



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	July '15	Aug. '15	Sep. '15	Oct. '15	Nov. '15	Dec. '15	Jan. '16	Feb. '16	Mar. '16	Apr '16	May '16	June '16
Change From Prior Week	-0.17	-0.56	-0.45	-0.51	-0.50	-0.48	-0.59	-0.71	-0.57	-0.47	-0.45	-0.48

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

This week we will broadly discuss using MARGINSMART® info to make key financial decisions. Since MARGINSMART® projects your bottom line profitability/cash flow with a high degree of reliability, you can utilize the information to make informed decisions. We help our MARGINSMART® customers do this by helping them establish a strategic plan based on their financial goals. In many cases we educate them on what goals are important, how they are measured and then incorporate those goals within MARGINSMART® so that they are measured in a "real-time" basis. We then help our customers to implement targets to alert them when those goals are met so that they can execute their plan. Call us with any questions.

Market News

Milk: For 2015 and 2016, USDA estimated Class III prices are reduced on lower whey prices. Class IV prices for both years are reduced on lower NDM prices. The all milk price is forecast at \$17.05 to \$17.35 per cwt for 2015 and \$17.00 to \$18.00 per cwt for 2016.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Highlights from the 7/20/15 Crop Progress Report:

- Corn rated good and excellent 69% vs. 76% in '14
- Corn which has silked is at 55% vs 5 yr avg of 56%
- SB blooming and setting pods are both at the 5 yr avg
- SB rated good and excellent 62% vs. 73% in '14
- Pasture and rangeland 63% rated good and excellent vs. 53% last year

The number of cows slaughtered (beef & dairy) YTD 2015 is 8.9% behind 2014. Overall beef production is 4.7% behind 2014 and June retail beef prices set an all-time high record. Pork prices retreated as pork production has increased 6.8% over 2014.

MARGINSMART® Insight

Our Sample Farm that had entered into contracts for milk and feed for a portion of its production for 2015 continues to outperform our Sample Farm which is completely at the market by over \$2.00/cwt. See Page 2.

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

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Market Price Updates (As of 7/17/2015 Close)

	July'15	+/-*	Aug'15	+/-*	Sep '15	+/-*	Oct '15	+/-*	New Crop	+/-*	Jan '16	+/-*	Mar '16	+/-*
Class III Milk	16.31	-0.16	15.94	-0.62	16.01	-0.43	16.04	-0.44	16.01	-0.49	15.61	-0.66	15.44	-0.64
Class IV Milk	13.46	-0.12	13.14	-0.49	13.01	-0.64	13.39	-0.39	13.56	-0.32	13.22	-0.35	13.34	-0.59
Cash Butter	1.92	-0.01	1.84	-0.12	1.89	-0.06	1.90	-0.06	1.92	-0.02	1.74	-0.01	1.69	-0.05
Cash Cheese	1.70	-0.01	1.67	-0.05	1.69	-0.04	1.71	-0.03	1.72	-0.04	1.68	-0.06	1.66	-0.05
Corn	4.27	+0.00			4.20	-0.15			4.31	-0.14			4.41	-0.14
Soybeans	10.39	-0.04	10.15	-0.17	10.06	-0.18			10.07	-0.15	10.13	-0.15	10.07	-0.15
Soybean Meal	375	+9	361	+5	353	+1	353	+1	348	+0	345	-1	340	-2

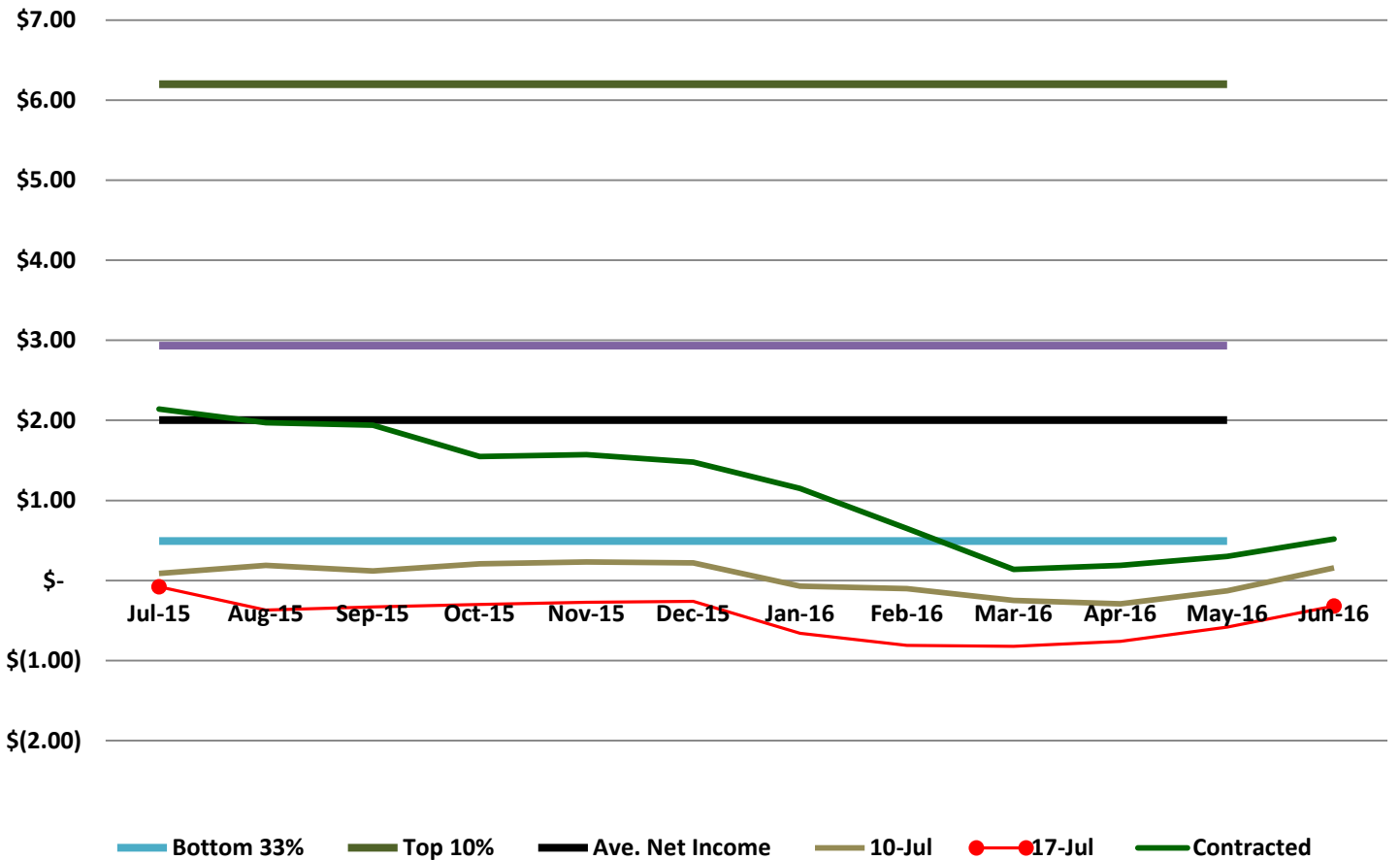
*Change from the Previous Week Price

**New Crop: Milk (Nov.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)



MARGINSMART® maintains a fully virtual 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.

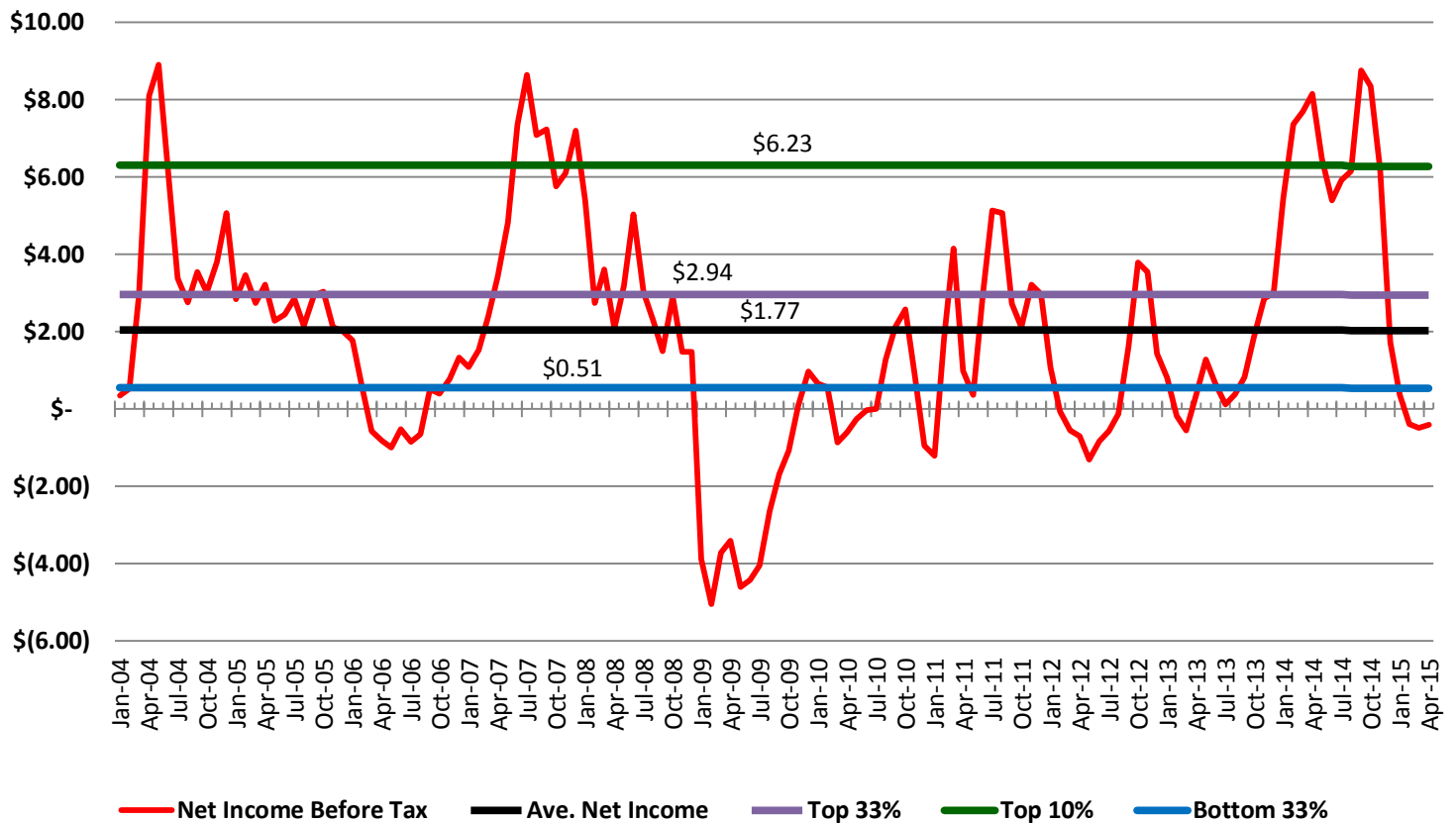
Net Income Available July 17, 2015





MARGINSMART® maintains a fully virtual 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 fully virtual 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
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	-.18	.11		