



# 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	-09	-57	-36	-38	-36	-21	-09	-04	+04	-03	-01	-22

#### 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

The tip of the week relates to additional information on the Margin Protection Program. The sign up deadline of September 30 is fast approaching. With summer/fall harvest activities make sure you take time to address your decision. We have started to discuss the MPP opportunities with customers recently. MARGINSMART® has developed its own tool to assist dairy producers in making their MPP decision. Our tool is very helpful in providing a clear, quick overall summary cost in dollars and per cwt. (based on 2016 production), as well as the impact of cost/payouts at various levels for 2016 based on various elected coverage levels. It also quickly shows the overall cost in dollars and per cwt. at all possible levels. Due to the current projected milk futures prices, and world milk balance, and the fixed MPP premium costs, we believe that you should consider your options. Call us to review any questions you may have.

**Milk:** Fonterra reduced milk prices 27% for this upcoming NZ milk production season. Total US Cold Storage stocks of cheese are up 10% at 7/31/15 from 7/31/14. USDA has reduced the 2016 proj. all-milk price by over \$1/cwt in the last 90 days.

#### Market News (Continued)

##### Grains/Feedstuffs/Cattle/Poultry:

Highlights from the 8/31/15 Crop Progress Report:

- Corn rated good and excellent 68% vs. 74% in '14
- Corn in dough stage is at 92% vs 5 yr avg of 90%
- Corn dented is at 60% vs. 5 yr avg of 60%
- Corn mature at 9% vs. 5 yr avg of 15%
- SB rated good and excellent 63% vs. 72% in '14
- Cotton rated good and excel. 54% vs. 50% in '14

##### Meat Production (overall weight) YTD 2015:

Beef DOWN 4.72%

Pork UP 7.14%

Chicken UP 6.8%

**Takeaway: positive for cull cow and bull calf pricing, great deal of SBM used to produce hogs and broilers**

#### MARGINSMART® Insight

*Update on gas and diesel fuel pricing... Please see the separate attachment for the last 3 weeks retail prices. Brent and Crude Oil futures rallied last week by approx. \$10/barrel, but they are down \$3/barrel at noon 9/1/15*

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

**DIRECT: 920-264-9139**

**EMAIL: mark@marginsmart.com**

### Market Price Updates (As of 8/28/2015 Close)

	Aug'15	+/-*	Sep '15	+/-*	Oct '15	+/-*	New Crop	+/-*	Jan '16	+/-*	Feb'15	+/-*	Mar'16	+/-*
Class III Milk	16.31	-10	16.17	-61	16.40	-41	16.17	-44	15.54	-23	15.45	-03	15.45	+01
Class IV Milk	12.80	-04	14.68	-06	15.04	+12	14.95	+22	14.05	-13	14.35	-20	14.78	-17
Cash Butter	2.01	-02	2.30	-04	2.28	-02	2.15	-03	1.76	-03	1.77	-01	1.80	+01
Cash Cheese	1.74	+00	1.73	-05	1.75	-04	1.74	-05	1.70	-03	1.69	-02	1.69	-01
Corn			3.63	-02			3.75	-02					3.88	-01
Soybeans	9.78	+00	8.93	-12			8.85	-04	8.91	-02			8.92	-01
Soybean Meal	331	+00	321	-06	315	-03	313	-02	311	-01			308	-01

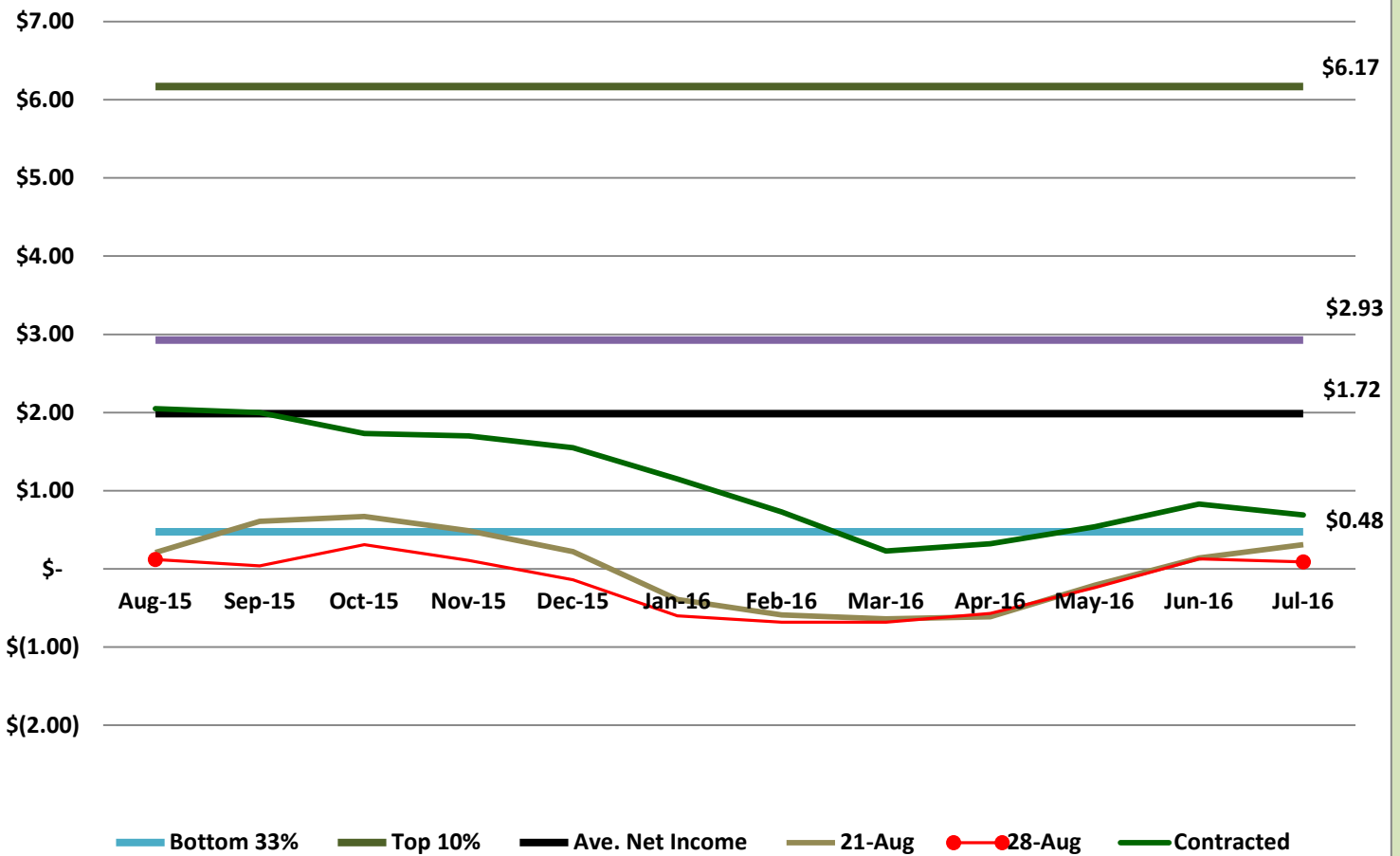
\*Change from the Previous Week Price

\*\*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.

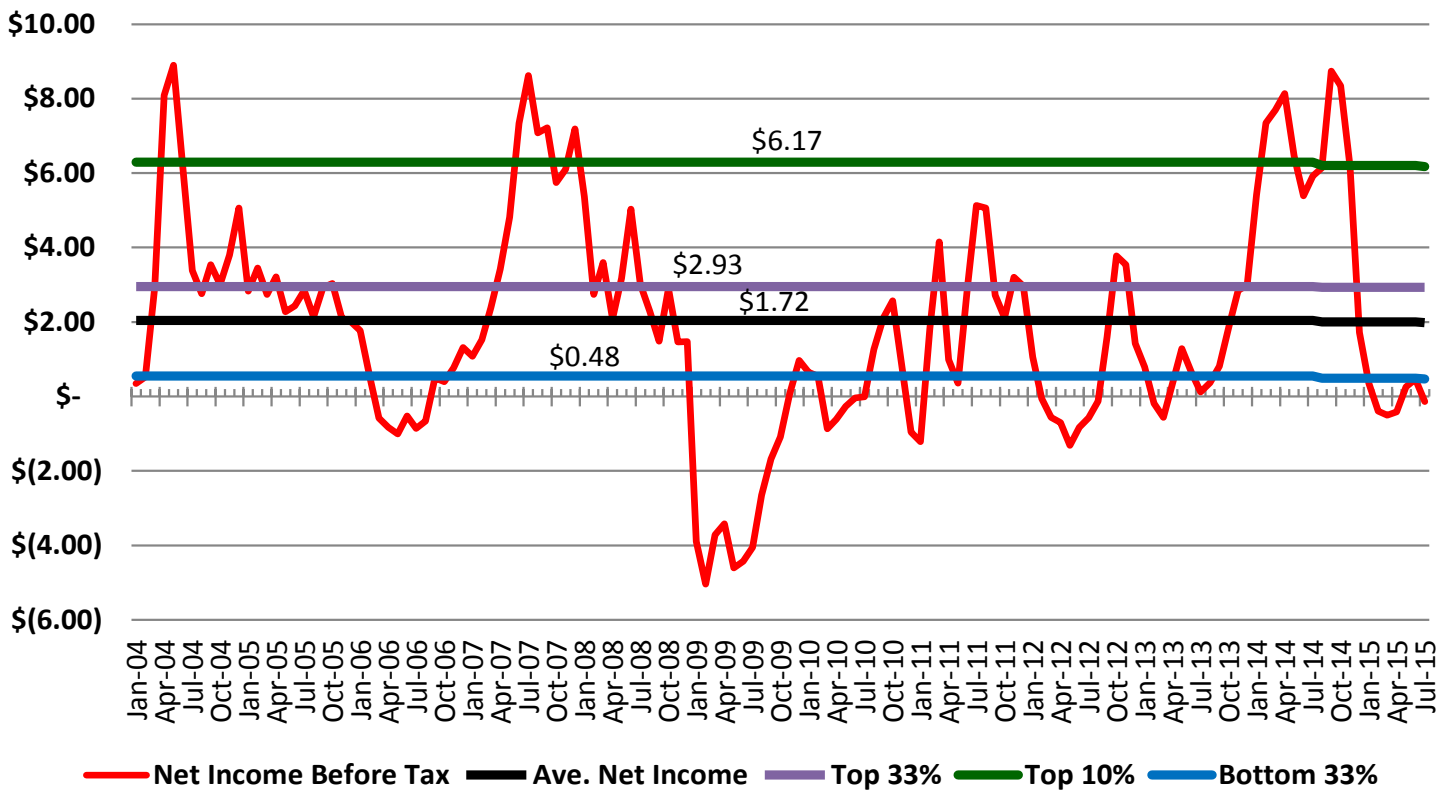
## Net Income Available August 28, 2015





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> percentile), 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		