



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	+0.28	+0.32	+0.39	+0.40	+0.40	+0.30	+0.28	+0.24	+0.31	+0.32	+0.18

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

WORLD MARKETS ARE IN A VOLATILE STATE OF FLUX

This week we dedicate this space to highlight the impact of economic uncertainty in the world stock and commodity exchanges; and the impact that could potentially have on dairy producers. Much of this stems from fears of economic instability in China and other emerging nations. The following identifies some key items (markets were :

- *China's main stock exchange is down nearly 20% in the last 5 days, and 8.5% on Monday 8/24/15 alone.*
- *Japan's Nikkei is down nearly 10% in the last 5 days.*
- *The Dow Jones Avg. is down 9.4% in the last 5 days.*
- *Oil prices are at the lowest point since 2009.*
- *Many other commodity prices are down significantly from recent history.*
- *Many countries are considering their currencies valuations and the impact on their economies.*

The net effect = uncertainty in financial and commodity markets and possibly lower milk, feed and grain prices.

Milk: Milk production in the 23 major States during July '15 totaled 16.6B pounds, up 1.2% from July '14. Production per cow averaged 1,921 pounds for July '15, 12 pounds above July '14. Milk cows on farms were up 47,000 from July '14.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Highlights from the 8/24/15 Crop Progress Report:

- Corn rated good and excellent 69% vs. 73% in '14
- Corn in dough stage is at 85% vs 5 yr avg of 81%
- Corn dented is at 39% vs. 5 yr avg of 43%
- SB blooming and setting pods are both just under the 5 yr avg
- SB rated good and excellent 63% vs. 70% in '14
- Cotton rated good and excel. 53% vs. 51% in '14
- Wheat, oats and barley harvest percentages remain all well the 5 year average percentages

YTD beef cow slaughter headcounts remain 8.7% behind 2014, which was also well behind prior years. Bull calf prices remain at very high prices across USA.

MARGINSMART® Insight

Futures prices for both Class III and Class IV were down significantly on Monday August 24, 2015. Much of this has to do with the items mentioned in the Tip of The Week. (See at the Left)

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

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Market Price Updates (As of 8/21/2015 Close)

	Aug'15	+/-*	Sep '15	+/-*	Oct '15	+/-*	New Crop	+/-*	Jan '16	+/-*	Feb'15	+/-*	Mar'16	+/-*
Class III Milk	16.41	-0.02	16.78	+0.32	16.81	+0.39	16.61	+0.47	15.77	+0.39	15.48	+0.26	15.44	+0.19
Class IV Milk	12.84	+0.12	14.74	+1.28	14.92	+1.17	14.73	+0.98	14.18	+0.70	14.55	+1.05	14.95	+0.90
Cash Butter	2.03	+0.02	2.34	+0.22	2.30	+0.18	2.18	+0.13	1.79	+0.02	1.79	+0.03	1.79	+0.02
Cash Cheese	1.74	+0.00	1.78	+0.03	1.79	+0.04	1.79	+0.05	1.73	+0.03	1.71	+0.04	1.70	+0.03
Corn			3.65	+0.01			3.77	+0.02					3.89	+0.02
Soybeans	9.78	+0.00	9.05	-0.21			8.89	-0.27	8.93	-0.29			8.93	-0.28
Soybean Meal	331	+00	327	+02	318	+01	315	+01	312	-01			309	-01

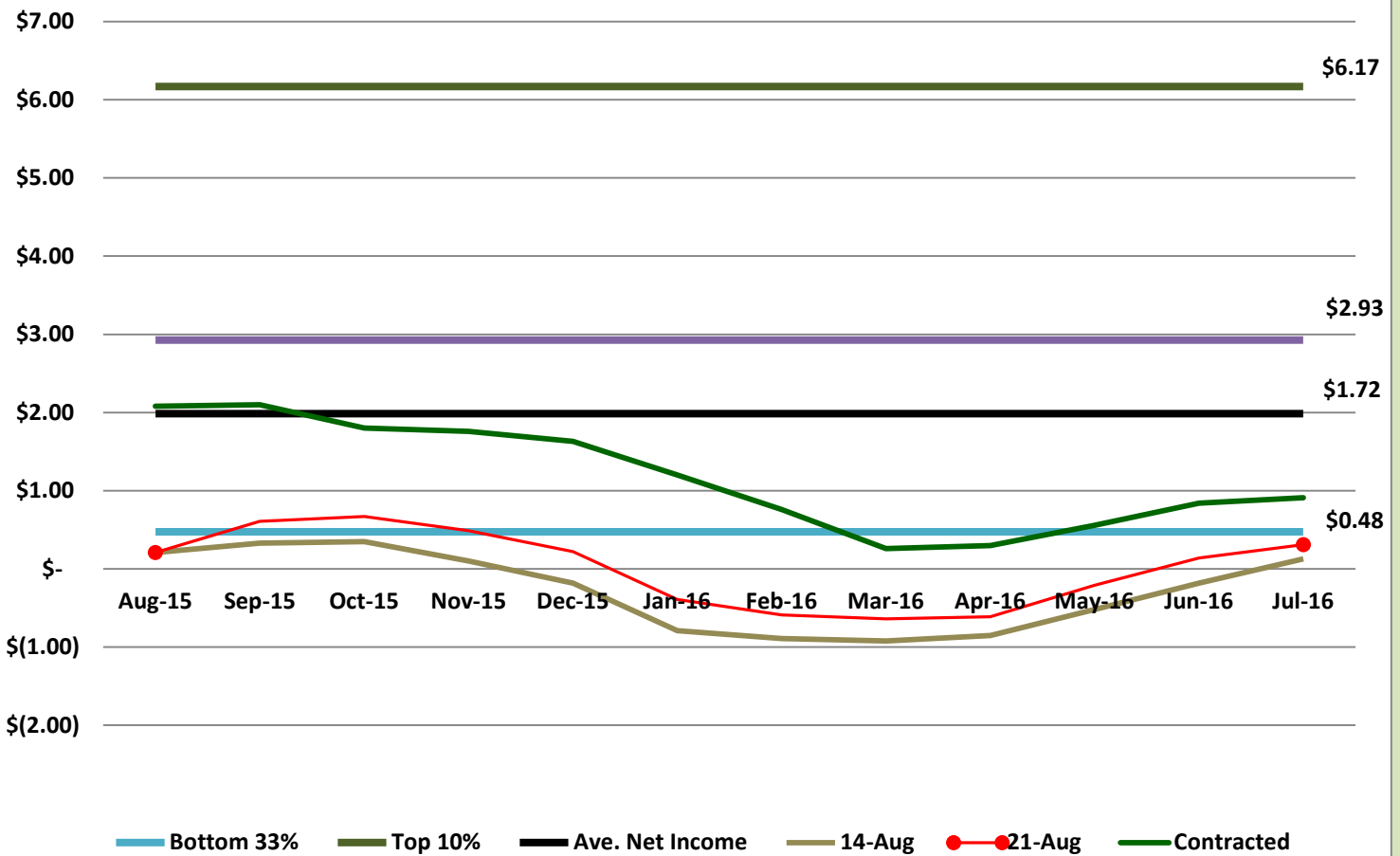
*Change from the Previous Week Price

**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.

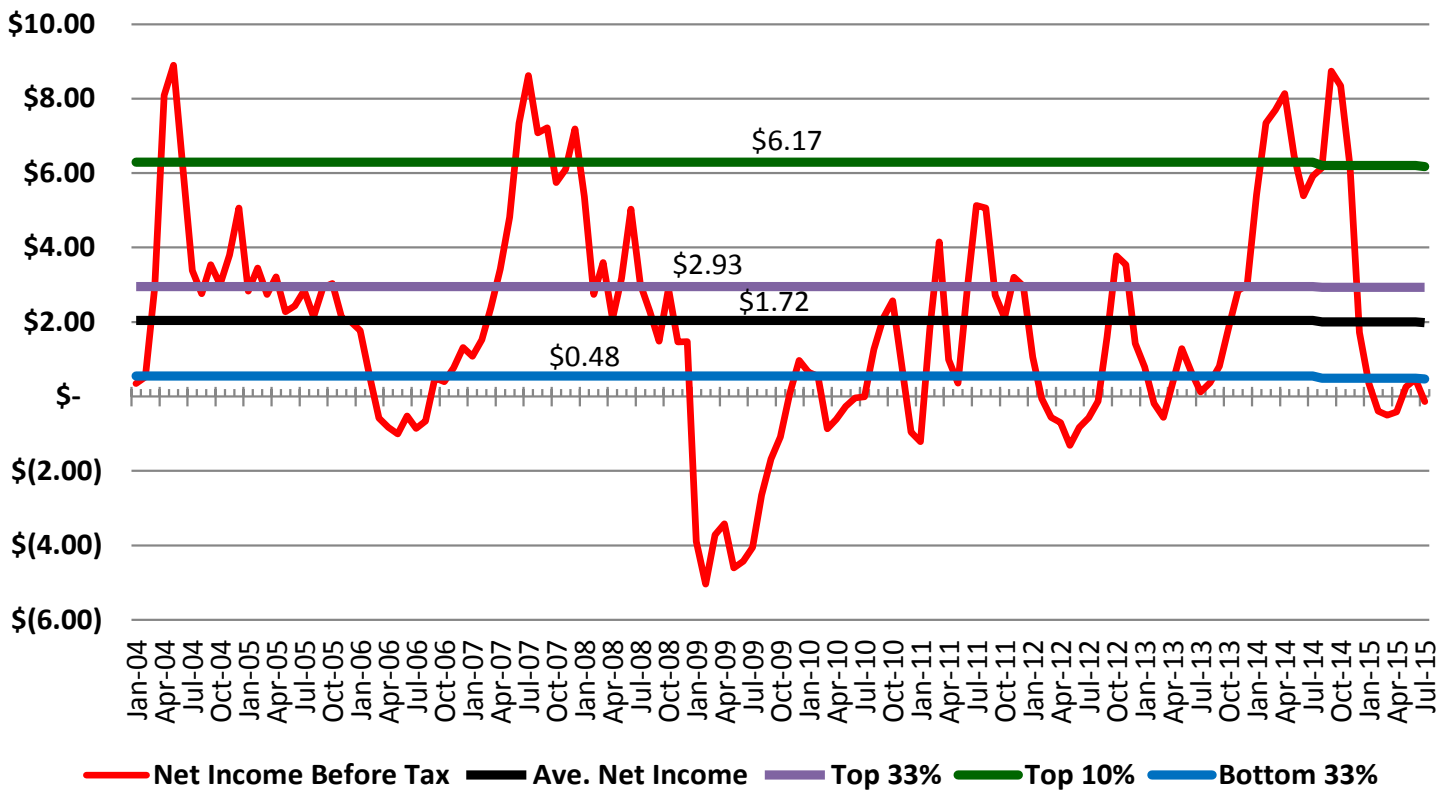
Net Income Available August 21, 2015





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 percentile), 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		

