



# 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	+0.11	-0.20	-0.36	-0.24	-0.19	-0.30	-0.50	-0.57	-0.53	-0.47	-0.43	-0.46

#### 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 cattle headcounts. We suggest that you revisit your projected cattle numbers as we move into 2016. You can include projected increases in headcounts if you anticipate your herd to grow during 2016. If your herd does grow, please consider including the net increase in market value for the additional number of cattle as other income. Please consider youngstock growth as well. If the herd does not grow, consider adding value for breeding stock, or cull heifer sales as appropriate for your dairy. Please call us so that we can assist you with all of these items.

**Milk:** Nov '15 Dairy Product Highlights from NASS: Butter production was 150.8M pounds, 4.4% above Nov '14, and 2.2% above Oct '15. Total cheese output (excluding cottage cheese) was 975.7M pounds, 0.6% above Nov '14, but 2.2 % below Oct '15. Nonfat dry milk production, for human food, totaled 126.1M pounds, 16.9% below Nov '14 but 6.7 % above Oct '15. Dry whey production, for human food, was 80.2M pounds, 13.9% above Nov '14, and 8.5% above Oct '15. Ice cream, regular hard production totaled 53.7M gallons, 0.1% above Nov '14, but 12.7 % below Oct '15.

#### Market News

##### Grains/Feedstuffs/Cattle/Poultry/Oil/Fuel:

- WADSE report will be released on 1/12/16 at noon
- Crude oil futures were down approximately \$.75 per barrel today with Feb '16 futures now under \$31 per barrel and ALL future months of 2016 under \$39 per barrel.
- Gasoline prices continue to push lower with nationwide retail prices pushing to their lowest levels in several years
- Diesel fuel prices have also pushed lower with on-highway diesel fuel prices pushing close to the \$2.00 per gallon mark in many locations across the country.
- Natural gas futures have hit their lowest prices in 9 years recently

#### MARGINSMART® Hedged Farm Update

**As milk futures move lower the Contracted Sample Farm spread to market continues to ratchet up to higher levels.**

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

**DIRECT: 920-264-9139**

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### Market Price Updates (As of 1/8/2016 Close)

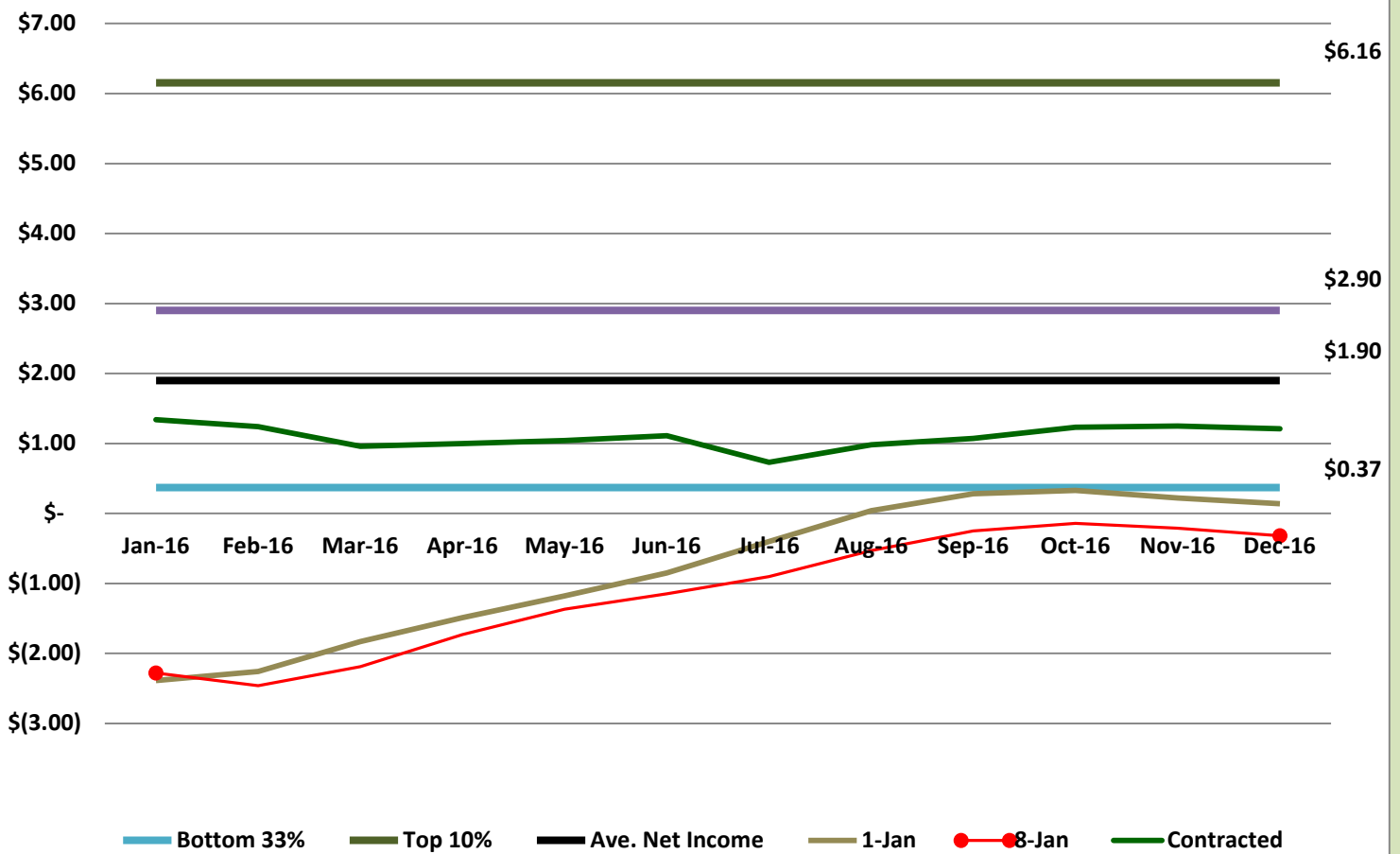
	Jan '16	+/-*	Feb'15	+/-*	Mar'16	+/-*	Apr'16	+/-*	May'16	+/-*	Jun'16	+/-*	Jul'16	+/-*
Class III Milk	13.68	+0.12	13.55	-0.20	13.86	-0.32	14.30	-0.24	14.66	-0.19	14.90	-0.30	15.15	-0.50
Class IV Milk	13.14	-0.24	13.48	-0.43	13.71	-0.67	14.08	-0.61	14.51	-0.42	14.84	-0.45	15.17	-0.27
Cash Butter	2.05	-0.04	2.07	-0.07	2.07	-0.07	2.08	-0.05	2.09	-0.02	2.09	-0.01	2.09	-0.01
Cash Cheese	1.41	-0.10	1.50	-0.03	1.53	-0.03	1.57	-0.02	1.61	-0.01	1.63	-0.03	1.66	-0.04
Corn					3.57	-0.01			3.63	-0.01			3.69	-0.01
Soybeans	8.79	+0.08			8.65	+0.01			8.68	-0.01			8.75	-0.02
Soybean Meal	268	+04			269	+03			271	+02			274	+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.

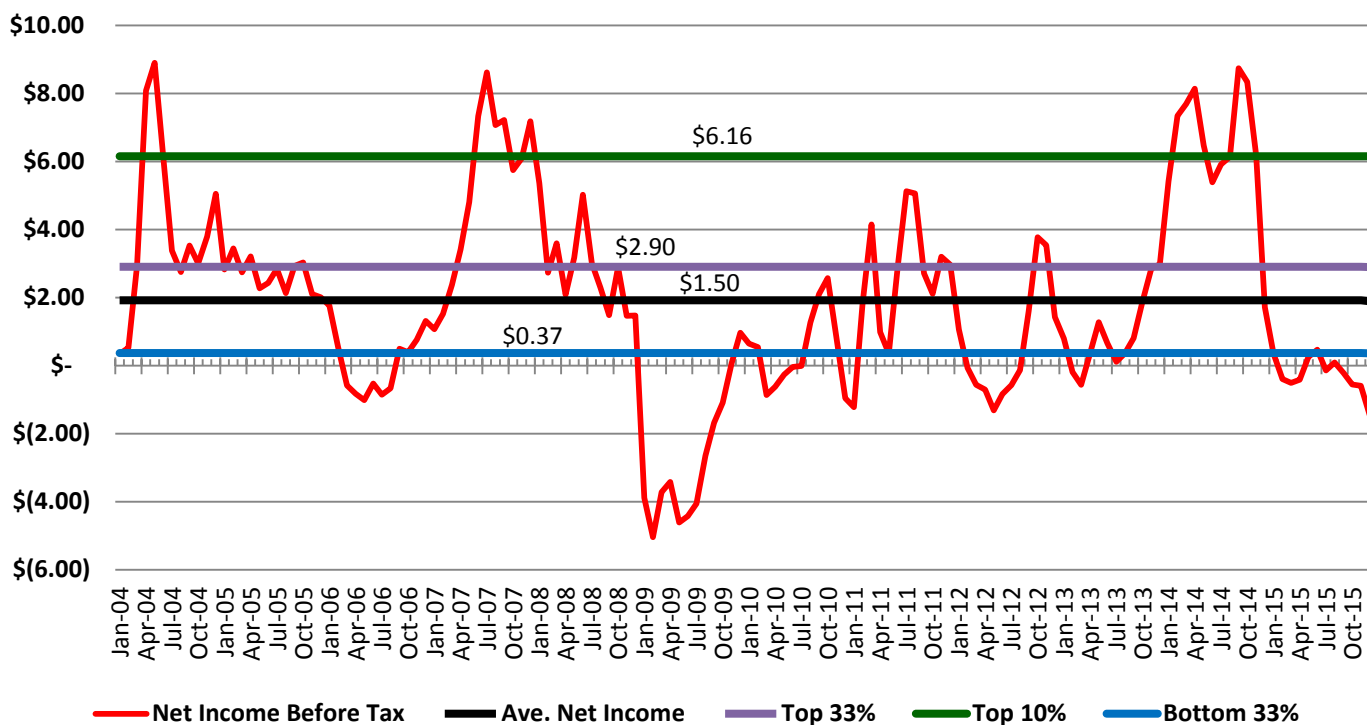
### Net Income Available January 8, 2015





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% (90<sup>th</sup> percentile), top 33% (67<sup>th</sup> percentage), the average and bottom 33% (33<sup>rd</sup> 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	-0.87