



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	-01	+25	+22	+34	+31	+34	+25	+18	+23	+20	+38	+36

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 establishing proper projections for 2016 and making initial 2017 projections. As mentioned in the prior newsletter, this is the time of year to revisit your actual 2015 operating expenses and other income. In addition, look at your feed inventories, current and projected feed rations and cattle headcounts and milk production levels. Use your 2015 actual results as the baseline, but then adjust for known changes into 2016. For example, if you grow your own crops and know new crop input costs – use those for 2016. While not necessary, you may decide to enter information into 2017 so that you can monitor projections to make decisions looking forward. You can set targets for both years if you have a platinum license. Please call us so that we can assist you with all of these items.

Milk: The final Dec '15 announced Class III price was \$14.44 per cwt. – down \$.86 from Nov '15 and down \$3.38 from Dec '14. The final Dec '15 Class IV price was \$15.52 per cwt., down \$1.37 from Nov '15, and down \$1.18 per cwt. from Dec '14. October 2015 milk production across the US was up an average of .1%.

Market News

Grains/Feedstuffs/Cattle/Poultry:

- Corn futures have been moving lower the past two weeks and are now approximately \$.15 a bushel lower
- SBM futures have also moved approximately \$15 per ton lower for 2016 over the past 2 weeks
- Winter Storm Goliath had a huge impact killing an estimated 20,000 head of dairy cattle in New Mexico and 30,000 head in Texas. There were also beef cattle killed in the storm. This will have an impact on reducing milk supply somewhat and may slightly impact cull cow prices. *Our sympathies extend to all dairies impacted by this disaster.*

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). Take a look at the chart on Page 2 which shows the difference between our sample farm completely at the market and the farm with milk and feed contracted. As of this week there is a \$2.80 per cwt difference for the first 6 months of 2016.

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

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

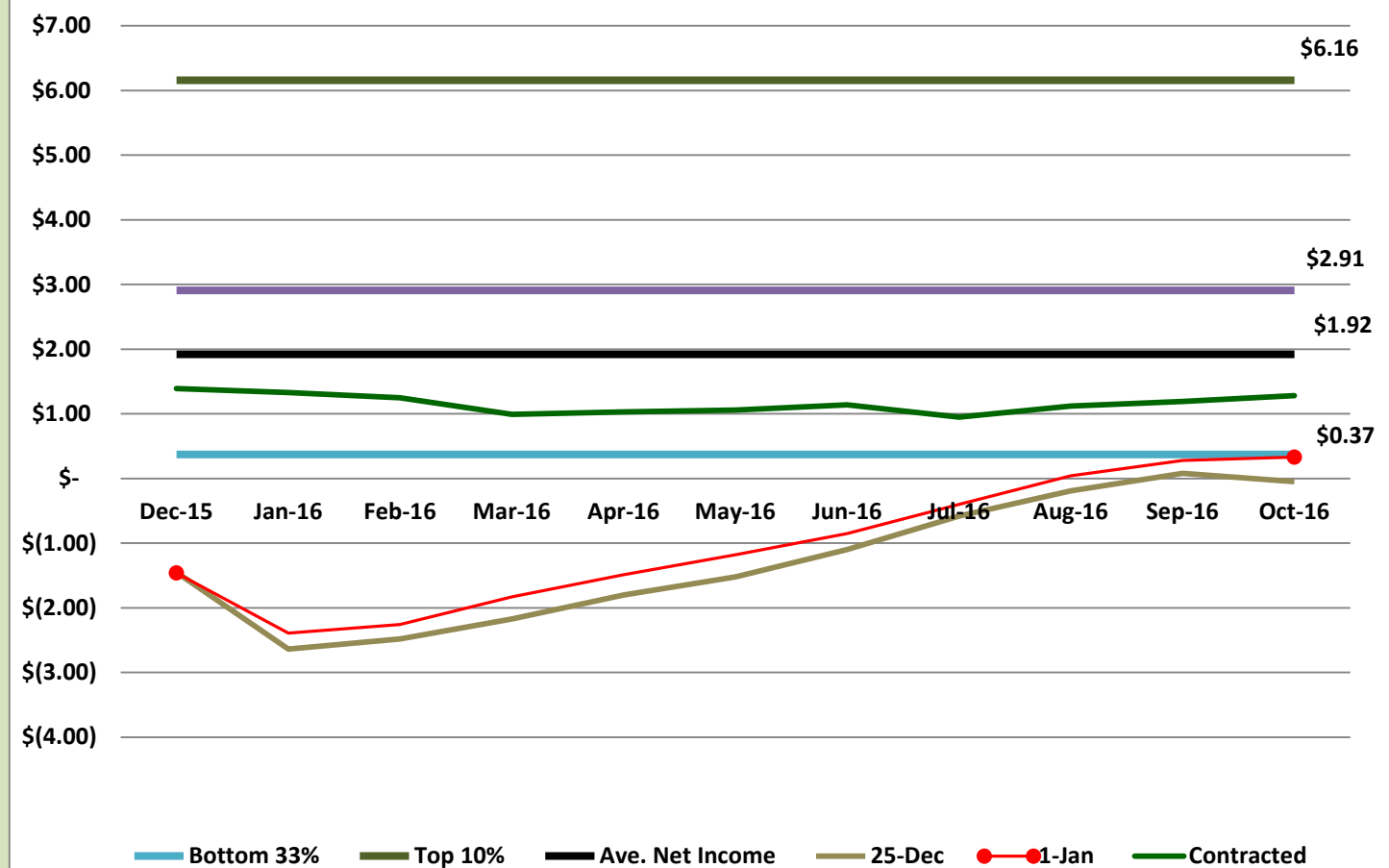
	Dec'15	+/-*	Jan '16	+/-*	Feb'15	+/-*	Mar'16	+/-*	Apr'16	+/-*	May'16	+/-*	Jun'16	+/-*
Class III Milk	14.44	-04	13.56	+22	13.75	+34	14.18	+32	14.54	+29	14.85	+32	15.20	+22
Class IV Milk	15.52	-22	13.38	-13	13.91	+22	14.38	+24	14.69	+29	14.93	+14	15.29	+21
Cash Butter	2.57	-03	2.08	+01	2.14	+07	2.13	+07	2.13	+07	2.10	+05	2.10	+05
Cash Cheese	1.57	+00	1.51	+03	1.53	+04	1.56	+02	1.59	+01	1.62	+02	1.65	+01
Corn							3.58	-06			3.64	-07		
Soybeans			8.71	-04			8.64	-09			8.69	-08		
Soybean Meal			264	-05			266	-05			269	-05		

*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.

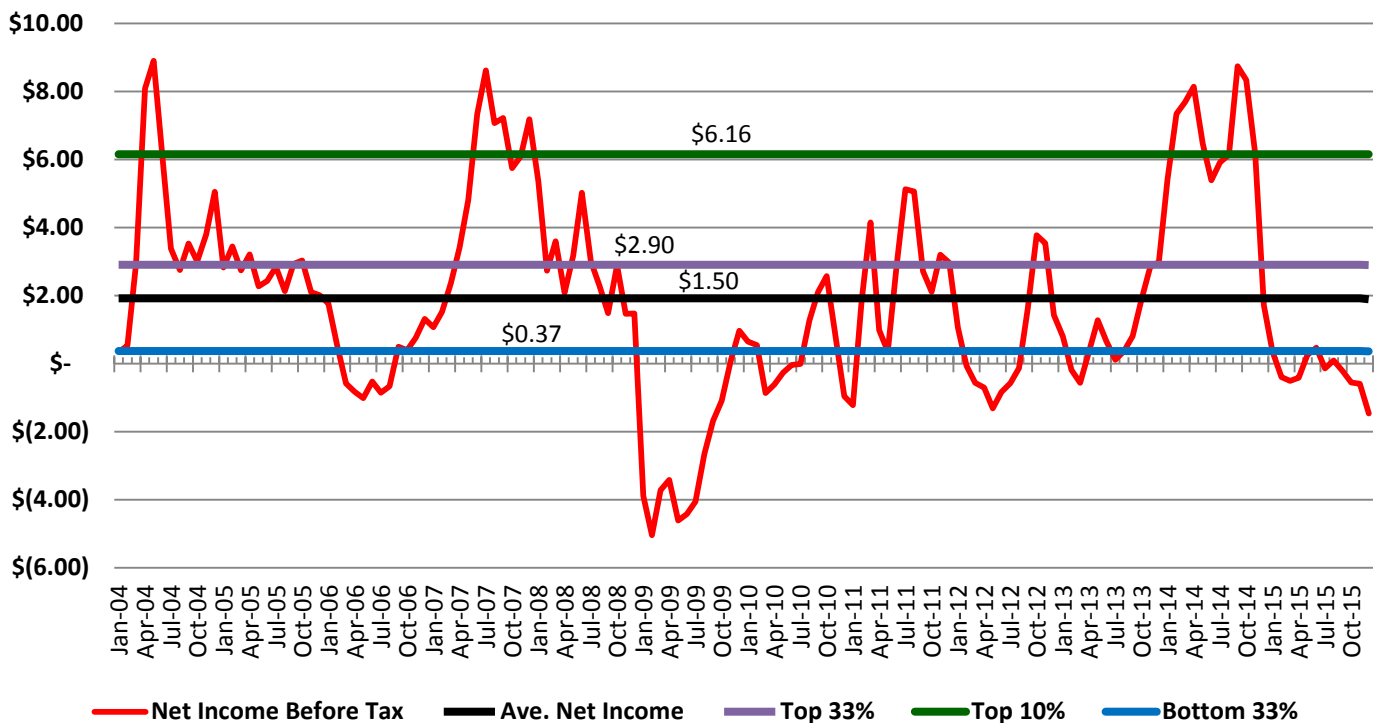
Net Income Available January 1, 2015





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
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	-1.18	.11	-0.08	-0.87