



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	Feb. '15	Mar. '15	April '15	May '15	June '15	July '15	Aug. '15	Sep. '15	Oct. '15	Nov. '15	Dec. '15	Jan. '16
Change From Prior Week	-0.22	-0.01	+0.06	+0.14	+0.21	+0.07	-0.07	-0.11	-0.07	+0.09	+0.16	-0.11

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 the true ration/feed cost for your herd. I continue to talk with prospective customers that do not fully realize the impact of this, so I thought it would be a good reminder to all of you to touch base on this subject again. This industry has a great number of excellent nutritionists and several very good feed management programs, each of which may identify and state the dairy's feed cost per head per day or in total. However, the dairy's true feed cost will ultimately be determined by what is purchased or grown and fed to the herd. That means that shrink, actual purchased feed prices (or cost to produce homegrown feedstuffs) and over feeding to create weighback/refusals/pushout (or the like) will ultimately impact the actual costs. Even if you re-feed the refusals, there still is an increased cost for what you feed to create the refusal. Please call with any questions on this very important subject.

Market News

Milk: Milk production climbed 2.4% in 2014 to reach 206B pounds. Milk per cow averaged 22,258 pounds, up 2%. Both were new records. Cows rose by 0.5% to 9.255 million head.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

USDA Cold Storage Report 2/20/15 Highlights:

- Boneless beef in storage at 1/31/15 was 14.5% higher than a year earlier and nearly 10% higher than 12/31/14. This surge is estimated to be from increased imports of cheaper foreign trimmings.
- Total pork in storage is 18% higher than 12/31/14
- Total of all meat and poultry shows that 1/31/15 supplies were 4.9% higher than prior year and 13% higher than 12/31/14.

The items above combined with potential increased dairy cow culling due to lower margins could negatively impact cull cow prices in the near term.

MARGINSMART® Insight

As you wrap up your 2014 financial statements and tax work, this is a great time for us to revisit your 2015 and 2016 projections for operating income and expenses.

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



Market Price Updates (As of 2/20/2015 Close)

	Feb '15	+/-*	Mar '15	+/-*	April '15	+/-*	May '15	+/-*	Jul '15	+/-*	Sep '15	+/-*	Nov '15	+/-*
Class III Milk	15.54	-0.19	15.53	-0.01	15.32	+0.12	15.66	+0.22	16.74	+0.07	17.22	+0.00	16.98	+0.16
Class IV Milk	14.02	-0.23	15.42	+0.27	15.71	-0.30	15.98	-0.06	17.07	+0.20	17.12	-0.08	17.08	-0.02
Cash Butter	1.69	-0.01	1.79	+0.03	1.80	-0.00	1.81	+0.01	1.82	+0.00	1.86	+0.00	1.84	+0.01
Cash Cheese	1.55	+0.00	1.57	+0.00	1.57	+0.01	1.61	+0.02	1.73	+0.00	1.79	+0.01	1.75	+0.00
Corn			3.85	-0.02			3.93	-0.02	4.00	-0.03	4.07	-0.02	4.16	-0.01
Soybeans			9.99	+0.09			10.02	+0.07	10.07	+0.07	9.91	+0.08	9.80	+0.09
Soybean Meal			348	+16			339	+13	336	+12	331	+10	325	+9

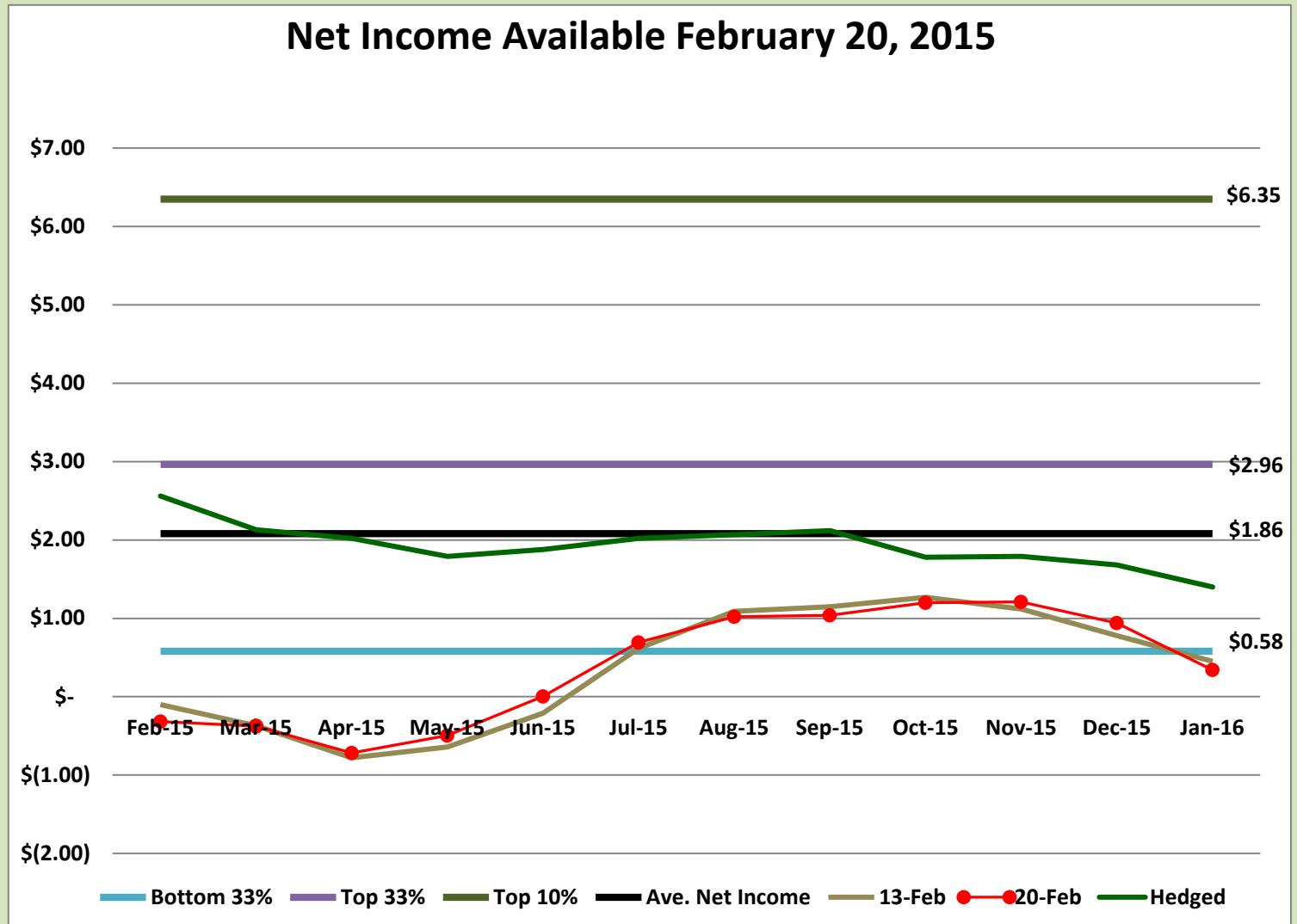
*Change from the Previous Week Price

**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.

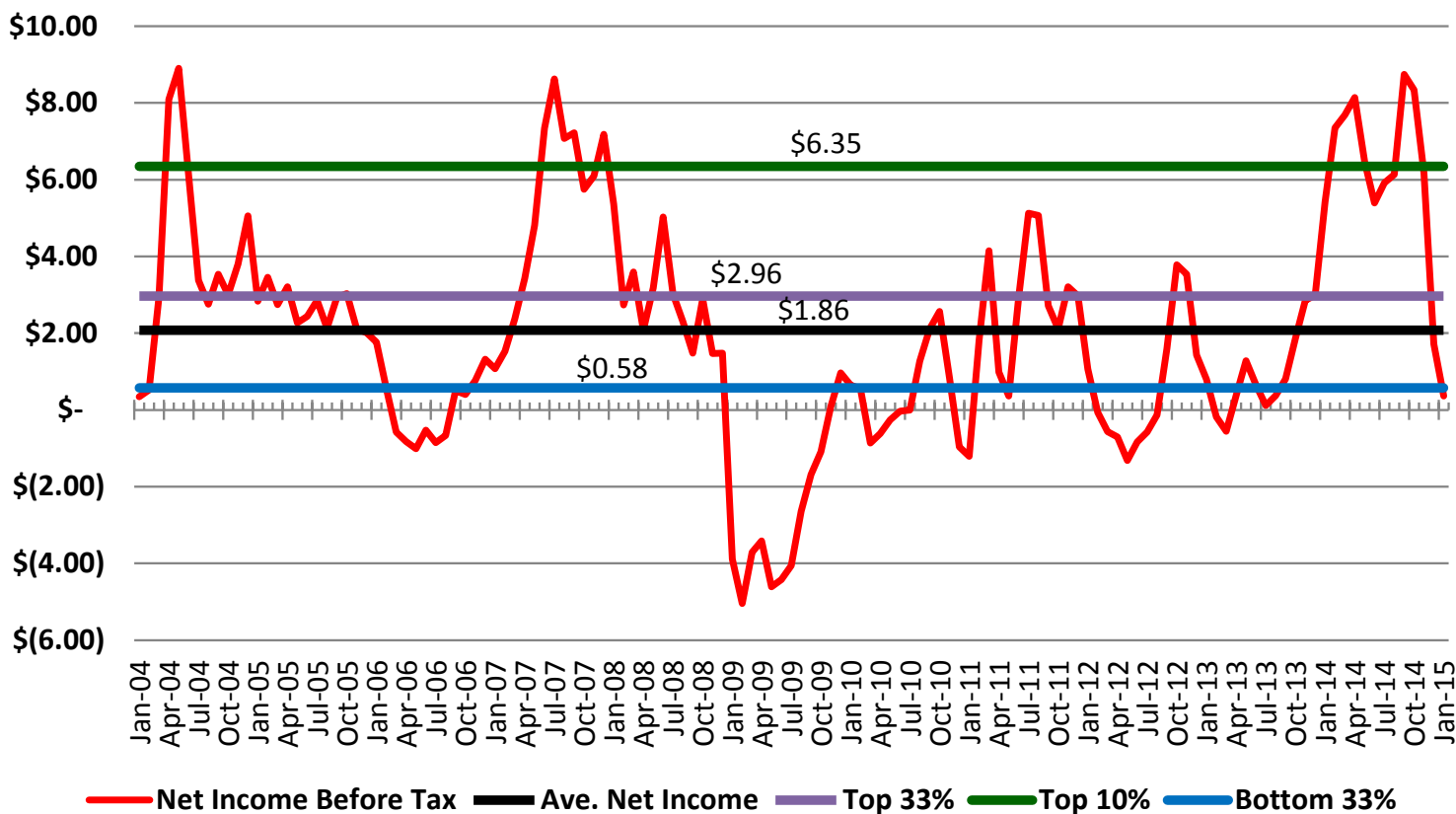
Net Income Available February 20, 2015





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.)

2004-2015 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