



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	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	+01	-47	-25	+07	+04	+00	-10	+34	+40	+29	.27	+24

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 establishing proper projections for 2015 and making initial 2016 projections. As mentioned in the prior newsletter, this is the time of year to revisit your actual 2014 operating expenses and other income. In addition, look at your feed inventories, current and projected feed rations and cattle headcounts and milk production levels. Use your 2014 actual results as the baseline, but then adjust for known changes into 2015. For example, if you grow your own crops and know new crop input costs – use those for 2015. While not necessary, you may decide to enter information into 2016 so that you can monitor projections to make decisions looking forward. You can set targets for both years if you have a platinum license. Please call us so that we can assist you with all of these items.

Market News

Milk: The final Dec '14 announced Class III price was \$17.82 per cwt. – down \$4.12 from Nov '14 and down \$1.13 from Dec '13. The final Dec '14 Class IV price was \$16.70 per cwt., down \$1.51 from Nov '14, and down \$4.84 per cwt. from Dec '13. The All Milk price received by farmers was \$20.30 in Dec '14, down \$2.70 from Nov '14, and down \$1.70 from Dec '13.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

- March '15 corn futures were down Friday as much as \$.25 per bushel from the highs on Monday to strength of the US dollar and weakness in energy and other grain prices.
- Poultry production is expected to be much higher in 2015 than 2014. This will result in increased corn and SBM usage within the poultry sector.
- Live steer prices ended 2014 at prices over 20% higher than 2013. Live prices were nearly \$1.62 per pound up from \$1.34 a year ago.
- Dairy cull cow slaughter for Jan-Nov '14 totaled 2.56M vs. 2.87M for the same period for 2013.

MARGINSMART® Insight

Starting this week we will start reported the results of our Sample Dairy which has executed hedging strategies on milk and feed (see page 2). For 2015, the hedging strategies have resulted in a \$2.26 per cwt. advantage over doing nothing.

Contact Curtis Gerrits for a **FREE**
MARGINSMART® Demo!!
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Market Price Updates (As of 1/2/2015 Close)

	Dec '14	+/-*	Jan '15	+/-*	Feb '15	+/-*	Mar '15	+/-*	May '15	+/-*	Jul '15	+/-*	New Crop	+/-*
Class III Milk	17.82	+09	15.92	+17	15.49	+28	15.27	+33	15.16	+08	16.15	+23	16.31	-04
Class IV Milk	16.70	+15	14.62	-08	14.51	+01	14.43	+07	14.63	+01	15.67	+27	16.12	+02
Cash Butter	1.90	+02	1.61	+02	1.62	+02	1.67	+02	1.69	+03	1.74	+02	1.78	+03
Cash Cheese	1.74	+01	1.57	+00	1.58	+03	1.60	+04	1.61	+02	1.70	+03	1.71	-01
Corn	3.96	+00					3.96	-19	4.04	-19	4.11	-19	4.19	-20
Soybeans			10.02	-45			10.07	-47	10.15	-46	10.20	-46	9.93	-36
Soybean Meal	379	-0	357	-23			340	-22	334	-19	333	-18	324	-16

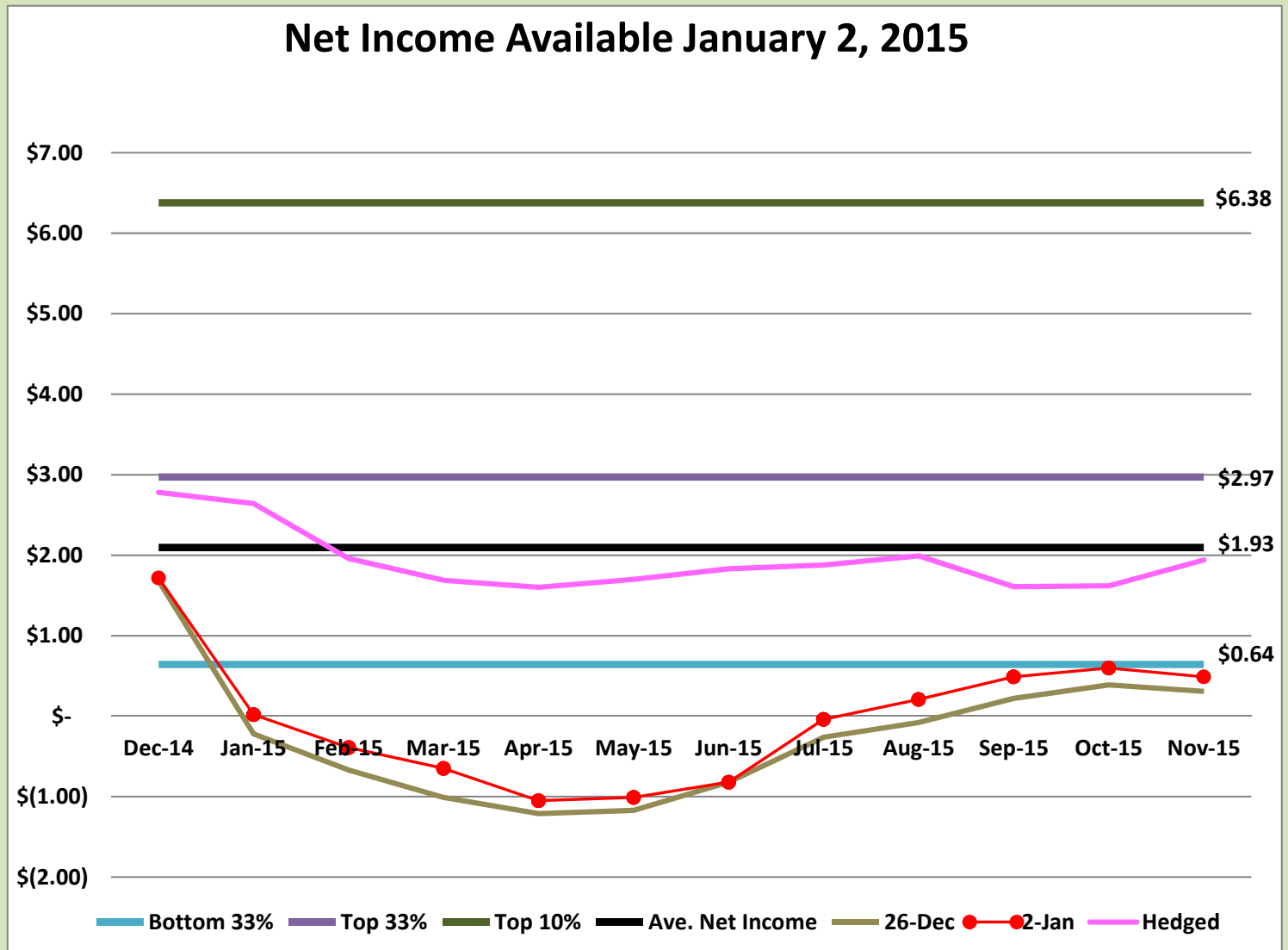
*Change from the Previous Week Price

**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.

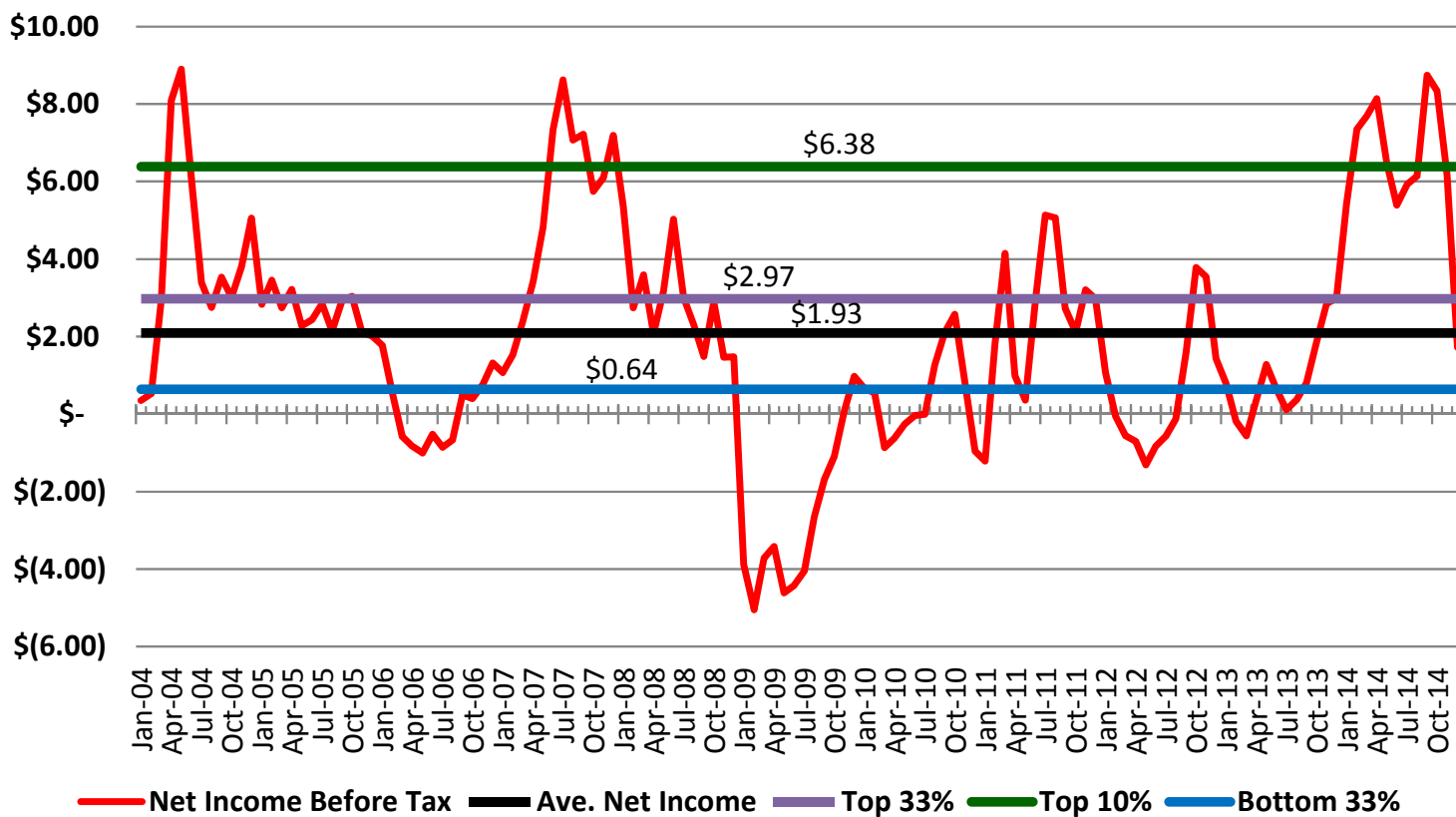
Net Income Available January 2, 2015





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 Quarterly 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