



# "For SMART Management"

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MARGINSMART®

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## MARGINSMART® Sample Farm Profitability Changes From Last Week

	May '14	June '14	July '14	Aug. '14	Sep. '14	Oct. '14	Nov. '14	Dec. '14	Jan. '15	Feb. '15	Mar. '15	Apr. '15
Change From Prior Week	-0.17	-0.65	-0.21	+0.02	+0.05	+0.18	+0.16	+0.15	-0.02	-0.02	+0.04	-0.01

### 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® Version 3.0 is Released!

MARGINSMART® Version 3.0 adds significant upgrades and features to further enhance MARGINSMART® as the industry leader in providing dairy producers financial projection tools to make informed financial decisions. **One major enhancement of Version 3.0 includes the ability to create a duplicate scenario farm to very efficiently create an unlimited number of "what-if" scenarios so that users can immediately see the projected impact of each of those scenarios on their farm's overall milk margins, cost of production, cash flow and/or profitability.** Version 3.0 also allows users to then toggle back and forth between their real farm and scenario farm to see the difference and make truly informed financial decisions. One of the great aspects of the original MARGINSMART® program has always been its ability to project feed costs in a combination of methods. **A second enhancement to Version 3.0 includes the ability to now change the projected cost of all feed ingredients (which are not mapped to the CBOT) on a monthly basis.** This allows increased flexibility for the feed cost determination which ultimately results in even more accurate projections. Call us with any questions on these new features!

### Market News (Continued)

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

- Corn Futures prices dropped last week primarily due to estimated 2014/15 crop expectations.
- Informa also made its 2014/15 corn projections, but they were slightly below USDA projections.
- Canola basis levels are more favorable as Canadian suppliers look to clear out record inventory levels
- Beef cattle on feed for May were generally in line with industry expectations and down slightly from last year

The USDA will release its weekly report on corn planting progress later today. Expectations are for 72-73% to be planted as of 5/18/14.

Contact Curtis Gerrits at 920-217-7255 to become a MARGINSMART® customer!

### MARGINSMART® Insight

Existing customers are using MARGINSMART® Version 3.0 to make informed business decisions! Call us to see how we can help you too!

#### 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 5/16/2014 Close)

	May '14	+/-*	Jul. '14	+/-*	Aug. '14	+/-*	Sep. '14	+/-*	Nov. '14	+/-*	Dec. '14	+/-*	Mar. '15	+/-*
Class III Milk	22.58	-0.13	20.01	-0.26	19.93	-0.01	19.84	-0.06	19.19	+0.11	18.71	+0.10	18.05	+0.00
Class IV Milk	22.55	-0.04	21.58	-0.07	21.39	+0.10	21.23	+0.08	20.44	+0.04	20.10	+0.20	18.48	+0.48
Corn			4.83	-0.24			4.81	-0.18			4.81	-0.18	4.89	-0.17
Soybeans			14.65	-0.22	14.00	-0.23	12.74	-0.11	12.21	-0.05			12.31	-0.06
Soybean Meal			480	-7	456	-6	421	-2			388	-1	389	-1

\*Change from the Previous Week Price

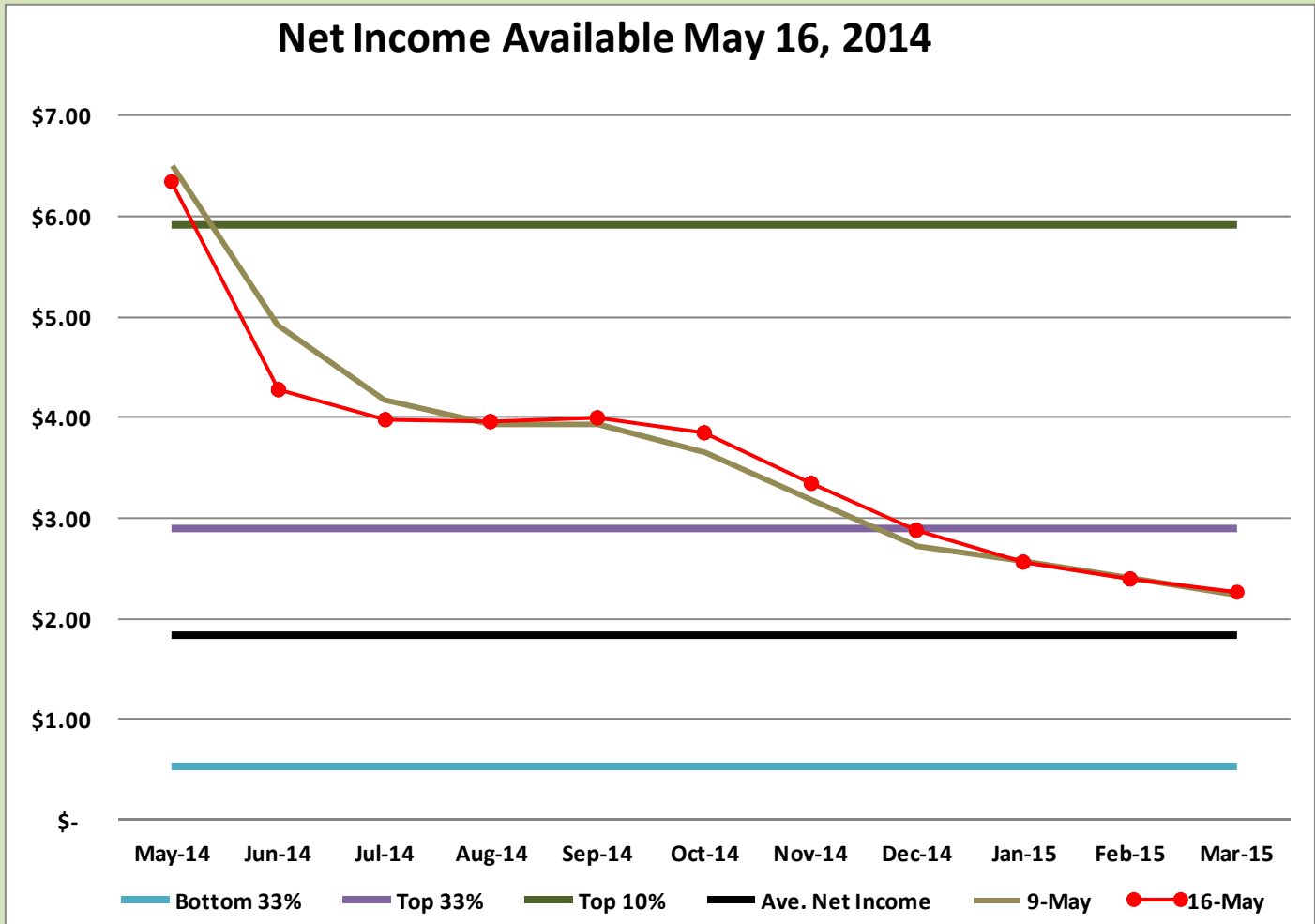
\*\*New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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.

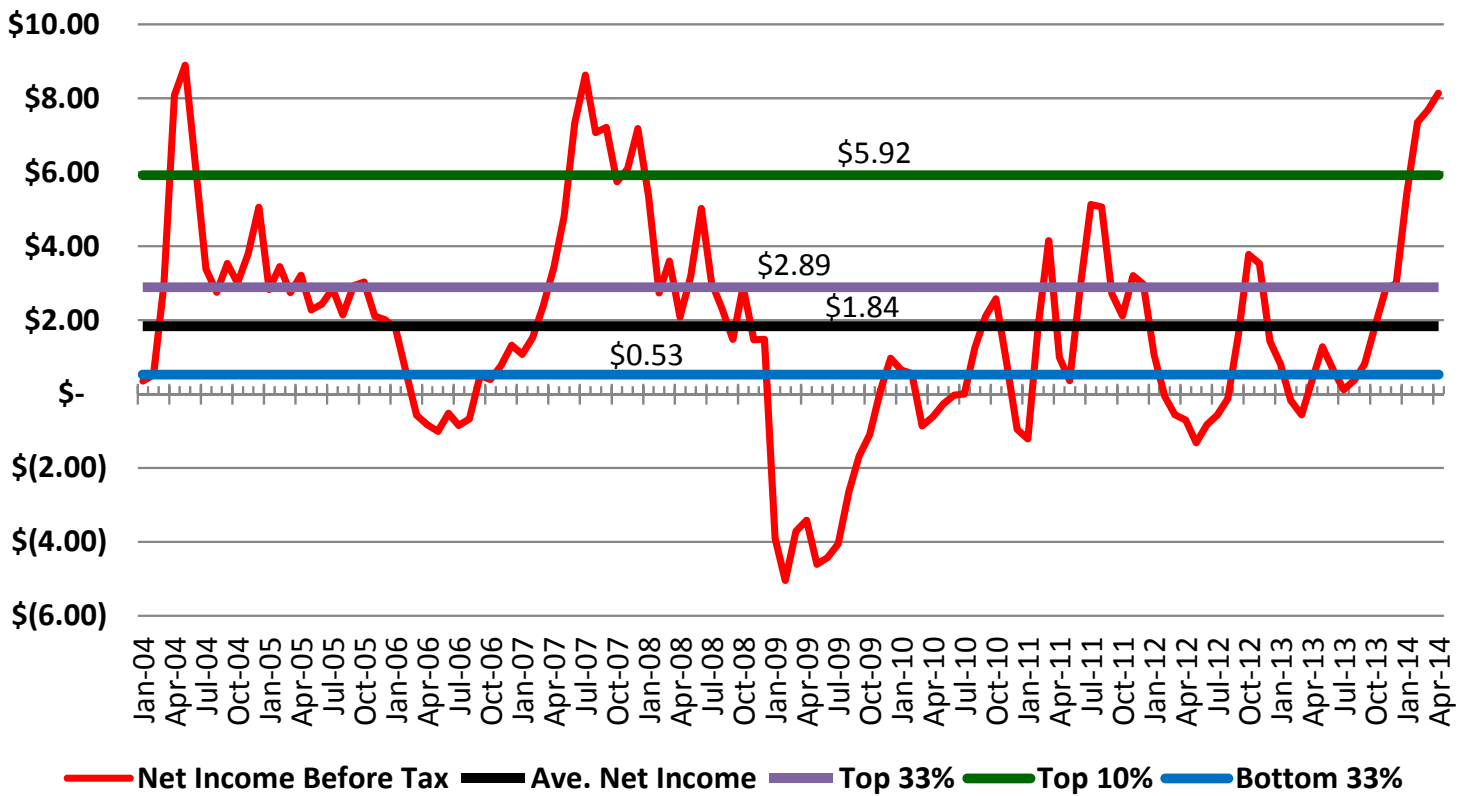
### Net Income Available May 16, 2014





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			