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MARGINSMART®
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MARGINSMART™ DAIRY ANALYZER™

"For SMART Management"

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	+.02	+.14	+.38	+.07	-.03	-.04	-.04	-.13	-.07	-.02	-.03	-.04

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 discuss how to incorporate ration "Over Feed" into MARGINSMART®

Some of our customers "over feed" the stated amounts within their rations to help drive dry matter intake and milk production. If they are utilizing the weighback or refusals internally they see this as a way to potentially increase milk production. Since MARGINSMART's goal is to project feed costs as accurately as possible we have two ways to incorporate this into your projections. The most preferential way is to adjust the stated ration for the % of overfeed. The second way is to adjust shrink percentages. Either way we can accurately project your feed costs. Call us with any questions on your situation!

Market News

Milk: New reports/projections indicate:

Milk production in the 23 major States during June '14 totaled 16.2 billion pounds, up 2.0% from June '13. Revised May '14 production at 16.9 billion pounds was up 1.6% from May '13. Production per cow averaged 1,888 pounds for June. This is the highest production per cow for the month of June since the 23 State series began in 2003. The number of milk cows on farms was 8.57 million head, 11,000 head more than May '14.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Last Friday USDA released its 7/1/14 Cattle Inventory Numbers. This was a very key release of information with the following highlights compared to 2012 (no report in 2013 due to government shutdown):

- All cattle and calves (beef and dairy) down 2.9%
- Dairy cows up .7% at 9.267M head, the most since 2008 (from 2001 – 2014 head have been between 9.0M and 9.2M every year except 2008 and 2014)
- Dairy replacement heifers down 4.9%

Takeaways… The beef herd has contracted for 15 years and is down 3-4% from 2012. The dairy cow herd is the 2nd highest in 15 years, but down on replacements.

SEE HOW MARGINSMART® CAN HELP YOU MAKE INFORMED DECISIONS!

MARGINSMART® Insight

Utilize the Monthly Pricing components of MARGINSMART® for all feed ingredients to project monthly feed costs based on new crop costs!

Visit us on the Web at:

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Market Update (As of 7/25/2014 Close)

	July '14	+/-*	Aug '14	+/-*	Sep '14	+/-*	Oct '14	+/-*	Nov '14	+/-*	Dec '14	+/-*	Mar '15	+/-*
Class III Milk	21.53	+.02	21.45	+.12	20.72	+.39	19.90	+.07	19.35	-.07	19.10	-.08	18.00	-.09
Class IV Milk	23.75	+.26	23.49	+.44	22.00	+.05	21.09	+.23	20.00	+.10	18.90	-.05	18.35	+.13
Corn					3.63	-.08					3.72	-.06	3.83	-.07
Soybeans			12.12	+.35	11.14	+.10			10.83	-.02			10.96	-.05
Soybean Meal			398	+18	370	+7	354	+0			350	-2	349	-3

*Change from the Previous Week Price

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

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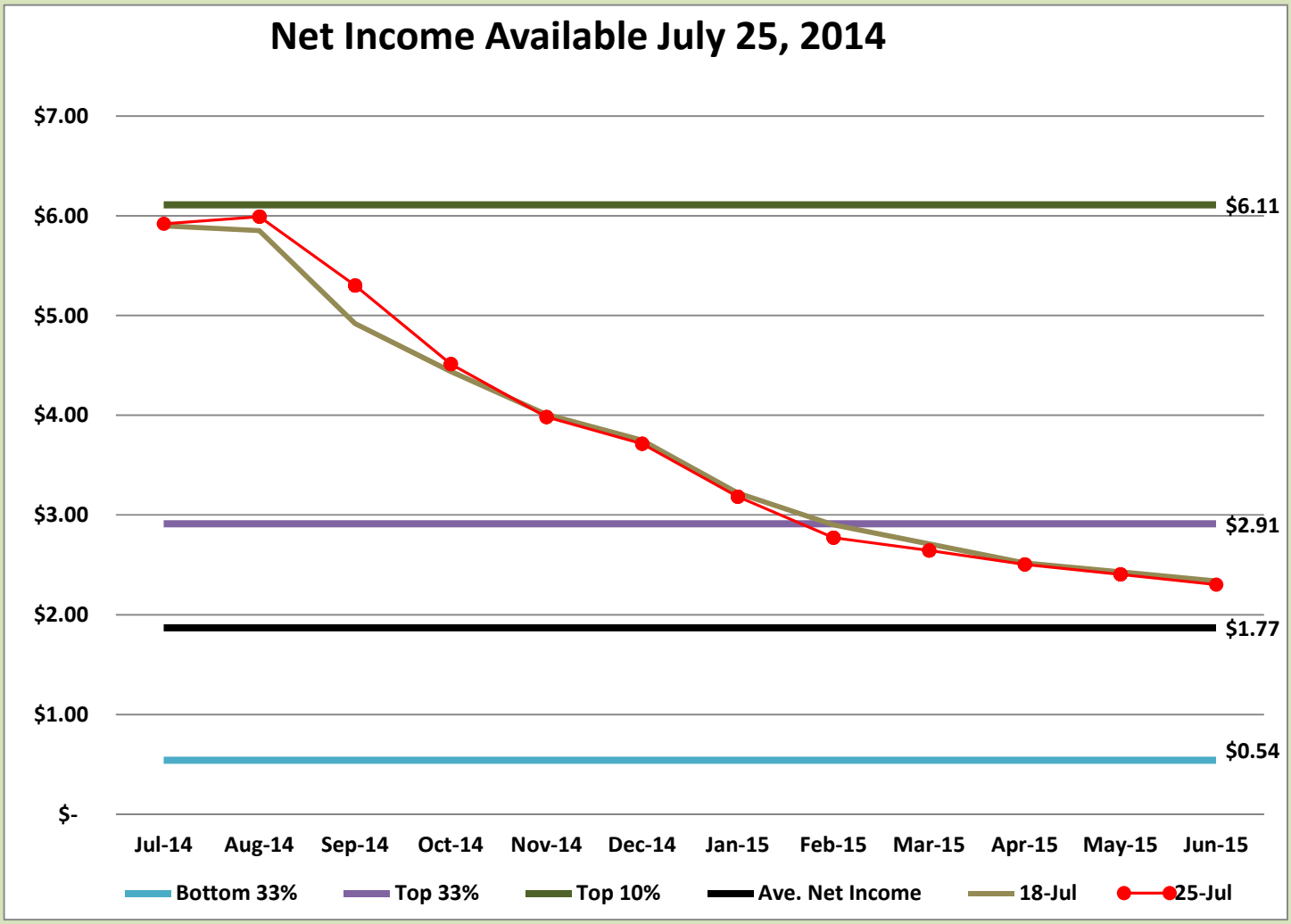
MARGINSMART® maintains a fully virtual Sample Farm with 1,500 mature cows and an 85 #s of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. The red line on the Net Income chart below shows the net income / cwt. available last Friday over the next 12 months based on 100% market prices for milk and feed, and full operating activities.



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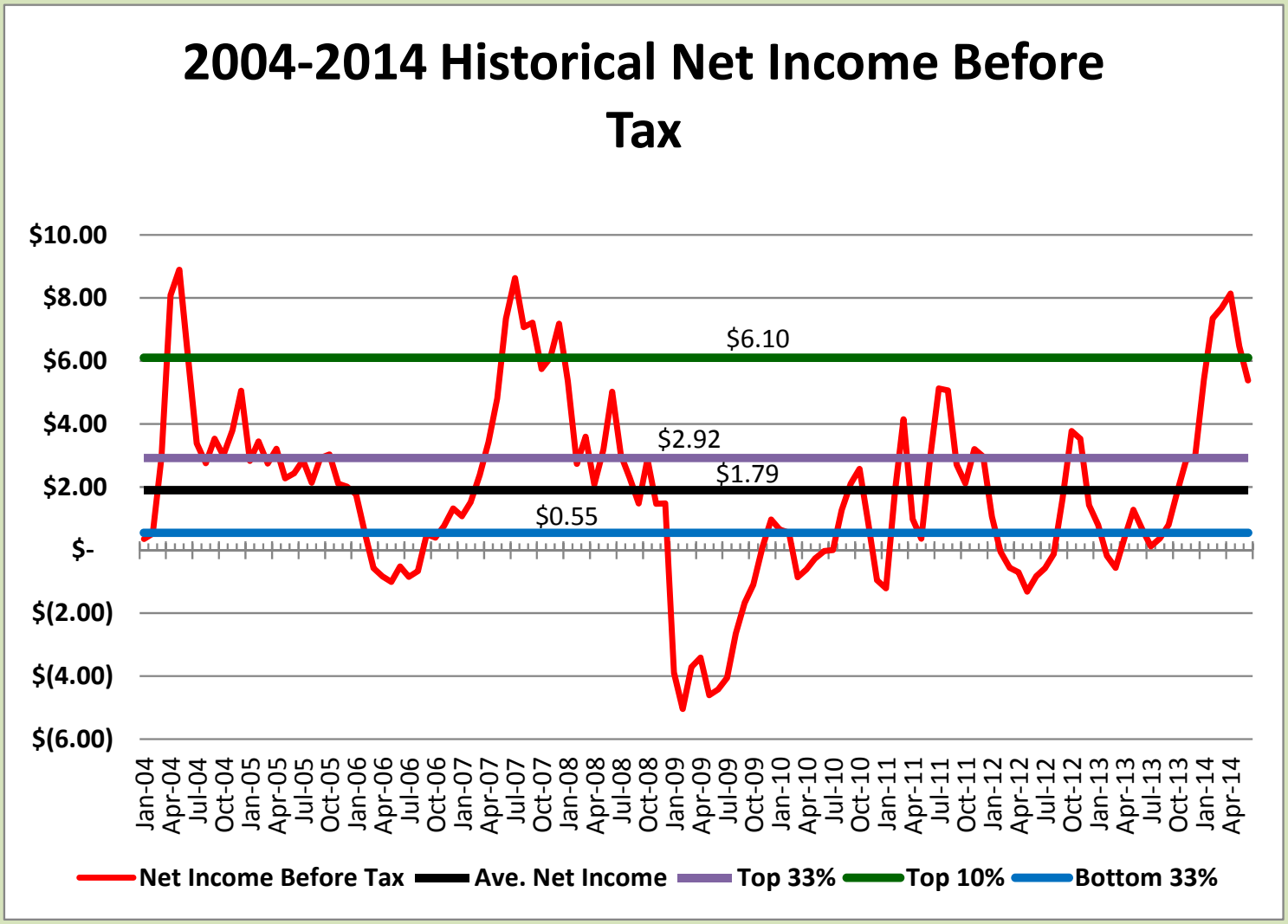
MARGINSMART® maintains a fully virtual Sample Farm with 1,500 mature cows and an 85 #s (current level – this has increased over the past 10 years) of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. We calculated the past 10 years' results (with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



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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		

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