



# "For SMART Management"

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MARGINSMART®  
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## MARGINSMART® Sample Farm Profitability Changes From Last Week

	Feb. '14	Mar. '14	Apr. '14	May '14	June '14	July '14	Aug. '14	Sep. '14	Oct. '14	Nov. '14	Dec. '14	Jan. '15
Change From Prior Week	-0.09	+0.31	-0.13	-0.03	+0.15	+0.21	+0.31	+0.26	+0.29	+0.17	+0.23	+0.22

### Welcome to MARGINSMART®

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

MARGINSMART® offers a great way to look at alternative rations and immediately provide you with the potential impact on your projections for future months. We can do this for you as part of our customer service. If you like, you can also do it yourself. We suggest that you print or save your Overall Summary Report before making changes. Simply provide us with all the potential new feed ingredients, along with their corresponding market prices and the corresponding new ration(s). Then let us know which ration(s) is being considered to be replaced. In addition, if you expect the milk production per cow per day to change, let us know that as well. We will enter all the info and usually within 15 minutes (based on a few new ingredients and 1-2 ration changes) we can provide the new projections. Call us with any questions.

### Market News

**Milk:** Recent milk production has increased in most parts of the United States except the Midwest. Many parts of the Midwest are experiencing the coldest winter in the past 100 years and milk production is down. Australian milk production for 2013/2014 season is forecast to be flat to down 2%.

### Market News (Continued)

**Grains/Feedstuffs:** This week we will highlight a few issues taking place around the globe that may impact future prices:

- Turmoil between Russia/Ukraine has resulted in reduced currency values for both countries
- Tension between Russia/Ukraine may also impact the planting season for 2014 for both countries
- China's processing demand for poultry & pork processing has slowed which has reduced demand for corn and soybean meal. This could also slow GMO approval there.
- Favorable weather expected in S. America for crop development over the next two weeks.

**MARGINSMART® has a referral program for existing customers. Please contact us for details!**

### MARGINSMART® Insight

*Keep your feed ingredient prices current within MARGINSMART® so that you can know your specific profitability projections!*

**Visit us on the Web at:**

[www.marginsmart.com](http://www.marginsmart.com)

[www.facebook.com/MarginSmart](http://www.facebook.com/MarginSmart)

## Market Update (As of 2/28/2014 Close)

	Feb. '14	+/-*	Mar. '14	+/-*	Apr. '14	+/-*	May '14	+/-*	Jul. '14	+/-*	Sep. '14	+/-*	New Crop 14'	+/-*
Class III Milk	23.18	-0.01	22.15	+0.36	20.85	-0.05	20.07	+0.06	19.73	+0.35	19.10	+0.24	18.26**	+0.26
Class IV Milk	23.44	-0.06	23.12	-0.08	23.03	+0.23	22.31	+0.15	21.64	+0.32	21.00	+0.48	19.33**	+0.07
Corn			4.57	+0.04			4.63	+0.04	4.66	+0.03	4.66	+0.05	4.60**	-0.04
Soybeans			14.14	+0.43			14.14	+0.54	13.85	+0.40	12.34	+0.19	11.69**	+0.15
Soybean Meal			468	+12			458	+18	444	+16	398	+11	364**	+6

\*Change from the Previous Week Price

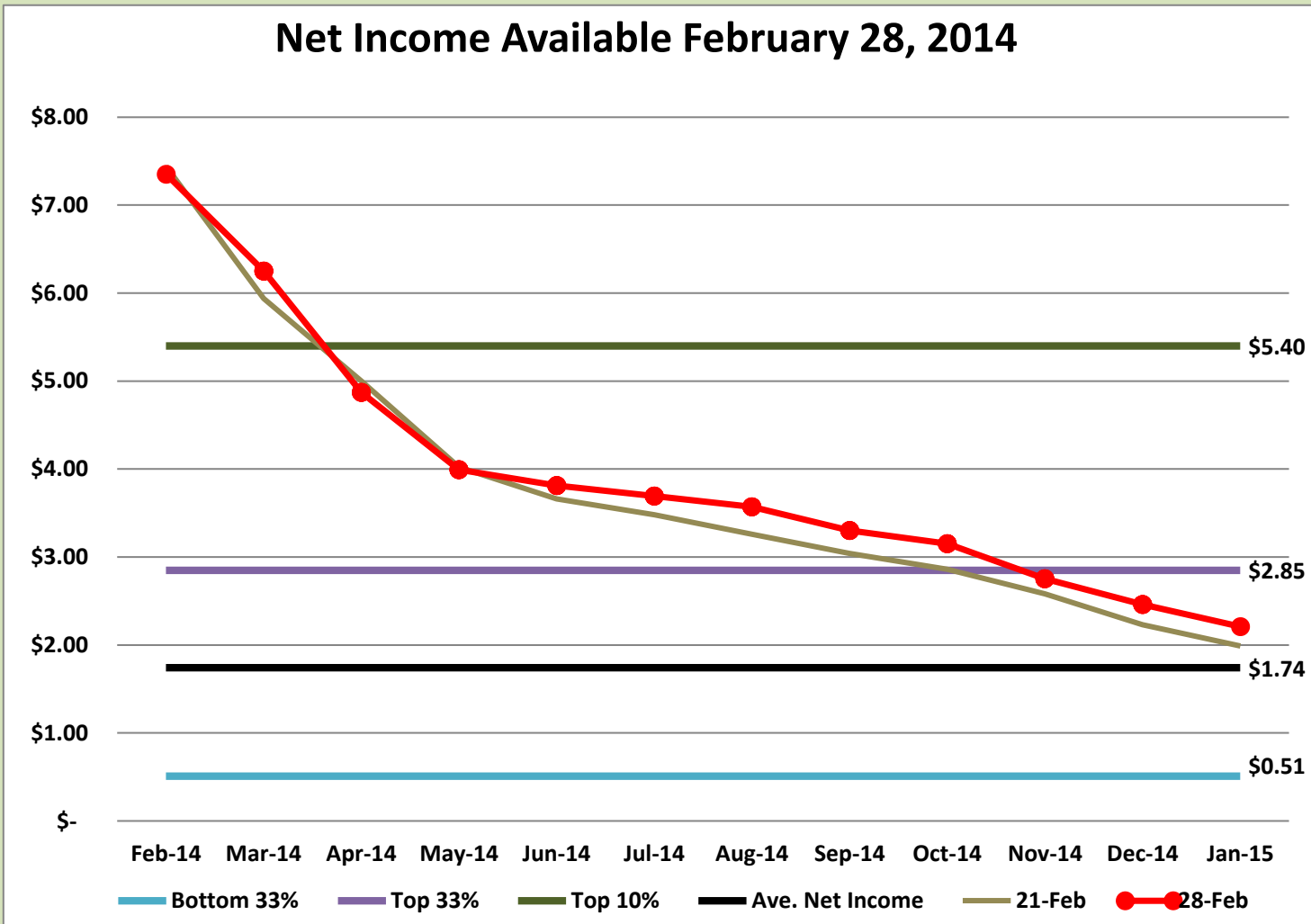
\*\*New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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.

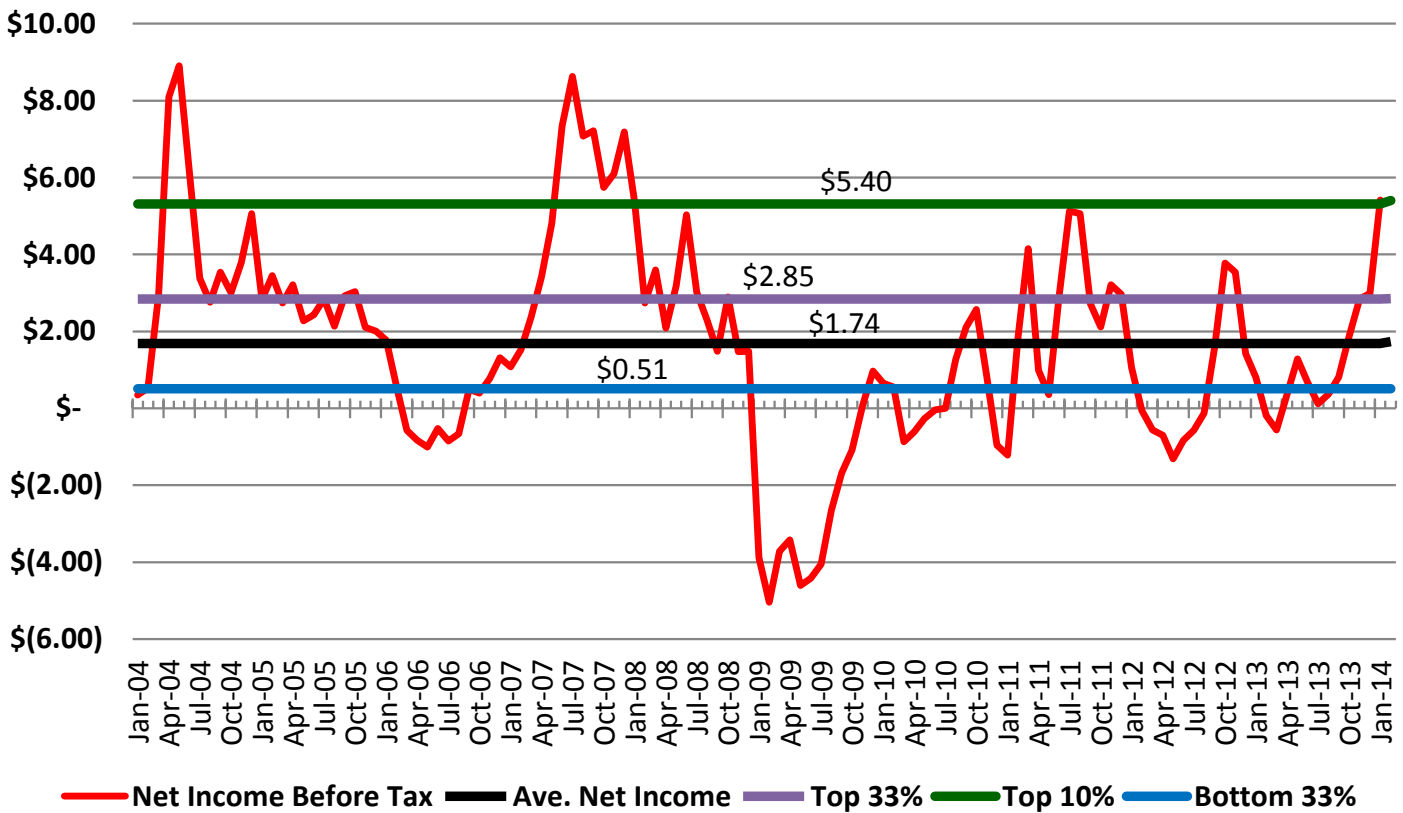
### Net Income Available February 28, 2014





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% (90<sup>th</sup> percentile), top 33% (67<sup>th</sup> percentage), the average and bottom 33% (33<sup>rd</sup> percentile.)

## 2004-2014 Historical Net Income Before Tax





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### Historical Yearly 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