



"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
Change From Prior Week	-03	+12	+71	+24	+14	+24	+29	+25	+01	+20	+19	+15

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's Tip of the Week will be to keep realistic. What I mean by that is that while there have seen some unprecedented profits in the industry over the past several months, we have been through similar periods in the past. While it would be great if these times would continue, history tells us otherwise. Whether it be increased supply (as dairymen take advantage of higher profits), reduced demand (due to higher prices) or other domestic or world events that impact the overall supply and demand balance, it is likely that profits will be negatively impacted in the future. Many dairymen get lulled into a false sense of financial security during times like this. Quite honestly this is a great time for them to examine their financial management so that they do not get "whip-sawed" when the markets change. Call us to discuss how MARGINSMART can help you stay realistic!

Market News

Milk: The final April 2014 announced Class III price of \$24.31 per cwt. is a new record by almost \$1 per cwt! It is up \$.98 per cwt. from last month and \$6.72 from April 2014! Class IV was \$23.34 per cwt. down \$.32 per cwt. from March 2014, and up \$5.24 per cwt. from April 2013.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

- Corn plantings continue to be behind the 5 year average as cold wet weather hinders most of the Corn Belt
- Initial average industry projections for the 2014 US corn crop are 13,736M bushels versus 13,925M bushels in 2013
- Stats Canada projects canola stocks at record levels at 3/31/14, up 99% from 3/31/13
- Winter wheat conditions continue to decline
- YTD Dairy cattle slaughter through 4/12/14 was 878K head versus 966K head for the same period in 2013.

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

MARGINSMART® Insight

Look for the release of MARGINSMART® Version 3.0 soon! It will allow users to compare all kinds of different scenarios quickly and efficiently!

Visit us on the Web at:

www.marginsmart.com

www.facebook.com/MarginSmart

Market Update (As of 5/2/2014 Close)

	Apr. '14	+/-*	May. '14	+/-*	Jul '14	+/-*	Aug. '14	+/-*	Sep. '14	+/-*	Nov.'14	+/-*	Dec '14	+/-*
Class III Milk	24.31	+02	22.75	+05	20.55	+32	19.94	+11	19.87	+19	19.05	+25	18.62	+04
Class IV Milk	23.34	+04	22.65	+66	21.52	+102	21.41	+97	21.27	+80	20.30	+60	19.97	+47
Corn			4.94	-13	4.99	-14			4.96	-13			4.94	-12
Soybeans			14.81	-17	14.71	-23	14.07	-21	12.81	-21	12.22	-18		
Soybean Meal			491	0	480	-1	453	-1	422	-1			388	-1

*Change from the Previous Week Price

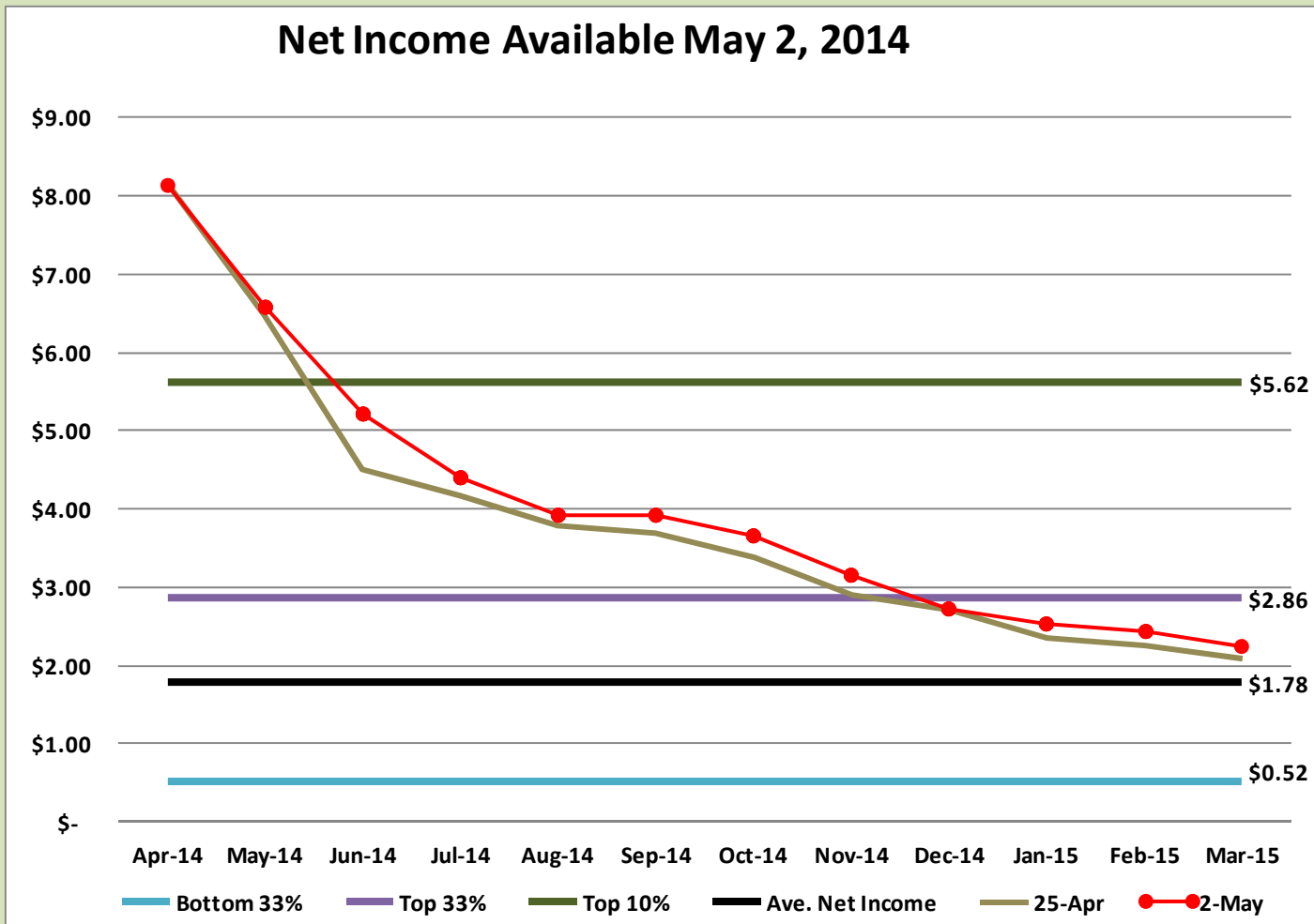
**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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.

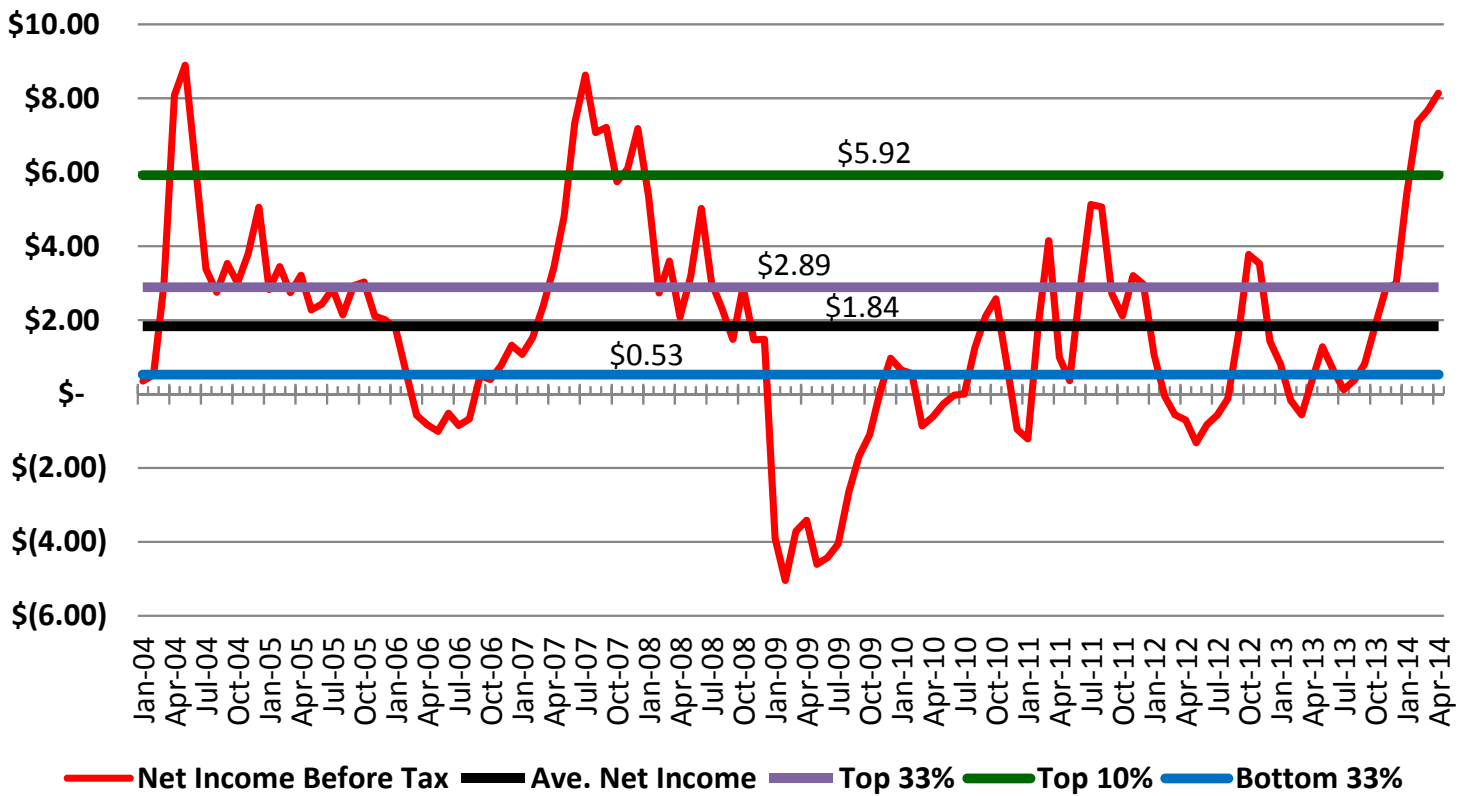
Net Income Available May 2, 2014





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
2014	6.82			