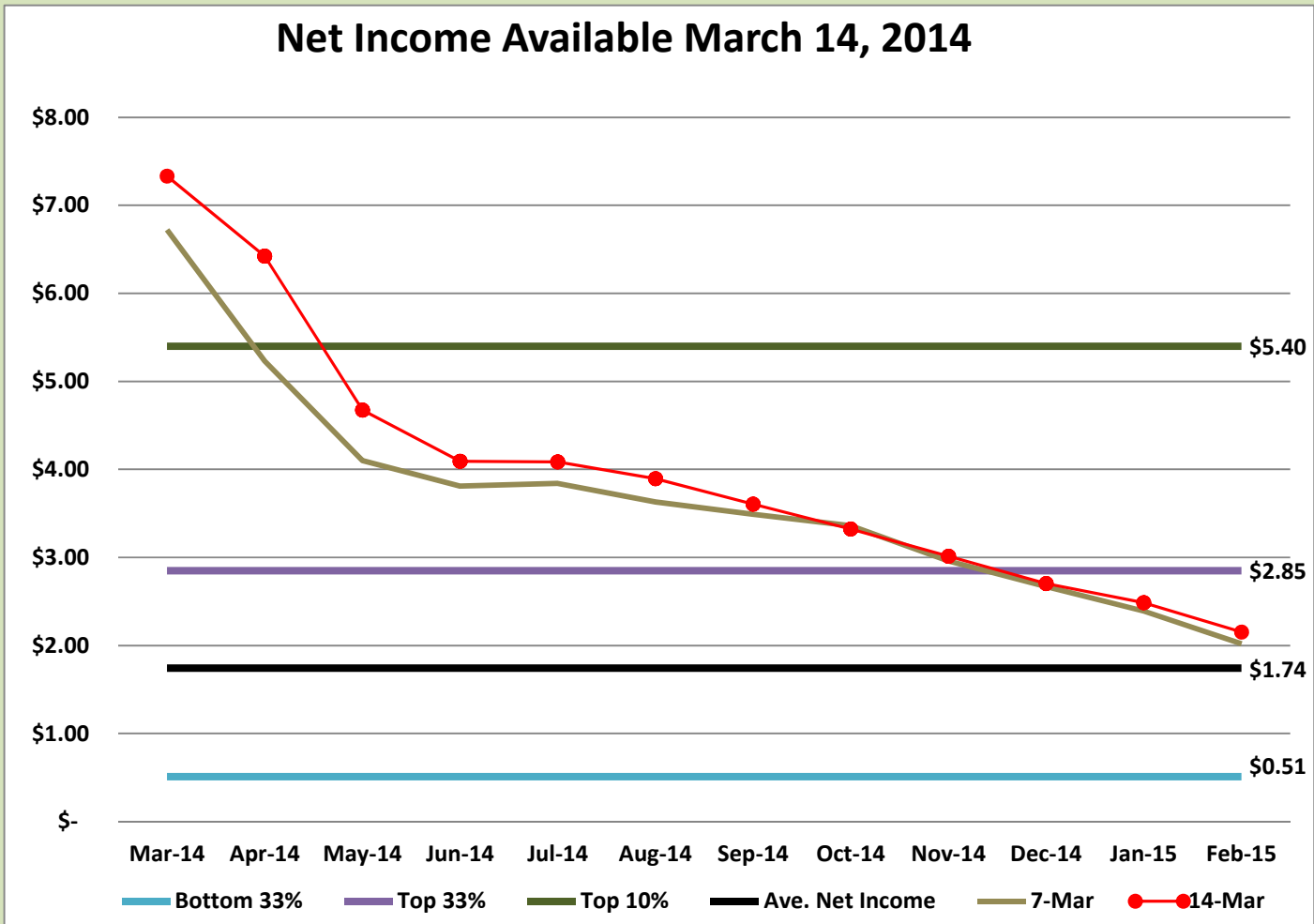
**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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.

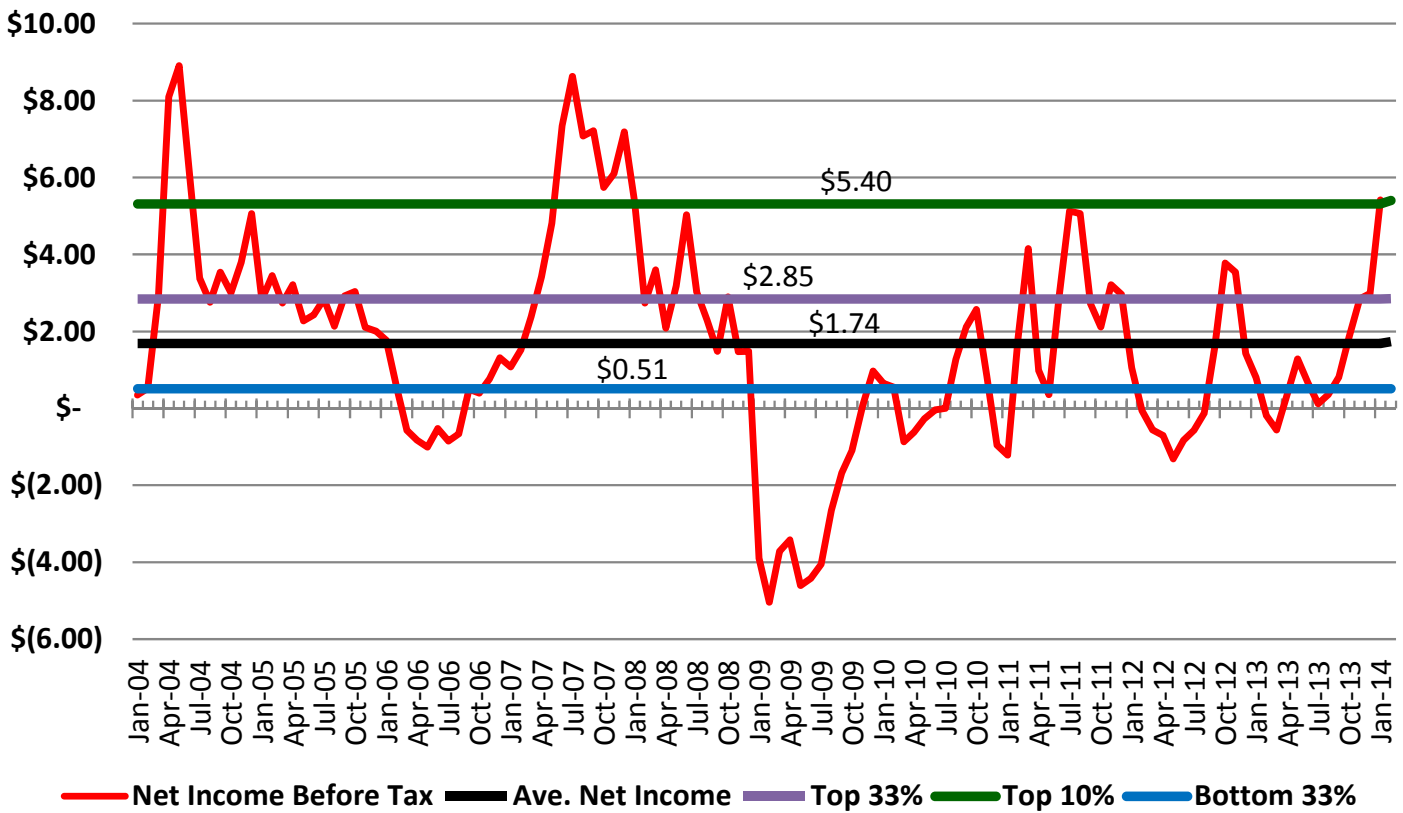
Net Income Available March 14, 2014





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