



# “For **SMART** Management”

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**MARGINSMART®**  
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## MARGINSMART® Sample Farm Profitability Changes From Last Week

	Apr. '14	May '14	June '14	July '14	Aug. '14	Sep. '14	Oct. '14	Nov. '14	Dec. '14	Jan. '15	Feb. '15	Mar. '15
<b>Change From Prior Week</b>	+0.21	+0.76	+0.44	-0.06	-0.15	-0.16	-0.14	-0.12	-0.07	-0.21	-0.11	-0.03

### 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 go over the “copy ration” feature. Some of you may periodically want to add a slightly different ration without having to re-enter all the ingredients. First, upon entering the Rations tab (measuring cup icon), click the desired ration that you would like copy. At the top of the ration you will see an option to “Save Ration” and “Copy Ration.” Go ahead and select “Copy Ration,” this will open up a new window, which will ask you to name your copied ration. Name the ration and select “Ok” to save it. After doing so the ration will appear at the bottom of the column of rations. Please call us with any questions.

### Market News

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

- Mar '14 top 23 states milk prod. up 1.1% from Mar '13
- All USA 2013 avg. milk prod per cow was 21,822 pounds per head – up 102 pounds from 2012
- Dairy forward pricing program, which allows producers and cooperatives to contract directly with handlers and processors, was extended to Sep '18
- Exports were 15.5% of milk solid equiv. in Feb 2014

### Market News (Continued)

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

- Corn plantings released yesterday indicates slower start to the planting year with 6% planted versus the 5 year avg. of 14%. Most every other crop is also behind the 5 year avg. Stats Canada will release its planting estimates on Thursday with expectations for the 2<sup>nd</sup> largest canola crop in history to be planted. Fertilizer prices for corn are estimated to be the lowest in 5 years.
- March cull cow prices averaged \$99 per cwt. – the highest ever per USDA.
- Eli Lilly (Elanco) announced its intention to acquire Novartis Animal Health by the end of 1Q '15

### MARGINSMART® Welcomes Curtis Gerrits

*Curtis Gerrits joins the MARGINSMART® team as our Sales Manager. Curtis brings valuable experience to our team in dairy specific customer service, dairy herd management and dairy expansion. Please feel free to contact Curtis on how MARGINSMART® can be utilized as a valuable tool for you and your dairy.*

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### 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 4/18/2014 Close)

	Apr. '14	+/-*	May. '14	+/-*	Jul '14	+/-*	Aug. '14	+/-*	Sep. '14	+/-*	Nov.'14	+/-*	Dec '14	+/-*
<b>Class III Milk</b>	24.21	+0.19	22.14	+0.64	19.48	-0.07	19.28	-0.17	19.20	-0.20	18.55	-0.16	18.30	-0.05
<b>Class IV Milk</b>	23.23	-0.17	21.71	-0.00	20.13	-0.17	19.98	-0.02	19.90	-0.10	19.50	-0.04	19.12	-0.03
<b>Corn</b>			4.95	-0.03	5.00	-0.04			4.98	-0.04			4.97	-0.02
<b>Soybeans</b>			15.14	+0.51	15.02	+0.55	14.20	+0.41	12.98	+0.30	12.39	+0.24		
<b>Soybean Meal</b>			488	+15	478	+15	447	+9	419	+8			386	+6

\*Change from the Previous Week Price

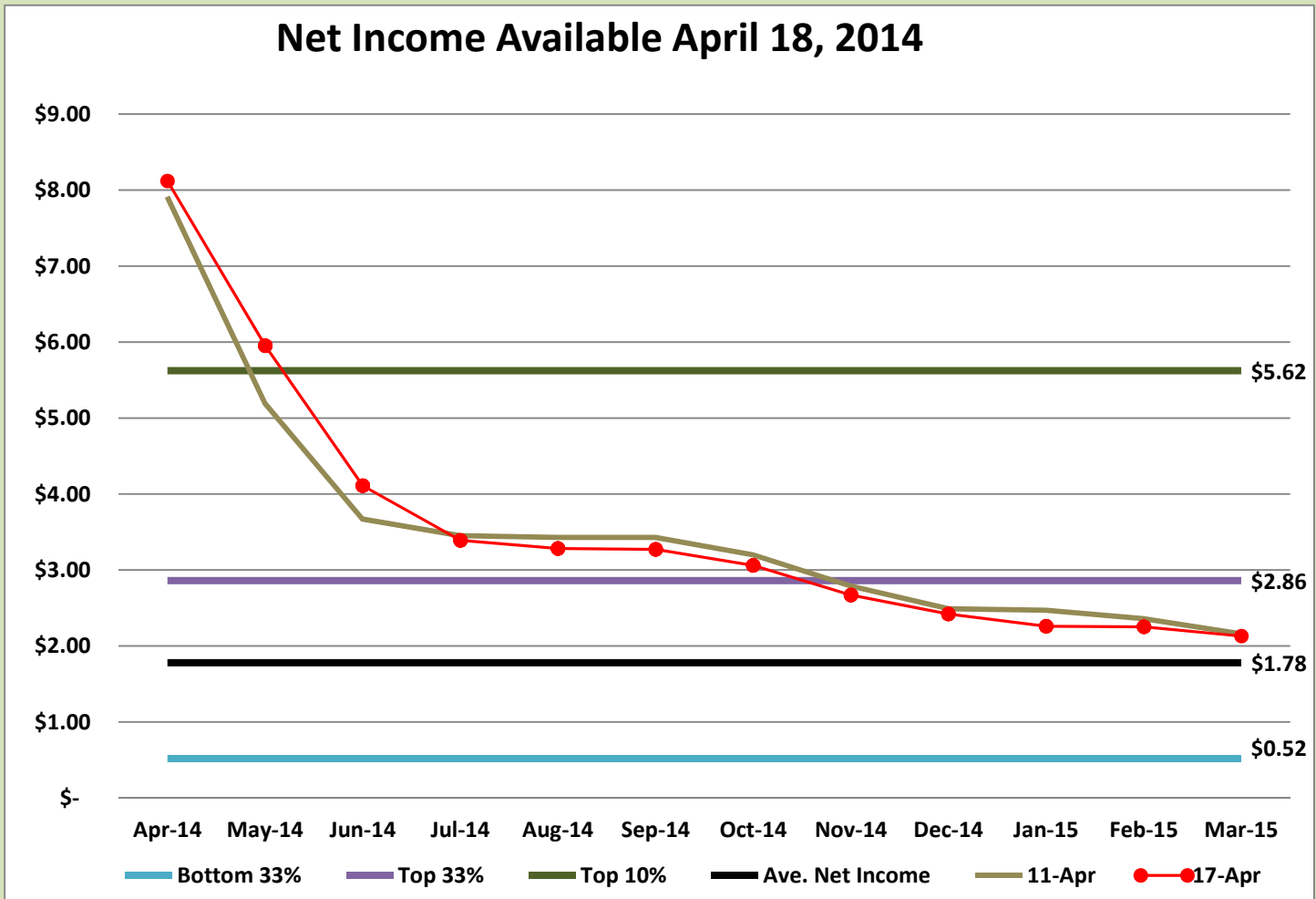
\*\*New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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 April 18, 2014

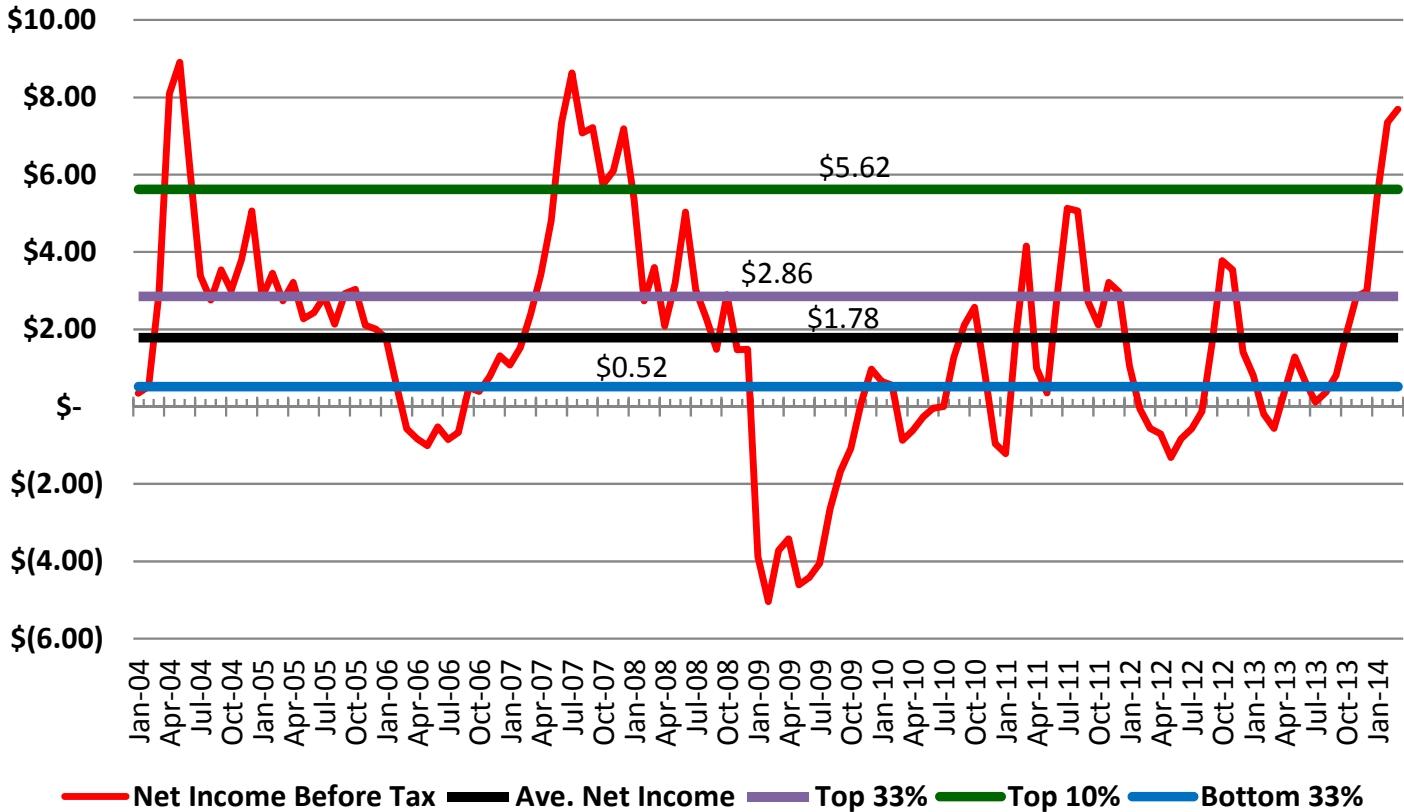




MARGINSMART® maintains a fully virtual Sample Farm with 1,500 mature cows and an 85 #s (current level – this has increased over the past 10 years) of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. We calculated the past 10 years’ results (with 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

### 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			