



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	+0.04	+0.10	-0.19	+0.10	+0.01	-0.07	+0.07	+0.20	+0.08	+0.08	+0.02	+0.06

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 a reminder of accrual versus cash basis accounting. This will be especially important this year as many dairy producers will be looking to reduce income tax impacts, as 2014 has been a very profitable year for dairy producers. For purposes of making true management decisions make sure to use an accrual accounting basis. As a review the accrual basis recognizes income and expenses as they truly apply to your operation rather than when you simply choose to receive cash or pay for feed or expenses. An example is prepaying for crop inputs (seed, fertilizer, etc. in December 2014 for inputs to the 2015 crop). We can discuss your situation and help ensure that we maintain your account within MARGINSMART® on a true accrual basis. Call us to review any questions you may have.

Market News

Milk: Milk production in the 23 major States during October totaled 16.0 billion pounds, up 3.9 % from Oct '13. Production per cow averaged 1,868 pounds for Oct '14, 51 pounds above Oct '13. This is the highest production per cow for the month of October since the 23 State series began in 2003. The number of milk cows on farms was 8.59 million head, 89,000 head more than Oct '13, and 3,000 head more than September 2014.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

- Based on the 11/24/14 USDA corn harvest progress, 94% of the crop is harvested. This is 2% above the 5 year average; however a few states are significantly behind including Wisconsin and Michigan.
- Harvest progress for SB as of 11/24/14 is 97%
- Total beef cattle on feed totaled 10.633 Million in the latest monthly USDA survey, this is .5% higher than a year ago.
- Oct '14 cow slaughter was 468,000 head, 14.8% lower than a year ago. In the last 6 months, US cow slaughter has declined 520,000 head (-17%) from 2013, with dairy down 160,000 head (-11%) and beef down 359,000 head (-23%). Expect cull prices to remain high as beef trim demand stays high.

MARGINSMART® Insight

As the MPP sign-up period gets closer be sure to call your MARGINSMART® customer service representative to help you review your options.

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



Market Price Updates (As of 11/21/2014 Close)

	Nov '14	+/-*	Dec '14	+/-*	Jan '15	+/-*	Feb '15	+/-*	Mar '15	+/-*	Jul '15	+/-*	New Crop	+/-*
Class III Milk	21.90	+0.11	18.92	+0.07	17.35	-0.25	19.96	+0.07	16.72	-0.03	16.82	-0.00	17.15	-0.03
Class IV Milk	18.37	+0.28	17.26	+0.36	16.14	-0.05	15.55	-0.13	15.09	-0.11	16.23	-0.00	17.15	-0.00
Cash Butter	1.96	+0.06	1.80	+0.06	1.72	+0.02	1.68	-0.02	1.69	-0.01	1.78	+0.01	1.78	+0.02
Cash Cheese	2.14	+0.02	1.84	-0.01	1.72	-0.04	1.71	-0.01	1.71	+0.01	1.71	-0.02	1.75	-0.01
Corn			3.73	-0.09					3.85	-0.09	4.01	-0.09	4.16	-0.08
Soybeans	10.21	-0.00			10.39	+0.17			10.46	+0.16	10.56	+0.14	10.18	+0.04
Soybean Meal			378	-2	367	+2			355	+5	347	+1	337	-0

*Change from the Previous Week Price

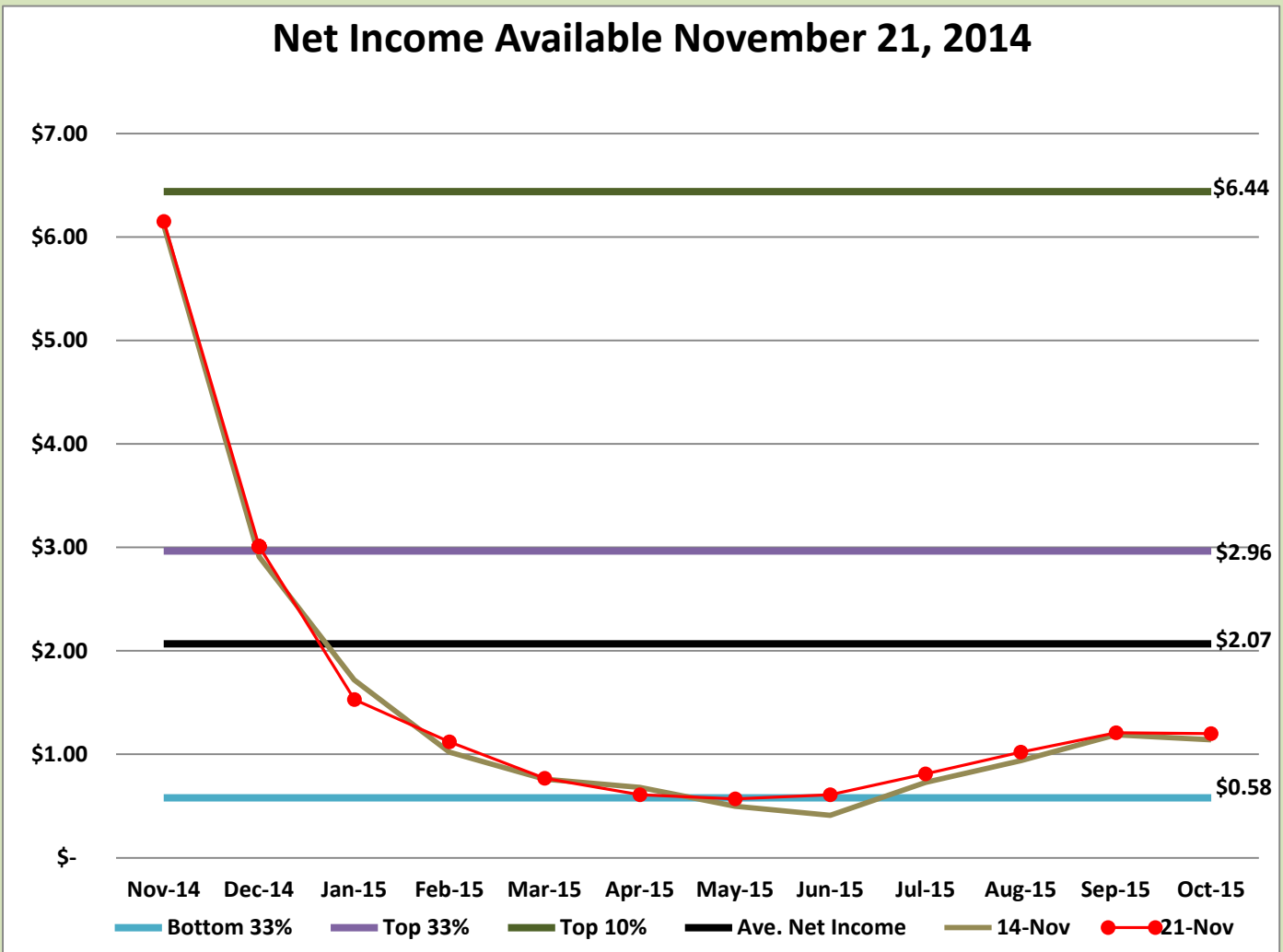
**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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.

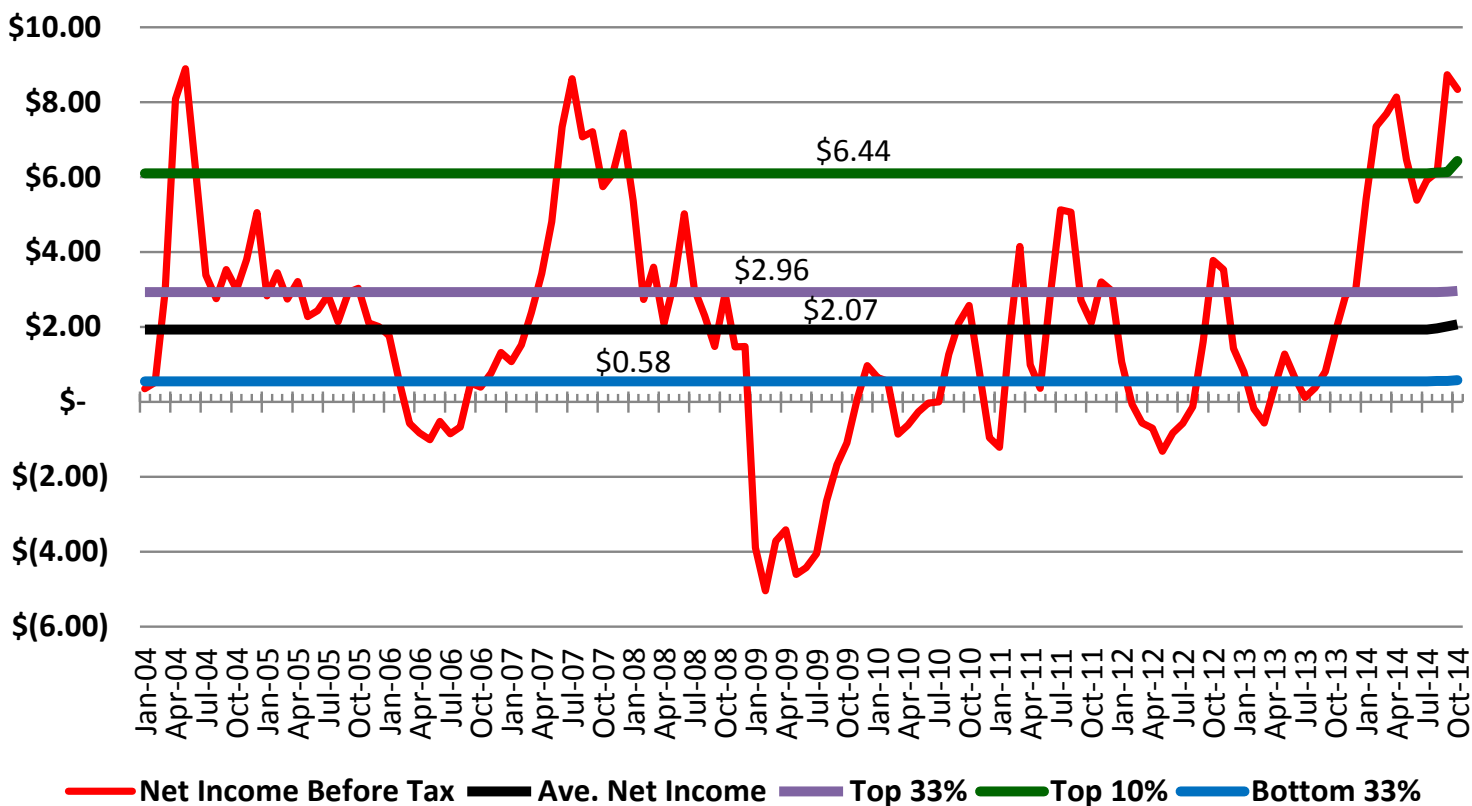
Net Income Available November 21, 2014





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	