



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	-0.13	-0.61	-0.79	-0.69	-0.57	-0.35	-0.26	-0.20	-0.19	-0.16	-0.07	-0.00

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 reviewing your options with the 2 week extension for sign up for the MPP program; especially in light of the recent bearish market news related to milk prices for 2015. Just 3 months ago the average futures prices per cwt. for 2015 were \$18.08 (Class III) and \$17.14 (Class IV). On November 28 (the original sign up deadline) the Class III avg. dropped to \$16.86 – down \$1.22 per cwt. and the Class IV avg. dropped to \$16.10 – down \$1.04 per cwt. Last week the Class III avg. dropped an additional \$.36 per cwt. While feed prices have stayed relatively stable over that period, we are now projecting that several of the 2 month calculation periods (as defined by the MPP formula) are under the \$8.00 protection level. Due to the potential for continued bearish milk prices, we continue to suggest that you consider insuring at a coverage level in excess of the \$4.00 catastrophic level; especially when you combine it with your MARGINSMART info.

Market News

Milk: The final Nov '14 announced Class III price was \$21.94 per cwt. – down \$1.88 from Oct '14 and up \$3.11 from Nov '13. The final Oct '14 Class IV price was \$18.21 per cwt., down \$3.14 from Oct '14, and down \$3.33 per cwt. from Nov '13.

Market News (Continued)

Milk (Continued)

The diversion between Class III and IV continued this month as the Class III was \$3.73 per cwt. higher this year, but the Class IV was nearly \$1.70 per cwt. higher in Nov '13, for a difference of nearly \$5.50 per cwt.!

Grains/Feedstuffs/Cattle/Poultry:

- Corn and SB prices moved higher late last week as export opportunities impacted the market.
- On Wednesday USDA will release its next important report. The trade is generally expecting slight declines to the Nov '14 USDA numbers for overall world ending stocks and 2014/15 production.
- Dairy cull cows through 11/15/14 are down 285,000 head from 2013. This very significant reduction has affected milk production and cull cow prices.

MARGINSMART® Insight

NOTE - The final sign up date for the MPP has been extended for an additional 2 weeks. The final date is now December 19, 2014.

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



Market Price Updates (As of 12/5/2014 Close)

	Dec '14	+/-*	Jan '15	+/-*	Feb '15	+/-*	Mar '15	+/-*	May '15	+/-*	Jul '15	+/-*	New Crop	+/-*
Class III Milk	17.80	-0.20	16.15	-0.65	15.78	-0.71	15.87	-0.64	16.21	-0.38	16.59	-0.24	16.93	-0.10
Class IV Milk	17.10	-0.08	15.93	+0.03	15.41	-0.02	15.08	+0.09	15.51	+0.21	16.02	-0.21	17.00	-0.15
Cash Butter	1.91	+0.15	1.78	+0.08	1.72	+0.05	1.69	+0.02	1.70	+0.00	1.75	-0.03	1.78	+0.00
Cash Cheese	1.72	-0.03	1.61	-0.07	1.61	-0.07	1.64	-0.06	1.67	-0.04	1.70	-0.02	1.74	-0.00
Corn	3.81	+0.05					3.95	+0.06	4.03	+0.06	4.10	+0.06	4.23	+0.06
Soybeans			10.36	+0.20			10.42	+0.20	10.48	+0.19	10.53	+0.20	10.14	+0.17
Soybean Meal	394	+3	366	+0			354	+3	349	+6	348	+6	336	+5

*Change from the Previous Week Price

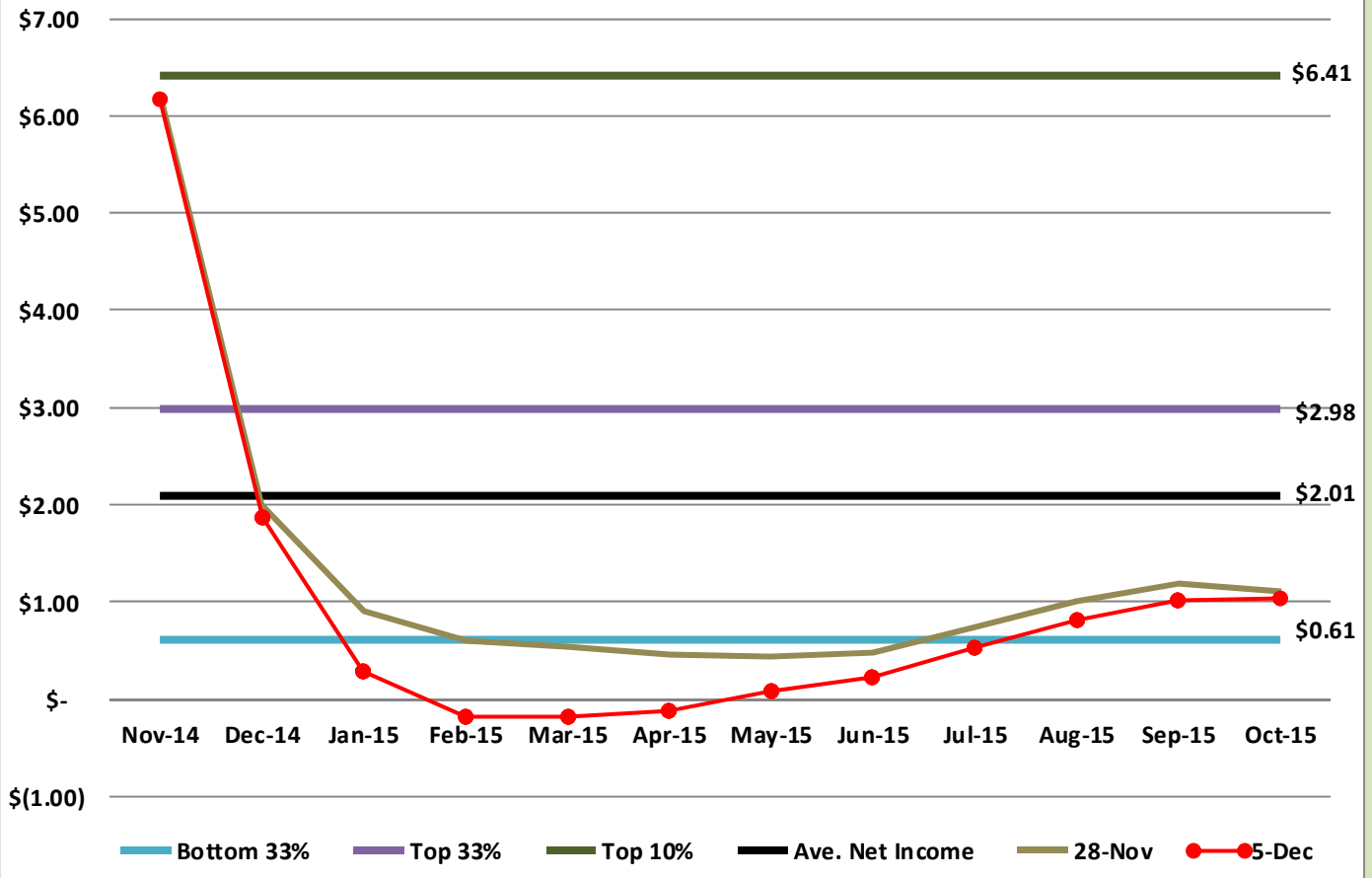
**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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.

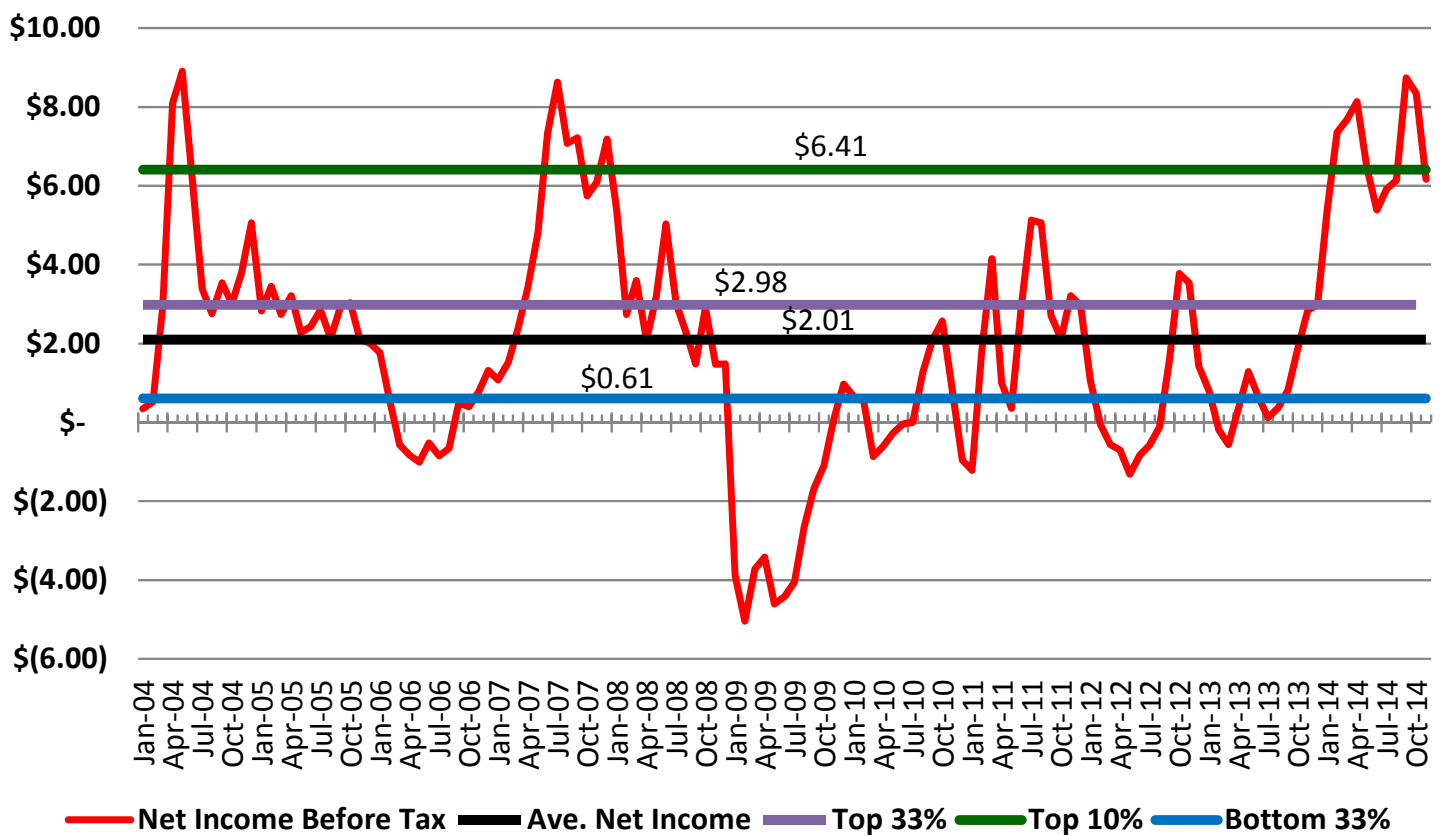
Net Income Available December 5, 2014





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 percentile), 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	