



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	Nov. '15	Dec. '15	Jan. '16	Feb. '16	Mar. '16	Apr '16	May '16	June '16	July'16	Aug'16	Sep'16	Oct'16
Change From Prior Week	-0.15	-0.38	-0.17	-0.15	-0.21	-0.40	-0.41	-0.29	-0.20	-0.13	-0.12	-0.09

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

Our tip of the week reminds you that the sign up date for the MPP program is this Friday November 20, 2015. Due to the continued drop in margins and profitability, we take this week to review your options for signing up for the MPP program. Average profitability, without any market risk management, has dropped approximately \$.85 per cwt. for the January – June 2016 period since June 30, 2015, and those months are currently projected to result in Margins of under \$8.00 per the MPP formula. If you have missed out on locking a portion of your profits in via milk and feed contracts/futures/options, the MPP program could still offer you some opportunities for a “fallback” position. Since rates are constant for MPP you may want to consider your involvement for 2016. We recommend that you consider sign up levels between \$4.00 - \$6.50 per cwt., at a percentage that fits your cash flow and risk appetite, to protect your downside. Call with any questions.

Milk: The milk production forecasts for 2015 and 2016 are reduced from last month as the dairy herd is expected to decline more rapidly from its second-quarter peak and growth in milk per cow in 2015 remains slower than expected.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Highlights from the 11/16/15 Crop Progress Report:

- Corn harvested at 96% vs. 5 yr avg of 94%
- Cotton harvested at 64% vs. 5 yr avg of 74%
- Sorghum harvested at 91% vs. 5 yr avg of 89%
- Topsoil and subsoil moisture across the US rated at adequate or surplus are several percentage points above year earlier levels

Cattle Related

- Dairy cull cows for September '15 were 14K higher than Sep '14
- YTD dairy culls are 83K higher than in 2014
- For the nine months YTD, dairy culls are 2.17M head, or 2.9M annualized

MARGINSMART® Insight

NOTE - The final sign up date for the MPP has been extended. The final date is now November 20, 2015.

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

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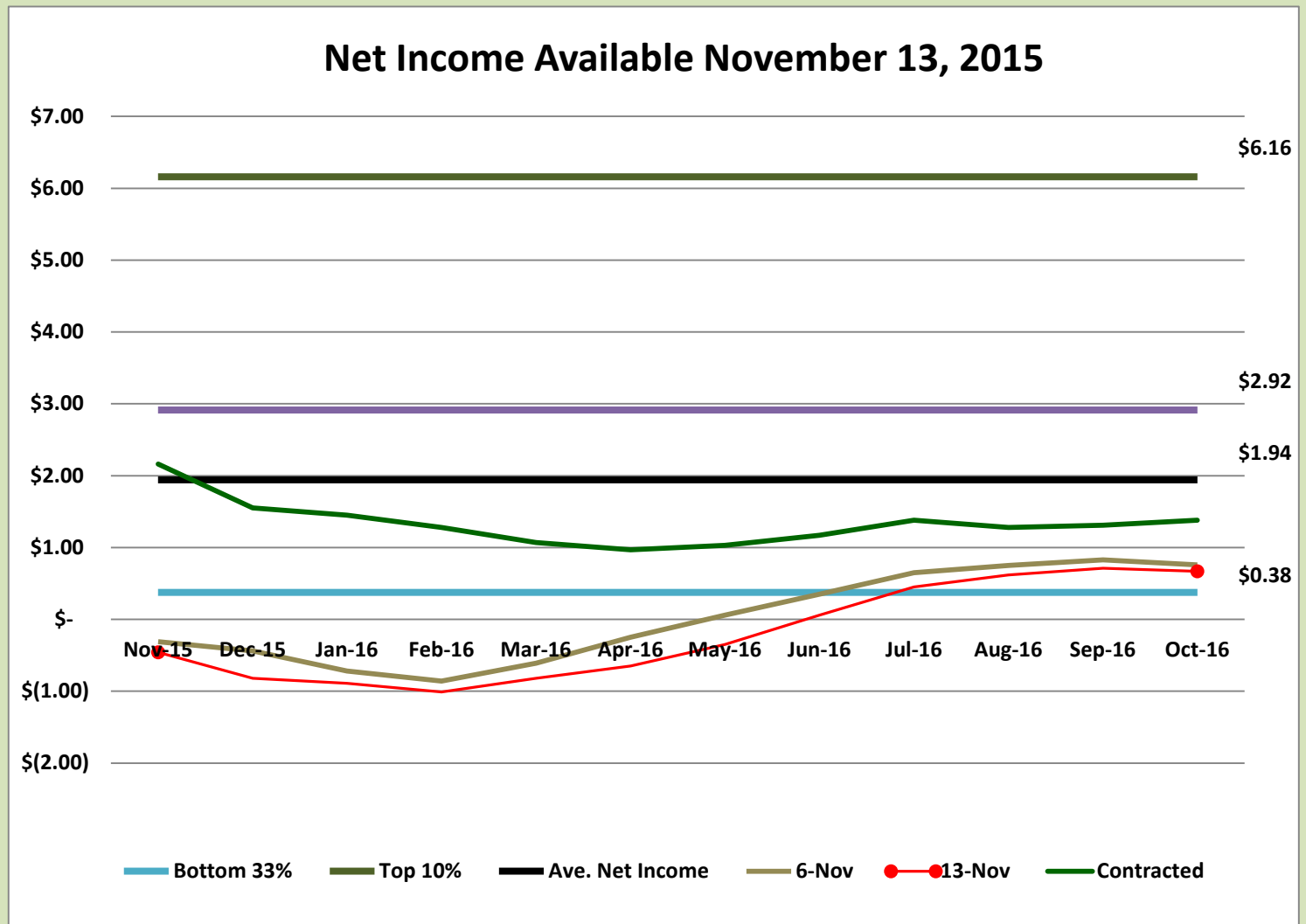
Market Price Updates (As of 11/13/2015 Close)

	Nov'15	+/-*	Dec'15	+/-*	Jan '16	+/-*	Feb'15	+/-*	Mar'16	+/-*	Apr'16	+/-*	May'16	+/-*
Class III Milk	15.41	-0.22	15.06	-0.48	15.12	-0.22	15.07	-0.22	15.25	-0.30	15.43	-0.46	15.73	-0.46
Class IV Milk	16.46	+0.26	14.68	+0.08	13.89	-0.31	14.27	-0.33	14.6	-0.60	14.94	-0.56	15.20	-0.47
Cash Butter	2.71	+0.09	2.21	+0.02	1.94	-0.01	1.90	-0.03	1.93	-0.02	1.94	-0.01	1.93	+0.00
Cash Cheese	1.67	-0.02	1.64	-0.05	1.64	-0.03	1.65	-0.01	1.66	-0.02	1.68	-0.03	1.70	-0.04
Corn			3.58	-0.15					3.65	-0.17			3.72	-0.16
Soybeans	8.59	-0.12			8.55	-0.12			8.56	-0.13			8.62	-0.13
Soybean Meal			289	-0.07	290	-0.05			289	-0.04			291	-0.02

*Change from the Previous Week Price



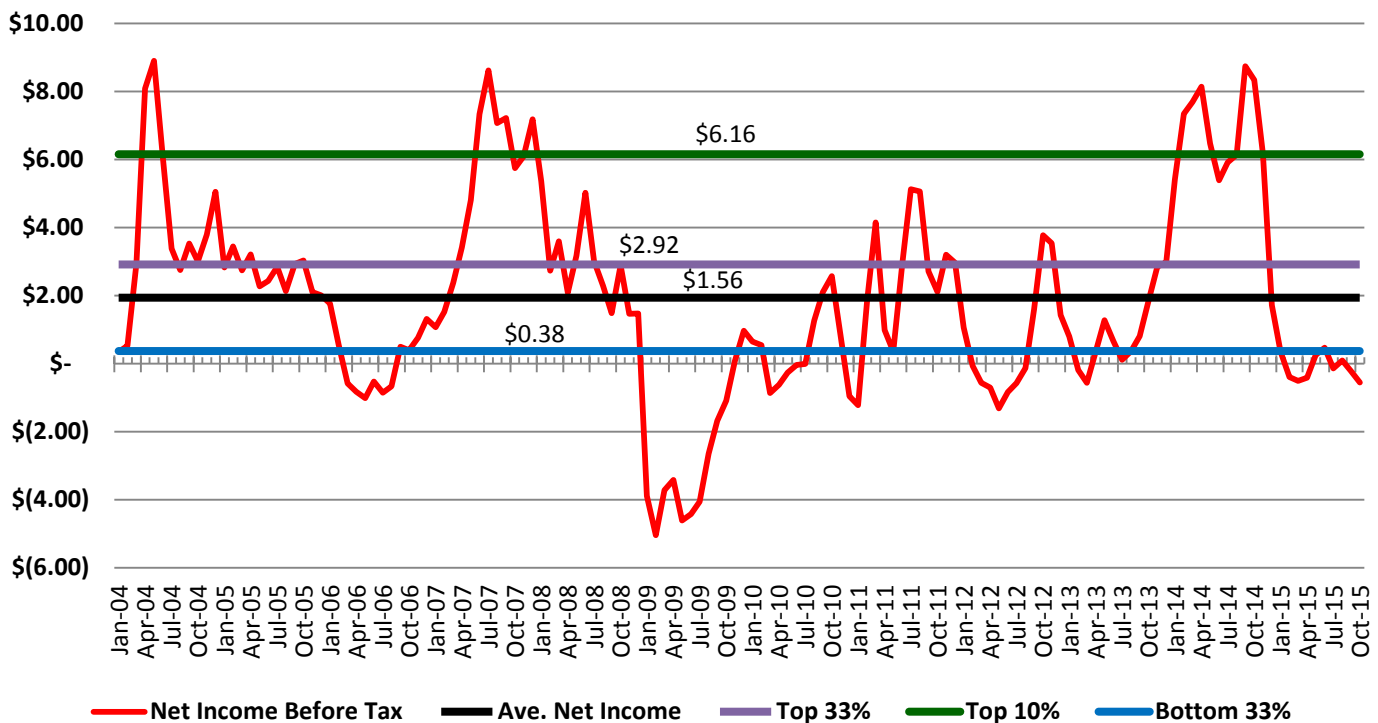
MARGINSMART® maintains a Sample Farm with 1,500 mature cows and 86 #s of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. The red line on the Net Income chart below shows the net income / cwt. available last Friday over the next 12 months based 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.





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	-0.18	.11	-0.08	