



"For SMART Management"

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MARGINSMART®

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MARGINSMART® Sample Farm Profitability Changes From Last Week

	July '14	Aug. '14	Sep. '14	Oct. '14	Nov. '14	Dec. '14	Jan. '15	Feb. '15	Mar. '15	Apr. '15	May '15	June '15
Change From Prior Week	+0.12	+0.24	-0.32	-0.33	-0.37	-0.29	-0.23	-0.04	+0.01	-0.02	+0.01	+0.06

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 broadly discuss examples of items we can help you incorporate within MARGINSMART® to make key financial decisions. Here are some:

- Incorporate the market value of inventory increases of feed or cattle into overall profitability
- Determine the profitability of the herd increases to account for milk, feed and operating expenses
- Alternative feed rations and the resultant milk production and/or component milk level changes and the impact on profitability
- Purchased versus grown feed combinations based on growing condition changes throughout the year

Call us with any questions on your situation!

Market News

Milk: A few stats on dairy production during May '14

- Total cheese prod up 2.2% from May 2013
- Total Non-Fat Dry Milk prod up 8.7% from May 2013
- Total butter prod up .5% from May 2013
- Dry whey prod up 5.6% from May 2013

Dairy cow culls are averaging 5,000 head less per week in 2014 vs. 2013 and over 160,000 head fewer dairy cows have been culled YTD.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

The latest USDA WASDE report for July 2014 resulted in some major changes. The following are highlights:

Corn

- USDA raised the 2013/14 carryout 75M bu
- While USDA lowered harvested 2014/15 acres by over 400,000 acres, adjustments were also made to usage such that the 2014/15 carryout increased 75M bu as well
- USDA lowered the expected farm price by \$.20 per bushel for 2014/15 to \$3.65 - \$4.35

Soybeans carryout was raised by 15M bushels for '14/15.

Futures prices reacted down significantly in both grains.

Contact Curtis Gerrits at
920-217-7255 for a FREE
MARGINSMART® DEMO!

MARGINSMART® Insight

MARGINSMART® updates all market prices continually. It can identify your feed costs and profitability to react to major grain price changes!

Visit us on the Web at:

www.marginsmart.com

www.facebook.com/MarginSmart

Market Update (As of 7/3/2014 Close)

	July '14	+/-*	Aug '14	+/-*	Sep '14	+/-*	Oct '14	+/-*	Nov '14	+/-*	Dec '14	+/-*	Mar '15	+/-*
Class III Milk	21.40	+0.02	20.70	+0.12	19.85	-0.47	19.79	-0.46	19.32	-0.49	19.09	-0.41	18.03	-1.0
Class IV Milk	23.39	+0.23	22.38	-0.08	21.30	-0.42	20.47	-0.27	19.86	-0.43	19.16	-0.61	18.73	-1.7
Corn	4.00	-0.17			3.78	-0.31					3.85	-0.30	3.96	-0.31
Soybeans	12.96	-0.92	11.96	-1.04	10.99	-0.68			10.75	-0.58			10.93	-0.22
Soybean Meal	422	-25	388	-30	362	-23			348	-15	345	-15	348	-15

*Change from the Previous Week Price

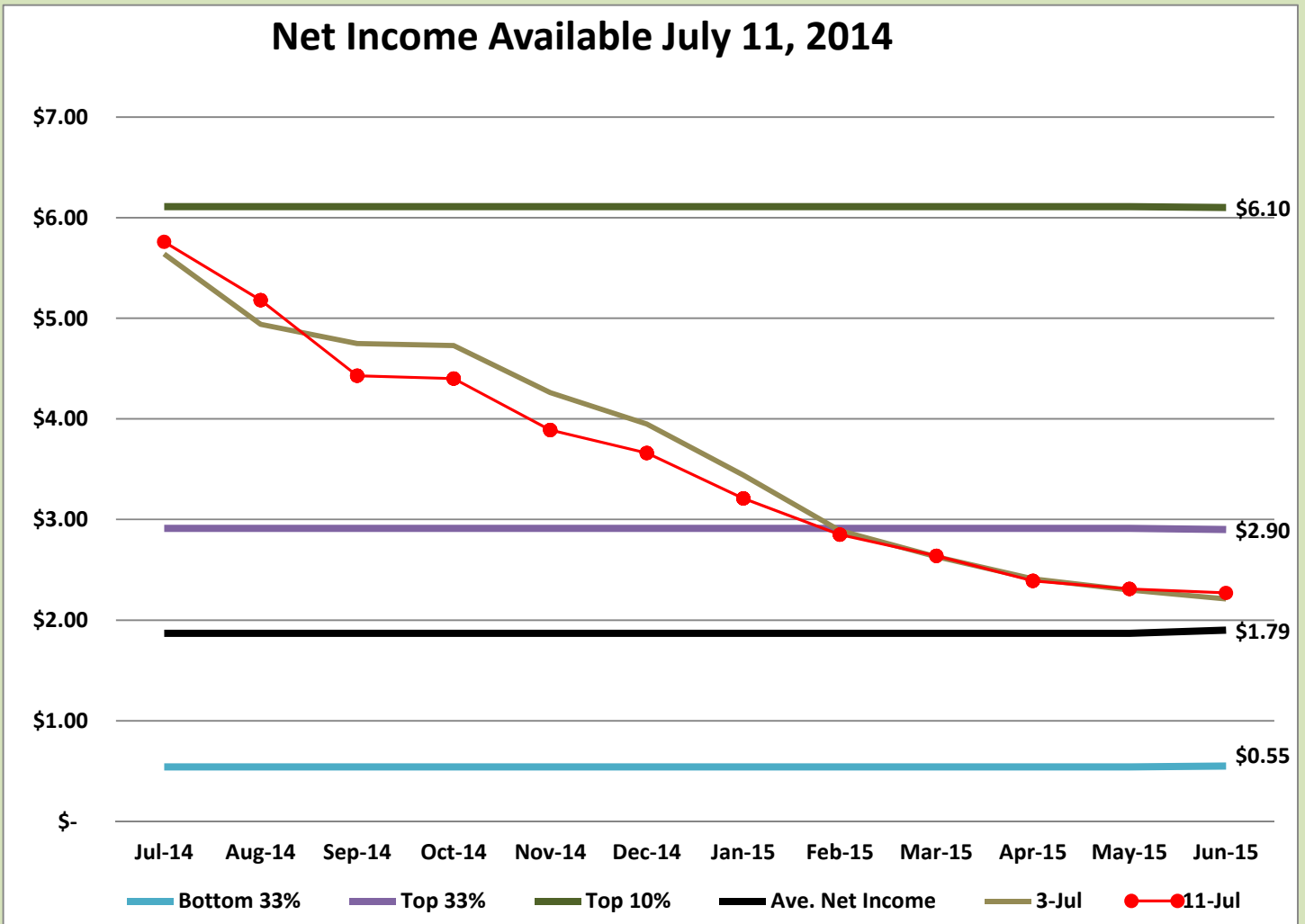
**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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.

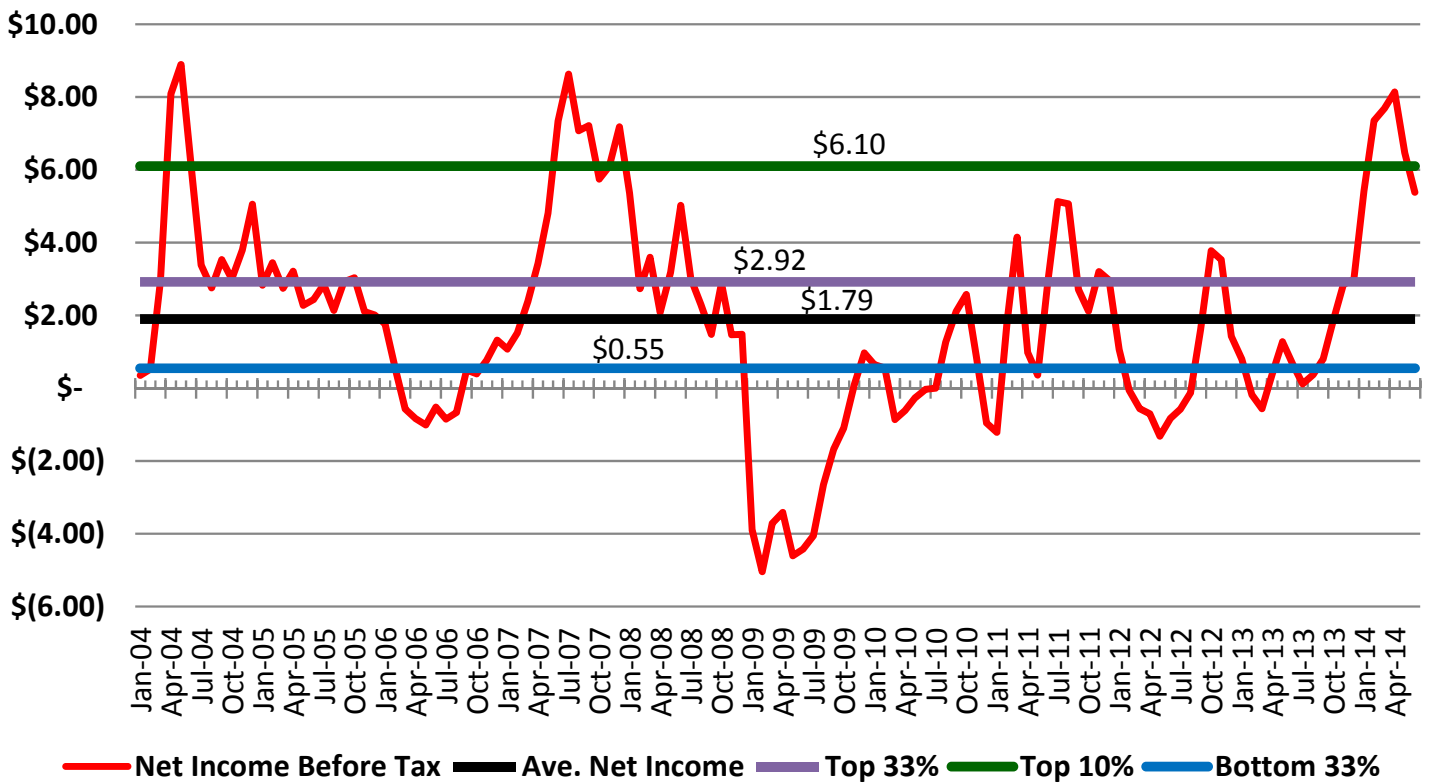
Net Income Available July 11, 2014





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	6.67		