



"For **SMART** Management"

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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	-0.10	-0.86	-0.80	-0.48	-0.48	-0.19	-0.04	-0.06	-0.03	-0.01	+0.02	+0.08

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 grain basis levels and grain quality. As the current harvest is delayed due to wet weather conditions and maturity issues in various parts of the US please take into consideration the potential for grain quality issues. Late maturing grain can result in low test weight corn with reduced starch levels. This is a reminder to you to consider grain quality as you buy corn from the 2014 crop year. This is especially important if you buy corn in a form other than #2 Yellow Corn. In addition, watch for basis level changes for corn this year and we can incorporate that into your account. Call us with any questions.

Market News

Milk: Milk production in the 23 major States during September 2014 totaled 15.5 billion pounds, up 4.1% from September 2013. Production per cow averaged 1,804 pounds for September 2014, 56 pounds above September 2013. This is the highest production per cow for the month of September since the 23 State series began in 2003. The number of milk cows on farms was 8.59 million head, 78,000 head more than September 2013, and 4,000 head more than August 2014.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

October 26, 2014 USDA Report highlights

- USDA reported corn harvest at 46% vs. the five year average of 65%
- USDA reported soybean harvest at 70% vs. the five year average of 76%

Grain maturity and wet field conditions still are affecting the corn harvest. This is impacting harvest percentages and has been partially responsible for increased corn futures prices.

SBM prices have been slowly increasing since 10/1/14.

Fed cattle prices have hit record high prices.

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 10/24/2014 Close)

	Oct '14	+/-*	Nov '14	+/-*	Dec '14	+/-*	Jan '15	+/-*	Feb '15	+/-*	Mar '15	+/-*	Jul '15	+/-*
Class III Milk	23.88	-0.08	20.79	-0.78	18.63	-0.79	17.83	-0.42	17.00	-0.47	17.06	-0.19	17.02	+0.02
Class IV Milk	21.76	-0.44	18.15	-0.40	17.07	-0.03	17.03	-0.09	16.66	-0.00	16.52	-0.38	17.02	-0.08
Corn					3.53	+0.05					3.67	+0.06	3.83	+0.06
Soybeans			9.77	+0.25			9.83	+0.23			9.90	+0.22	10.02	+0.18
Soybean Meal					350	+19	339	+14			327	+8	325	+7

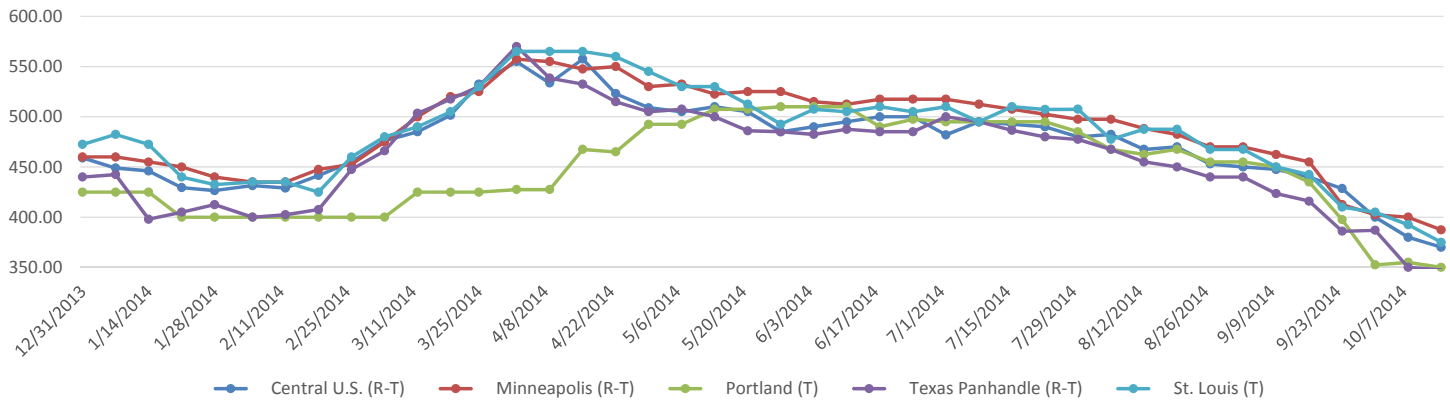
*Change from the Previous Week Price

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

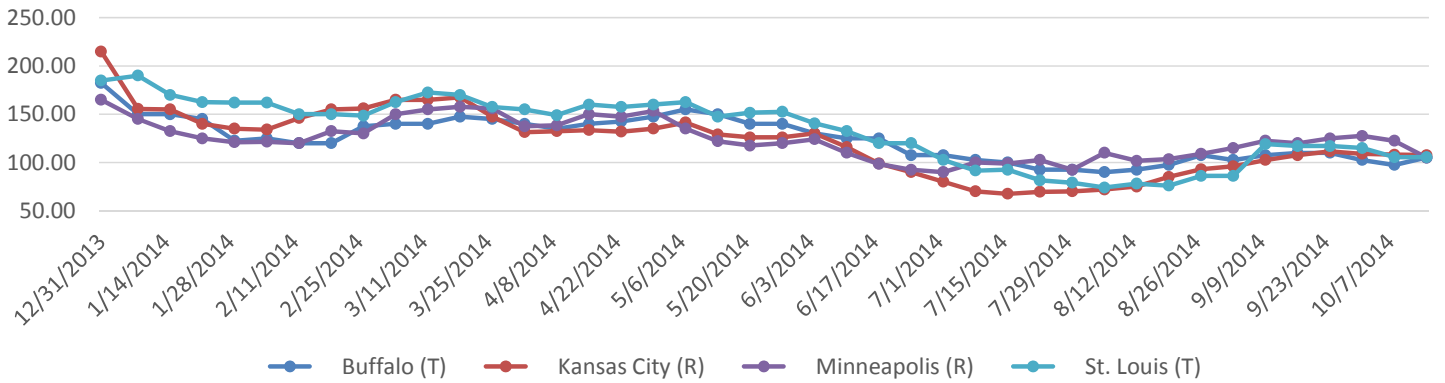
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USDA Reported Pricing Graphs for 2014 on Select Feedstuffs

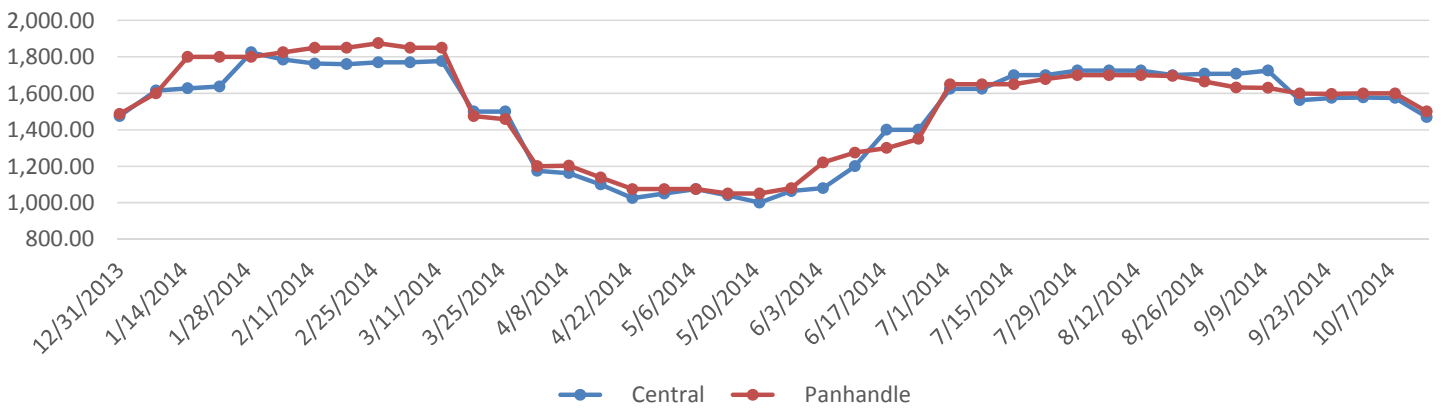
Meat and Bone Meal(tons)



Wheat Middlings(tons)



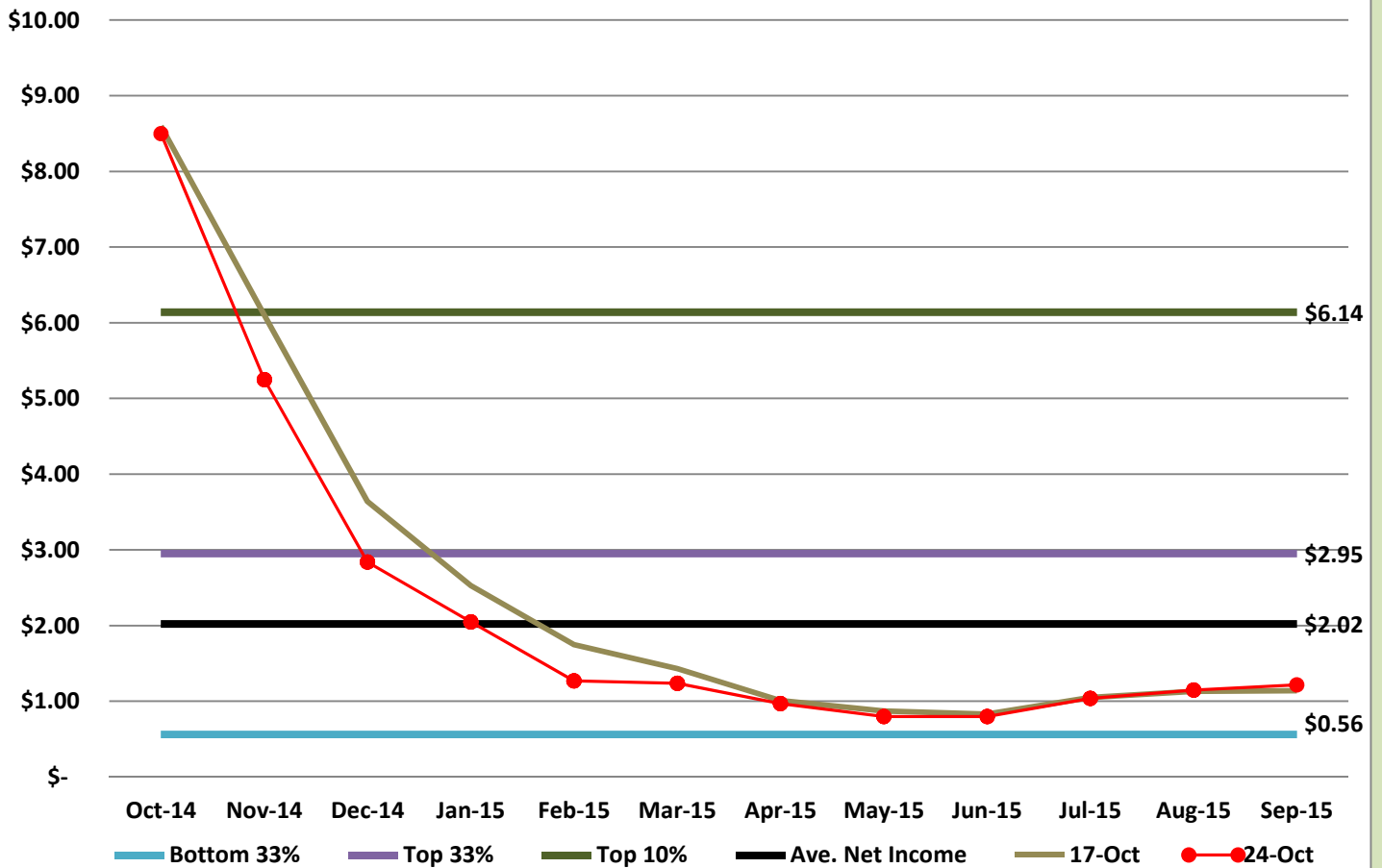
Blood Meal 85% Protein(tons)





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.

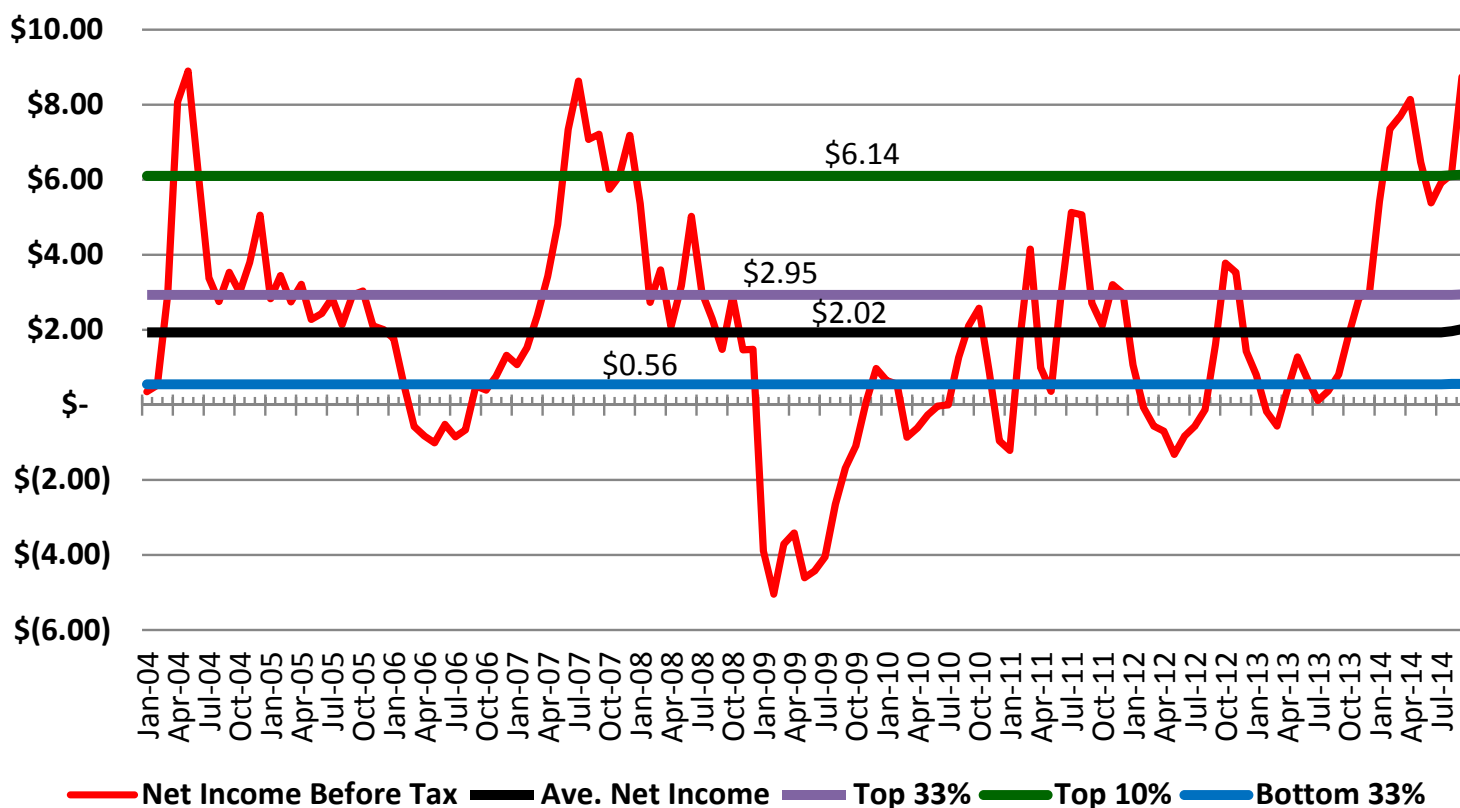
Net Income Available October 24, 2014





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	