



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	April '15	May '15	June '15	July '15	Aug. '15	Sep. '15	Oct. '15	Nov. '15	Dec. '15	Jan. '16	Feb. '16	Mar. '16
Change From Prior Week	+0.10	+0.16	+0.05	-0.02	+0.03	-0.12	-0.06	-0.07	-0.14	-0.06	-0.01	+0.01

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

This week we will revisit how contracting affects your projections. I have had several questions from customers on this lately so I thought it would be good to revisit this topic. Any contract (whether it is for milk or feedstuffs, and whether a cash contract, futures position or option position) that is entered into MARGINSMART® will essentially result in that price being established for the identified quantity entered. Any milk or feedstuffs produced or fed above the contracted amount will be based on market prices (and updated consistently) so that your dairy will always have "real-time" updated milk and feed prices for your projections. We can also include certain basis contracts within your account to also properly price any ingredient that may be purchased via a basis contract. We have great flexibility within MARGINSMART® to handle nearly any type of situation. Call us with any questions.

Market News

Milk: USDA estimated Feb '15 milk production up 1.7%. CA and NM had reductions in production from Feb '14, but SD and MI were up significantly.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

This week we will touch base on a few things happening on the livestock fronts:

- As mentioned in prior newsletters, hog numbers are greatly increased from prior year. **Hog market prices are roughly 50% of 2014 prices.**
- Beef prices continue higher as demand allows increases. **Market prices are up 10% from 2014.**
- Dairy cull cows are up 2.2% YTD through Feb '15 at 518K head compared to 507K for the first two months of last year.

MARGINSMART® Hedged Farm Update

Starting in 2015 we began reporting the results of our 2nd Sample Dairy which has executed hedging strategies on milk and feed (see page 2). For the 1st 3 months of 2015, the hedging strategies have resulted in a \$2.70 per cwt. advantage over doing nothing!

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



Market Price Updates (As of 4/10/2015 Close)

	Apr '15	+/-*	May '15	+/-*	June '15	+/-*	July '15	+/-*	Aug '15	+/-*	Sep '15	+/-*	New Crop	+/-*
Class III Milk	15.69	+0.10	15.77	+0.20	15.71	+0.15	16.25	+0.05	16.80	+0.07	17.12	+0.03	17.15	-0.10
Class IV Milk	13.73	-0.14	13.88	-0.32	14.29	-0.43	14.63	-0.34	15.02	-0.25	15.54	-0.19	16.00	-0.00
Cash Butter	1.74	+0.01	1.80	+0.01	1.81	+0.01	1.83	+0.01	1.84	+0.02	1.85	+0.02	1.88	+0.01
Cash Cheese	1.60	+0.01	1.62	+0.02	1.62	+0.01	1.69	+0.01	1.75	+0.01	1.78	-0.01	1.78	-0.02
Corn			3.77	-0.09			3.85	-0.09			3.92	-0.10	4.02	-0.08
Soybeans			9.51	-0.35			9.56	-0.35	9.55	-0.36	9.47	-0.33	-0.42	-0.32
Soybean Meal			309	-0.18	310	-0.17	309	-0.16	309	-0.15	307	-0.14	307	-0.15

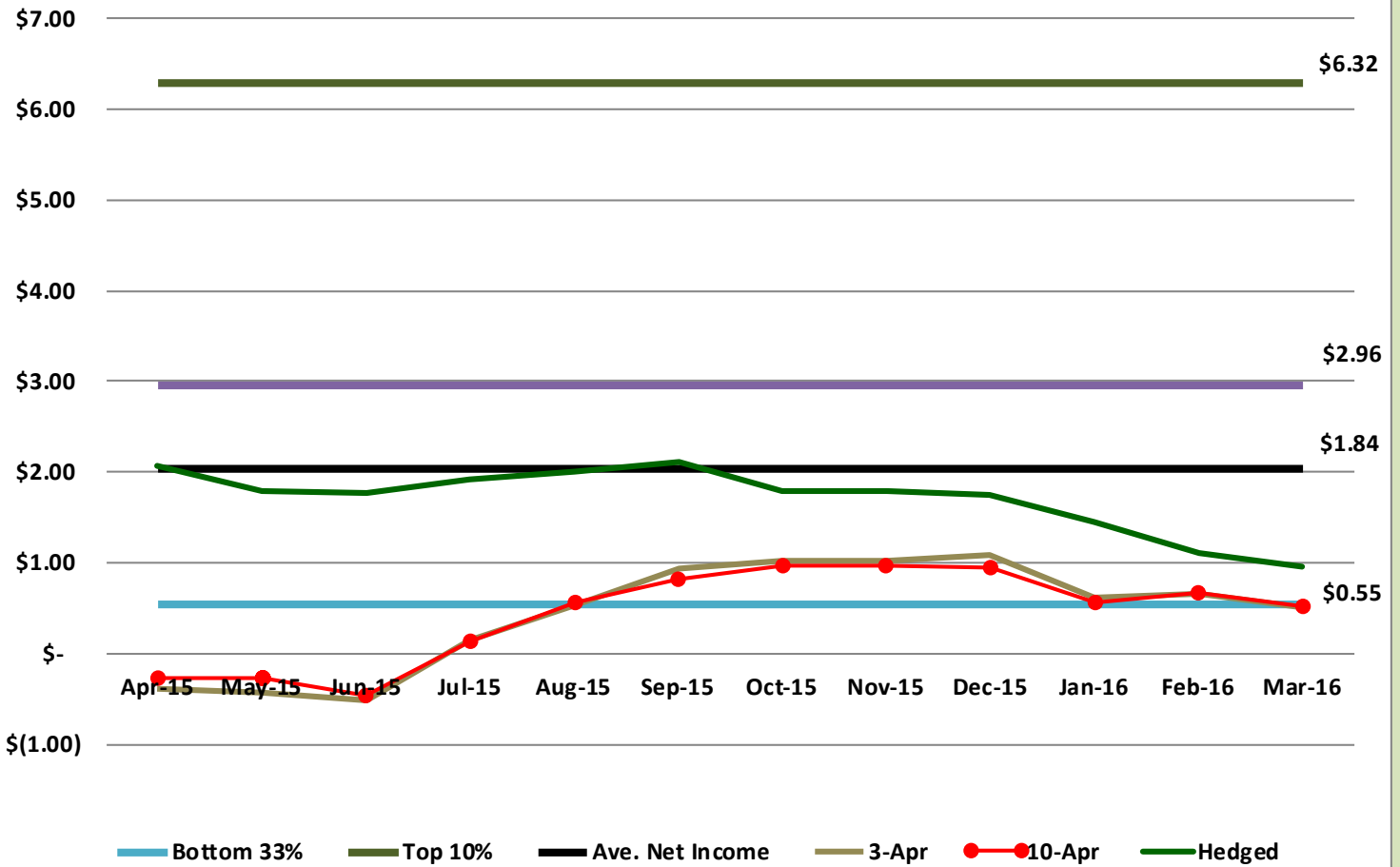
*Change from the Previous Week Price

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



MARGINSMART® maintains a fully virtual Sample Farm with 1,500 mature cows and 86 #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.

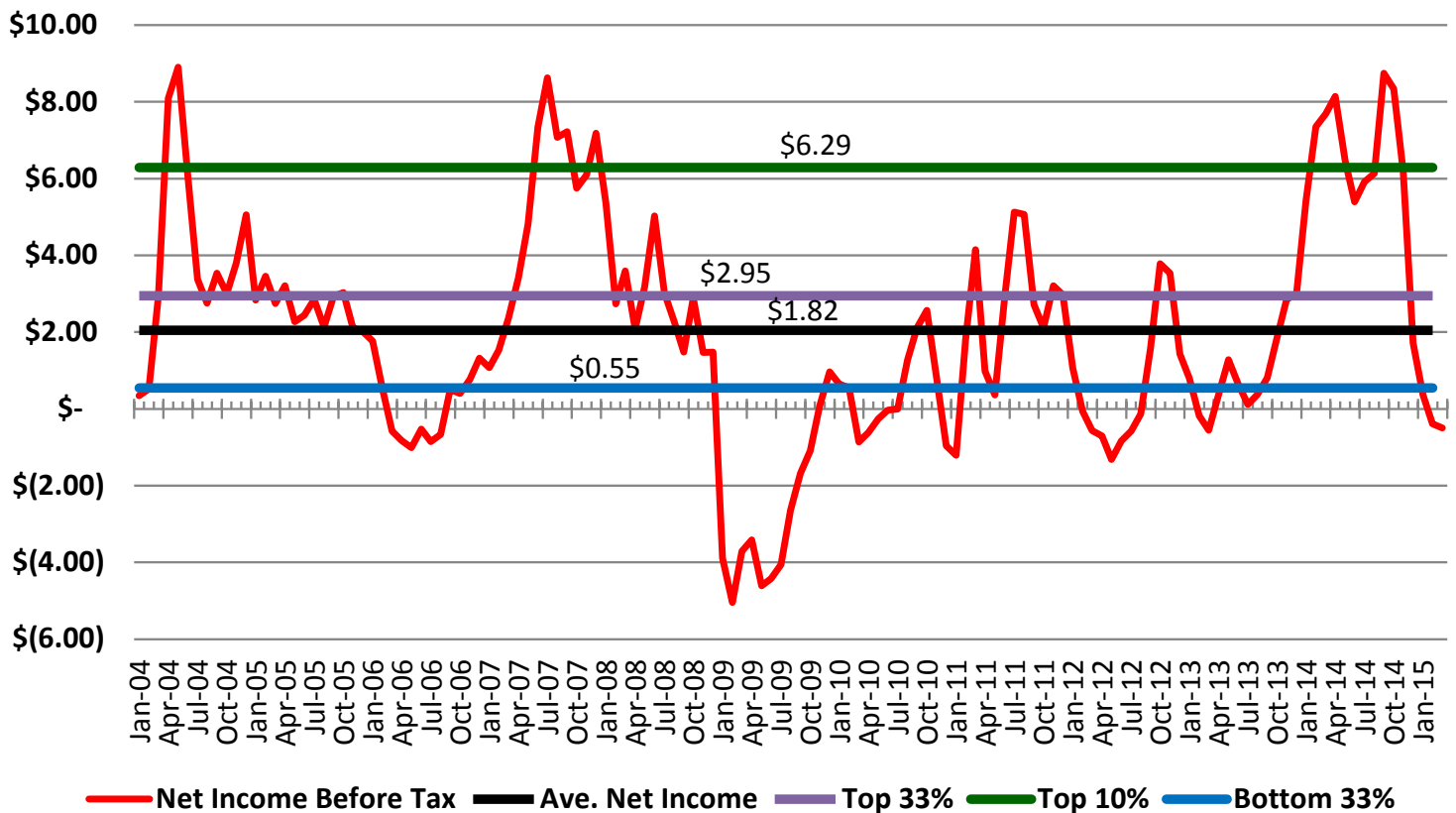
Net Income Available April 10, 2015





MARGINSMART® maintains a fully virtual Sample Farm with 1,500 mature cows and 86 #s (current level – this has increased over the past 11 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 11 years’ results (with adj. milk / day). The red line on the chart below shows the net income before tax for the last 11 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.)

2004-2015 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
2015	-.18			