



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	-0.04	+0.38	+0.44	+0.42	+0.32	+0.21	-0.34	-0.15	-0.05	-0.02	+0.12	+0.23

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 remind you of the upcoming deadline for the USDA MPP Program. Signup is under way for 2016. As a reminder, if you signed up for the MPP Program for 2015 you are required to sign up for 2016 (even if that is at the minimum \$100 level) to remain eligible for the program for years through 2018. Signup is by September 30, 2015 for next year. The program deductible amounts, coverage % and costs for premiums remain the same as 2015, however, the 25% discounted rate on the 1st 4M pounds goes away in 2016. We will again be helping customers understand the potential impact of this program on their operation. This may be an option with lower milk prices. Call us with any questions.

Market News

Milk: Milk production in the 23 major States during June '15 totaled 16.4 billion pounds, up 0.7 percent from June '14. Production per cow in the 23 major States averaged 1,895 pounds for June, no change from the record high of June 2014. There is concern that the USDA underestimated June '15 and may revise it upward later.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Highlights from the 7/27/15 Crop Progress Report:

- Corn rated good and excellent 68% vs. 75% in '14
- Corn which has silked is at 78% vs 5 yr avg of 77%
- SB blooming and setting pods are both just over the 5 yr avg
- SB rated good and excellent 62% vs. 71% in '14
- Pasture and rangeland rated good and excellent was 62% in '15 versus 52% in '14
- '15 topsoil and subsoil moisture levels rated as adequate or surplus are 10-15% above '14 ratings

MARGINSMART® Insight

Some of you have been working with Jared Dalebroux directly, but I wanted to formally introduce him as our Customer Service Representative as he has been working on many of your



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

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Market Price Updates (As of 7/24/2015 Close)

	July'15	+/-*	Aug'15	+/-*	Sep '15	+/-*	Oct '15	+/-*	New Crop	+/-*	Jan '16	+/-*	Mar '16	+/-*
Class III Milk	16.31	+0.00	16.28	+0.34	16.32	+0.31	16.24	+0.20	16.17	+0.16	15.61	+0.00	15.40	-0.04
Class IV Milk	13.34	-0.12	13.14	+0.00	13.33	+0.32	13.53	+0.14	13.58	+0.02	13.25	+0.03	13.68	+0.34
Cash Butter	1.92	+0.00	1.96	+0.12	1.96	+0.08	2.00	+0.10	1.99	+0.07	1.81	+0.07	1.77	+0.08
Cash Cheese	1.70	+0.00	1.71	+0.04	1.73	+0.03	1.73	+0.02	1.72	+0.00	1.68	+0.00	1.65	-0.01
Corn	4.27	+0.00			3.92	-0.28			4.03	-0.28			4.13	-0.28
Soybeans	10.39	+0.00	9.91	-0.24	9.67	-0.39			9.65	-0.42	9.71	-0.42	9.67	-0.40
Soybean Meal	375	+0.00	355	-0.06	345	-0.08	337	-12	333	-15	331	-14	326	-14

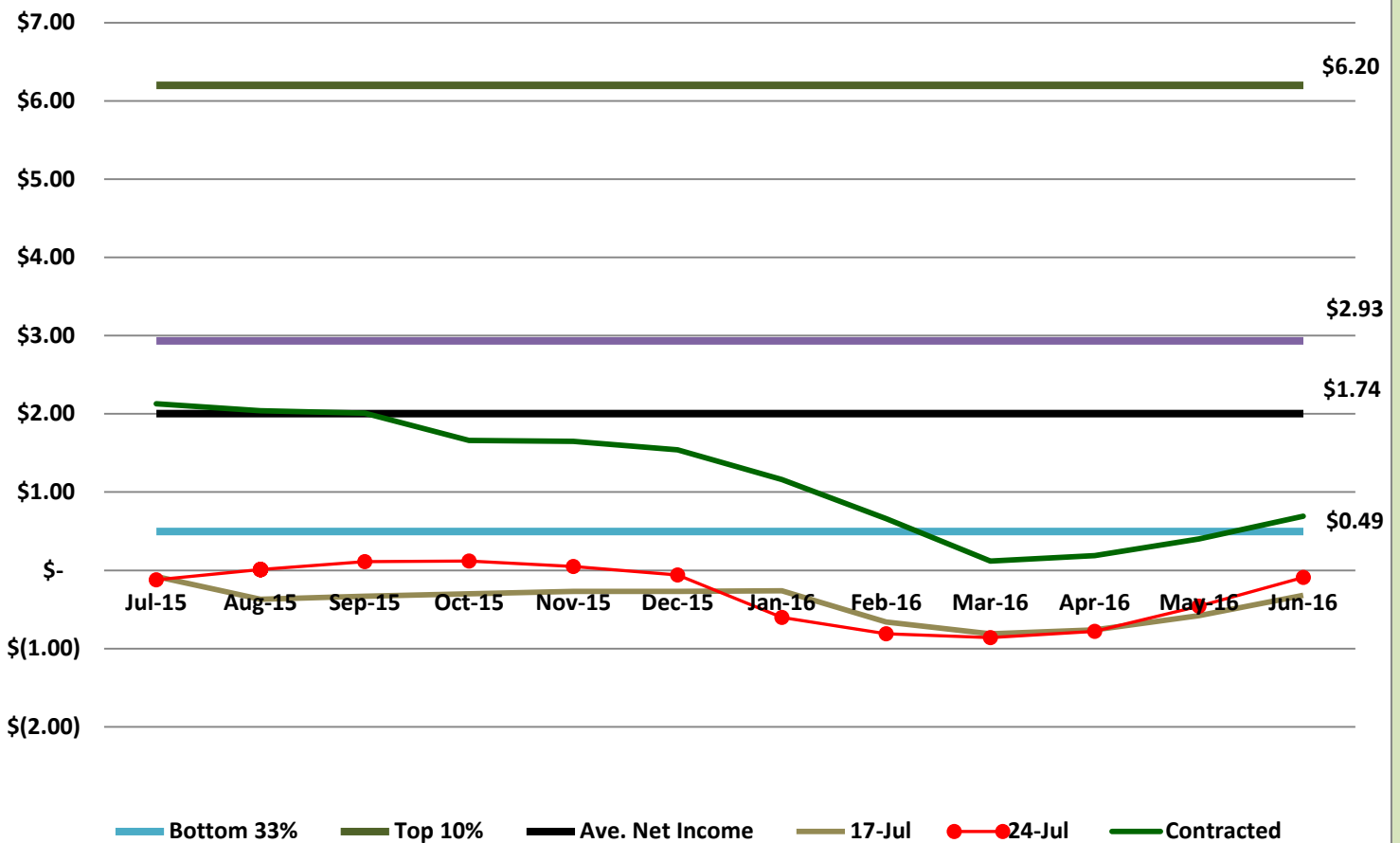
*Change from the Previous Week Price

**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.

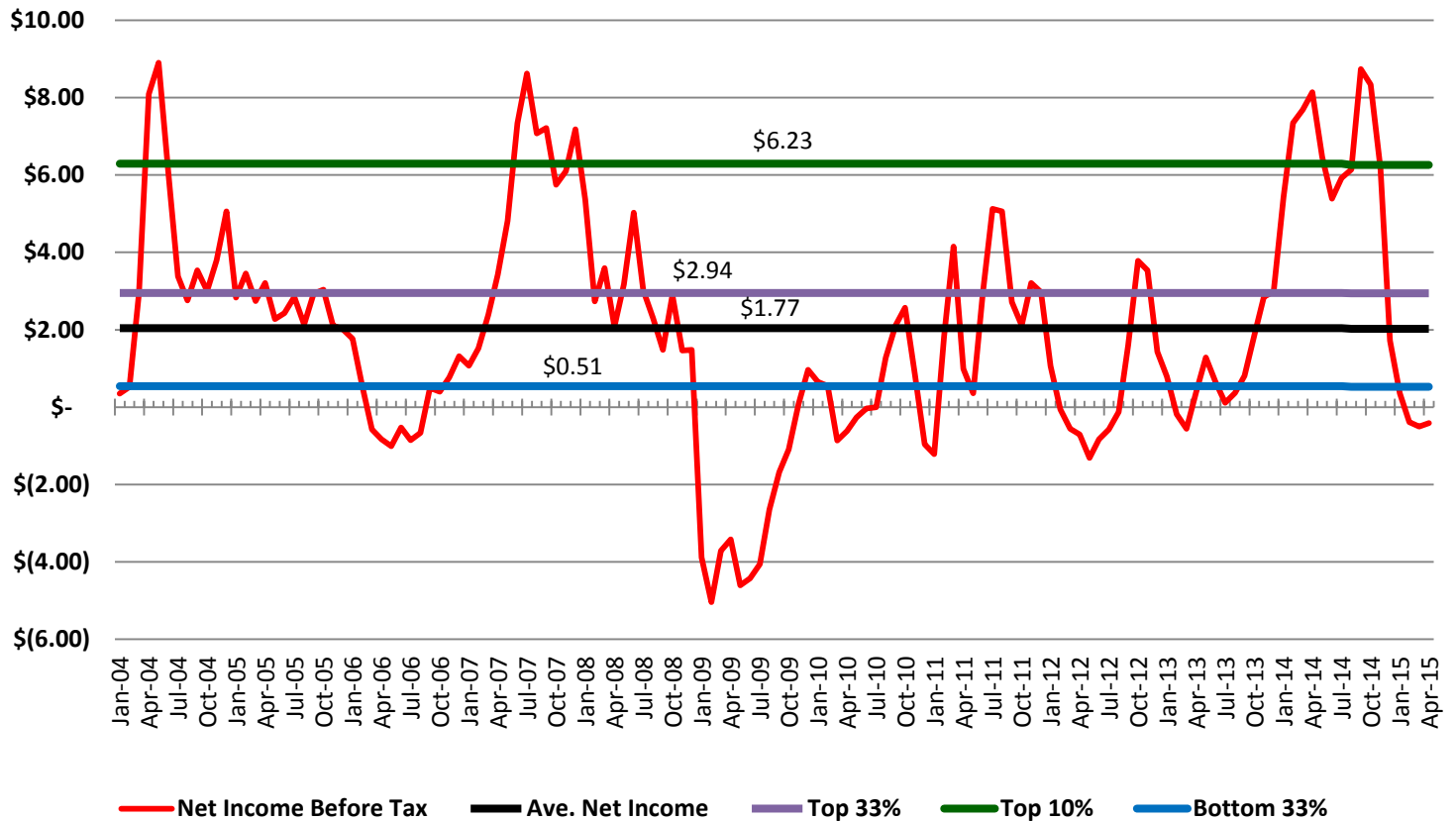
Net Income Available July 24, 2015





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





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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		