



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	Jan. '16	Feb. '16	Mar. '16	Apr '16	May '16	June '16	July'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16
Change From Prior Week	+0.08	+0.59	+0.27	-0.06	-0.04	+0.08	+0.13	+0.17	+0.09	+0.12	+0.07	+0.09

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 revisiting the target features within MARGINSMART®. There are two types of target alerts available – financial targets and commodity price targets. Since MARGINSMART® continually pulls info into it from the CBOT and the CME, each individual farm's financial metrics are continually updated. As farm data is updated these metrics are also updated. MARGINSMART® constantly compares the actual metrics to the target level. If the current calculated metric results in the target being met, a text will be sent to the customer's cell phone which serves as notice that the customer should take their appropriate action to protect the respective target. Targets can be set up in cwt. or absolute dollar amounts.

Milk: Forecast 2016 milk production is reduced from last month. Cow numbers are lowered due to lower expected milk prices and the recent blizzard in Texas and New Mexico. Growth in milk per cow is reduced on lower milk prices. Exports are lowered on both a fat and skim-solids basis as global supplies of dairy products remain large and demand remains relatively weak. The all milk price is lowered to \$15.35 to \$16.15 per cwt for 2016.

Market News

Grains/Feedstuffs/Cattle:

Summary of the 1/12/16 WADSE Report

- 2015 corn production was lowered .9 bushels per acre to 168.4. That lowered total US corn production by 53M bushels
- 2015/16 corn usage is lowered slightly
- US corn exports are lowered 50M bushels
- Global coarse grain supplies for 2015/16 were projected 6.8M tons lower
- SB harvested acres in the US was down .6M acres and yield was down .3 bushels per acre so total US projected SB production for 2015/16 is 3.93B bushels

In Memory of Rita Linzmeier

This week's issue is dedicated to the memory of my mother Rita Linzmeier who passed away last week. She was an amazing woman who made a lasting impact on my life. Mom rest in peace!

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

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Market Price Updates (As of 1/15/2016 Close)

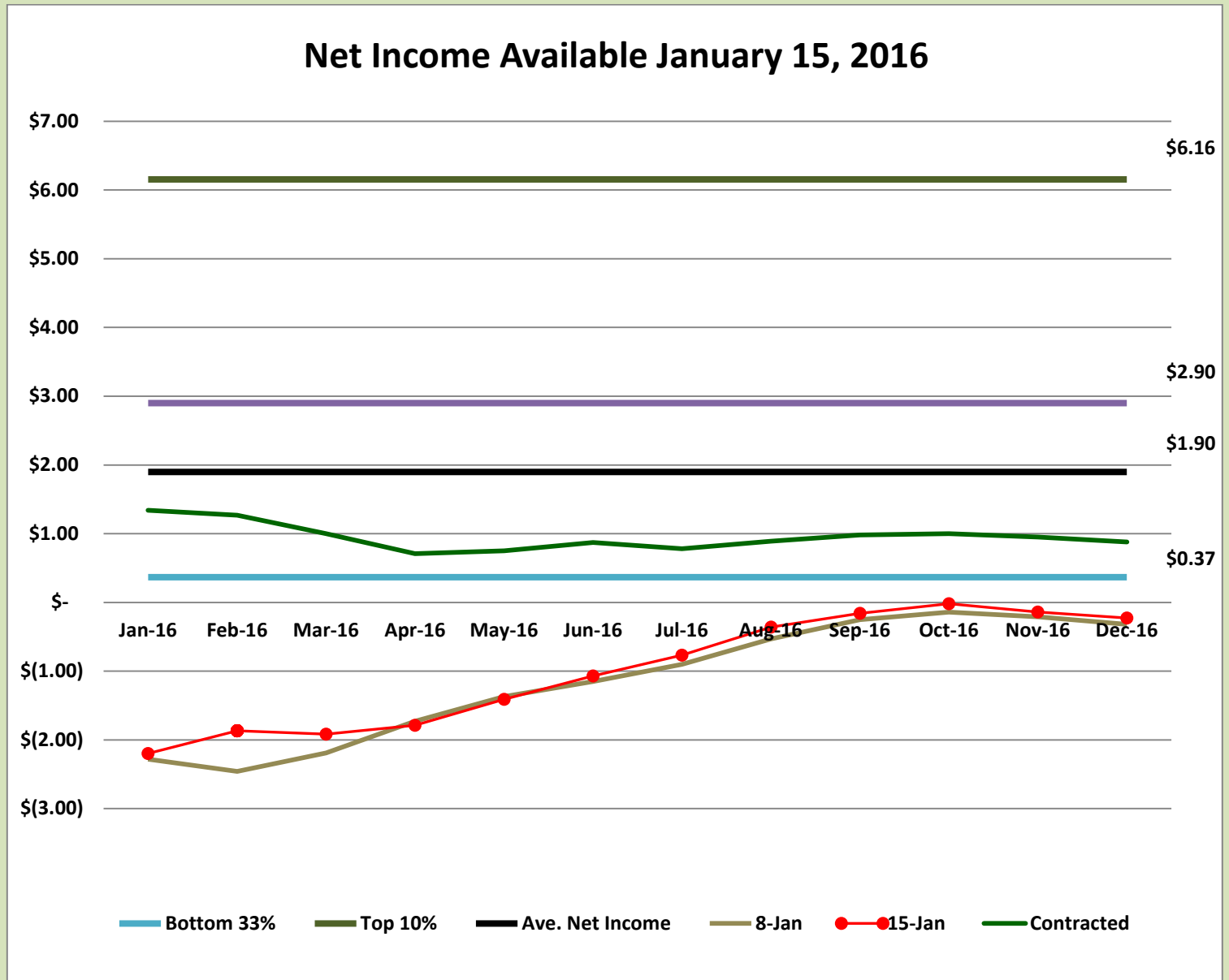
	Jan '16	+/-*	Feb'15	+/-*	Mar'16	+/-*	Apr'16	+/-*	May'16	+/-*	Jun'16	+/-*	Jul'16	+/-*
Class III Milk	13.78	+0.10	14.18	+0.63	14.16	+0.30	14.28	-0.02	14.69	+0.03	15.07	+0.17	15.40	+0.25
Class IV Milk	13.42	+0.28	14.43	+0.95	14.86	+1.15	15.25	+1.17	15.49	+0.98	15.88	+1.04	16.29	+1.12
Cash Butter	2.11	+0.06	2.35	+0.28	2.35	+0.28	2.35	+0.27	2.36	+0.27	2.36	+0.27	2.36	+0.27
Cash Cheese	1.52	+0.11	1.56	+0.06	1.56	+0.03	1.57	+0.00	1.61	+0.00	1.64	+0.01	1.67	+0.01
Corn					3.63	+0.06			3.67	+0.04			3.73	+0.04
Soybeans	8.96	+0.17			8.79	+0.14			8.79	+0.11			8.84	+0.09
Soybean Meal	270	+02			271	+02			274	+03			277	+03

*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.

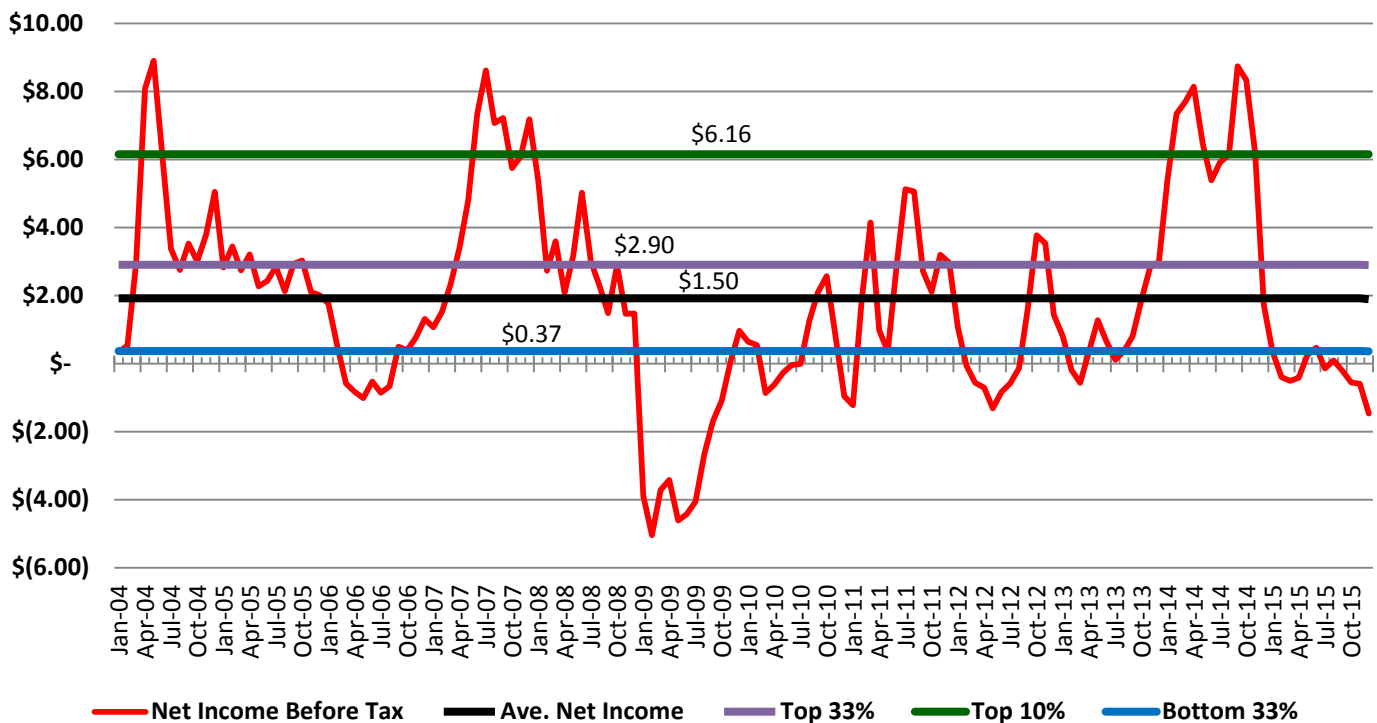
Net Income Available January 15, 2016





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





MARGINSMART® maintains a 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	2015
4.04	2.67	0.07	5.21	2.89	-2.79	0.44	2.52	0.60	0.95	6.46	-.25

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	-.18	.11	-.08	-.87