



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	Dec. '15	Jan. '16	Feb. '16	Mar. '16	Apr '16	May '16	June '16	July'16	Aug'16	Sep'16	Oct'16	Nov'16
Change From Prior Week	-05	-20	-27	-25	-06	+03	+11	+16	+14	+11	+21	+00

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

Our tip of the week this week revisits feed shrink. This is an important reminder for an item that can have a huge impact on profitability. We continue to work with customers on this topic and find that many of them need assistance in either calculating shrink or help in realizing the true impact. This is an especially important time to calculate forage shrink levels. As you may be winding down the feeding of 2014 corn silage, make sure you take the opportunity to truly calculate your shrink on that forage crop. While there may be a few challenges in the transition from the 2014 to 2015 crop silage, as you blend it in we can assist you with the methodology to help make this calculation. Concentrating on a DM basis is also very helpful in making these calculations. In addition, gaining a good grasp on your 2015 corn silage and other forages harvested/purchased will also put you in position to calculate shrink on that next year. Call with any questions.

Milk: The final Nov '15 announced Class III price was \$15.30 per cwt. – down \$.16 from Oct '15 and down \$6.64 from Nov '14. The final Nov '15 Class IV price was \$16.89 per cwt., up \$.46 from Oct '15, and down \$1.32 per cwt. from Nov '14.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

On December 7, the World Trade Organization announced that it authorized just over \$1 Billion of retaliation against the United State related to the country-of-origin labeling (COOL) dispute between the US and Canada and Mexico. This stems from US legislation on COOL which required meat packers to identify the country animals were born and raised in. Congress is looking at repealing this legislation. The impact on cow, steer and bull calf prices remains to be seen, but this could be negative to prices.

MARGINSMART® Hedged Farm Update

Starting in 2015 we began reporting the results of our 2nd Sample Dairy which has executed hedging strategies on milk and feed (see page 2). So far in 2015, the hedging strategies have resulted in a \$2.25 per cwt. advantage over doing nothing! Plus over the next 12 months the contracted farm is showing a \$1.50 per cwt. benefit over the farm at market!

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

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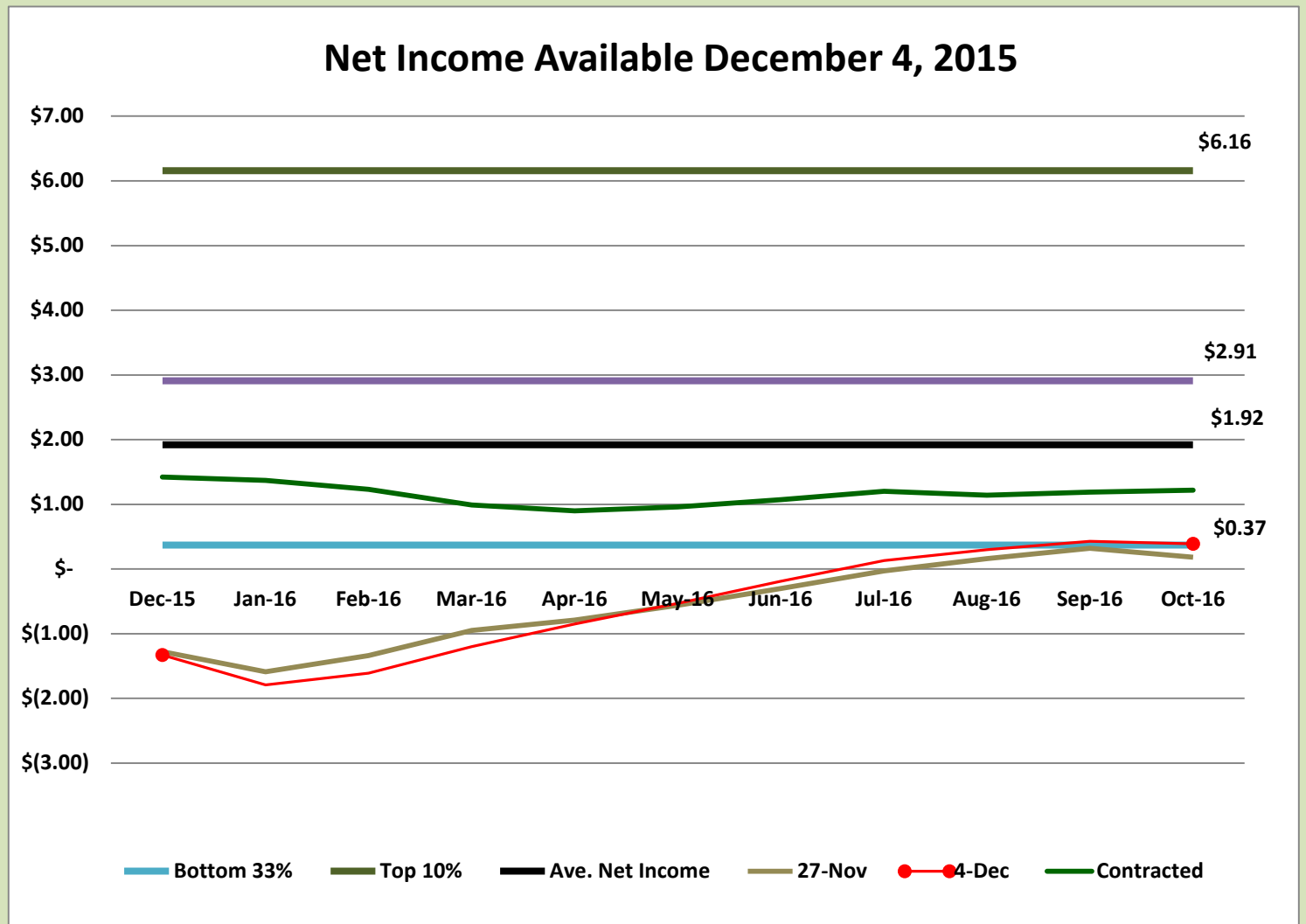
Market Price Updates (As of 12/4/2015 Close)

	Dec'15	+/-*	Jan '16	+/-*	Feb'15	+/-*	Mar'16	+/-*	Apr'16	+/-*	May'16	+/-*	Jun'16	+/-*
Class III Milk	14.61	+03	14.28	-07	14.50	-19	14.92	-14	15.26	+04	15.60	+13	15.96	+16
Class IV Milk	16.24	+86	14.33	+41	14.39	+38	14.74	+38	15.08	+34	15.32	+31	15.86	+38
Cash Butter	2.74	+21	2.15	+13	2.02	+10	1.99	+06	1.97	+05	1.96	+03	1.97	+04
Cash Cheese	1.58	-01	1.56	-02	1.59	-03	1.63	-02	1.66	+00	1.69	+01	1.71	+00
Corn	3.76	+17					3.81	+14			3.87	+14		
Soybeans			9.06	+33			9.08	+33			9.14	+32		
Soybean Meal	285	+03	285	+01			287	+01			289	+01		

*Change from the Previous Week Price



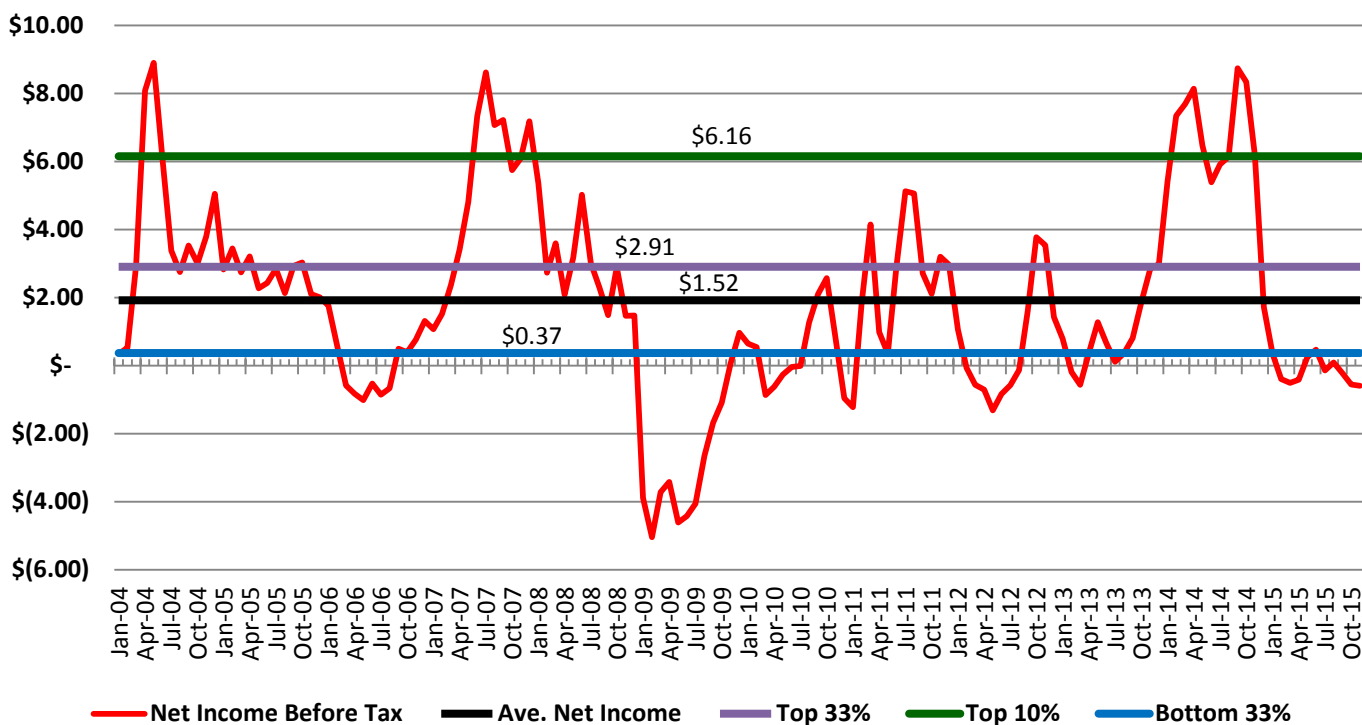
MARGINSMART® maintains a Sample Farm with 1,500 mature cows and 86 #s of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. The red line on the Net Income chart below shows the net income / cwt. available last Friday over the next 12 months based on 100% market prices for milk and feed, and full operating activities. We also show a green line for our Sample Farm that has executed milk and feed contracts as part of a price risk management strategy.





MARGINSMART® maintains a 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	-0.08	