



WEEKLY NEWSLETTER

"For SMART Management"

Ph: 877-474-7589 • 1600 W. Shawano Ave. Suite 201 • Green Bay, WI 54303

MARGINSMART® Sample Farm Profitability Changes From Last Report

	June '15	July '15	Aug. '15	Sep. '15	Oct. '15	Nov. '15	Dec. '15	Jan. '16	Feb. '16	Mar. '16	Apr '16	May '16
Change From Prior Week	-0.16	-0.51	-0.40	-0.36	-0.33	-0.28	-0.24	-0.15	-0.18	-0.17	-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

This week we will highlight a few items identified in a Los Angeles Times June 7th article on a meeting of water experts in California as this may ultimately impact feed and milk production in California:

- There were no limitations on groundwater pumping until 2014
 - Groundwater reserves in the Central Valley have been estimated to have been depleted by 125M acre feet over the past century as groundwater wells were drilled
 - A vast amount of farm acres have moved to almonds, walnuts and pistachios which require year round watering
 - Snow and ice packs have been diminished in recent years
 - Policy changes on how to manage water more efficiently vary by citizens and they are "questioning their neighbors"
- Keep tabs on this as it could affect milk production levels.

Market News

Milk: The final May '15 announced Class III price was \$16.19 per cwt. – up \$.38 from April '15 and down \$6.38 from May '14. The final May '15 Class IV price was \$13.91 per cwt., up \$.40 from April '15. and down \$8.74 per cwt. from May '14.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Highlights from the 6/8/15 Crop Progress Report:

- Corn emergence is at 91% vs. the 5 yr avg. of 90%
- Corn rated good and excellent 74% vs. 75% in '14
- US SB planted is at 79% vs. 5 year avg. of 81%
- SB rated good and excellent 69% vs. 74% in '14
- Barley, winter wheat and oats are all rated in better condition this year than last year
- Pasture and rangeland 63% rated good and excellent vs. 51% last year
- Soil top and sub-soil moisture conditions are also well ahead of 2014

Despite poultry flu issues YTD chicken meat production is up nearly 7% over 2014.

MARGINSMART® Insight

As we move into the summer months, we suggest that you stay alert for any negative weather issues which could impact feed prices.

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

DIRECT: 920-264-9139

EMAIL: mark@marginsmart.com

Market Price Updates (As of 6/5/2015 Close)

	June '15	+/-*	July'15	+/-*	Aug'15	+/-*	Sep '15	+/-*	Oct '15	+/-*	New Crop	+/-*	Mar '16	+/-*
Class III Milk	16.70	-0.12	16.91	-0.51	17.08	-0.34	17.26	-0.30	17.21	-0.35	17.26	-0.25	16.75	-0.14
Class IV Milk	14.17	-0.35	14.49	-0.86	14.78	-0.46	15.05	-0.87	15.22	-0.65	15.50	-0.47	15.56	-0.67
Cash Butter	1.95	-0.07	1.97	-0.11	1.98	-0.10	1.99	-0.09	1.99	-0.09	1.98	-0.08	1.81	-0.03
Cash Cheese	1.72	-0.01	1.76	-0.03	1.79	-0.01	1.81	-0.01	1.81	-0.01	1.82	+0.00	1.76	+0.00
Corn			3.60	+0.09			3.67	+0.10			3.78	+0.10	3.89	+0.11
Soybeans			9.38	+0.04	9.24	+0.05	9.16	+0.08			9.14	+0.08	9.26	+0.10
Soybean Meal			305	-1	298	+0	295	+0	292	-1	292	-1	290	-1

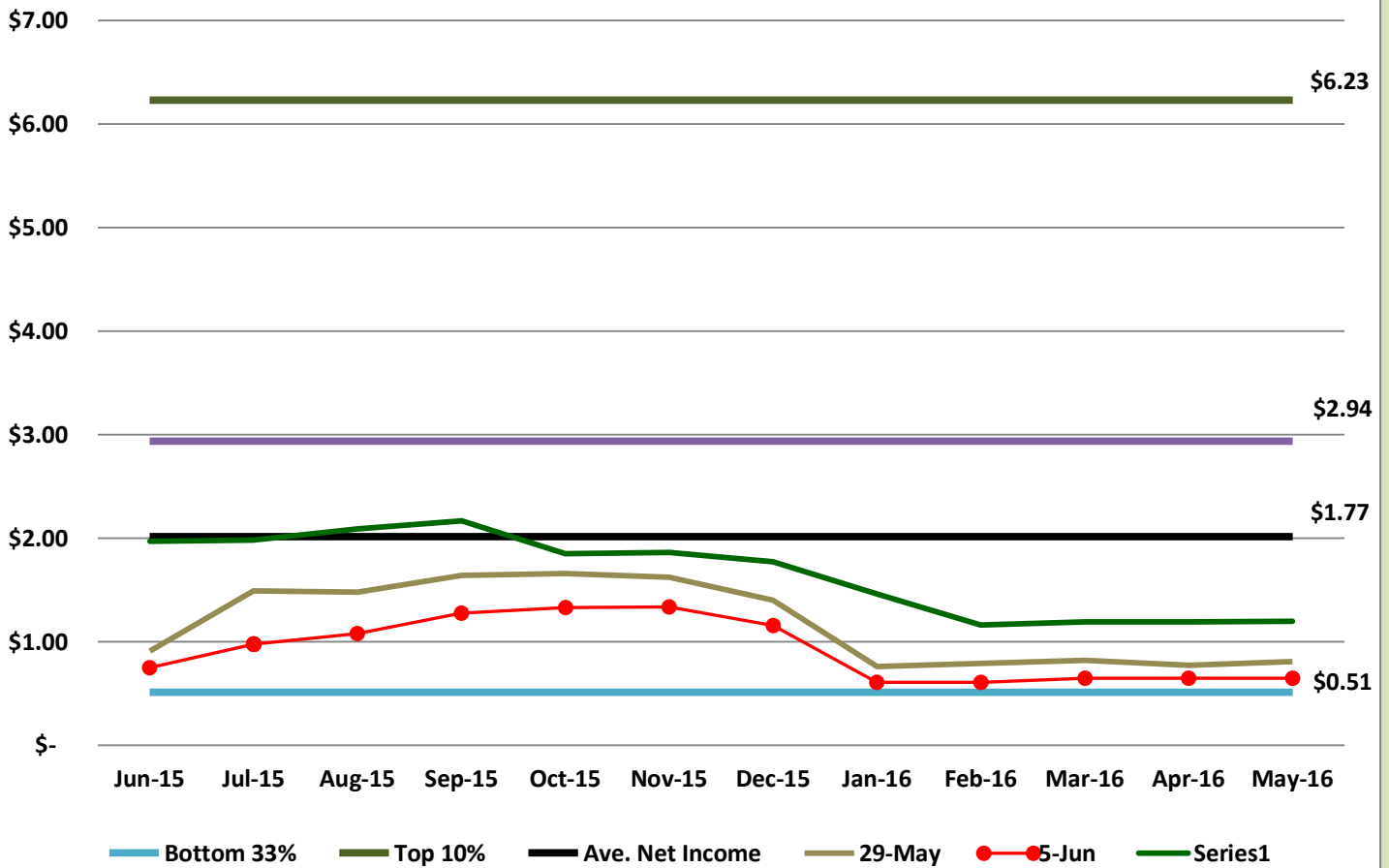
*Change from the Previous Week Price

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



MARGINSMART® maintains a fully virtual 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.

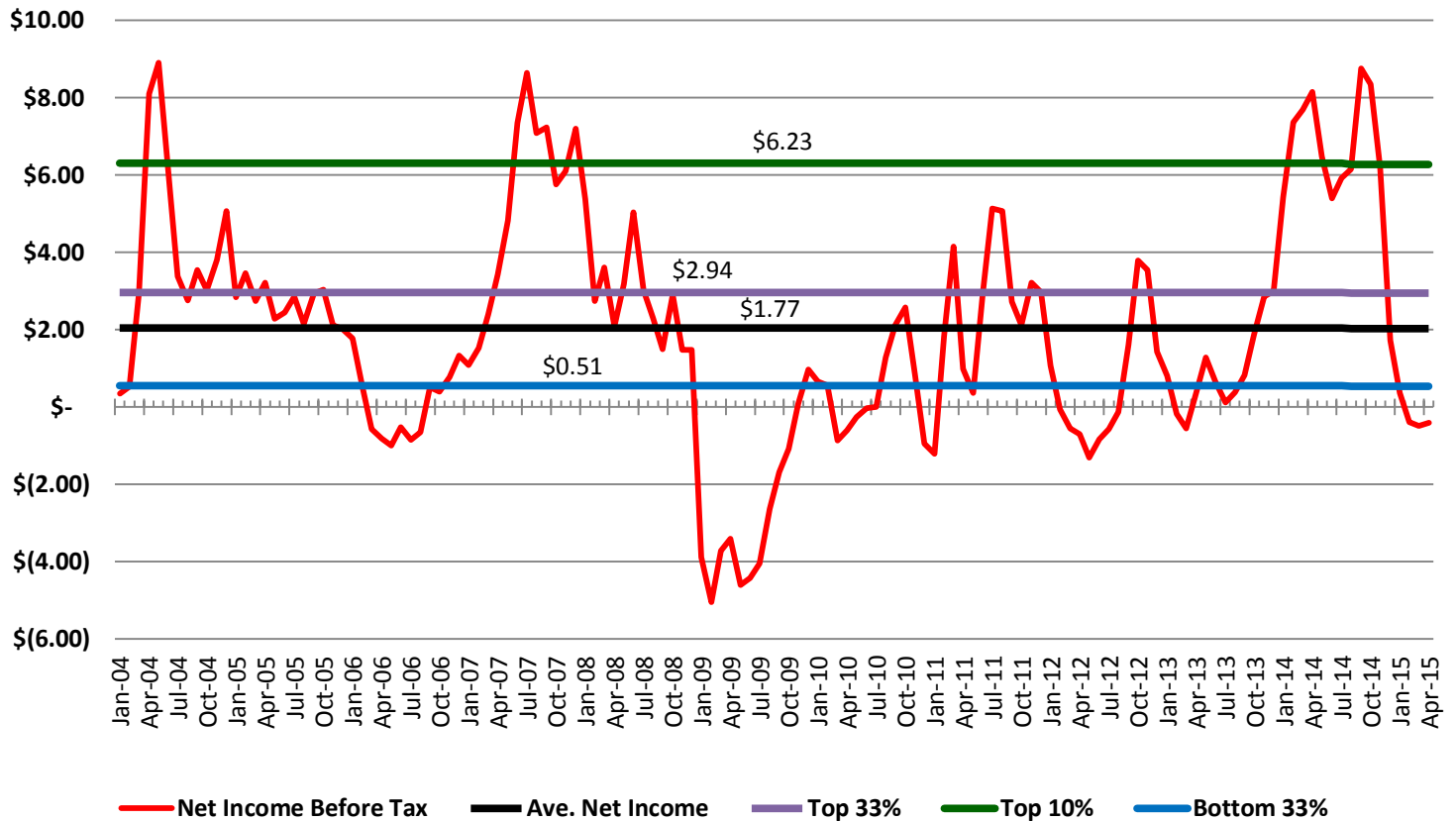
Net Income Available June 5, 2015





MARGINSMART® maintains a fully virtual 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 percentile), the average and bottom 33% (33rd percentile.)

2004-2015 Historical Net Income Before Tax





MARGINSMART® maintains a fully virtual 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
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	-.18			