



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	Mar. '16	Apr '16	May '16	June '16	July'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17
Change From Prior Week	-0.07	-0.09	+0.08	+0.12	-0.08	-0.02	-0.08	-0.03	-0.05	-0.02	-0.01	+0.02

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 revisit the "Grown Feed" portion of MARGINSMART®. It allows you the ability to include grown feed at either "Cost" or "Market". If you decide to use "Market" you can determine the market cost, or we can tie certain ingredients into the CBOT to adjust market continually. If you decide to use "Cost", and you have your specific cost per ton or per bushel, we can use that. However, if you do not know your exact costs per ton or bushel, we can utilize your crop input costs to make the overall determination. We will then work with you to get these set up correctly. For 2016 we are seeing lower diesel fuel and fertilizer prices and we can take into account your exact projected input costs so that we make the most accurate projection for your dairy. Call us with any questions.

Milk: Milk production in the 23 major States during Feb '16 totaled 15.8B pounds, up 4.6% from Feb '15. Still up 1.1% when adjusted for leap year. Production per cow in the 23 major States averaged 1,833 pounds for Feb '16, 79 pounds (16 pounds adjusted for leap year) above Feb '15. This is the highest production per cow for the month of February since the 23 State series began in 2003. The number of milk cows on farms in the 23 major States was 8.63 million head, 8,000 head more than Feb '15, and 2,000 head more than Jan '16.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

- Last Friday USDA released its quarterly Hogs and Pigs Inventory report. It estimated less small feeder pigs under 50#s, but more market hogs in the 50-180# weight ranges than the industry had projected. Overall numbers were slightly higher than industry numbers.
- Corn and soybean prices have picked up slightly over the past few weeks. It will still be a week before the first crop progress reports will be published by USDA. Look for prices to continue to maneuver based on both crop intentions and actual crop planting progress. Weather could play a role in all of this as well.

MARGINSMART Insight

As you wrap up your 2015 financial statements and tax work, this is a great time for us to revisit your 2016 and 2017 projections for operating income and expenses.

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

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Market Price Updates (As of 3/25/2016 Close)

	Mar'16	+/-*	Apr'16	+/-*	May'16	+/-*	June'16	+/-*	Jul '16	+/-*	Sep '16	+/-*	New Crop	+/-*
Class III Milk	13.77	-0.06	13.86	-0.02	13.78	+0.12	13.78	+0.17	13.95	+0.00	14.57	+0.04	14.73	+0.03
Class IV Milk	12.91	+0.00	13.18	+0.00	13.13	-0.09	13.44	+0.00	13.87	+0.00	14.20	+0.00	14.30	+0.00
Cash Butter	2.00	+0.01	1.96	-0.03	1.98	-0.04	2.01	-0.02	2.03	-0.02	2.06	-0.03	2.02	-0.01
Cash Cheese	1.52	+0.00	1.53	+0.00	1.52	+0.02	1.51	+0.01	1.53	+0.00	1.58	-0.01	1.60	+0.00
Corn	3.66	+0.00			3.70	+0.03			3.74	+0.02	3.79	+0.02	3.87	+0.02
Soybeans	8.88	+0.00			9.10	+0.13			9.18	+0.14	9.19	+0.13	9.23	+0.13
Soybean Meal	268	+0.00			275	+0.08			278	+0.09	280	+0.08	283	+0.09

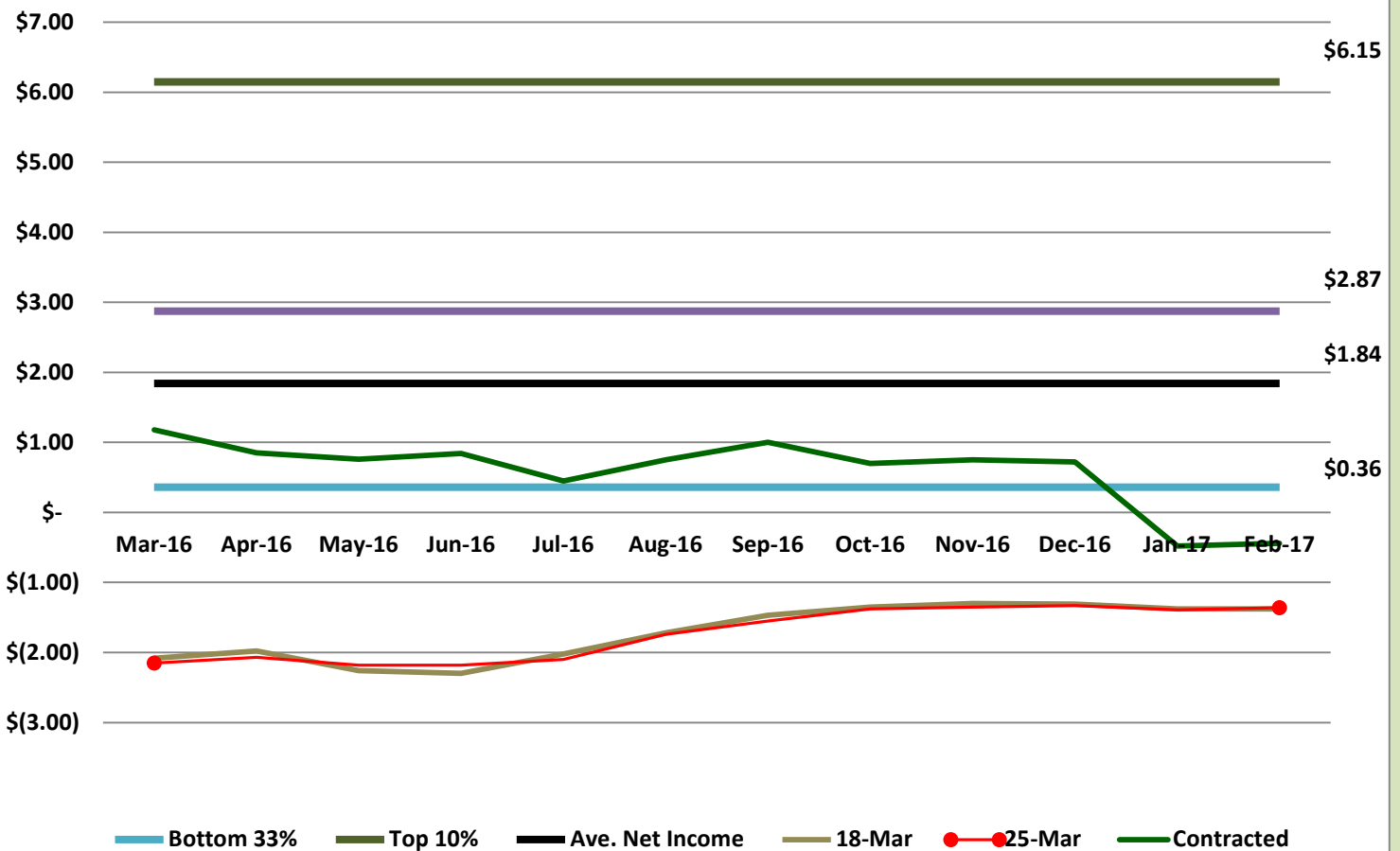
*Change from the Previous Week Price

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



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.

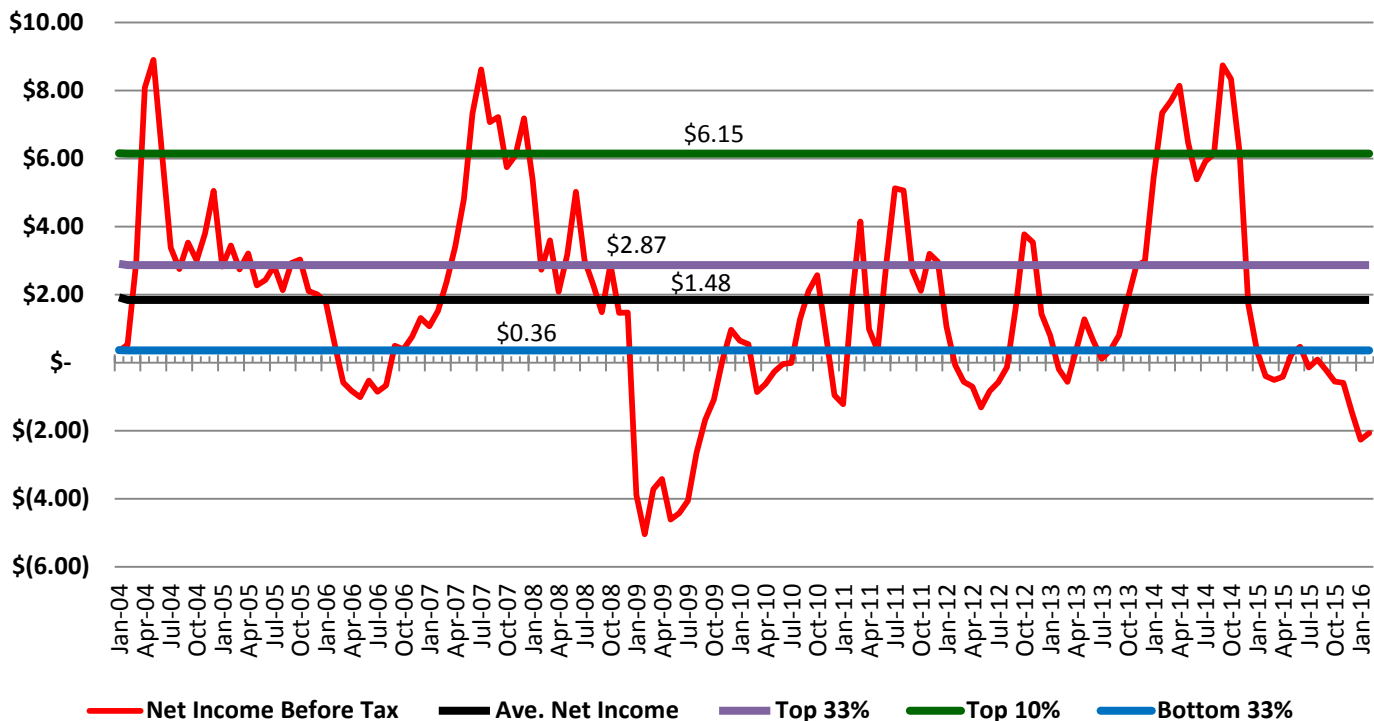
Net Income Available March 25, 2016





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.)

2004-2016 Historical Net Income Before Tax





MARGINSMART® maintains a 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	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