



"For SMART Management"

March 24, 2014 Vol. 2, Issue 12

MARGINSMART®
1600 W. Shawano Ave. Suite 201
Green Bay, WI 54303

TOLL FREE 877-474-7589

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 | +0.01 | +1.11 | +1.02 | +0.59 | +0.50 | +0.47 | +0.44 | +0.32 | +0.21 | +0.13 | +0.25 | +0.23 |

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 the "Other Income" and "Other Expenses" portion of MARGINSMART®. In this area you can customize the specific income and expense items for your dairy. The following are a few options for you. You can add or delete any item by using the "Add or Delete" tabs. If you want to change the names you can use the "Edit" tabs. You can then enter the information by either per cwt. (on the upper grid) or by absolute dollars (bottom grid). Furthermore, to ease the input time use the "Bulk Enter" tab which allows you to enter numerous months at the same time. **Allow our customer service to enter all of this info for you, as well as help you navigate through accrual, cash flow and market basis concepts so that we customize this to allow you to make decisions.** Call us with any questions.

Market News

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

- South Dakota replaced Missouri starting with the Feb 2014 USDA top 23 milk producing states.
- Feb '14 top 23 states milk prod. up 1.4% from Feb '13
- Avg. pounds per cow up 21 at 1,753 for Feb '14
- New cheese price records set last week

Market News (Continued)

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

- Dairy specific cow slaughter in 2014 through 3/1/14 is 531,200 vs. 580,500 for 2013
- Farm Futures projects '14 SB plantings at 82.9M acres, up 8.4% and corn at 92.1M acres down 3.5%
- Western corn belt sees good moisture levels this year due to above average snow levels
- Russian/Ukraine farmers slowing sale of grain due to slide in their currency value
- Feb 14 beef cattle placements were up 14.7% from Feb 13 (but this is just timing) overall beef cattle numbers are still down and supplies will be light

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

MARGINSMART® Insight

Class III Milk Futures prices have continued their strength. Every month through Nov '14 is in the top 33% of the 10 year historical profitability!

Visit us on the Web at:

www.marginSMART.com

www.facebook.com/MarginSmart

Market Update (As of 3/21/2014 Close)

| | Mar. '14 | +/-* | Apr. '14 | +/-* | May. '14 | +/-* | Jul '14 | +/-* | Aug. '14 | +/-* | Sep.'14 | +/-* | New Crop 14' | +/-* |
|----------------|----------|-------|----------|-------|----------|-------|---------|-------|----------|-------|---------|-------|--------------|-------|
| Class III Milk | 23.29 | +0.00 | 23.53 | +1.16 | 21.74 | +0.98 | 20.60 | +0.55 | 20.29 | +0.46 | 19.92 | +0.42 | 18.67** | +0.15 |
| Class IV Milk | 23.60 | +0.00 | 23.40 | +0.07 | 22.41 | +0.07 | 21.07 | +0.07 | 20.69 | -0.07 | 20.45 | -0.05 | 19.33** | +0.08 |
| Corn | | | | | 4.79 | -0.07 | 4.84 | -0.06 | | | 4.81 | -0.07 | 4.80** | -0.07 |
| Soybeans | | | | | 14.09 | +0.21 | 13.82 | +0.10 | 13.25 | -0.08 | 12.32 | +0.00 | 11.77** | +0.03 |
| Soybean Meal | | | | | 456 | +12 | 441 | +10 | 419 | +4 | 396 | +3 | 370** | +7 |

*Change from the Previous Week Price

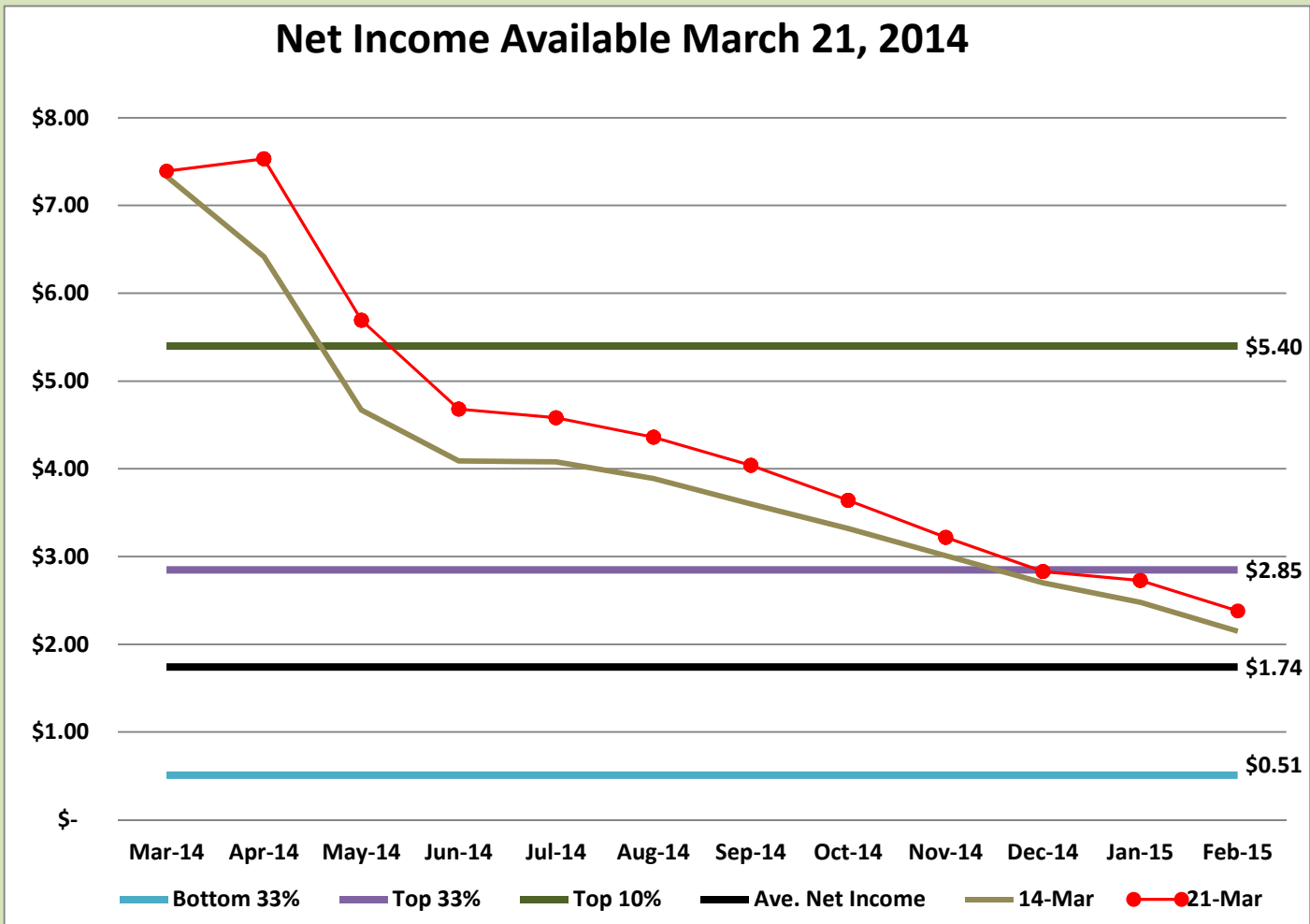
**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

Copyright © 2014 Dairy Analyzer, LLC. All rights reserved.



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.

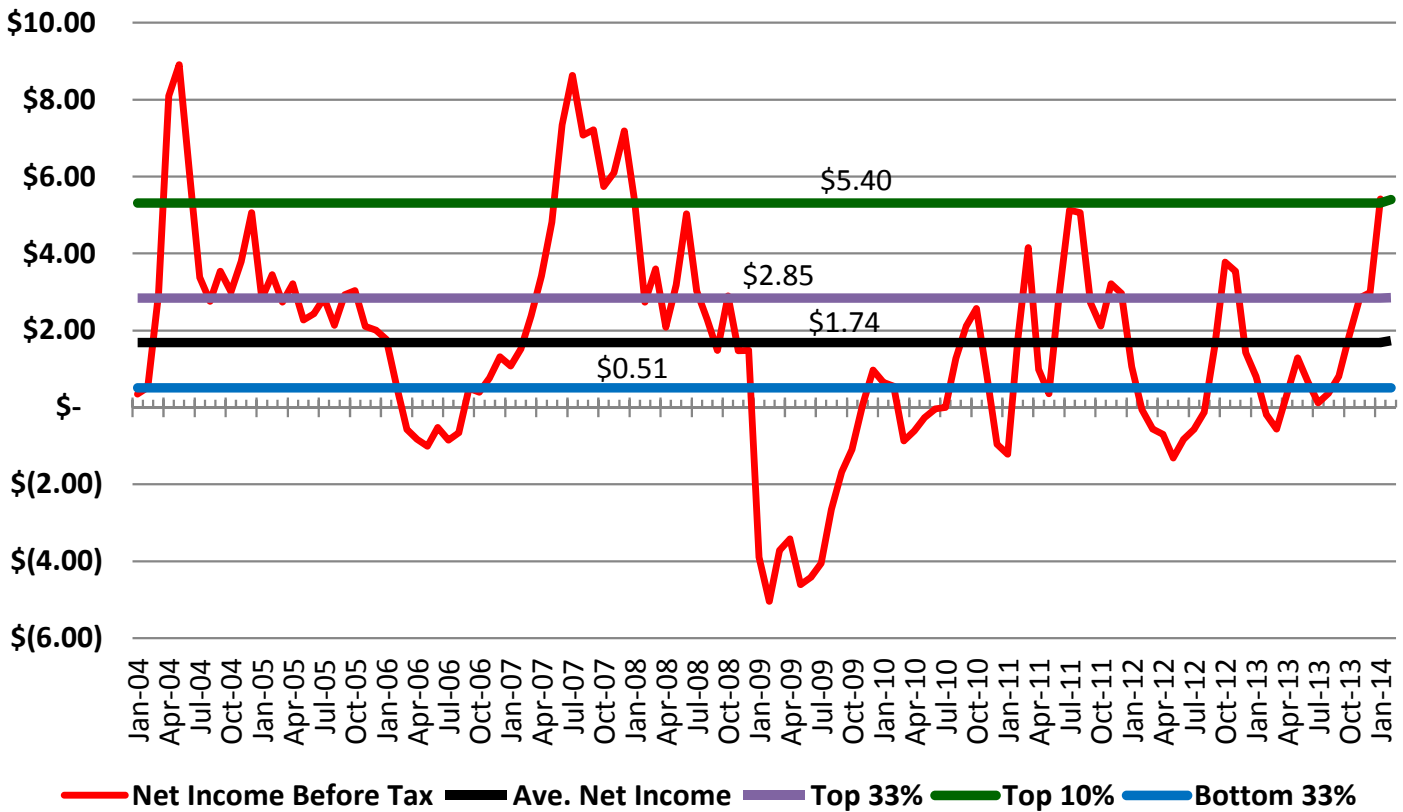
Net Income Available March 21, 2014





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





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 year’s results (with adj. milk / day). The first chart is the yearly average net income per cwt. for the last 10 years. The second chart breaks the yearly income into quarterly increments per cwt. for the last 10 years. The charts below are a breakdown of the information in the historical graph above.

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 |