



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Week

	Nov. '14	Dec. '14	Jan. '15	Feb. '15	Mar. '15	April '15	May '15	June '15	July '15	Aug. '15	Sep. '15	Oct. '15
Change From Prior Week	+56	+25	-25	-52	-35	-11	-11	-21	-16	+02	+06	+02

WEEKLY MARGINSMART® Notes From President Mark Linzmeier



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 additional information on the Margin Protection Program. As we continue to work with our customers we have some concerns about the margin projections being made by the MPP Decision Tool. They appear to be overstated based on our estimates. This could cause negative impacts on your election decision. In addition to MARGINSMART® we have developed our own tool to assist dairy producers in making their MPP decision. Our tool is very helpful in providing a clear, quick overall summary cost in dollars and per cwt. (based on 2015 production), as well as the impact of cost/payouts at various levels for 2015 based on your elected coverage levels. It also quickly shows your overall cost in dollars and per cwt. at all possible levels. Call us to review any questions you may have.

Market News

Milk: The final Oct '14 announced Class III price was \$23.82 per cwt. – down \$.78 from Sep '14 and up \$5.60 from Oct '13. The final Oct '14 Class IV price was \$21.35 per cwt. down \$1.23 from Sep '14, but up \$1.18 per cwt. from Oct '13. The diversion between Class III and Class IV continued this month as the Class III was nearly \$2.50 per cwt. higher, but the Class IV was nearly \$2.00 per cwt. higher than the Class III in Oct '13!

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

USDA November 10, 2014 WADSE Report Summary

- Est. corn yield dropped nearly 1 Bu /acre to 173.4
- Ending 2014/15 corn stocks are now pegged at 2.008B bu, down 73 M bu from the Oct '14 est.
- Est. SB yield is up .4 bushel/acre at 47.5
- Net 2014/15 ending SB stocks remain unchanged
- Despite later harvest no changes were noted in acres expected to be harvested for either corn or SB
- World ending corn stocks were up as the EU production levels were increased
- World est. 2014/15 ending SB stocks are at a record high

MARGINSMART® Insight

Feed prices have changed significantly during 2014. See page 2 for a summary of the price changes for soybean meal and dried distillers grain.

Contact Curtis Gerrits for a **FREE**
MARGINSMART® Demo!!
DIRECT: 920-264-9140
EMAIL: curtis@marginsmart.com



Market Price Updates (As of 11/7/2014 Close)

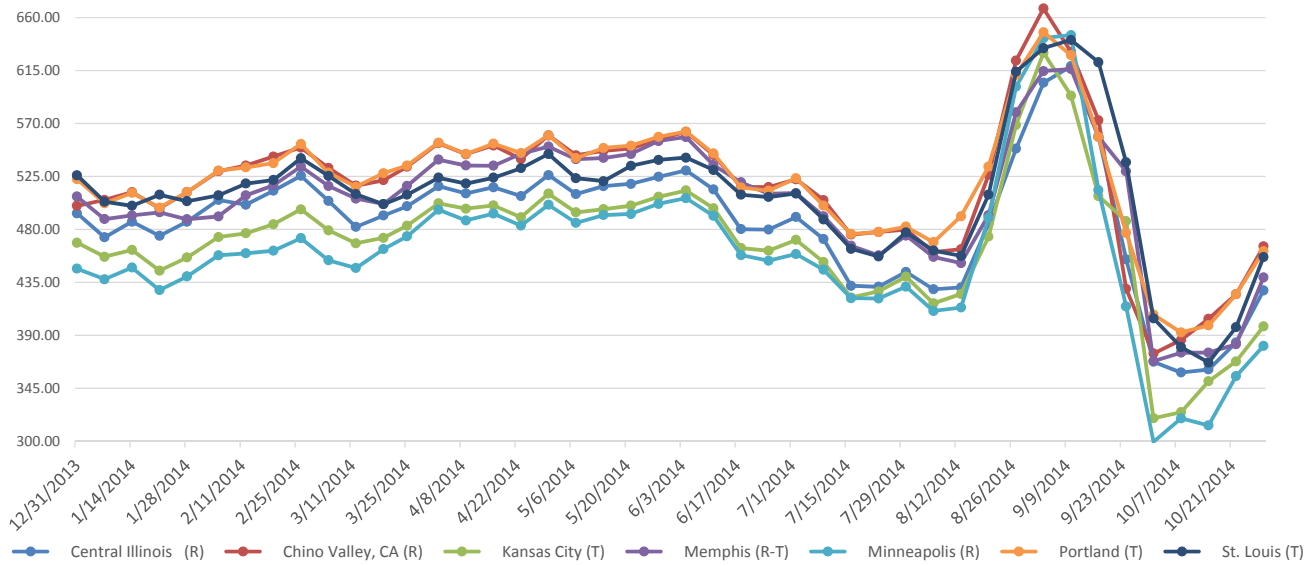
	Nov '14	+/-*	Dec '14	+/-*	Jan '15	+/-*	Feb '15	+/-*	Mar '15	+/-*	Jul '15	+/-*	New Crop	+/-*
Class III Milk	21.86	+61	19.18	+19	17.57	-28	16.90	-51	16.69	-37	16.90	-20	17.18	-12
Class IV Milk	17.50	+04	16.62	-36	16.30	-55	15.99	-43	15.60	-72	16.54	-51	17.15	+00
Cash Butter	1.84	+02	1.71	-05	1.71	-04	1.71	-03	1.71	-03	1.77	-00	1.72	+00
Cash Cheese	2.15	+06	1.91	+03	1.77	-01	1.72	-04	1.72	-03	1.74	-00	1.75	-02
Corn			3.67	-10					3.80	-09	3.96	-08	4.13	-05
Soybeans	10.40	-06			10.37	-12			10.40	-13	10.48	-15	10.19	-08
Soybean Meal			390	+1	372	+5			354	+8	347	+5	339	+6

*Change from the Previous Week Price

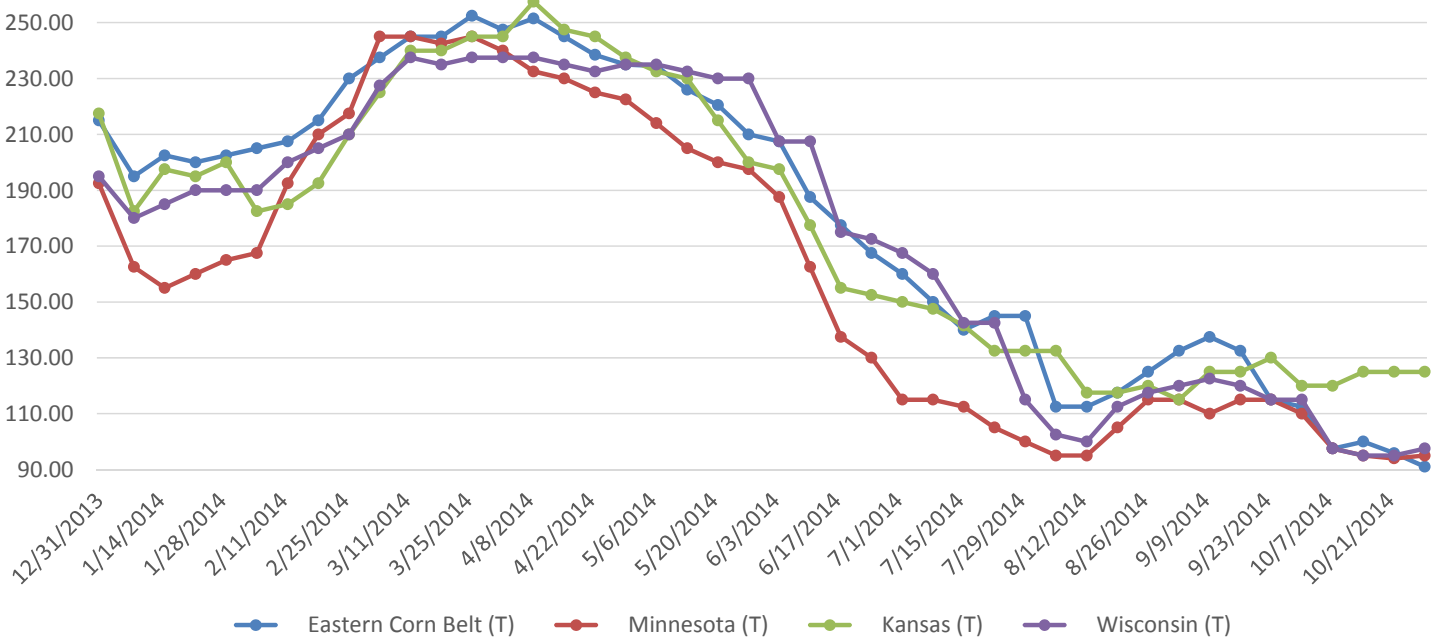
**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

USDA Reported Pricing Graphs for 2014 on Select Feedstuffs

Soybean Meal, High Protein(tons)



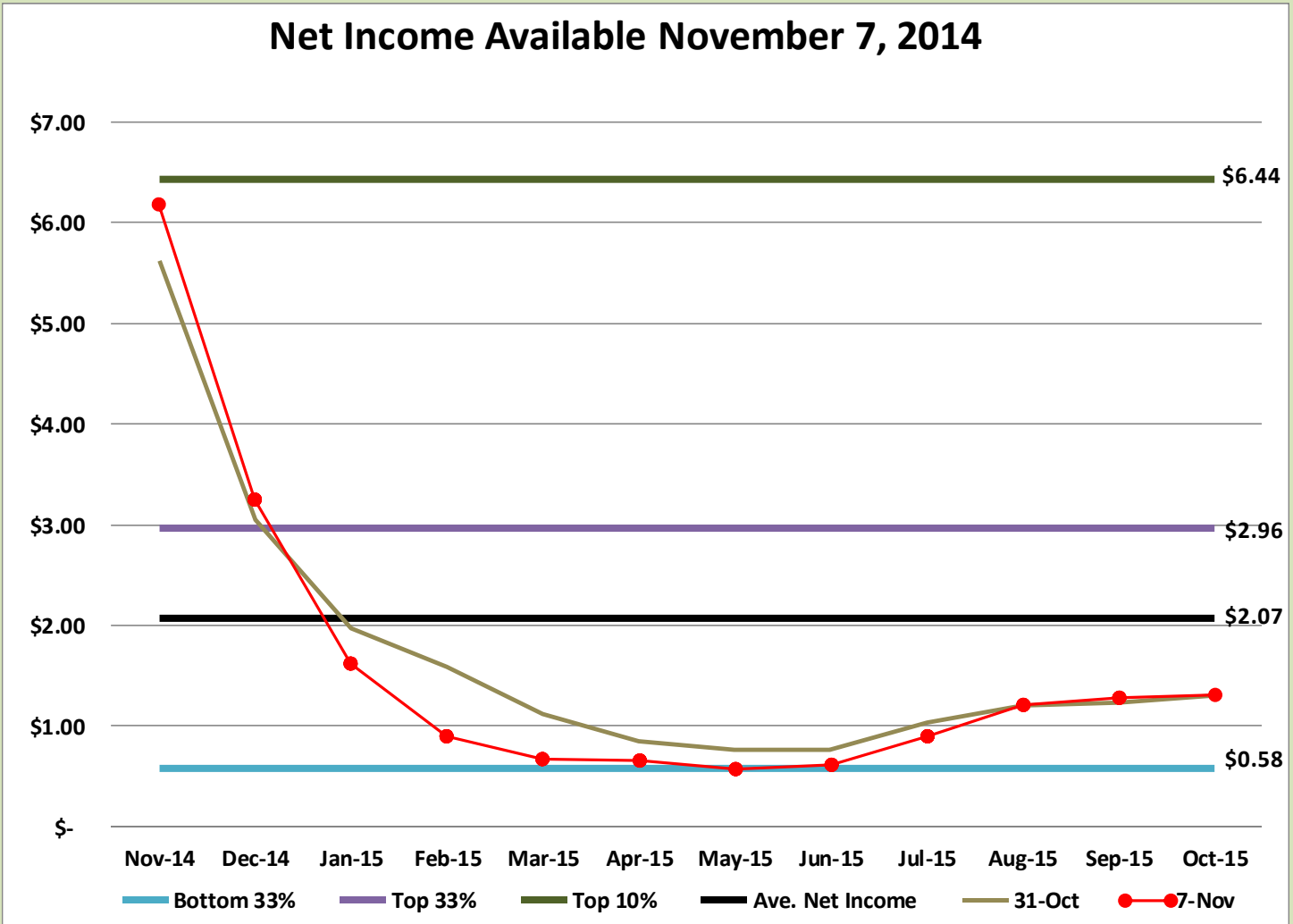
Distillers' Dried Grain (tons)





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.

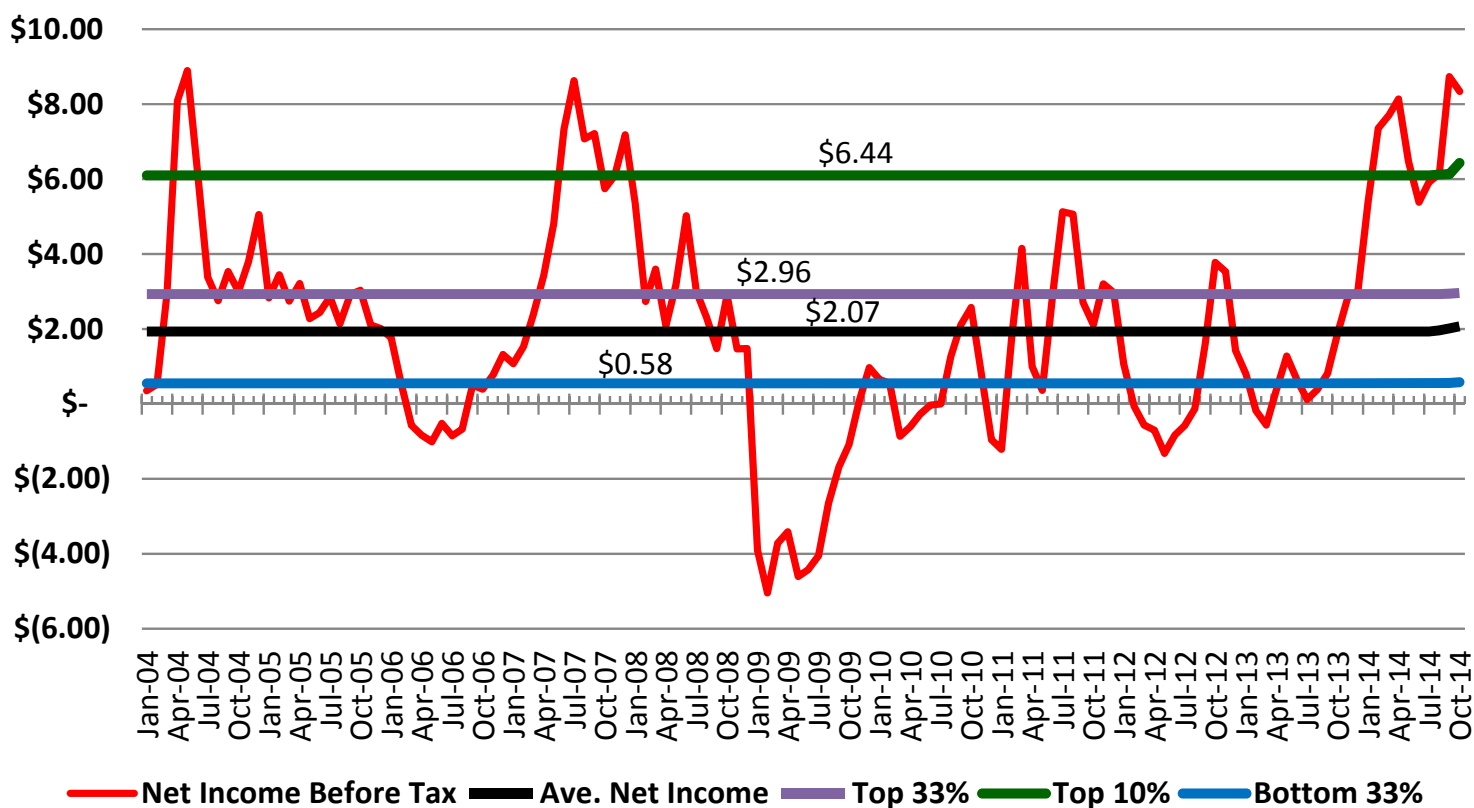
Net Income Available November 7, 2014





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	