



# "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	+07	+77	+1.40	+87	+54	+12	+11	+11	+07	+05	+01	+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

The tip of the week revolves around projected rations. We have had a number of discussions with customers about projected rations and the impact that can have on feed ingredients and costs. Once you know forage quality we suggest that you consider having your nutritionist put together rations that will be used in the future. We can do this in either your live farm or your Scenario Farm. The benefit to this is that we can then review non-forage feed options based on price and you can see the impact on bottom line profitability and feed costs for the next 12-18 months. Some customers have already used this to contract and lock in very low feed costs for commodities. Please call with any questions.

### Market News

**Milk:** Milk production in the 23 major States during July '14 totaled 16.4 billion pounds, up 4.0% from July '13. June '14 production was revised up an additional 50M pounds. Production per cow averaged 1,911 pounds for July '14. This is the highest production per cow for the month of July since the 23 State series began in 2003. The number of milk cows on farms was 8.58 million head, 6,000 head more than June '14.

### Market News (Continued)

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

The Pro-Farmer tour finished last week with the following highlights:

- Corn – Total projected 14.1B bushels on an average of 169.3 bu/acre
- Soybeans – Total projected 3.8B bushels on an average of 45.35 bu/acre
- Expectations for larger total crop production and yields per acre have been contained until the "crop is in the bin". Some areas of the Western Corn Belt and the Northern States have had significant weather issues throughout the year.

**Prospective Customers - Call  
Curtis Gerrits for your Free  
Demo Today!**

### MARGINSMART® Insight

*Once we receive the final rules and regulations of the Margin Protection Program we will summarize in a future newsletter.*

**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 8/22/2014 Close)

	Aug '14	+/-*	Sep '14	+/-*	Oct '14	+/-*	Nov '14	+/-*	Dec '14	+/-*	Jan '15	+/-*	Mar '15	+/-*
Class III Milk	22.23	+07	23.53	+89	22.44	+1.34	20.62	+80	19.51	+48	18.55	+10	18.02	+08
Class IV Milk	23.60	+35	23.05	+66	21.62	+63	19.92	+59	18.28	+42	17.90	+16	17.25	-39
Corn			3.65	-01					3.71	-06			3.84	-06
Soybeans			11.66	+64			10.42	-10			10.49	-12	10.55	-14
Soybean Meal			433	+45	367	+9			353	-1	352	-2	347	-3

\*Change from the Previous Week Price

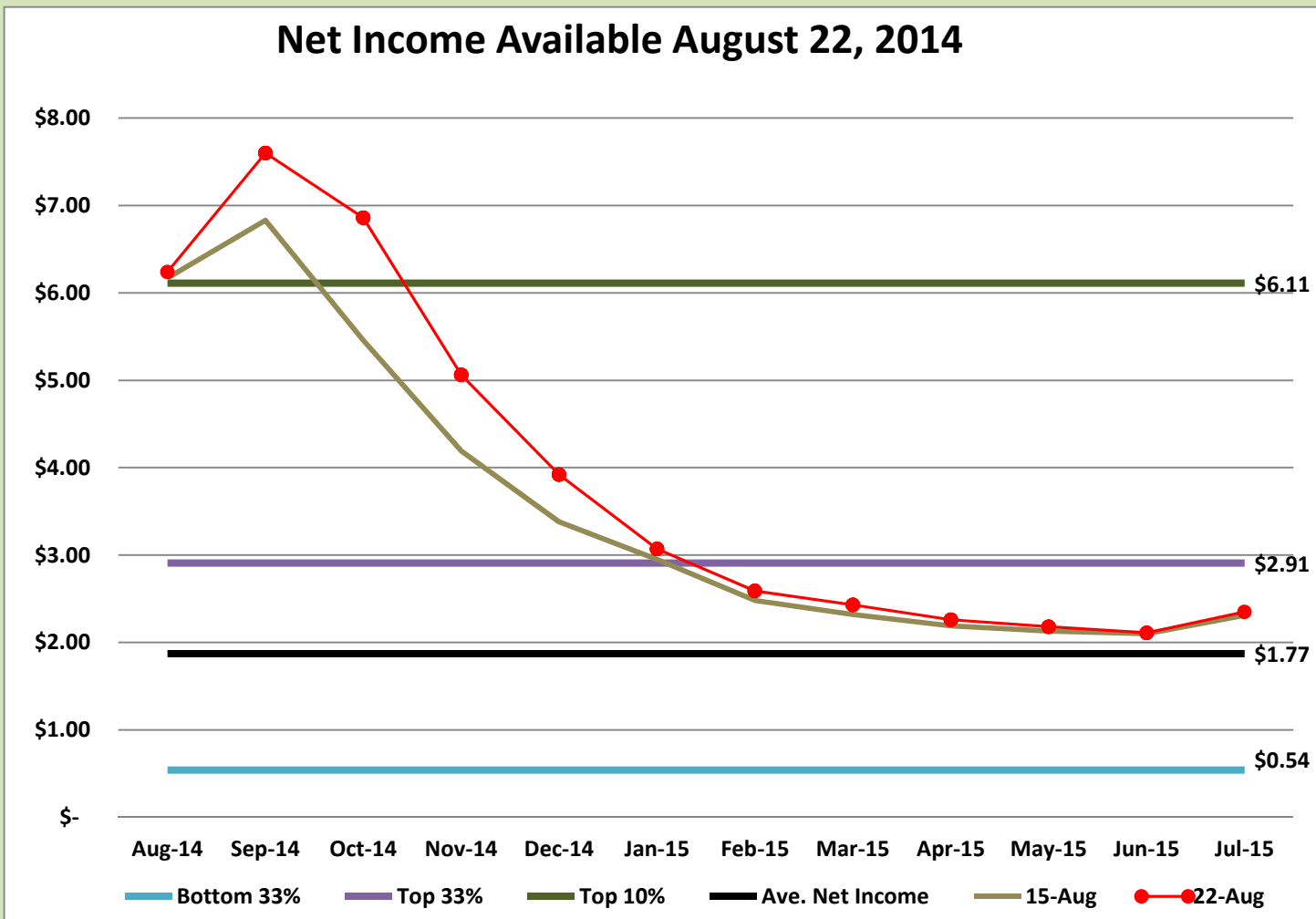
\*\*New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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.

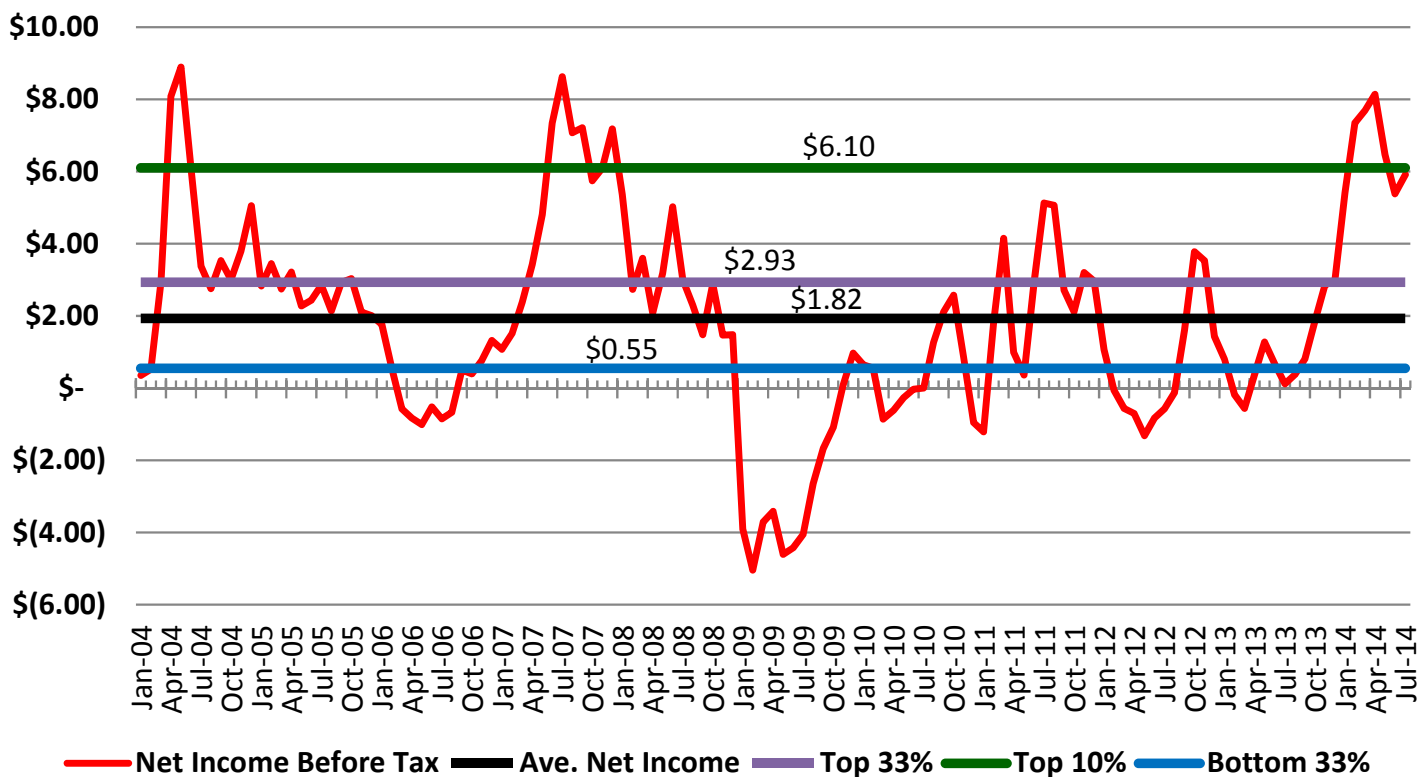
### Net Income Available August 22, 2014





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





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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		