



WEEKLY NEWSLETTER

"For SMART Management"

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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	-0.16	+0.37	+0.21	-0.08	+0.32	-0.12	-0.12	-0.04	-0.03	-0.01	+0.05	+0.02

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 updated information, and key considerations, related to the Margin Protection Program. First the sign up has been extended to December 5, 2014. We have also been working with customers to compare their individual historical milk margins with the margins calculated via the formula under the MPP – see the following bullet points:

- We have seen significant variations in yr-to-yr comparisons
 - Generally a dairy's corn silage and haylage prices remain steady as the crop is fed, but the USDA prices change monthly
 - Other prices for feed ingredients likewise can vary
 - Dairy must estimate youngstock feed costs to truly compare
 - Consider per cwt amounts required "below" the milk margin
- Call us with questions on the MPP as it can be difficult to compare.

Market News

Milk: U.S. dairy export sales in Aug were the lowest since Jan 2014 at 14.9% on a total milk solids basis. Global demand held steady, but the EU and New Zealand grabbed a larger share of the trade at the expense of the US. United States cheese consumption per person in 2013 hit a record level at 33.7 pounds – largest was mozzarella and cheddar led the way. See below as we have now added butter and cheese market prices.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

- Reported corn harvest at 65% vs. the 5 yr avg of 73%, but WI, MI, IN & IA are behind significantly
- Reported soybean harvest is at the 5 yr avg of 83%
- Grain maturity and wet field conditions still are affecting the corn silage and grain harvest.
- Corn, SB and SBM prices have been slowly increasing since 10/1/14.
- Cow and bull slaughter last week was down 22% from last year. We will watch this over the next few weeks as the fall "cow run" will provide insight into future cull cow prices.

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 10/31/2014 Close)

	Oct '14	+/-*	Nov '14	+/-*	Dec '14	+/-*	Jan '15	+/-*	Feb '15	+/-*	Mar '15	+/-*	Jul '15	+/-*
Class III Milk	23.79	-0.09	21.25	+0.46	18.99	+0.36	17.85	+0.02	17.41	+0.41	17.06	-0.00	17.10	+0.08
Class IV Milk	21.43	+0.33	17.46	-0.69	16.98	-0.09	16.85	-0.21	16.42	-0.24	16.32	-0.20	17.05	+0.03
Cash Butter	2.53	-0.08	1.78	-0.07	1.76	+0.03	1.75	+0.01	1.74	+0.01	1.73	-0.00	1.77	+0.02
Cash Cheese	2.29	-0.01	2.09	+0.06	1.87	+0.05	1.78	+0.00	1.76	+0.03	1.75	+0.00	1.74	+0.01
Corn					3.77	+0.24					3.89	+0.22	4.04	+0.21
Soybeans			10.46	+0.69			10.49	+0.66			10.58	+0.61	10.63	+0.61
Soybean Meal					389	+39	367	+28			346	+19	342	+17

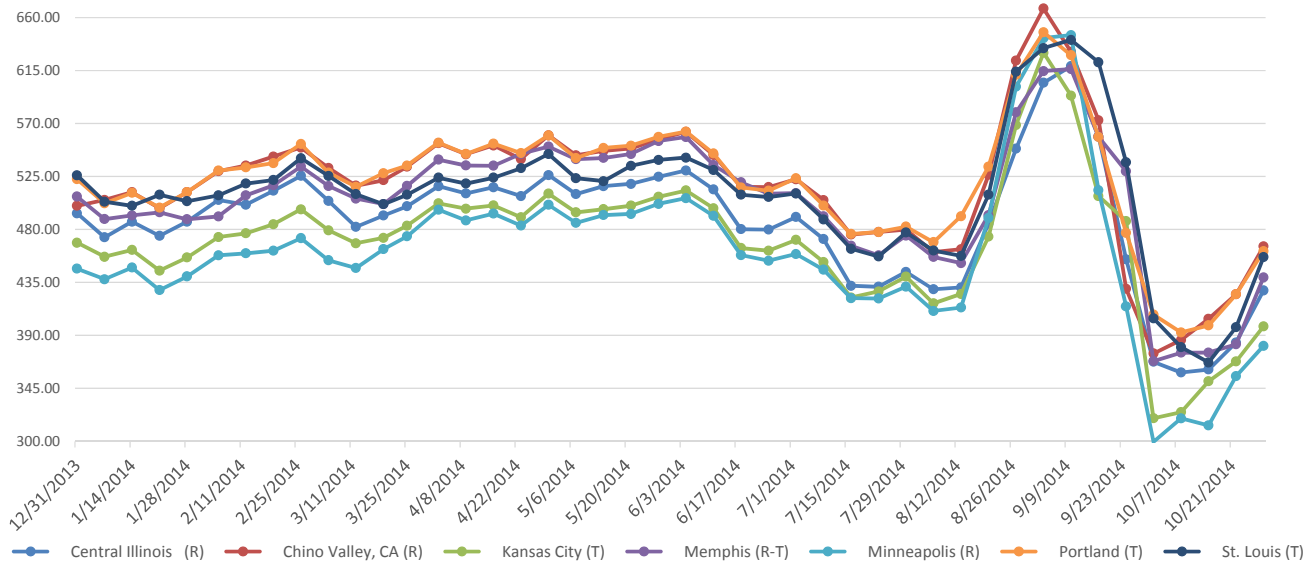
*Change from the Previous Week Price

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

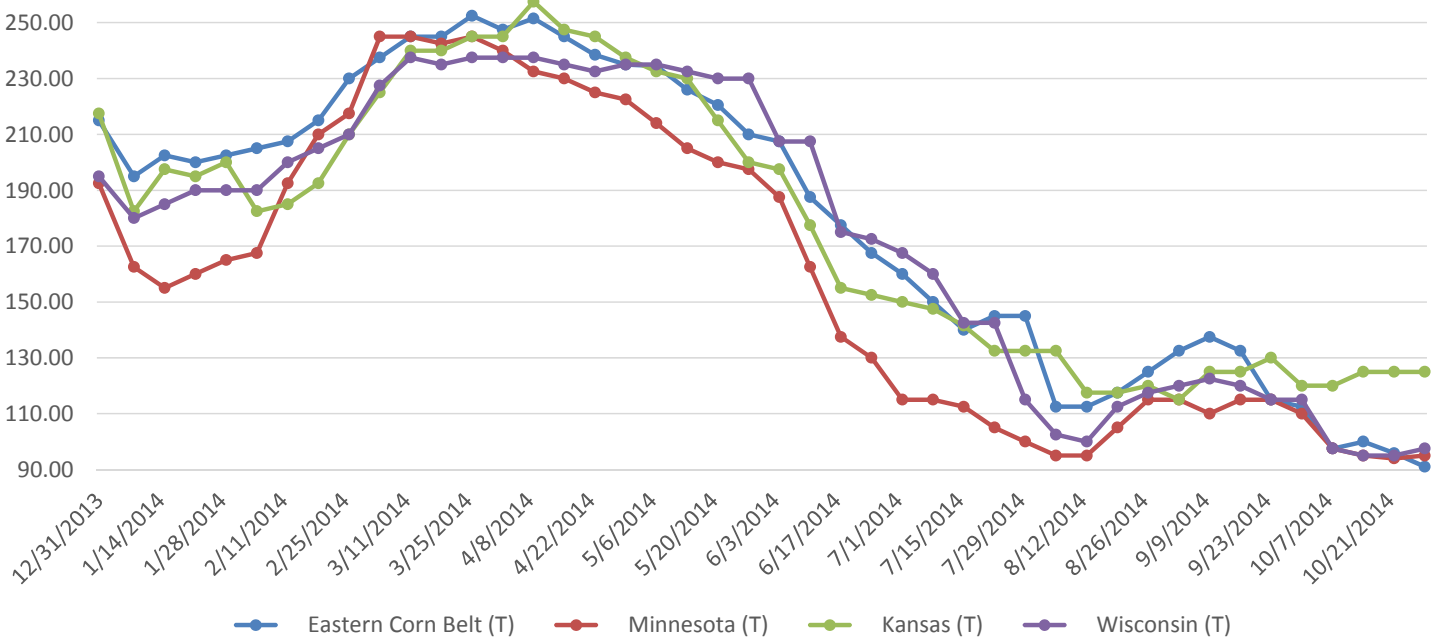
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USDA Reported Pricing Graphs for 2014 on Select Feedstuffs

Soybean Meal, High Protein(tons)



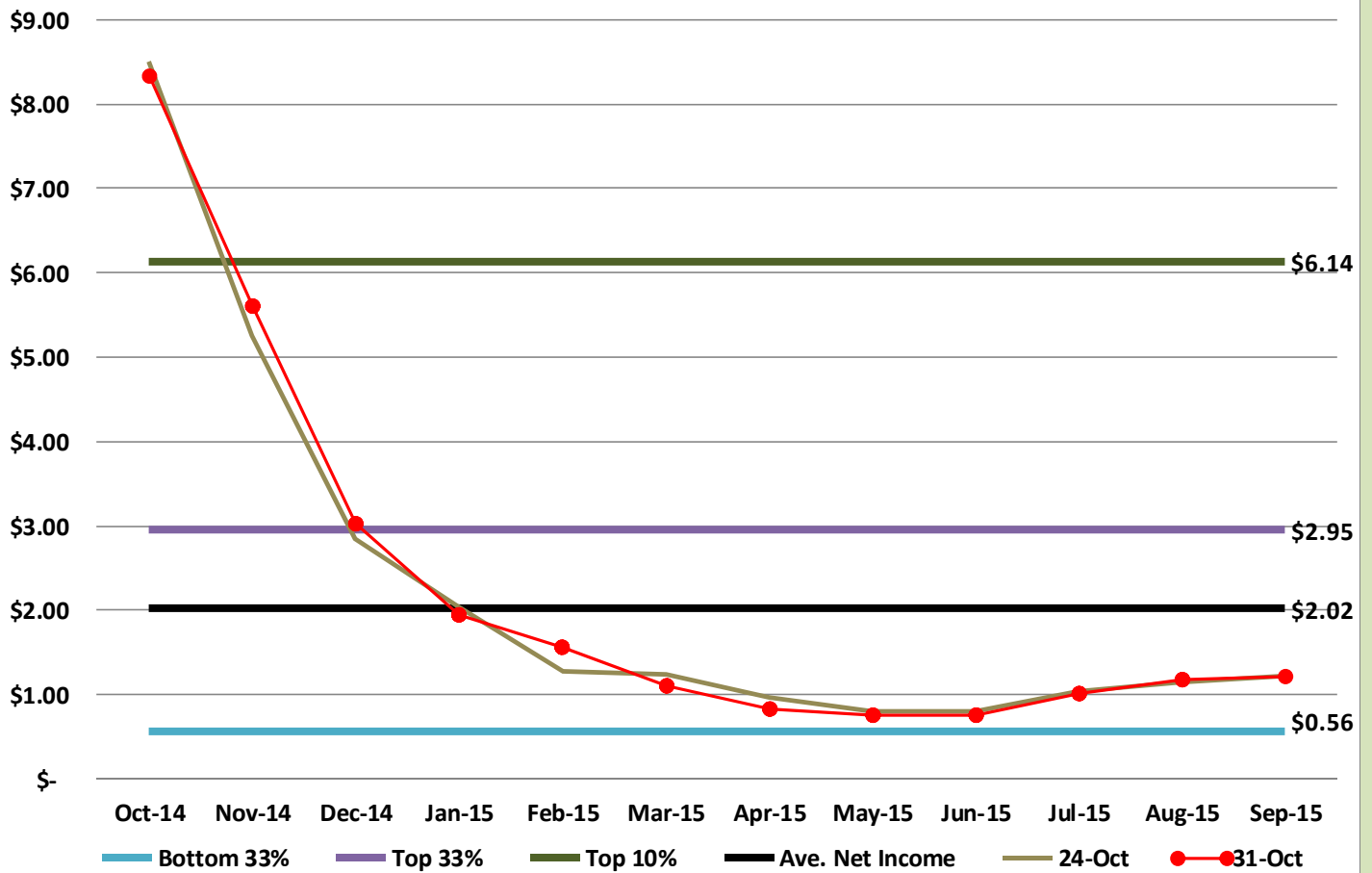
Distillers' Dried Grain (tons)





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.

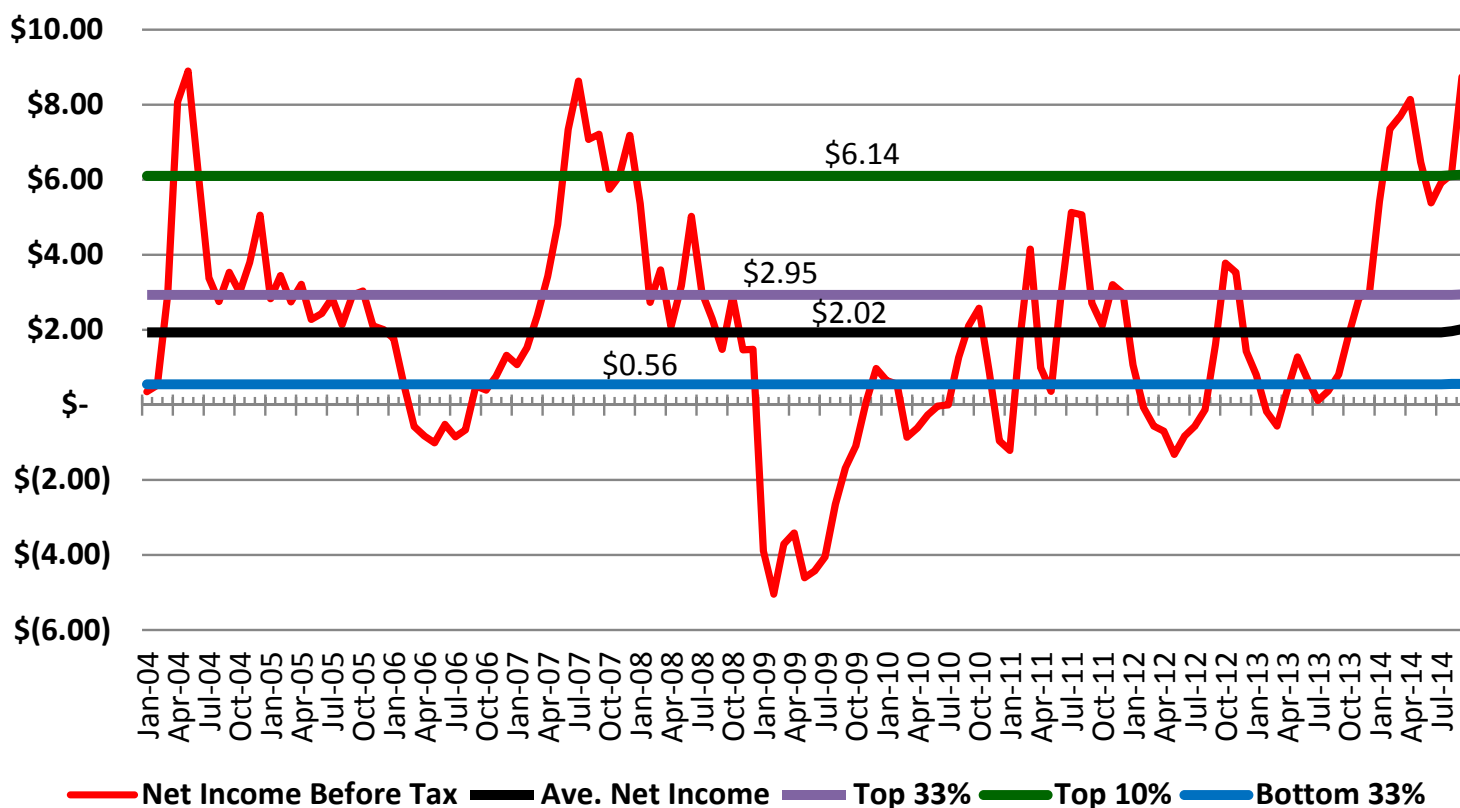
Net Income Available October 31, 2014





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	