



WEEKLY NEWSLETTER

"For SMART Management"

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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	+0.00	-0.05	-0.06	-0.04	-0.03	-0.13	-0.09	-0.14	-0.15	-0.16	-0.04	-0.06

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 year-to date calculations for the MPP Program. The program uses an average of two months to calculate the average for which payments are calculated against. So far in 2015 there have been 3 two month periods with the following weighted average milk margins calculated per the program:

January – February	\$7.996
March - April	\$7.504
May – June	\$7.995

This means that if dairy had insured at the \$7.50 or \$8.00 level they will be receiving payments for 1 or all three periods year to date, albeit very small based on the \$8.00 level. Please call with any questions.

Market News

Milk: Comments from the August Milk Supply and demand Estimates (WAOB): The milk production forecast for 2015 is unchanged from last month, but weaker milk prices in late 2015 and 2016 result in lower production for 2016 than forecast last month. Exports are reduced as competition in world markets is expected to be robust in both 2015 and 2016 and relatively strong domestic demand will likely encourage increased imports.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Highlights from the 8/17/15 Crop Progress Report:

- Corn rated good and excellent 69% vs. 72% in '14
- Corn in dough stage is at 71% vs 5 yr avg of 66%
- Corn dented is at 21% vs. 5 yr avg of 28%
- SB blooming and setting pods are both at the 5 yr avg
- SB rated good and excellent 63% vs. 71% in '14
- Cotton rated good and excell. 55% vs. 50% in '14
- Wheat, oats and barley harvest percentages are all well above 2014 percentages
- Top soil & subsoil moisture levels rated adequate or surplus are 10-15% greater than in 2014

MARGINSMART® Insight

Our Sample Farm that had entered into contracts for milk and feed for a portion of its production for 2015 continues to outperform our Sample Farm which is completely at the market by over \$2.00/cwt. See Page 2.

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

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Market Price Updates (As of 8/14/2015 Close)

	Aug'15	+/-*	Sep '15	+/-*	Oct '15	+/-*	New Crop	+/-*	Jan '16	+/-*	Feb'15	+/-*	Mar'16	+/-*
Class III Milk	16.43	-0.04	16.46	-0.10	16.42	-0.12	16.14	-0.13	15.38	-0.16	15.22	-0.17	15.25	-0.22
Class IV Milk	12.72	+0.00	13.46	+0.52	13.75	+0.64	13.75	+0.38	13.48	+0.01	13.50	+0.00	14.05	+0.15
Cash Butter	2.01	+0.04	2.11	+0.13	2.12	+0.15	2.05	+0.09	1.77	+0.03	1.76	+0.02	1.77	+0.02
Cash Cheese	1.74	+0.00	1.76	-0.01	1.75	-0.02	1.74	-0.01	1.69	+0.00	1.67	-0.01	1.67	+0.00
Corn			3.64	-0.09			3.75	-0.09					3.87	-0.08
Soybeans	9.78	-0.31	9.26	-0.49			9.16	-0.47	9.22	-0.46			9.21	-0.41
Soybean Meal	331	-22	325	-19	317	-19	314	-19	313	-17			310	-16

*Change from the Previous Week Price

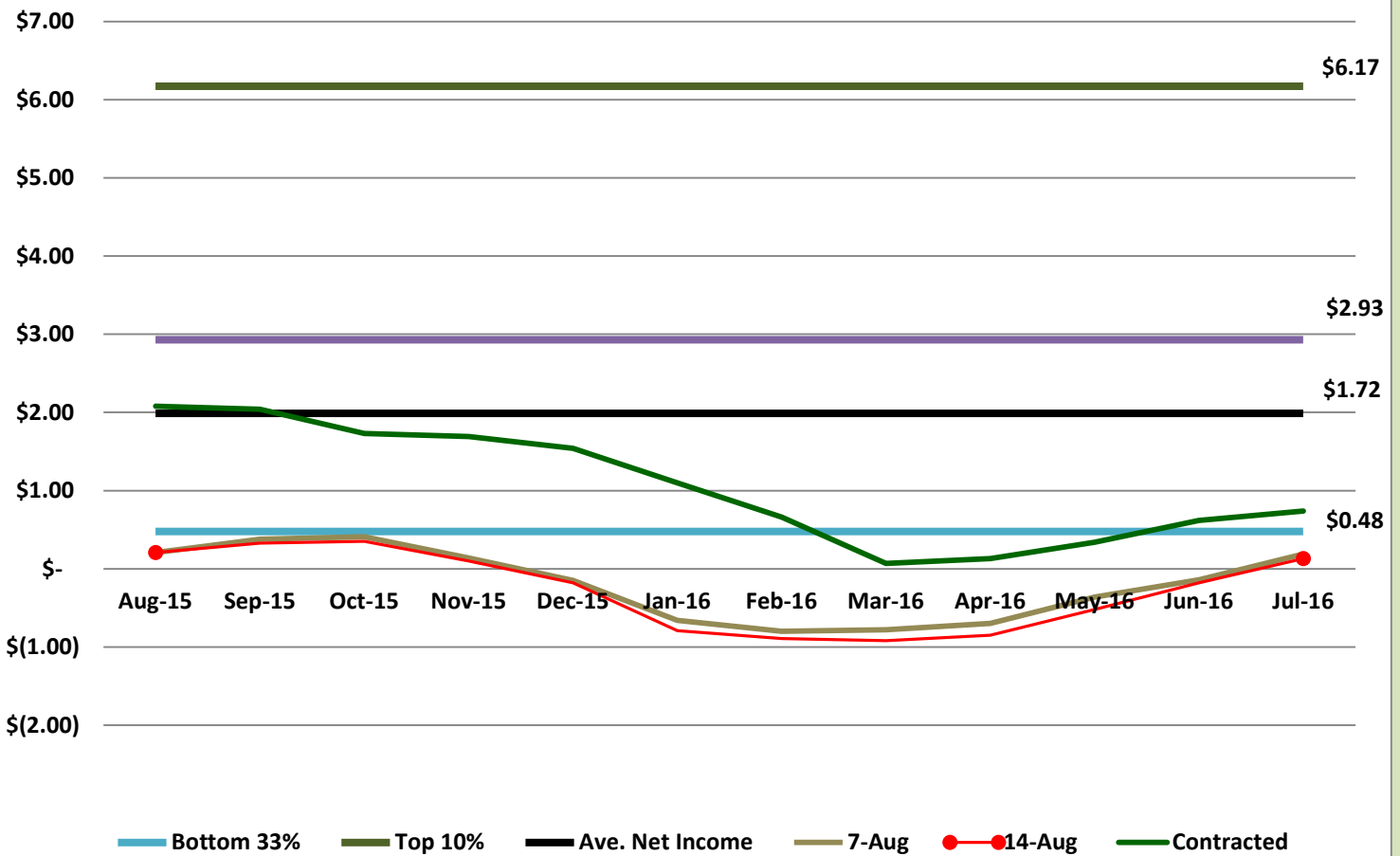
**New Crop: Milk (Nov.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)

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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.

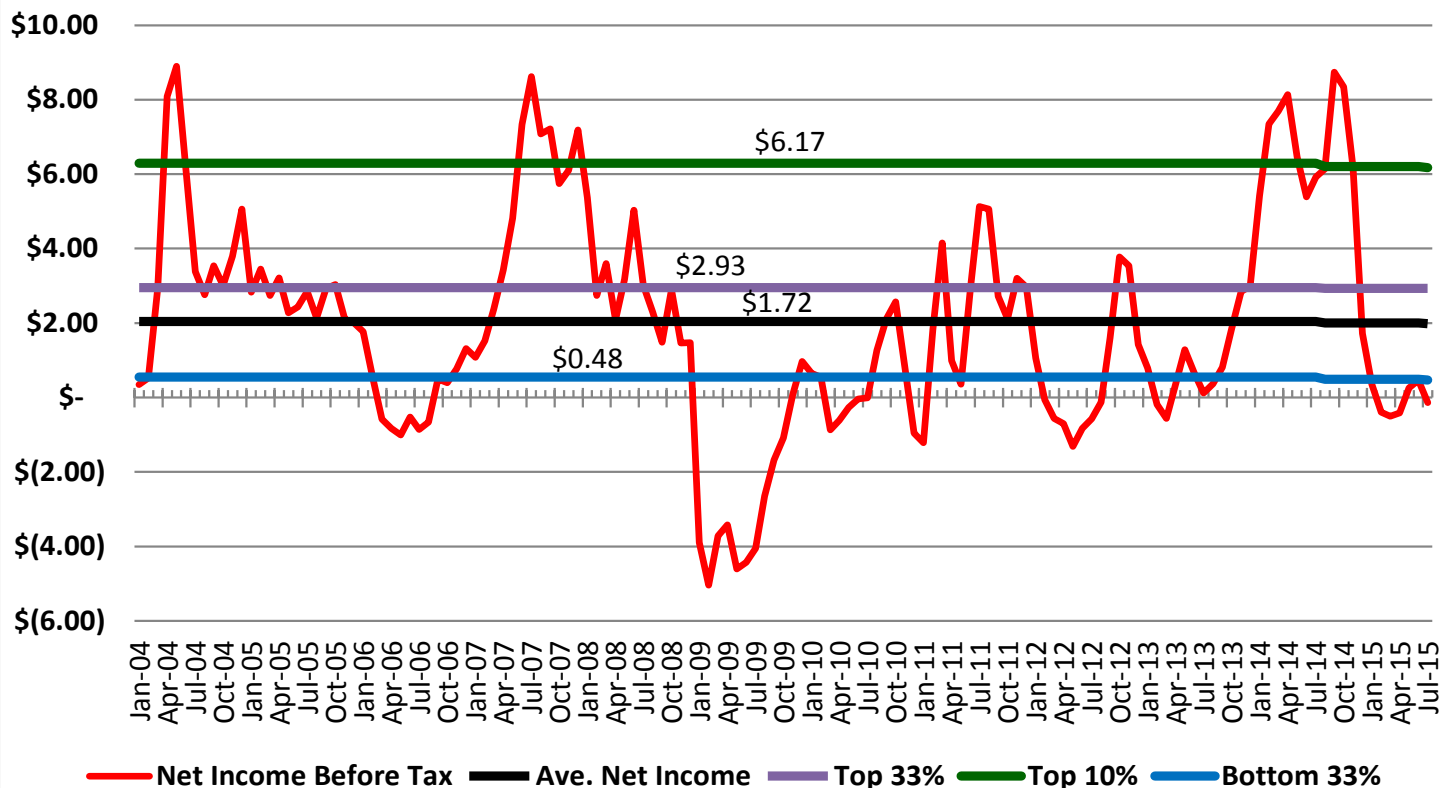
Net Income Available August 14, 2015





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	-0.18	.11		