



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	Oct. '15	Nov. '15	Dec. '15	Jan. '16	Feb. '16	Mar. '16	Apr '16	May '16	June '16	July'16	Aug'16	Sep'16
Change From Prior Week	-0.13	-0.18	-0.18	-0.15	-0.04	+0.02	-0.02	+0.03	+0.19	+0.06	+0.13	+0.07

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

The tip of the week relates to grain basis. As 2015 shapes up to be one of the largest harvests of all time we suggest that you pay attention to both futures and basis levels. While futures prices have not fluctuated much in recent weeks, basis levels are varying significantly. Basis levels in the Eastern Cornbelt are up due to heavy processor demand while basis levels in the Western Cornbelt have deteriorated due to good supply and piles of corn. Keep in mind that harvest time can provide some opportunities to lock in some good basis levels or take ownership to low priced corn (provided you have storage capacity). This can vary across the USA as mentioned here so check your situation. We can then adjust your basis within MARGINSMART. Call with any questions.

Milk: On September 30, U.S. cold storage holdings of butter totaled 187.5 million pounds, down 12% from the previous month, but up 23% from September 2014. Natural American cheese holdings total 698.9 million pounds, 1% lower than the previous month but 11% more than September 2014. Total natural cheese stocks were 1,149.4 billion pounds, 2% lower than last month but 13% more than September 2014.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Highlights from the 10/19/15 Crop Progress Report:

- Corn harvested at 75% vs. 5 yr avg of 68%
- SB harvested at 87% vs. 5 yr avg of 80%
- Sorghum harvested at 71% vs. 5 yr avg of 61%

Update on the September Cattle on Feed Report

- Total Cattle on Feed on 10/1/15 were 102.3% of last year and the largest on 10/1 since 2012
- Beef heifers on feed were down 7% from last year meaning that more heifers were retained for the breeding herd

Cutter cow cutout values (meat value) last week were the lowest since mid-February 2014.

Pork cutout values are down 25% from a year ago

MARGINSMART® Insight

The 2016 MPP sign up has been extended to November 20, 2015. Please call with any questions as you make decisions on this.

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

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Market Price Updates (As of 10/23/2015 Close)

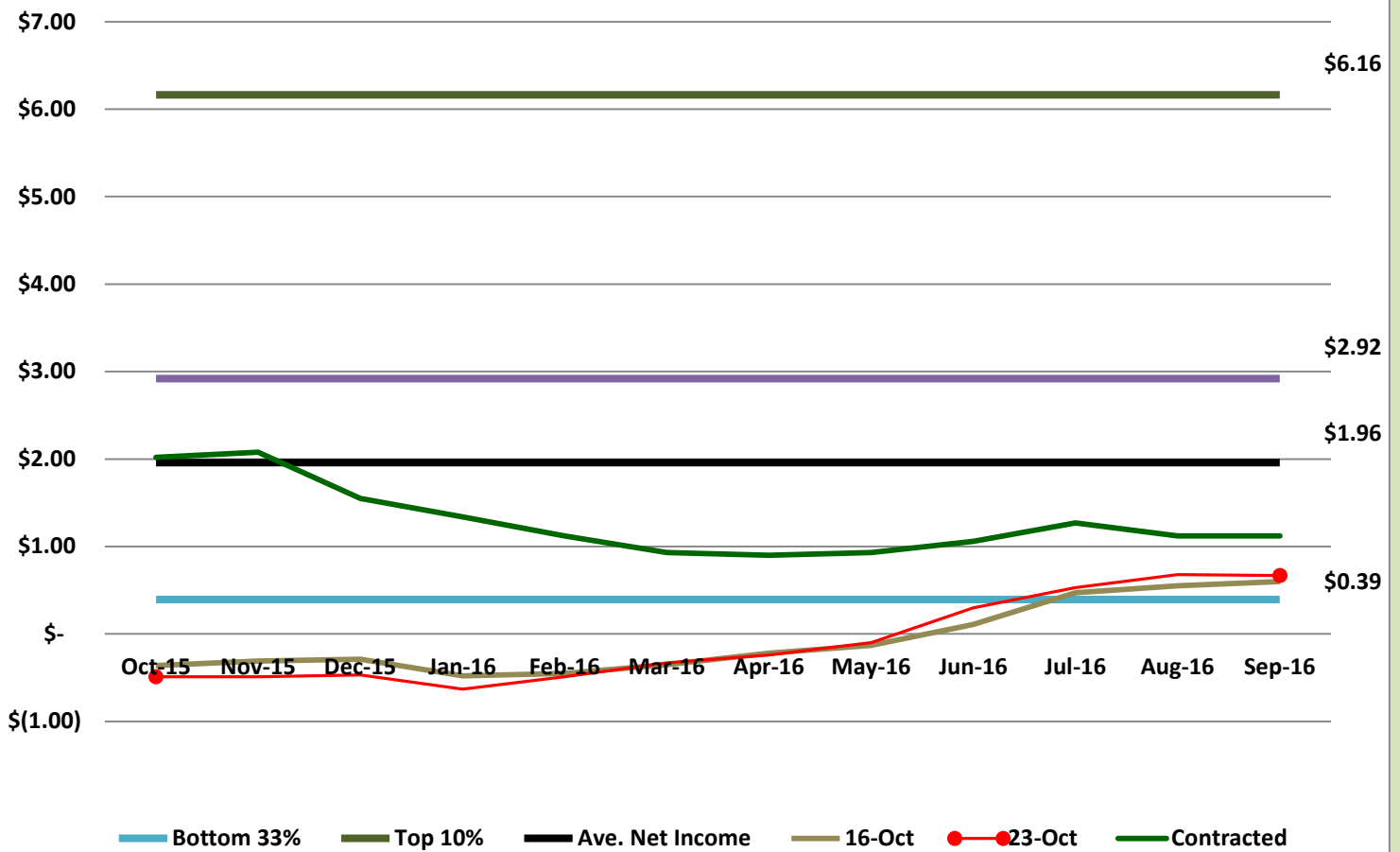
	Oct '15	+/-*	Nov'15	+/-*	Dec'15	+/-*	Jan '16	+/-*	Feb'15	+/-*	Mar'16	+/-*	Apr'16	+/-*
Class III Milk	15.49	-0.11	15.46	-0.20	15.51	-0.17	15.48	-0.14	15.66	-0.04	15.82	+0.02	15.93	-0.02
Class IV Milk	16.58	+0.20	15.47	+0.01	14.60	+0.02	14.81	-0.14	15.15	+0.11	15.54	+0.33	15.73	+0.05
Cash Butter	2.55	+0.01	2.28	+0.09	2.00	+0.10	1.90	+0.07	1.90	+0.07	1.90	+0.06	1.90	+0.05
Cash Cheese	1.68	-0.01	1.68	-0.02	1.68	-0.02	1.67	-0.02	1.68	+0.00	1.70	+0.00	1.70	+0.00
Corn					3.80	+0.03					3.89	+0.01		
Soybeans			8.95	-0.03			8.96	-0.04			8.98	-0.07		
Soybean Meal	307	+00			305	-07	304	-06			303	-03		

*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.

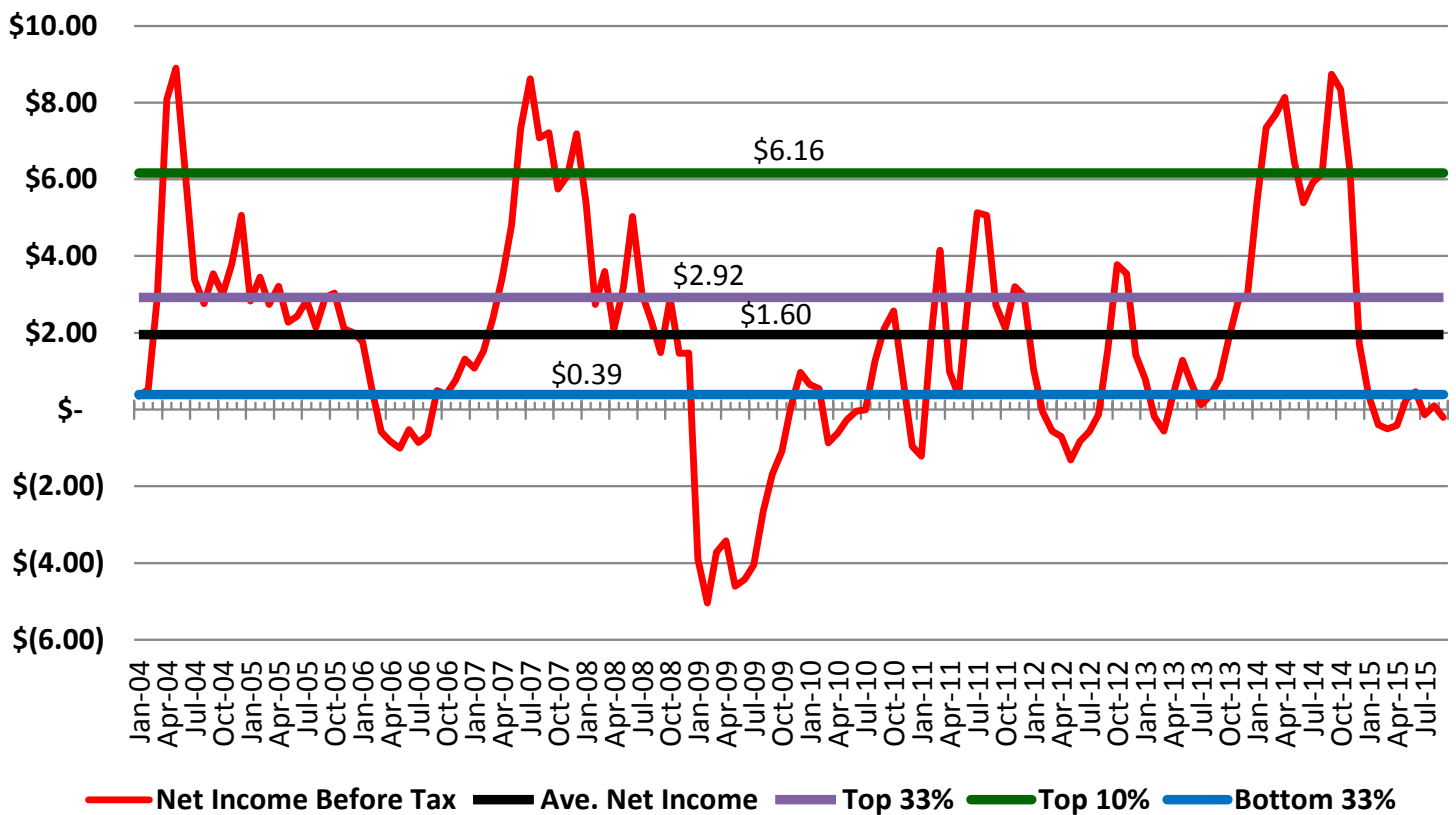
Net Income Available October 23, 2015





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	