



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	+0.02	-1.01	-0.63	-0.51	-0.23	-0.16	-0.14	-0.13	-0.07	-0.02	-0.03	-0.09

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 our continued suggestions that you pay attention to the prices of milk futures. While we have been highlighting price reductions in our newsletters over the past few months, today saw continued significant reductions in futures prices. Take note of the news below and what is happening with market prices. Call us to review any questions you may have.

Market News

Milk: A number of combined items are having an impact on Class III and Class IV futures prices. Prices are down significantly over the past few weeks and continued its downward direction today as several months were down limit at times today. For instance the February 2015 Class III price **has dropped \$1.21 in the past 5 trading days. Dec 2014 futures were over \$20 per cwt as recently as 10/14/14, but closed today at \$17.75.** The hardest hit prices have been from Dec 2014 through July of 2015, with less impact for the rest of 2015. Class IV futures have also been negatively impacted with the March 2015 futures price closing at \$14.91 today.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

- The last crop harvest report came in last week. The Upper Midwest still has areas with unharvested corn – some of which may stay unharvested until spring.
- Funds are convinced that USDA will lower harvested acres of both corn and soybeans with its January report.
- Expected corn acreage planted in Brazil is down 6% compared to last year, but overall crop yield is projected to be down 2%
- Lower gasoline prices will have an impact on corn utilized for ethanol.
- Cow slaughter continues to lag 2013 numbers

MARGINSMART® Insight

As the MPP sign-up period ends this Friday 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 11/28/2014 Close)

	Nov '14	+/-*	Dec '14	+/-*	Jan '15	+/-*	Feb '15	+/-*	Mar '15	+/-*	Jul '15	+/-*	New Crop	+/-*
Class III Milk	21.93	+0.03	18.00	-0.92	16.80	-0.55	16.49	-0.47	16.51	-0.21	16.83	+0.01	17.03	-0.12
Class IV Milk	18.40	+0.03	17.02	-0.24	15.90	-0.24	15.43	-0.12	14.99	-0.10	16.23	-0.00	17.15	-0.00
Cash Butter	1.97	+0.01	1.76	-0.04	1.70	-0.02	1.67	-0.01	1.67	-0.01	1.77	-0.01	1.78	+0.00
Cash Cheese	2.13	-0.01	1.75	-0.09	1.68	-0.04	1.68	-0.03	1.70	-0.01	1.72	+0.01	1.74	-0.01
Corn			3.76	+0.03					3.89	+0.04	4.04	+0.03	4.17	+0.01
Soybeans					10.16	-0.23			10.22	-0.24	10.33	-0.23	9.97	-0.21
Soybean Meal			378	-2	367	+2			355	+5	347	+1	337	-0

*Change from the Previous Week Price

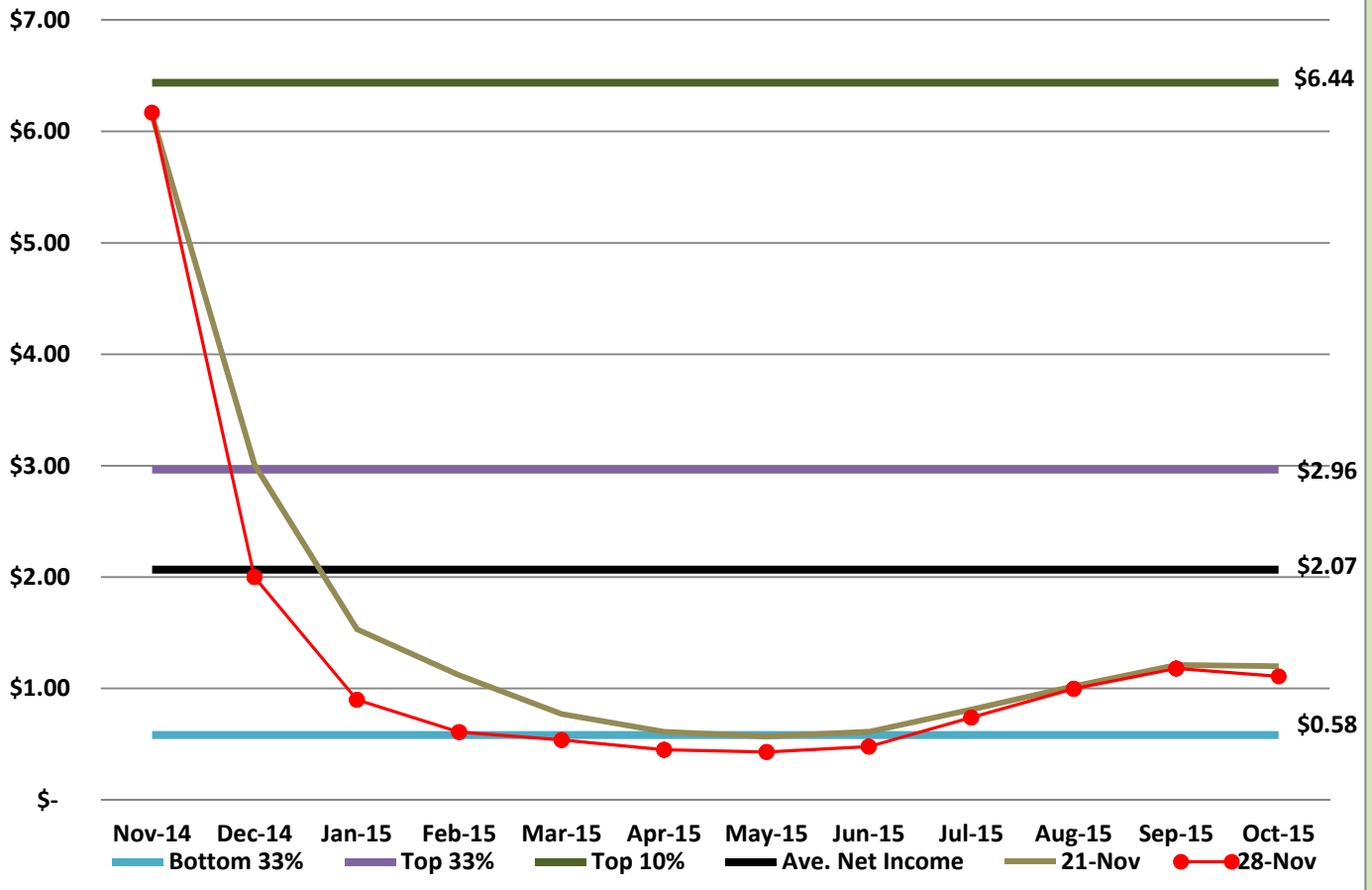
**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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.

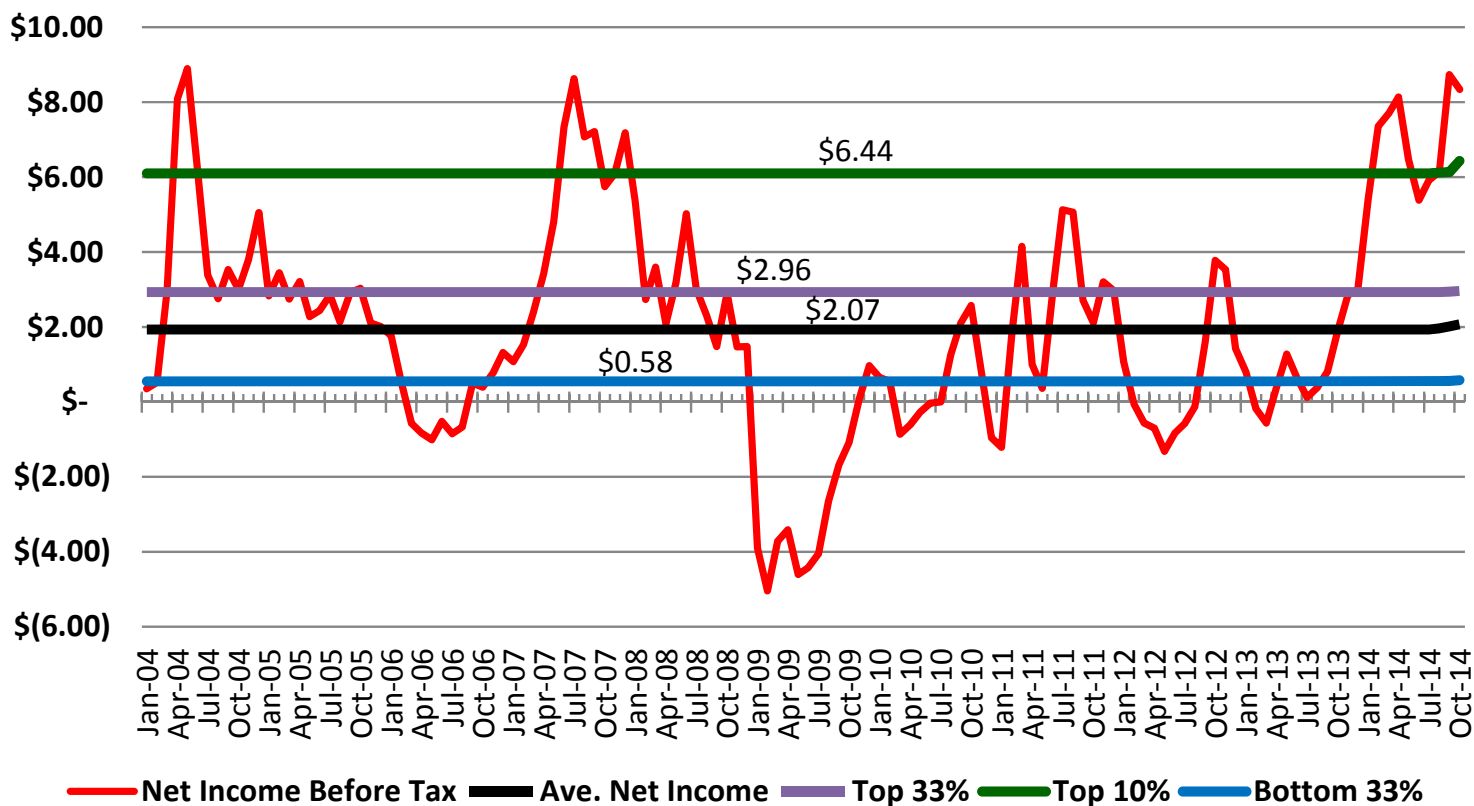
Net Income Available November 28, 2014





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	