



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	Feb. '16	Mar. '16	Apr '16	May '16	June '16	July'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Jan'17
Change From Prior Week	+01	+01	-04	-11	-28	-23	-20	-18	-22	-22	-27	-26

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's tip of the week relates to an expanded view of what is going on around the globe as it relates to milk production. (Source Dairy Markets News, Volume 83, Report 09)

- With seasonal milk production in the EU moving toward the flush, dealing with milk volumes will become even more challenging. For example, observers in Germany believe milk production for the first two weeks of February 2016 were 5% higher than the same weeks of 2015
- Milk production in Eastern Europe remains strong overall. Eurolait reports milk production changes for the year 2015 compared with 2014, as well as for December 2015 compared with December 2014 for the following Eastern EU nations, as: Czech Republic, +3.6%, +3.7%; Hungary, +3.6%, -4.0%; Lithuania, +0.2, +1.9%; Romania, -8.0%, -1.8%; Slovakia, +2.5%, +0.8%; Latvia, +0.4%, +4.4%; Estonia, -1.4%, +3.4%; Slovenia, +4.7%, +9.2% and Croatia, -1.9%, -3.8%.
- Australian milk production during the 2015-16 production season is now estimated by Dairy Australia to be lower than the previous season. A decrease of 1.4% is now forecast.
- New Zealand milk production in January was nearly flat with December. For the milk production season to date, which is about 2/3 completed, production is down from the previous season. Estimates at this point are down a couple of percent, or so.

Market News (Continued)

Milk: The final Feb '16 announced Class III price was \$13.80 per cwt. – up \$.08 from Jan '16, but down \$1.60 from Feb '15. The final Feb '16 Class IV price was \$13.49 per cwt., up \$.16 from Jan '16, but down \$.33 per cwt. from Feb '15. The All Milk price received by farmers was \$16.10 in January, down \$1.50 from January 2015. Milk Cows price was \$1,830 in January, down \$160 from January 2015.

Grains/Feedstuffs/Cattle/Poultry:

Recent reports show that in 2015 the net value of pork exports dropped nearly 20% from just over \$7B to around \$5.8B. Most of this was due to pricing as the volume was actually up 2%

MARGINSMART Insight

MARGINSMART will be exhibiting at the PDPW Business Conference in Madison, WI on March 16-17. Please stop in at booth 240 to see us if you are attending.

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

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Market Price Updates (As of 3/4/2016 Close)

	Feb'15	+/-*	Mar'16	+/-*	Apr'16	+/-*	May'16	+/-*	Jul '15	+/-*	Sep '15	+/-*	New Crop	+/-*
Class III Milk	13.80	+00	13.78	+12	13.53	+03	13.53	+00	14.04	-17	14.77	-17	15.00	-19
Class IV Milk	13.49	+05	13.18	-07	13.38	+10	13.52	+06	14.00	-15	14.70	+01	14.89	+23
Cash Butter	2.14	+00	2.04	+03	2.06	+03	2.08	+05	2.12	+06	2.06	+05	2.06	+00
Cash Cheese	1.52	+00	1.52	+01	1.49	+00	1.49	-01	1.53	-02	1.61	-01	1.63	-02
Corn			3.54	+00			3.58	-01	3.63	-01	3.69	-01	3.78	+00
Soybeans			8.70	+15			8.78	+15	8.84	+14	8.87	+14	8.91	+15
Soybean Meal			268	+11			271	+10	273	+10	276	+10	278	+09

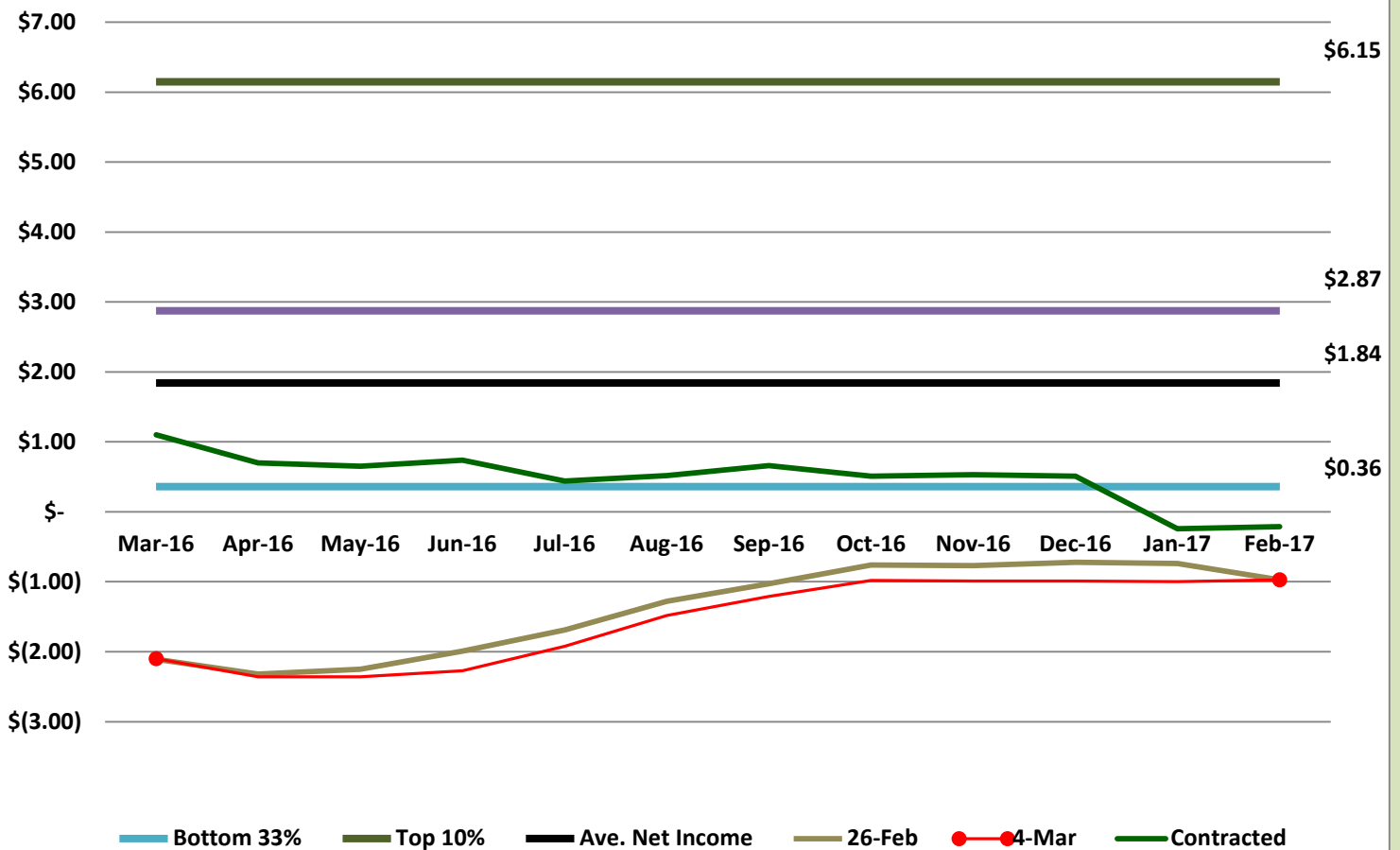
*Change from the Previous Week Price

**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.

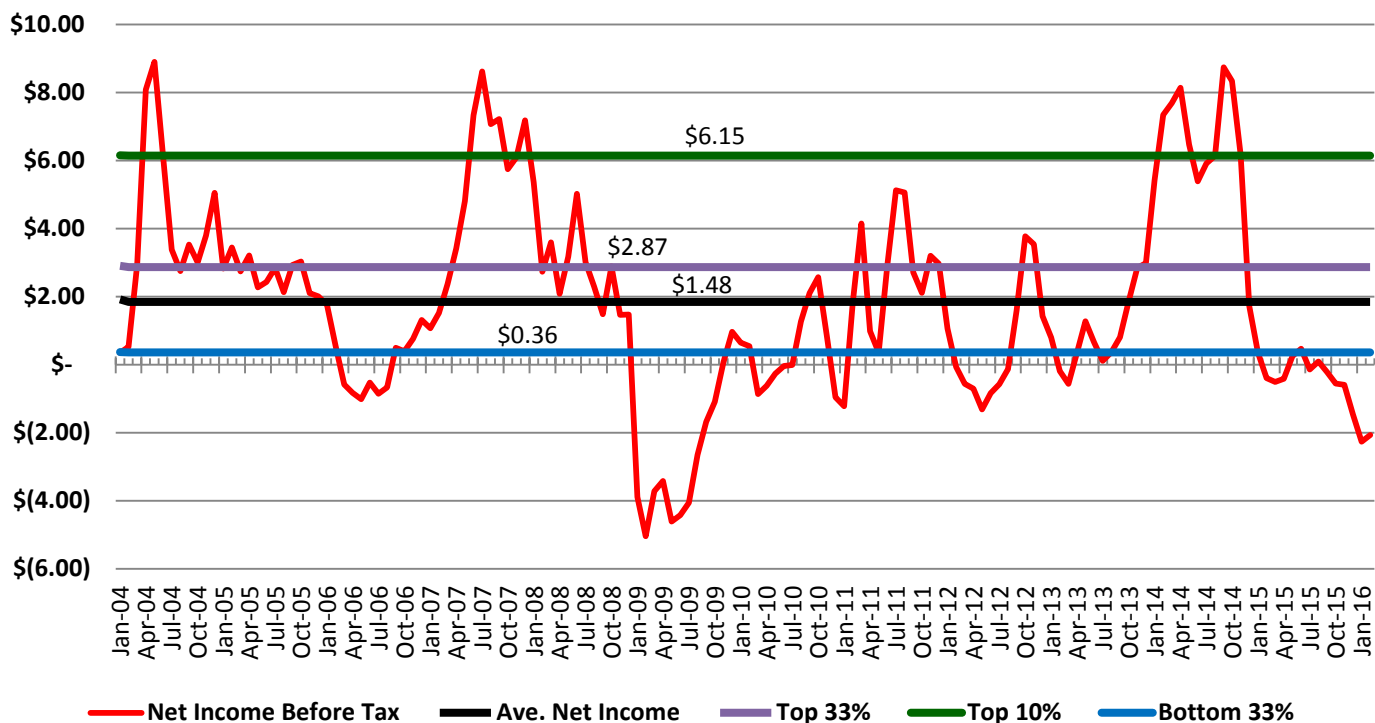
Net Income Available March 4, 2016





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





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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