



"For **SMART** Management"

October 20, 2014 Vol. 2, Issue 42

MARGINSMART®

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MARGINSMART® Sample Farm Profitability Changes From Last Week

	Oct. '14	Nov. '14	Dec. '14	Jan. '15	Feb. '15	Mar. '15	April '15	May '15	June '15	July '15	Aug '15	Sep '15
Change From Prior Week	-0.26	-0.29	-0.76	-0.28	-0.29	-0.18	-0.19	-0.14	-0.14	-0.11	-0.13	-0.02

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 relates to new corn silage impacts on rations. As the 2014 corn silage harvest season wraps up this is a reminder to take the following into account:

- Dry matter percentage and impact on shrink
- Actual cost (if purchased)
- Quality and impact on rations
- Shore up the transition from 2013 to 2014 corn silage

The above items can have a significant impact on your overall feed costs. We can help you ensure that your rations and feed cost are properly established so that your projections are as accurate as possible. Call us with any questions.

Market News

Milk: Latest USDA reporting.... The milk production forecast for 2014 is reduced from last month on slower growth in milk per cow. However, for 2015, the production forecast is raised as growth in output per cow is expected higher with relatively lower-priced feed. Export forecasts for 2014 are lowered as U.S. dairy prices are less competitive, but import forecasts are raised as relatively high U.S. prices encourage larger imports. The trade forecasts for 2015 are unchanged.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

October 19, 2014 USDA Report highlights

- USDA reported corn harvest at 31% vs. the five year average of 53%
- USDA reported soybean harvest at 53% vs. the five year average of 66%
- Corn and soybean maturity is slightly behind the 5 year average but the crop condition is much better
- Field conditions are wet in much of the Upper Midwest creating harvest problems

Through the week ended 9/27/14 there were 250K less dairy cows culled than in 2013

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

MARGINSMART® Insight

Feed prices have changed significantly during 2014. See page 2 for a summary of the price changes for meat & bone meal, wheat midds and blood meal.

Visit us on the Web at:

www.marginsmart.com

www.facebook.com/MarginSmart

Market Update (As of 10/17/2014 Close)

	Oct '14	+/-*	Nov '14	+/-*	Dec '14	+/-*	Jan '15	+/-*	Feb '15	+/-*	Mar '15	+/-*	Jul '15	+/-*
Class III Milk	23.96	-0.18	21.57	-0.31	19.42	-0.67	18.25	-0.16	17.47	-0.23	17.25	-0.10	17.00	-0.04
Class IV Milk	22.20	-0.13	18.55	-1.10	17.10	-1.08	17.15	-0.67	16.66	-0.66	16.90	-0.25	17.10	-0.25
Corn					3.48	+0.14					3.61	+0.14	3.77	+0.13
Soybeans			9.52	+0.30			9.60	+0.30			9.68	+0.29	9.84	+0.30
Soybean Meal					331	+20	325	+17			319	+16	318	+15

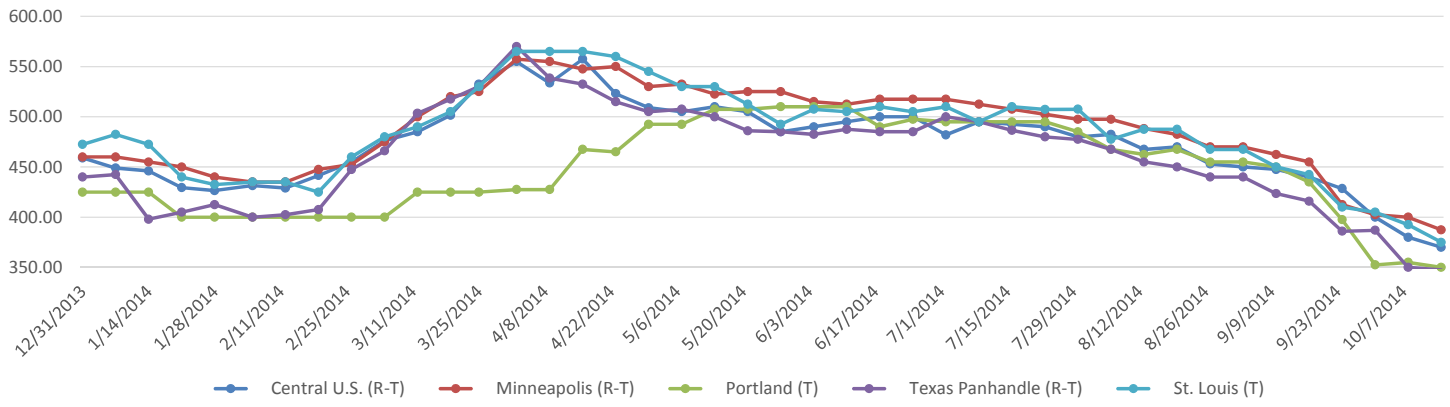
*Change from the Previous Week Price

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

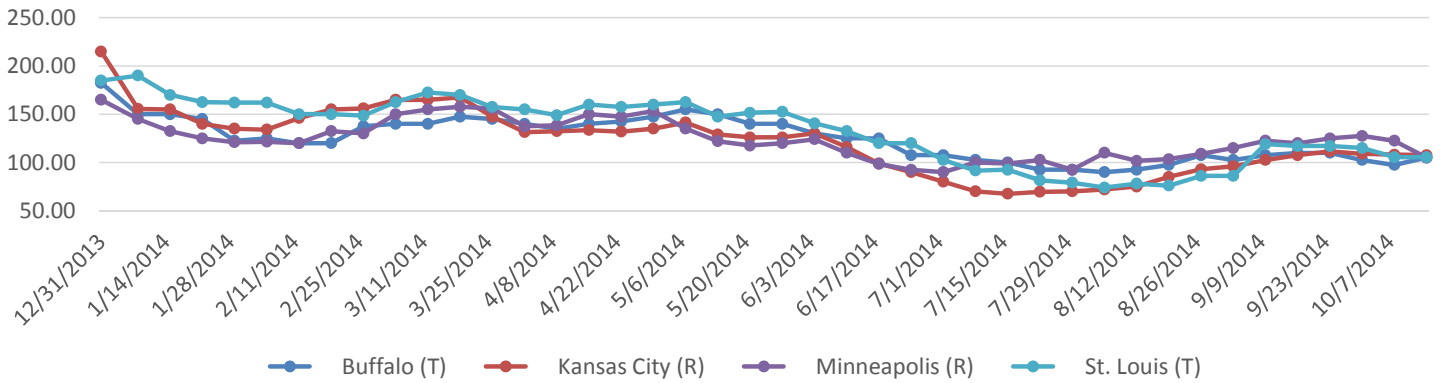
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USDA Reported Pricing Graphs for 2014 on Select Feedstuffs

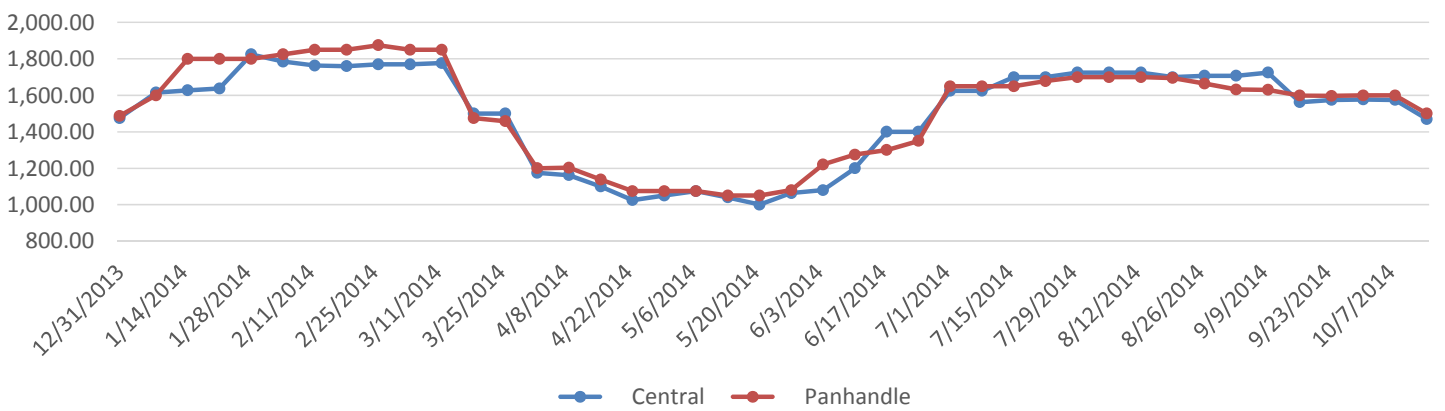
Meat and Bone Meal(tons)



Wheat Middlings(tons)



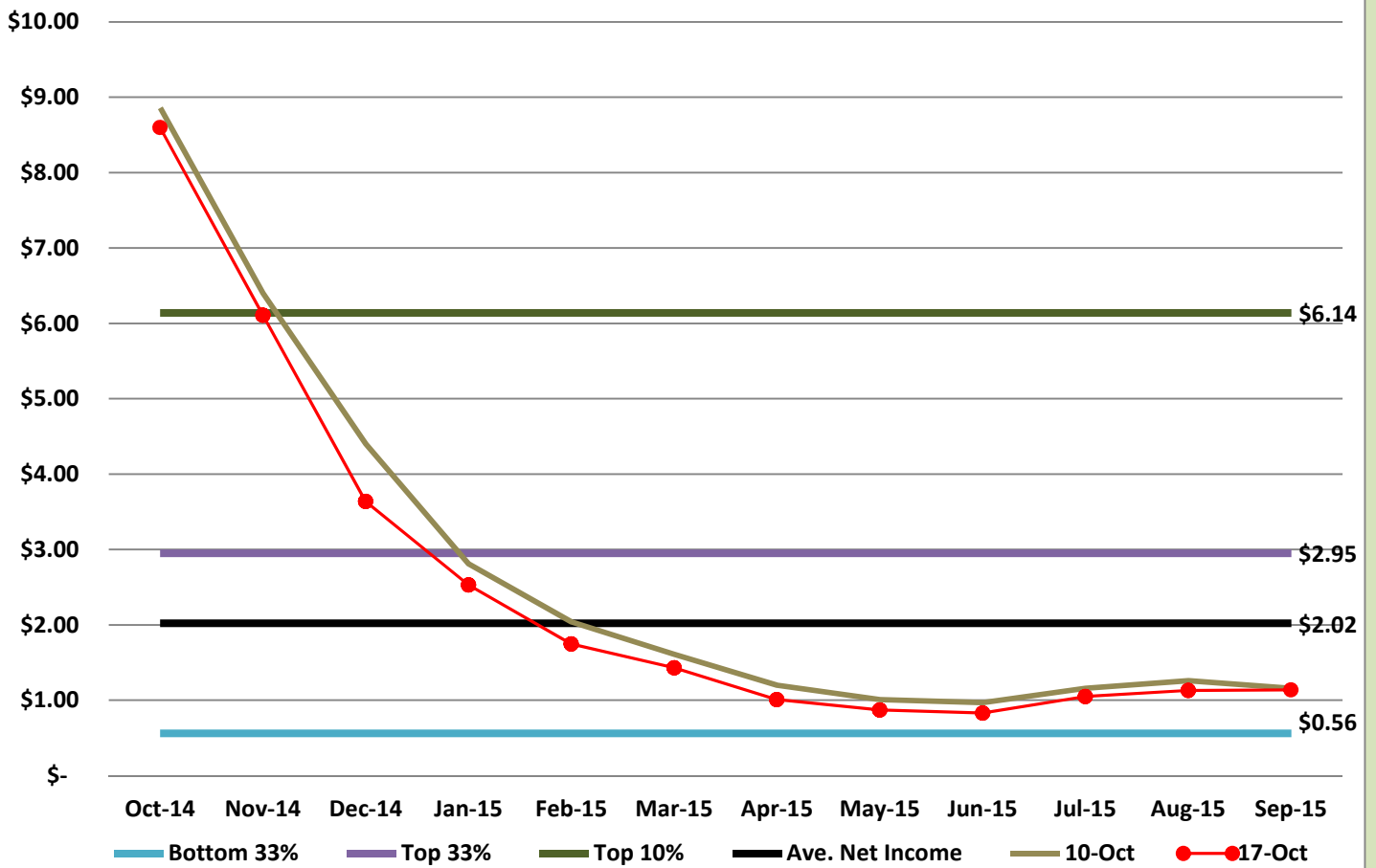
Blood Meal 85% Protein(tons)





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.

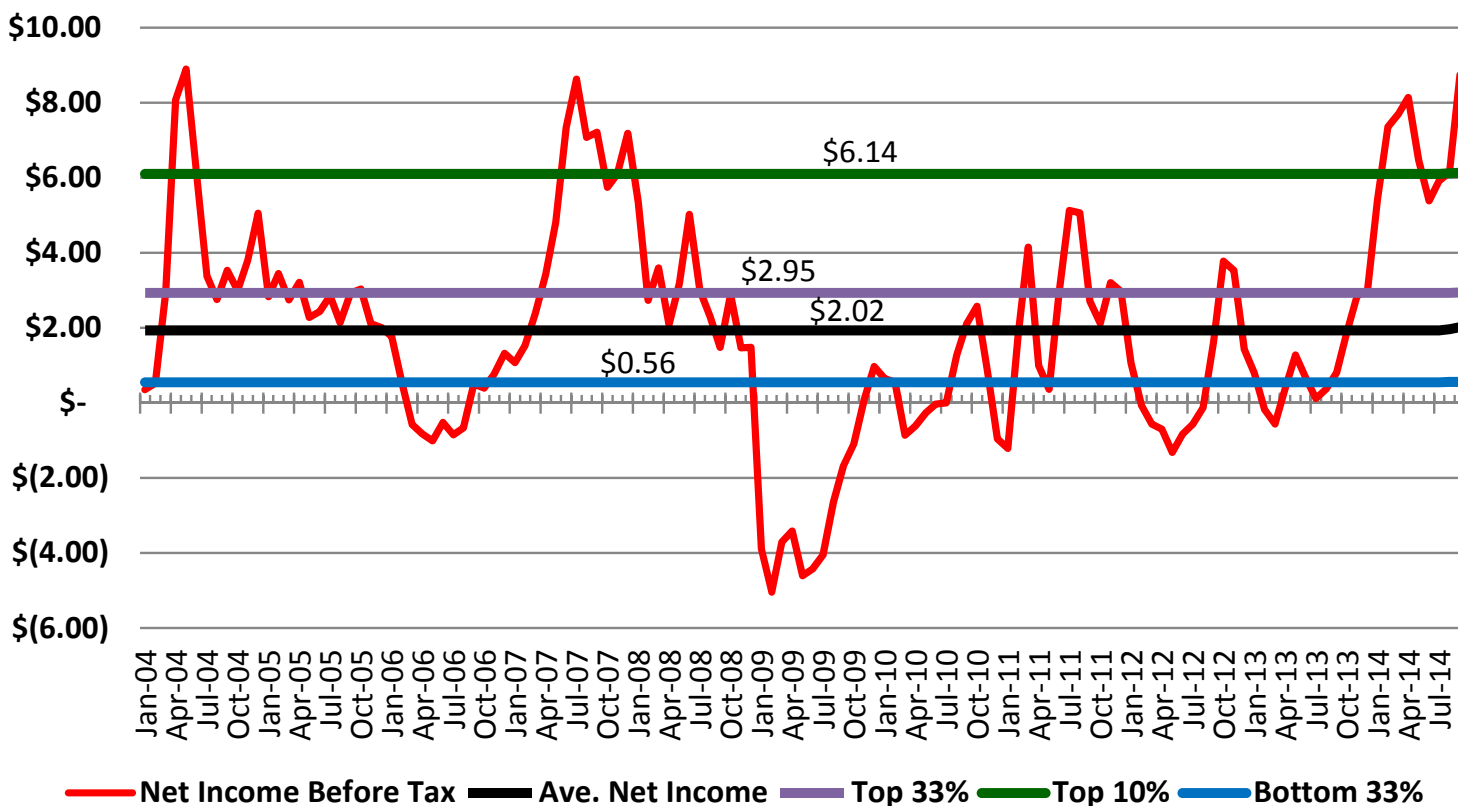
Net Income Available October 17, 2014





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	6.93	