



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	-0.35	-0.37	-0.35	-0.38	-0.36	-0.24	-0.18	-0.08	-0.12	-0.03	+0.04

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 tracking your average projected blended milk prices and total cwts. and percentage of production with/or without committed prices. With fluctuating milk prices, the above items are very key pieces of information for a dairy producer. Your blended milk price can be viewed either before, or after, your milk basis level and should easily be adjusted for any market changes on the milk volume that you are not committed to a price on. If you use options the blend should also take that into account. Knowing the cwts. and percentages allow you to easily understand the impact of price changes on open levels. MARGINSMART® tracks all this for you in very easy to read reports so that you can make informed decisions. Please call us with any questions.

Milk: Prod around the world: Nov milk production is typically the lowest month in Europe. This Nov, milk production was an estimated 4.9% above Nov '14. During the period Jan-Nov '15, the largest increases in milk production for EU countries are: Spain, 13.69%; Ireland, 12.87%; Luxembourg, 8.05%; and Belgium, 6.38%. New Zealand milk prod in Nov '15 was down 1.8% from Nov '14.

Market News

Grains/Feedstuffs/Cattle:

Summary of Cattle on Feed Numbers for 1/1/16

- The number of beef animals entering feedlots was more than analysts had expected, while cattle sold were less than analysts had expected.
- Beef heifers on feed were the lowest since NASS started reporting in 1996 which would indicate that a great number of beef heifers are being retained for breeding/replacement purposes.
- Beef in cold storage was 16% above the year ago volume. The vast majority of beef in cold storage is boneless beef, which is also where most of the increase occurred. This has negatively affected cull cow prices and may for the near term.

MARGINSMART Insight: Update on Feed Prices

While a lot has been made of the drop in milk prices in recent months, feed prices have been on a slow descent as well. Animal based proteins are down the most – 40-60% over the last 12 months! Check our Feed Report for all feed stuffs changes.

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

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Market Price Updates (As of 1/22/2016 Close)

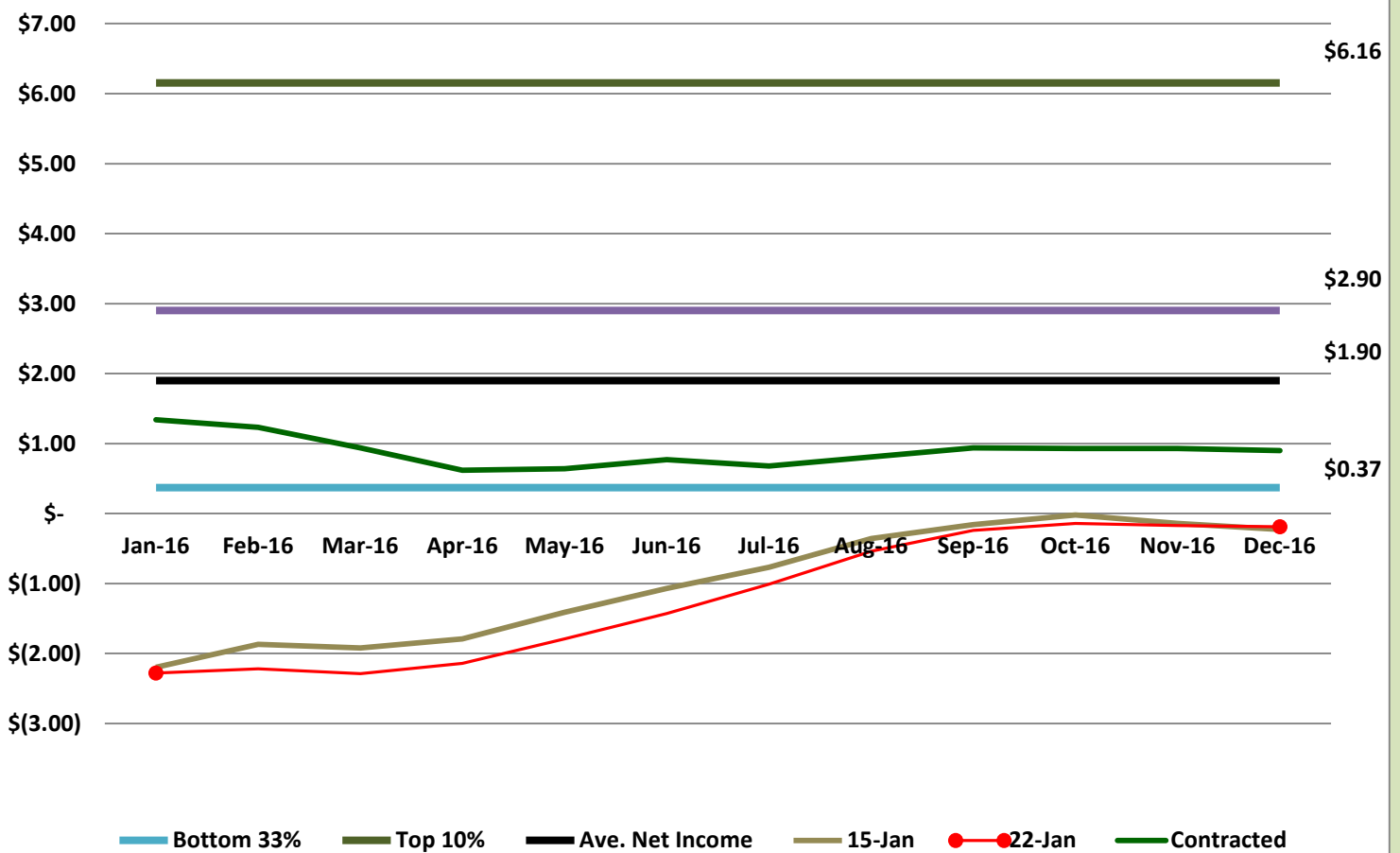
	Jan '16	+/-*	Feb'15	+/-*	Mar'16	+/-*	Apr'16	+/-*	May'16	+/-*	Jun'16	+/-*	Jul'16	+/-*
Class III Milk	13.72	-0.06	13.78	-0.40	13.75	-0.41	13.93	-0.35	14.27	-0.42	14.62	-0.42	15.07	-0.33
Class IV Milk	13.28	-0.14	13.87	-0.56	14.05	-0.81	14.05	-1.20	14.29	-1.20	14.60	-1.28	14.89	-1.40
Cash Butter	2.07	-0.04	2.24	-0.11	1.25	-0.09	2.25	-0.10	2.23	-0.12	2.23	-0.13	2.25	-0.11
Cash Cheese	1.52	+0.00	1.52	-0.04	1.51	-0.05	1.53	-0.04	1.56	-0.05	1.60	-0.04	1.64	-0.03
Corn					3.70	+0.07			3.75	+0.08			3.80	+0.07
Soybeans	8.96				8.76	-0.03			8.77	-0.02			8.82	-0.02
Soybean Meal	270				269	-0.02			271	-0.03			274	-0.03

*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.

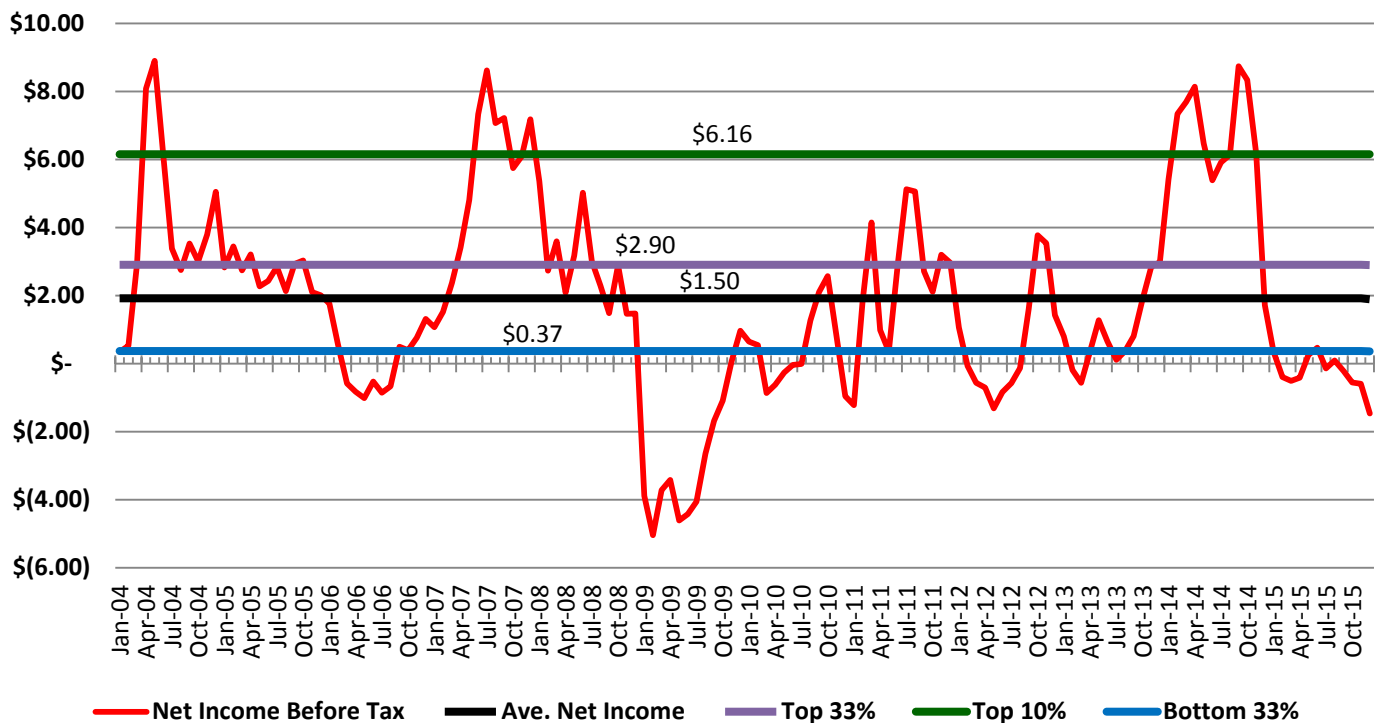
Net Income Available January 22, 2015





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	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