



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Week

	Dec. '14	Jan. '14	Feb. '15	Mar. '15	April '15	May '15	June '15	July '15	Aug. '15	Sep. '15	Oct. '15	Nov. '15
Change From Prior Week	-0.00	+0.63	+0.32	-0.07	-0.46	-0.51	-0.44	-0.43	-0.60	-0.51	-0.45	-0.48

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 year end wrap up items. At this time of the year there are many things to take into account to make sure that everything is properly accounted for in your MARGINSMART® account. The following are some key items:

- Revisit feed inventory, including the level of shrink when your 2013 forages ran out.
- Consider harvested quantities of 2014 crops to properly project feed costs going forward into 2015.
- For proper accrual, exclude any prepaid items.
- Make sure that all expenses are properly accounted for during 2014.
- Revisit projected 2015 operating expenses and cash requirements, as well as make preliminary 2016 projections. Please call us so that we can assist you with all of these items.

Market News

Milk: Nov '14 milk prod. in the 23 states for which USDA reports monthly was 15.5B pounds, up 3.5% from Nov '13. Oct '14 revised production at 16.0B pounds, was up 3.7% from Oct '13, this is a decrease of 35M pounds or 0.2% from last month's preliminary production estimate. Production per cow averaged 1,782 pounds for Nov '14, up 42 pounds from Nov '13.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

- Cow slaughter continues to trail last year with a 14% reduction in head. This should support cull cow prices into early 2015.
- Many feed commodity prices have moved higher in recent weeks. DDG has increased significantly.
- Oil and energy prices continued to move lower. The Feb '15 Brent Oil futures are currently trading at \$55 per barrel, which is down from \$101 less than 6 months ago – a 45% drop. Natural gas futures are down from near \$5 per decatherm to \$3.18 for the Jan '15 futures month, for an over 36% drop. While this should help reduce operating costs at the dairy level, it is just another reminder of how fast commodity prices can move.

MARGINSMART® Insight

With the extreme volatility in the markets over the past few months, we can help you sort through this to identify your current situation!

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



Market Price Updates (As of 12/19/2014 Close)

	Dec '14	+/-*	Jan '15	+/-*	Feb '15	+/-*	Mar '15	+/-*	May '15	+/-*	Jul '15	+/-*	New Crop	+/-*
Class III Milk	17.73	-0.02	16.40	+0.60	15.75	+0.24	15.36	-0.02	15.29	-0.49	15.85	-0.32	16.35	-0.45
Class IV Milk	16.58	-0.52	14.99	-0.83	14.61	-0.81	14.36	-0.94	14.65	-0.86	15.30	-0.72	16.30	-0.60
Cash Butter	1.85	-0.04	1.66	-0.08	1.65	-0.03	1.65	-0.01	1.68	-0.00	1.71	-0.01	1.75	-0.00
Cash Cheese	1.73	+0.00	1.64	+0.04	1.61	+0.00	1.60	-0.01	1.60	-0.06	1.67	-0.04	1.71	-0.04
Corn	3.96	+0.00					4.10	+0.03	4.19	+0.03	4.26	+0.05	4.35	+0.03
Soybeans			10.30	-0.17			10.38	-0.16	10.46	-0.13	10.52	-0.12	10.17	-0.03
Soybean Meal	379	-0	364	-3			352	-4	347	-4	346	-4	336	+0

*Change from the Previous Week Price

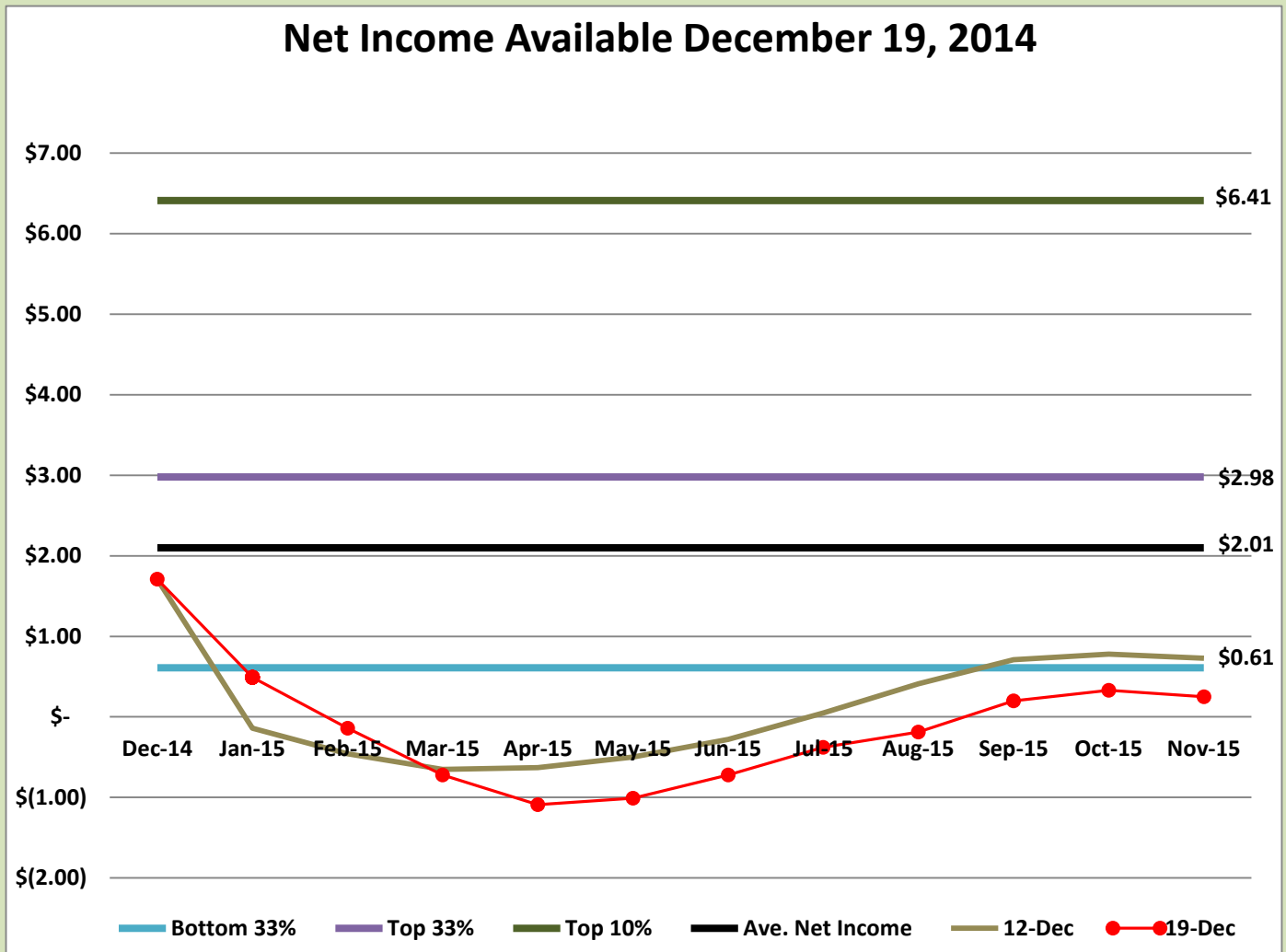
**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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.

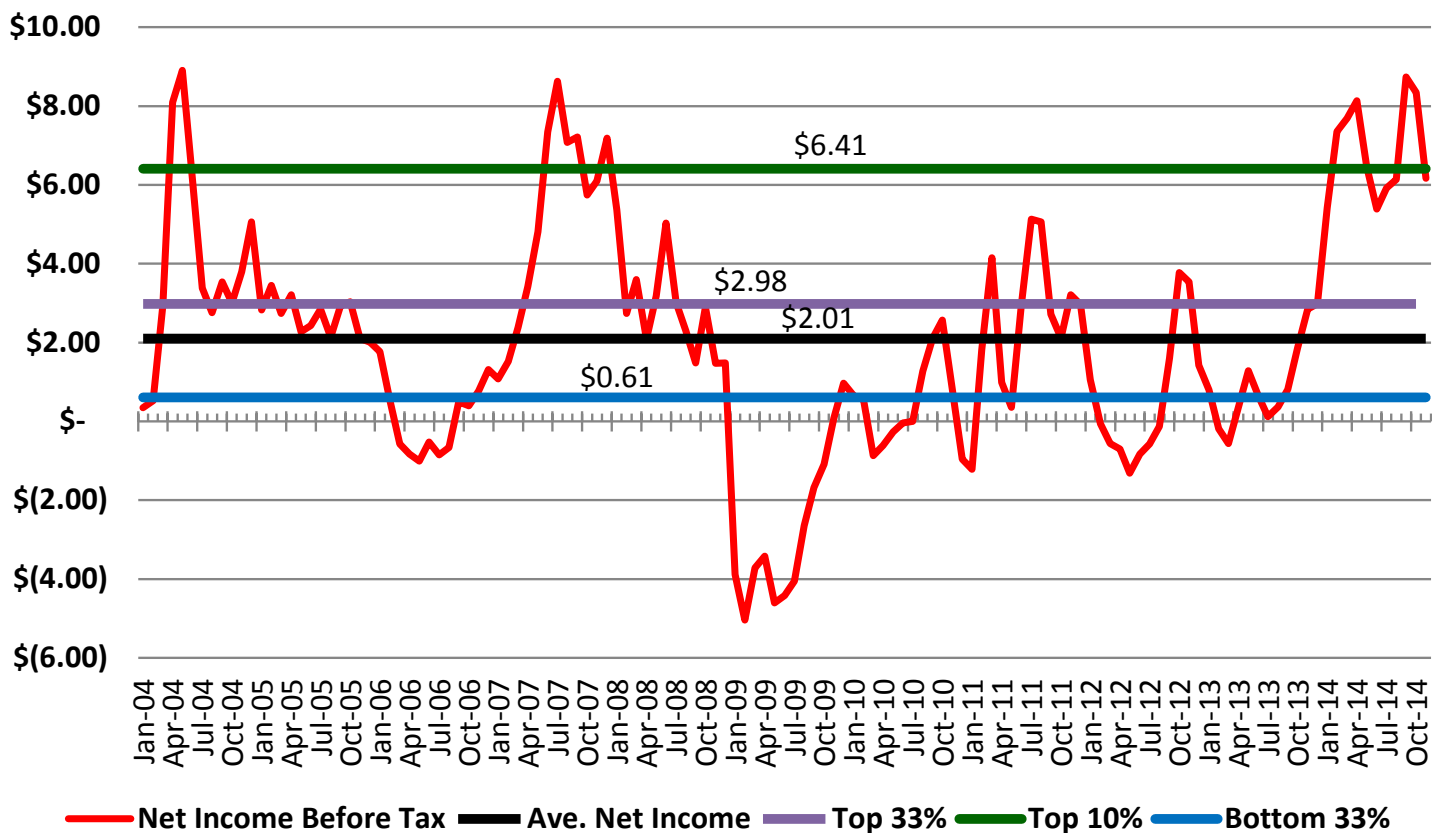
Net Income Available December 19, 2014





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	