



# WEEKLY NEWSLETTER

## "For SMART Management"

Ph: 877-474-7589 • 1600 W. Shawano Ave. Suite 201 • Green Bay, WI 54303

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

	Aug. '15	Sep. '15	Oct. '15	Nov. '15	Dec. '15	Jan. '16	Feb. '16	Mar. '16	Apr '16	May '16	June '16	July'16
Change From Prior Week	+06	+06	+24	+22	+08	-06	-09	+00	-02	+02	-06	-08

#### 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 revisit the target features available to our platinum level customers. MARGINSMART's main function is to calculate highly reliable monthly projections of your dairy's overall profitability, and then update those projections continually throughout the day. MARGINSMART's target feature allows you to set bottom line or milk margin absolute dollar amount or per cwt. targets for any, or multiple, months. Since MARGINSMART recalculates your monthly projections continually it also continually compares them to your target level. If the projection exceeds the target, MARGINSMART will text you to inform you so that you can execute your strategy. It will also display a TARGET MET icon within the program. As a reminder, you can set multiple targets for each month so that you can create multi-step marketing plans (i. e. 20% increments). You can also set targets to be alerted if milk, corn or SBM futures go above or below specified levels.

#### Market News

**Milk:** The final July '15 announced Class III price was \$16.33 per cwt. – down \$.39 from June '15 and down \$5.27 from July '14. The final July '15 Class IV price was \$13.15 per cwt., down \$.75 from June '15, and down \$10.63 per cwt. from July '14.

#### Market News (Continued)

##### Special Notes on California FMMO Proceedings:

The U.S. Department of Agriculture will hold a public hearing starting on Sept. 22, 2015, in Clovis, Calif., to consider the establishment of a Federal Milk Marketing Order (FMMO) for California. Those interested in testifying should notify USDA upon arrival at the hearing. For a copy of the hearing notice and additional information, visit [www.ams.usda.gov/CAOrder](http://www.ams.usda.gov/CAOrder) or contact William Francis, by phone at (202) 720-6274; or by e-mail at [william.francis@ams.usda.gov](mailto:william.francis@ams.usda.gov). The hearing will be overseen by an impartial Administrative Law Judge who will ensure testimony and evidence presented fall within the scope of what is contained in the Notice of Hearing.

**Next week we will revisit Grain/Feed/Cattle Items.**

#### MARGINSMART® Insight

**I will be at the Empire Farm Days in Tent A for those of you that will be attending that trade show August 11-13<sup>th</sup> this week. Please stop in and see me at the booth!**

Contact us for a **FREE MARGINSMART® Demo!**

**DIRECT: 920-264-9139**

**EMAIL: [mark@marginsmart.com](mailto:mark@marginsmart.com)**

### Market Price Updates (As of 8/7/2015 Close)

	Aug'15	+/-*	Sep '15	+/-*	Oct '15	+/-*	New Crop	+/-*	Jan '16	+/-*	Feb'15	+/-*	Mar'16	+/-*
Class III Milk	16.47	+06	16.56	+00	16.54	+18	16.27	+20	15.54	-04	15.39	-07	15.47	+08
Class IV Milk	12.72	+00	12.94	+09	13.11	-12	13.37	-03	13.47	+23	13.5	+09	13.9	-12
Cash Butter	1.97	+02	1.98	-01	1.97	+01	1.96	+01	1.75	-05	1.74	-03	1.75	-02
Cash Cheese	1.74	+01	1.76	+01	1.77	+03	1.75	+04	1.69	+01	1.68	+02	1.67	+02
Corn			3.73	+02			3.84	+03					3.95	+03
Soybeans	10.09	+28	9.75	+22			9.63	+23	9.68	+22			9.62	+18
Soybean Meal	353	-2	344	+5	336	+9	333	+9	330	+7			326	+7

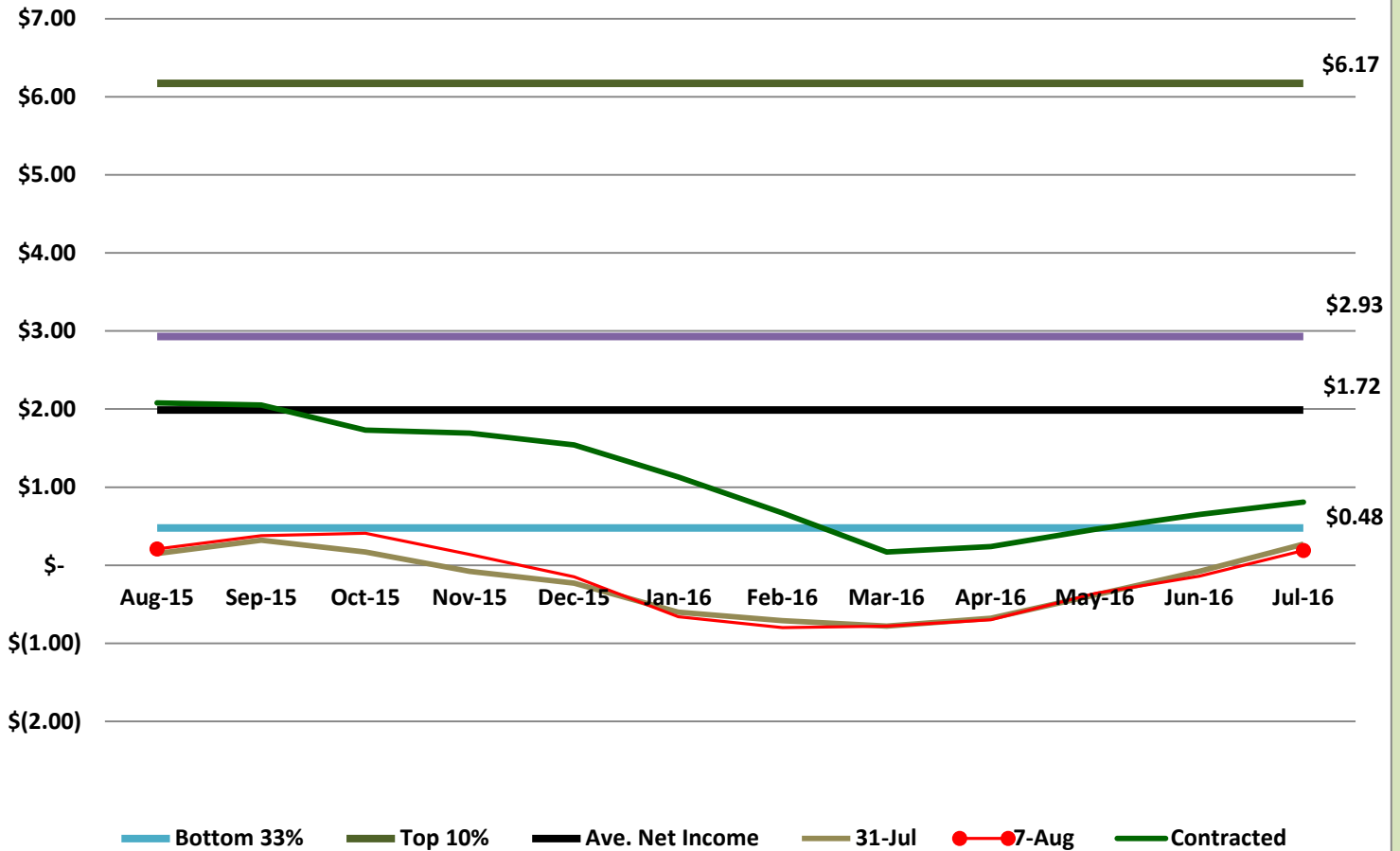
\*Change from the Previous Week Price

\*\*New Crop: Milk (Nov.), 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.

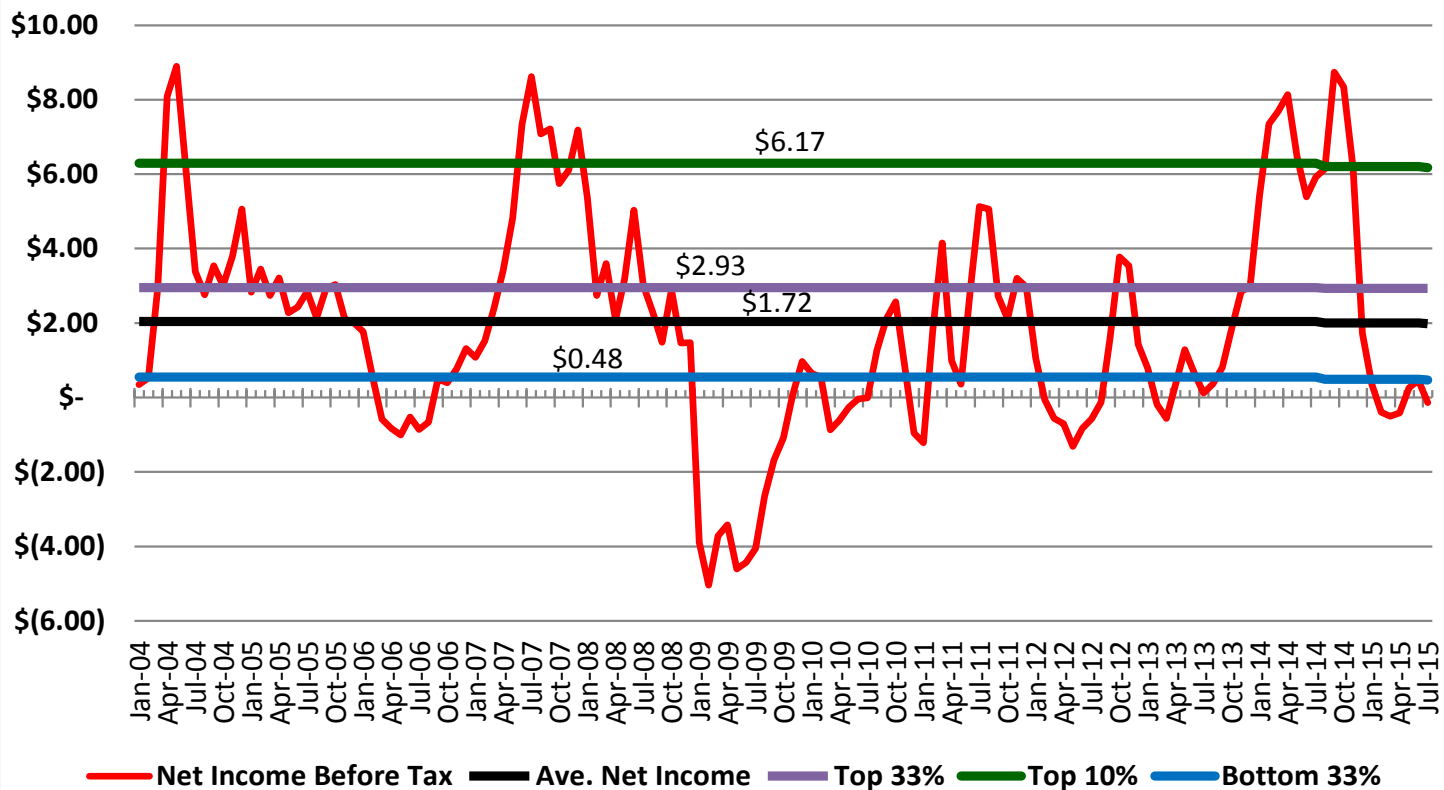
## Net Income Available August 7, 2015





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

## 2004-2015 Historical Net Income Before Tax





MARGINSMART® maintains a fully virtual Sample Farm with 1,500 mature cows and 86 #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 11 year's results (with adj. milk / day). The first chart is the yearly average net income per cwt. for the last 11 years. The second chart breaks the yearly income into quarterly increments per cwt. for the last 11 years. The charts below are a breakdown of the information in the historical graph above.

### 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	-0.18	.11		