



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	Sep. '15	Oct. '15	Nov. '15	Dec. '15	Jan. '16	Feb. '16	Mar. '16	Apr '16	May '16	June '16	July'16	Aug'16
Change From Prior Week	+0.00	+0.17	-0.15	-0.06	+0.06	+0.09	+0.04	+0.16	+0.18	+0.10	+0.12	+0.16

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 keeping an eye on milk product supply levels and the world dairy situation. Domestic cheese and butter supplies in storage have grown in recent months to significantly exceed prior year levels. Fonterra in New Zealand has dropped expected prices to NZ dairy producers due to reduced exports to China and building supplies. European dairy producers have experienced reduced cheese exports to Russia. All of this while US milk production continues to increase from the prior year. Meanwhile US currency exchange rates remain high creating negative impacts for US exports. In fact, exchange rates currently encourage the US market to import various dairy products which could ultimately negatively impact overall supplies. McDonalds has committed to butter over margarine. Lots of volatility! Call us with questions.

Milk: The final Sep '15 announced Class III price was \$15.82 per cwt. – down \$.45 from Aug '15 and down \$8.78 from Sep '14. The final Sep '15 Class IV price was \$15.08 per cwt., down \$2.18 from Aug '15, and down \$7.50 per cwt. from Sep '14. The Oct and Nov '15 futures Class IV prices have rallied \$3.30 per cwt. over the past 7 weeks.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Highlights from the 10/5/15 Crop Progress Report:

- Corn harvested at 27% vs. 5 yr avg of 32%
- Corn mature at 86% vs. 5 yr avg of 83%
- Corn rated good and excellent 68% vs. 74% in '14
- SB rated good and excellent 64% vs. 73% in '14
- SB harvested at 42% vs. 5 yr avg of 32%
- Cotton rated good and excel. 48% vs. 47% in '14
- Sorghum rated good and excel. 65% vs. 57% in '14

Cattle/Hogs, Etc.

- Fed steer prices are just over 25% LOWER than last year this same week
- Market hog prices are down 33% from a year ago

MARGINSMART® Insight

*Thanks to all who stopped to see us at
World Dairy Expo last week!*

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

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Market Price Updates (As of 10/2/2015 Close)

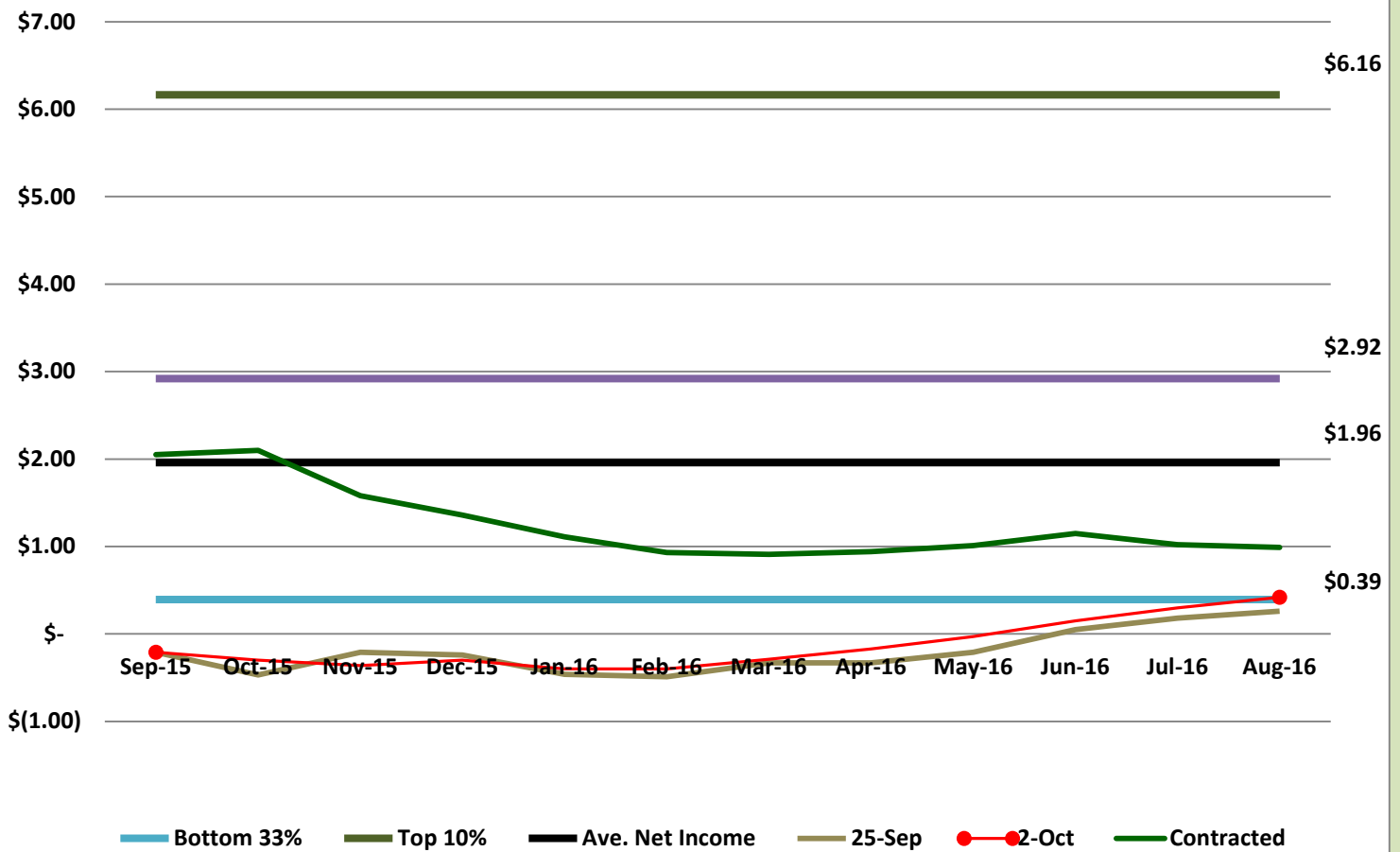
	Sep '15	+/-*	Oct '15	+/-*	Nov'15	+/-*	Dec'15	+/-*	Jan '16	+/-*	Feb'15	+/-*	Mar'16	+/-*
Class III Milk	15.82	+0.02	15.69	+0.19	15.63	-0.14	15.69	-0.07	15.72	+0.10	15.77	+0.10	15.88	+0.05
Class IV Milk	15.08	+0.04	16.90	-0.38	16.21	-0.72	15.50	+0.10	15.50	+0.36	15.77	+0.20	15.97	-0.12
Cash Butter	2.44	+0.04	2.53	-0.13	2.21	-0.24	1.92	-0.08	1.84	-0.05	1.85	-0.05	1.85	-0.04
Cash Cheese	1.71	+0.00	1.69	+0.02	1.70	+0.01	1.69	-0.01	1.68	+0.00	1.68	-0.01	1.70	+0.00
Corn	3.79	+0.00					3.89	+0.00					3.99	-0.01
Soybeans	8.83	+0.00			8.74	-0.15			8.78	-0.15			8.82	-0.15
Soybean Meal	313	+00	299	-10			301	-07	301	-06			299	-07

*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.

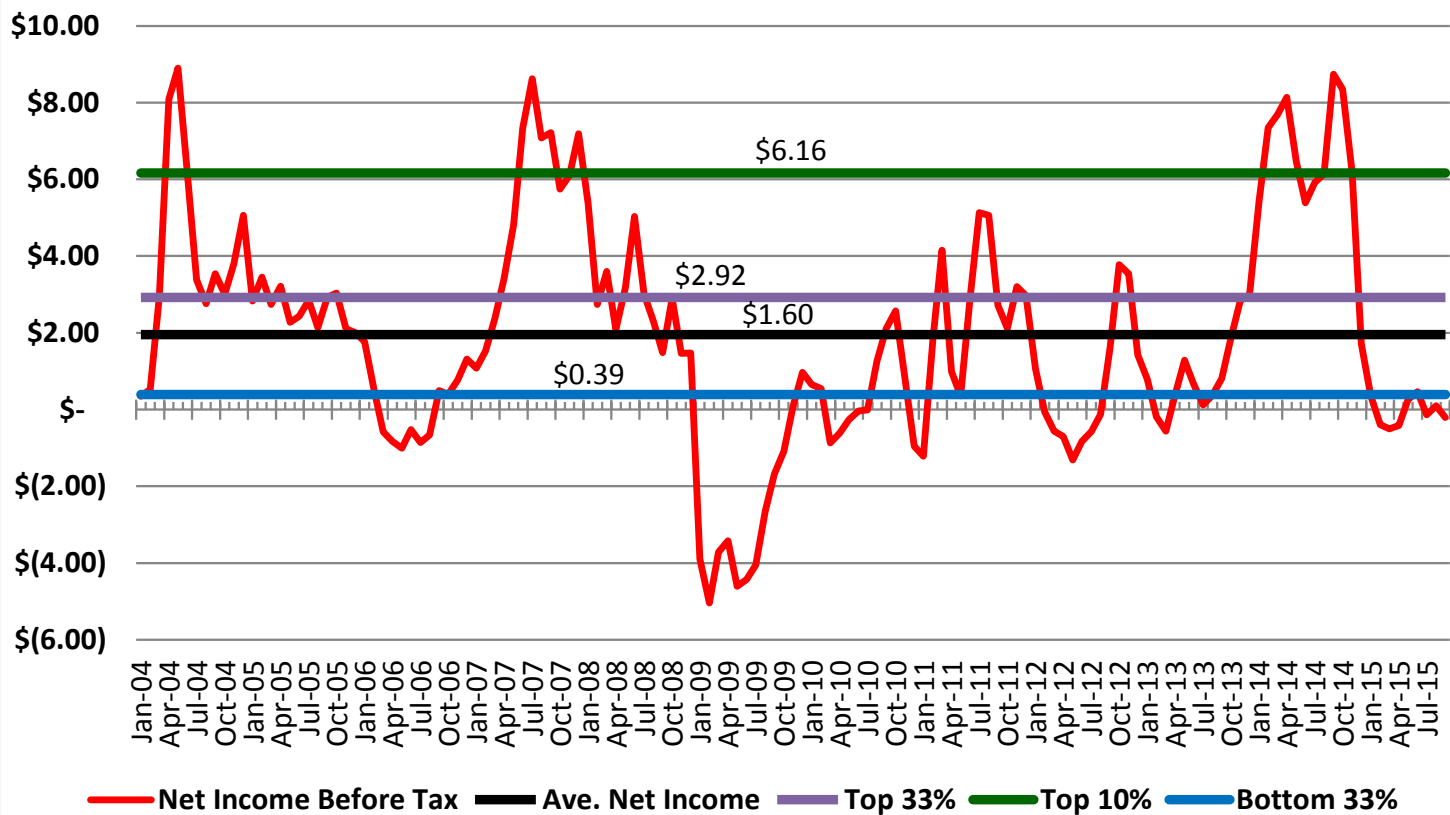
Net Income Available October 2, 2015





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	