



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	Jan. '15	Feb. '15	Mar. '15	April '15	May '15	June '15	July '15	Aug. '15	Sep. '15	Oct. '15	Nov. '15	Dec. '15
Change From Prior Week	+07	+55	+50	+69	+40	+11	-05	-01	+09	+17	+25	+21

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 tracking your average projected blended milk prices and total cwt. and percentage of production with/or without committed prices. With fluctuating milk prices, the above items are very key pieces of information for a dairy producer. Your blended milk price can be viewed either before, or after, your milk basis level and should easily be adjusted for any market changes on the milk volume that you are not committed to a price on. If you use options the blend should also take that into account. Knowing the cwt. and percentages allows you to easily understand the impact of price changes on open levels. MARGINSMART® tracks all this for you in very easy to read reports so that you can make informed decisions. Please call us with any questions.

Market News

Milk: Milk production in the 23 major States during Dec '14 totaled 16.2B pounds, up 3.2% from Dec '13. Production per cow averaged 1,886 pounds for Dec '14, 35 pounds above Dec '13. This is the highest production per cow for the month of December since the 23 State series began in 2003. Milk cows on farms in the 23 major States was 8.61 million head, 107K head more than Dec '13, and 16K head more than Nov '14.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

- Many feedstuffs on the weekly feed price report have moved lower; however, a few have moved back up again. There have been some opportunities over the past few months to contract some decent prices on various products. You will need to carefully watch for those opportunities and take advantage of them when they are available because in many cases they are only available for a short time.
- **Watch diesel fuel prices for price lock opportunities. The likelihood of increased prices outweighs significant continued price reductions!**

MARGINSMART® Hedged Farm Insight

Starting this week our Feed Pricing Report includes some added coverage. We are now showing the prices from the prior month and the prior year, along with the percentage changes from those periods to the prior week.

Contact Curtis Gerrits for a **FREE**
MARGINSMART® Demo!!
DIRECT: 920-264-9140
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Market Price Updates (As of 1/23/2015 Close)

	Jan '15	+/-*	Feb '15	+/-*	Mar '15	+/-*	May '15	+/-*	Jul '15	+/-*	Sep '15	+/-*	New Crop	+/-*
Class III Milk	16.08	+07	14.98	+55	14.64	+62	14.65	+47	15.51	-00	16.10	+04	16.13	+12
Class IV Milk	13.48	-03	13.45	-00	13.63	+23	13.97	+17	15.21	+19	15.76	+03	16.03	-00
Cash Butter	1.56	+00	1.59	+01	1.64	+03	1.67	+00	1.73	-00	1.75	-01	1.75	+01
Cash Cheese	1.58	+00	1.51	+02	1.51	+02	1.55	+01	1.63	-03	1.69	-02	1.70	-00
Corn					3.87	-00	3.95	+01	4.03	+02	4.09	+02	4.17	+02
Soybeans	9.92				9.73	-19	9.79	-18	9.85	-18	9.71	-16	9.60	-15
Soybean Meal	329				332	+6	314	-7	322	+1	320	-0	316	+1

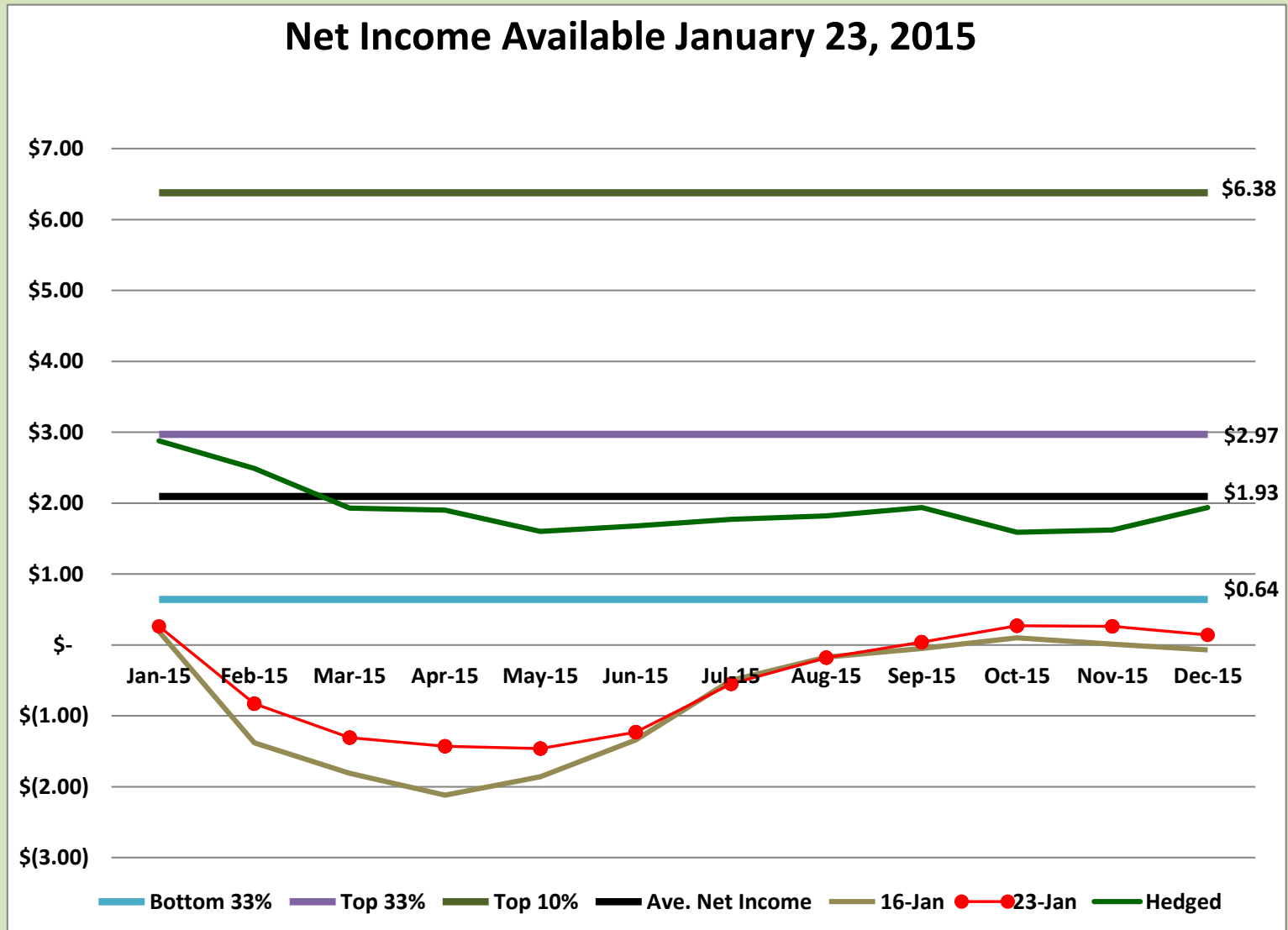
*Change from the Previous Week Price

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



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.

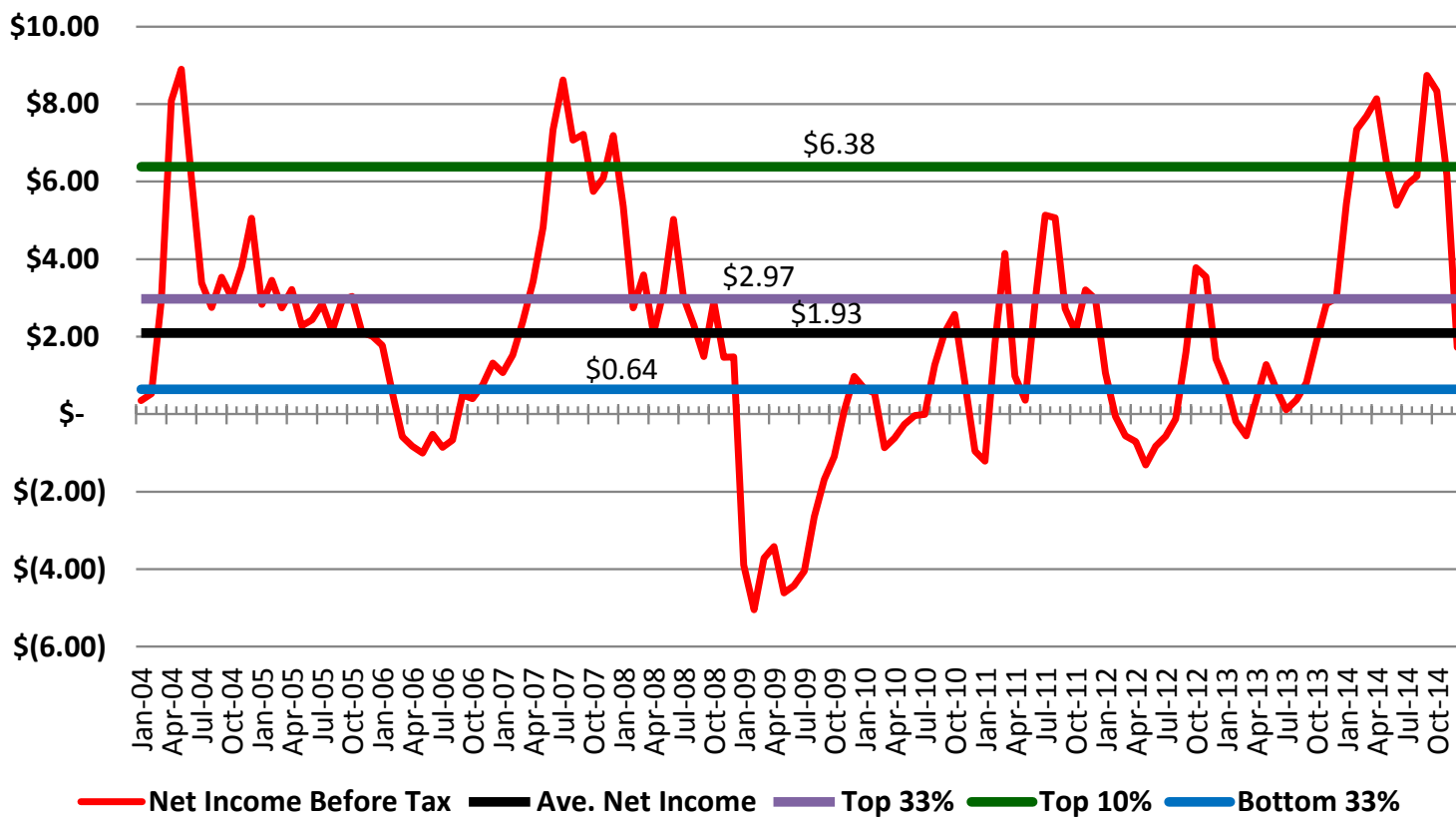
Net Income Available January 23, 2015





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 Annual Average Net Income Before Tax

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
4.04	2.67	0.07	5.21	2.89	-2.79	0.44	2.52	0.60	0.95	6.46

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	5.41