



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	July '15	Aug. '15	Sep. '15	Oct. '15	Nov. '15	Dec. '15	Jan. '16	Feb. '16	Mar. '16	Apr '16	May '16	June '16
Change From Prior Week	-02	+14	+21	+05	-13	-17	+00	+10	+08	+10	+08	+01

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

Last week in this section we discussed the MPP Program. This week we will address an issue raised by one of our customers who ships his milk to a cooperative. It relates to the All Milk Price definition used within the MPP Program which is "the average price received, per hundredweight of milk, by dairy operations for all milk sold to plants and dealers in the United States, as determined by the (Ag) Secretary". Due to the special provisions allowed to milk cooperatives as it relates to payments to their members, the actual milk prices received by cooperative members may not equal the all milk price paid to the cooperative overall. The all milk price is a gross price before hauling and checkoffs. Some of the items that can come into play for cooperative members include base capital, coop rebrends and various other coop deductions. Call us with any questions.

Market News

Milk: The All Milk price received by farmers was \$16.90 in June, down \$6.30 from June 2014. The alfalfa hay price was \$178.00 in June, down \$44.00 from June 2014. The corn price was \$3.58 in June, down \$.92 from June 2014. The soybean price was \$9.58 in June, down \$4.72 from June 2014.

Market News (Continued)

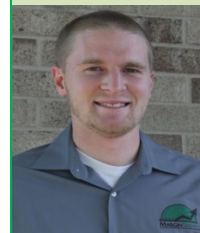
Grains/Feedstuffs/Cattle/Poultry:

Highlights from the 8/3/15 Crop Progress Report:

- Corn rated good and excellent 90% vs. 89% in '14
 - Corn which has silked is at 78% vs 5 yr avg of 77%
 - SB blooming and setting pods are both just over the 5 yr avg
 - SB rated good and excellent 63% vs. 71% in '14
- Industry experts are projected a roughly 3% increase in the overall cattle livestock inventory in 2015. The beef herd is clearing on a rise during 2015 and will likely also expand into 2016.

MARGINSMART® Insight

Some of you have been working with Jared Dalebroux directly, but I wanted to formally introduce him as our Customer Service Representative as he has been working on many of your accounts.



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

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Market Price Updates (As of 7/31/2015 Close)

	July'15	+/-*	Aug'15	+/-*	Sep '15	+/-*	Oct '15	+/-*	New Crop	+/-*	Jan '16	+/-*	Mar '16	+/-*
Class III Milk	16.28	-03	16.41	+13	16.56	+24	16.36	+12	16.07	-10	15.58	-03	15.39	-01
Class IV Milk	13.15	-19	12.72	-42	12.85	-48	13.23	-30	13.40	-18	13.24	-01	14.02	+34
Cash Butter	1.92	+00	1.96	+00	1.96	+01	1.96	-04	1.95	-04	1.79	-02	1.76	-01
Cash Cheese	1.70	+00	1.73	+02	1.75	+03	1.74	+01	1.71	-01	1.68	+00	1.65	+00
Corn	4.27	+00			3.71	-21			3.81	-22			3.92	-21
Soybeans	10.39	+00	9.81	-10	9.53	-14			9.40	-25	9.46	-25	9.44	-23
Soybean Meal	375	+00	355	+00	339	-06	327	-10	324	-09	323	-08	319	-07

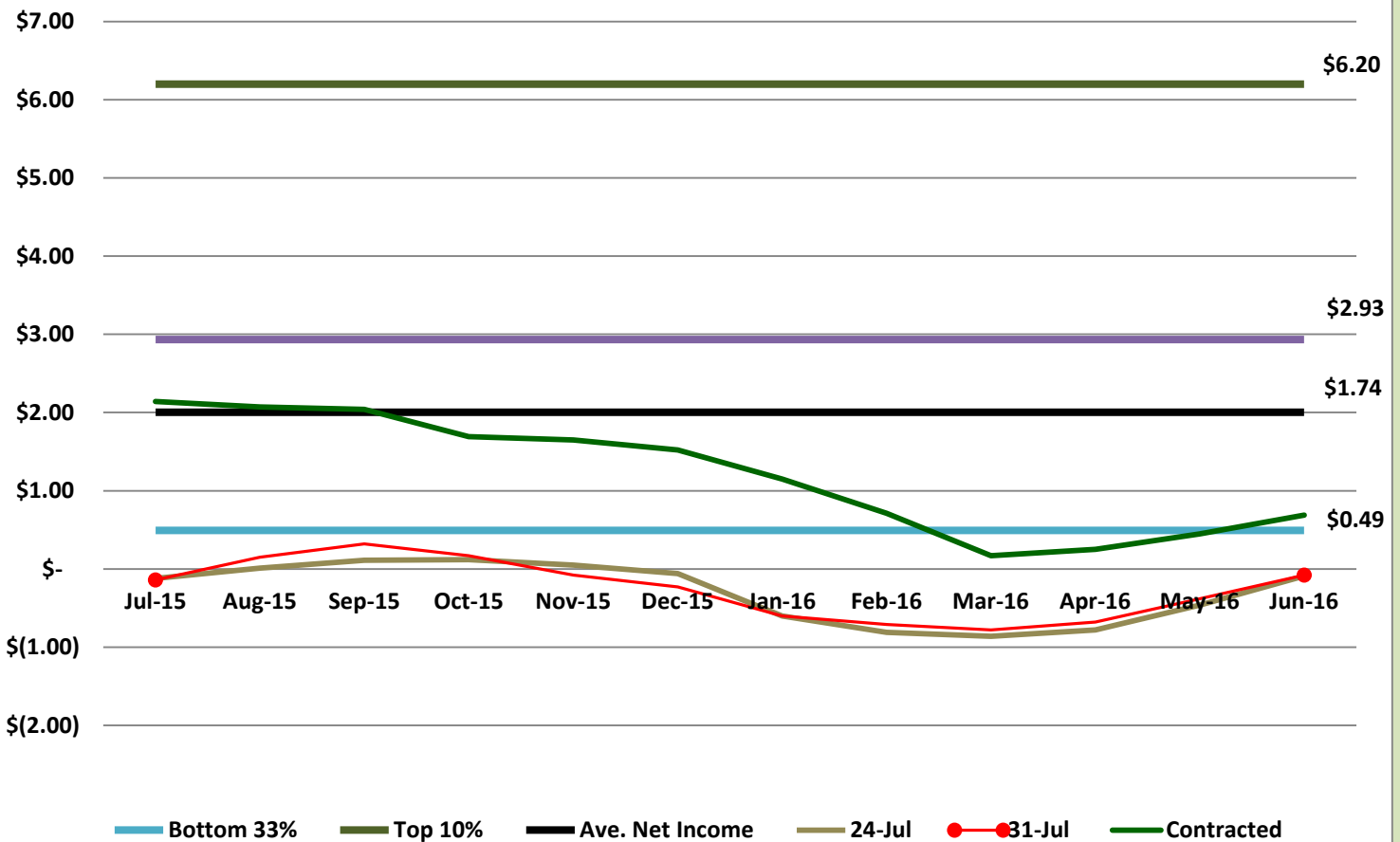
*Change from the Previous Week Price

**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.

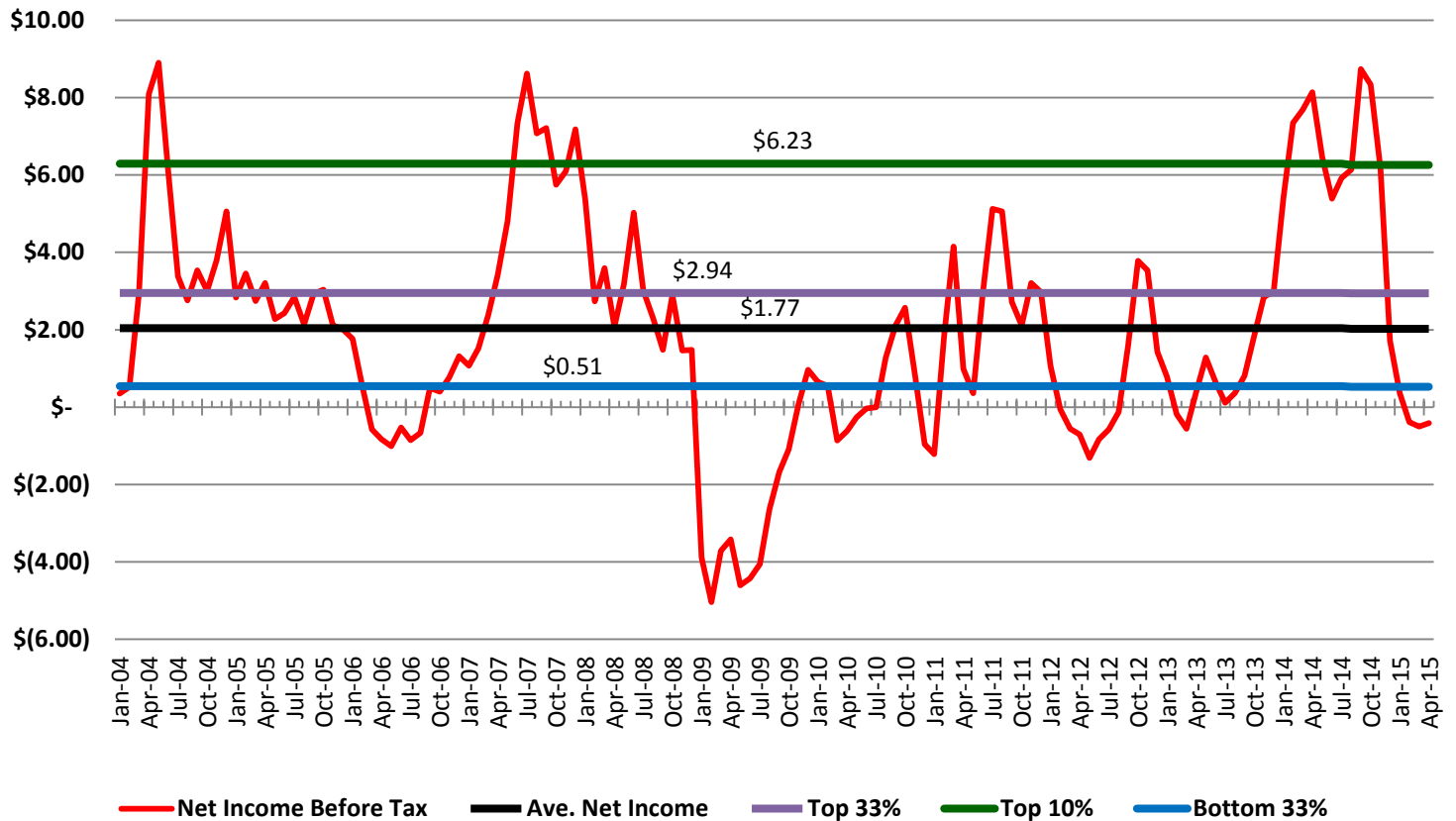
Net Income Available July 31, 2015





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		