



"For **SMART** Management"

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MARGINSMART®

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MARGINSMART® Sample Farm Profitability Changes From Last Week

	Aug. '14	Sep. '14	Oct. '14	Nov. '14	Dec. '14	Jan. '15	Feb. '15	Mar. '15	April '15	May '15	June '15	July '15
Change From Prior Week	-0.15	+0.68	+0.11	-0.12	-0.37	-0.31	-0.28	-0.29	-0.32	-0.28	-0.28	-0.24

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

The tip of the week is "viewing reports." This is where all your info comes together! If you would like to view a report, simply click on the "Reports" tab with the green book icon. Upon entering the Reports tab you will see 7 reports (5 reports for Basic licenses) in a vertical column on the left hand side of the screen. The Reports include the following: Projected Milk Production and Value, Open Price Risk Position, Projected Feed Ingredient Usage, Overall Summary, Financial Charts, Price Risk Charts, and Margin & Net Income Report. To view one of the reports, double-click the desired report. Each report has an option for you to select the start of the reporting period (default is the current month) so you can view any 12 month period. For the Charts you can set the number of months or days. All reports and charts can be printed and/or saved. Please call with any questions on any report.

Market News

Milk: Cheese blocks traded on the CME at their highest prices since Memorial Day as cheese supply has gotten tight. Through July '14 total dairy cows culled were 185K head less than in 2013. The full herd has not increased by that level as replacements available were lower in '14.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

- After the USDA released the August 2014 Crop outlook last Monday, price changes since then for new crop corn are up approx. \$.15 per bu, SB down approx. \$.30 per bushel and SBM +/- \$1.00 a ton.
- The Pro-Farmer tour kicks off this week and will provide some additional insight into the corn crop
- Stats Canada will release its 1st look at the '14 crop this week. Most crops will be lower than '13 but the 3rd largest canola crop is still expected
- Ethanol profits & volumes are very good leaving price opportunities for dairy producers on DDG

**CHECK WITH YOUR FEED SUPPLIER
AS MANY FEEDSTUFFS CAN BE
CONTRACTED AT GREATLY
REDUCED PRICES!**

MARGINSMART® Insight

We realize that each dairy has its own feed cost and net margin so we customize our program to each dairy so they know their own numbers!

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Market Update (As of 8/15/2014 Close)

	Aug '14	+/-*	Sep '14	+/-*	Oct '14	+/-*	Nov '14	+/-*	Dec '14	+/-*	Jan '15	+/-*	Mar '15	+/-*
Class III Milk	22.16	+0.39	22.64	+1.10	21.10	+0.45	19.82	+0.12	19.03	-0.11	18.45	-0.06	17.94	-0.01
Class IV Milk	23.25	+0.07	22.39	+0.54	20.99	+0.36	19.33	+0.18	17.86	-0.08	17.74	-0.19	17.64	-0.11
Corn			3.66	+0.14					3.77	+0.14			3.90	+0.14
Soybeans	12.24	-0.61	11.02	-0.12			10.52	-0.33			10.61	-0.32	10.69	-0.32
Soybean Meal			388	+20	358	+4			354	+3	352	+2	350	+0

*Change from the Previous Week Price

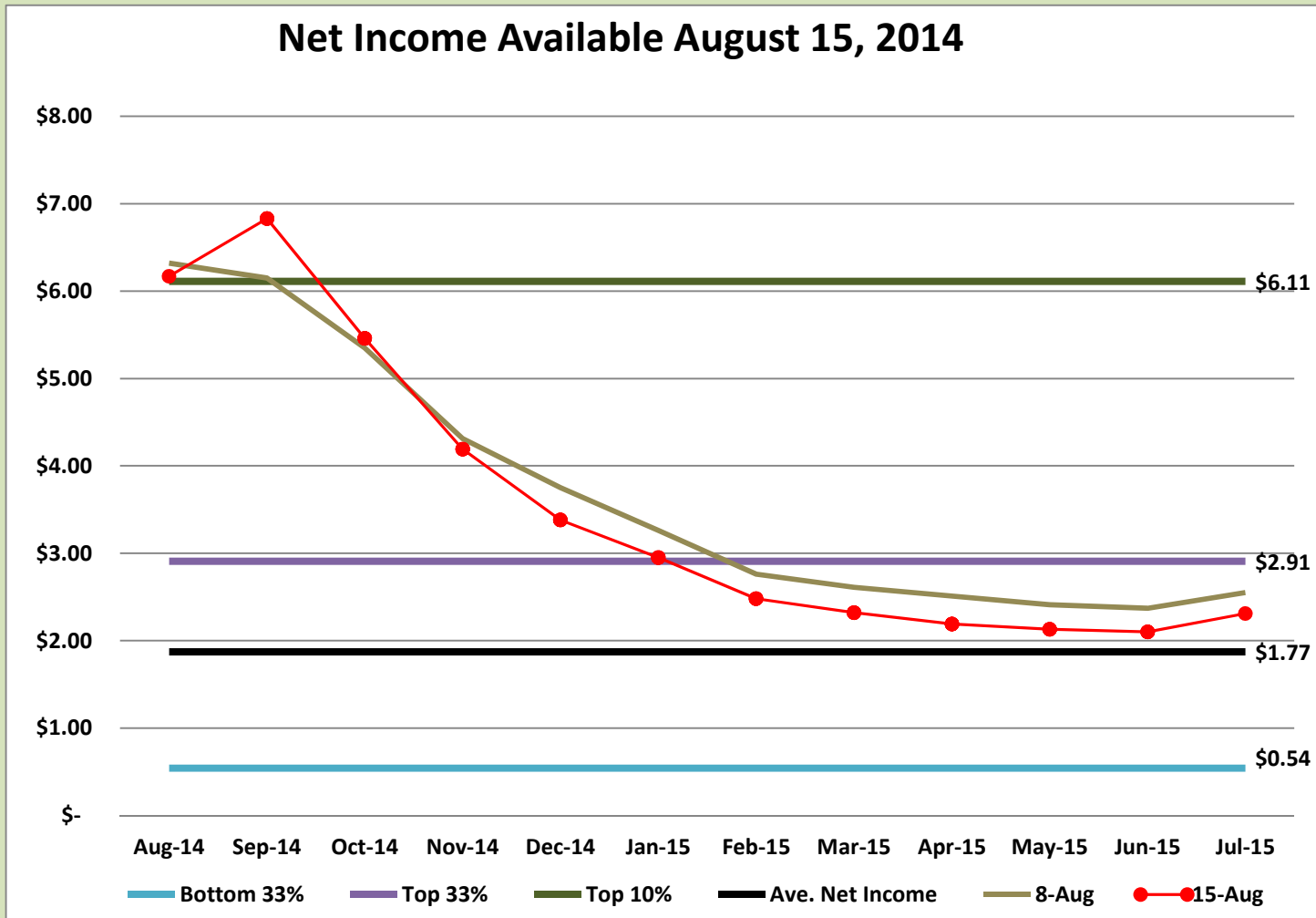
**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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.

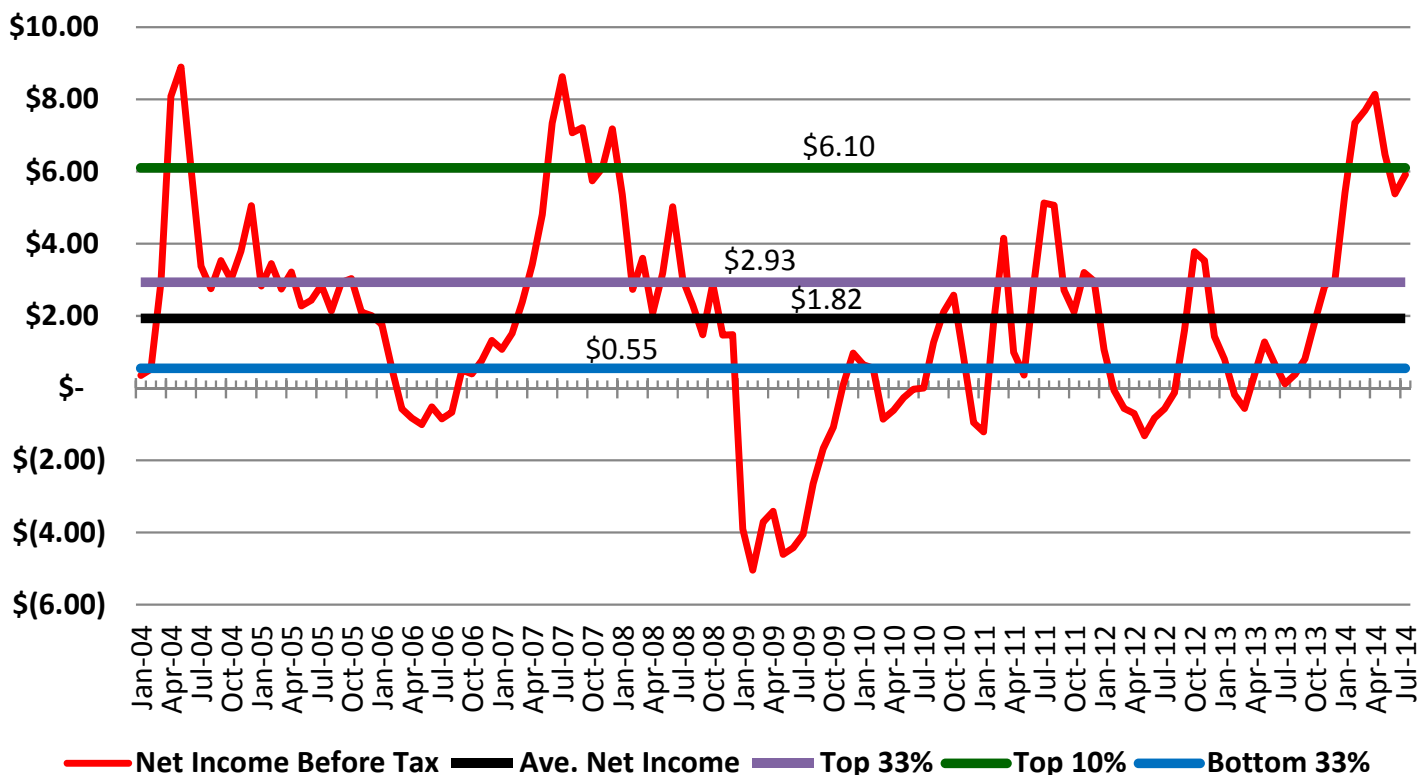
Net Income Available August 15, 2014





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 Quarterly 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		