



# WEEKLY NEWSLETTER

## "For SMART Management"

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### 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	-0.25	-0.12	-0.25	-0.22	-0.20	-0.12	-0.02	-0.12	-0.10	-0.11	-0.25

#### 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 review the various mechanisms to price your individual feed ingredients within MARGINSMART®. Home grown forages can be valued at either: 1) your exact growing cost (seed, fertilizer, chemicals, fuel, etc.), 2) your exact cost per ton, or 3) market price. Any portion of other feed stuff needs that are contracted can be incorporated based on the % contracted. Other feed usage can be priced at market in one of two ways: 1) if the price is highly correlated to corn, SB or SBM on the CBOT it can be correlated with a basis, or 2) individual monthly market prices for the ingredient itself can be used. We can further adjust either prices or volume usage for shrink. Call us to answer any questions you may have.

#### Market News

**Milk:** Update on milk production from around the world... Preliminary reports from Eurostat estimated EU28 (European Union 28 countries) Jan-May '15 production to be .7% behind 2014. Australia production YTD is ahead of last year. New Zealand – estimates of milk solids for the 2015-16 production year are down 1.35%.

#### Market News (Continued)

##### Grains/Feedstuffs/Cattle/Poultry:

Highlights from the 6/1/15 USDA Hogs & Pigs Report:

- Total 6/1/15 inventory was 8.7% higher than the prior year
- Market hogs (those to come to market between June 1 – Dec 1) were up 9.4% from prior year, analysts were only expecting a 8.6% increase
- **Higher market inventories will result in increased corn and SBM usage over last year**

With plentiful rain across the United States, alfalfa and hay prices across the US are down. Combined with lower milk and diesel fuel prices, high quality alfalfa delivered prices are down from last year.

#### MARGINSMART® Insight

**PAY ATTENTION TO GRAIN AND FEEDSTUFF PRICING DUE TO THE EXCESSIVE RAIN AND MOISTURE ACROSS MAJOR PORTIONS OF THE USA. FUTURES PRICES FOR CORN, SB AND SBM HAVE ALL RISEN IN RECENT WEEKS**

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

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### Market Price Updates (As of 6/26/2015 Close)

	June '15	+/-*	July'15	+/-*	Aug'15	+/-*	Sep '15	+/-*	Oct '15	+/-*	New Crop	+/-*	Mar '16	+/-*
Class III Milk	16.69	-0.05	16.15	-0.18	16.50	-0.01	16.63	-0.08	16.70	-0.10	16.75	-0.08	16.51	+0.02
Class IV Milk	13.89	+0.04	13.90	-0.13	14.01	-0.20	14.25	-0.20	14.59	-0.04	14.73	+0.02	15.00	-0.29
Cash Butter	1.91	+0.00	1.91	-0.02	1.94	-0.01	1.93	-0.03	1.95	-0.02	1.91	-0.01	1.77	-0.01
Cash Cheese	1.72	+0.00	1.69	-0.01	1.73	-0.01	1.76	-0.01	1.77	-0.01	1.77	-0.01	1.75	+0.01
Corn			3.85	+0.32			3.92	+0.33			4.02	+0.33	4.13	+0.33
Soybeans			10.02	+0.31	9.98	+0.43	9.89	+0.47			9.86	+0.46	9.90	+0.43
Soybean Meal			341	+0.18	335	+0.18	320	+0.08	326	+0.19	326	+0.19	323	+0.19

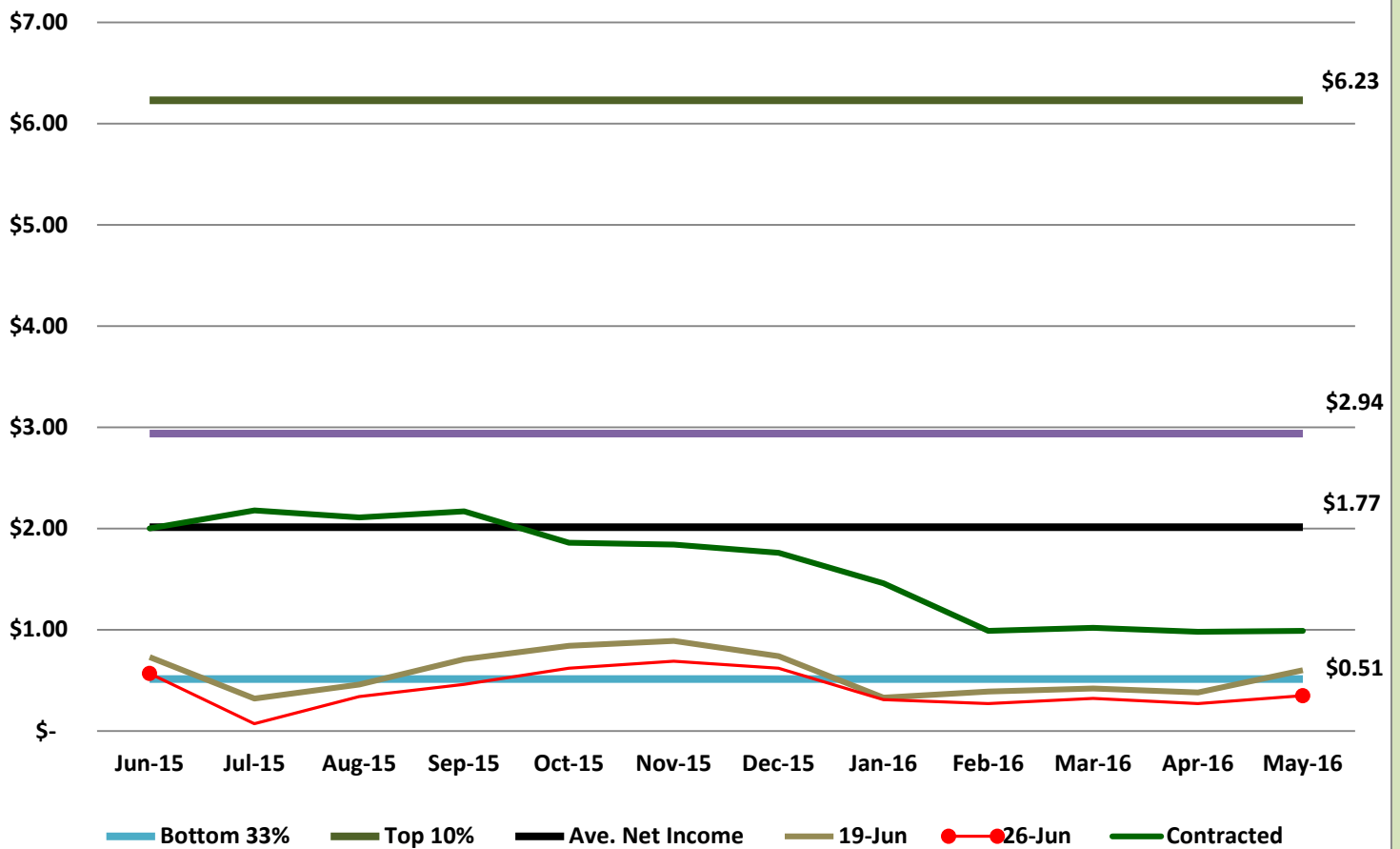
\*Change from the Previous Week Price

\*\*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.

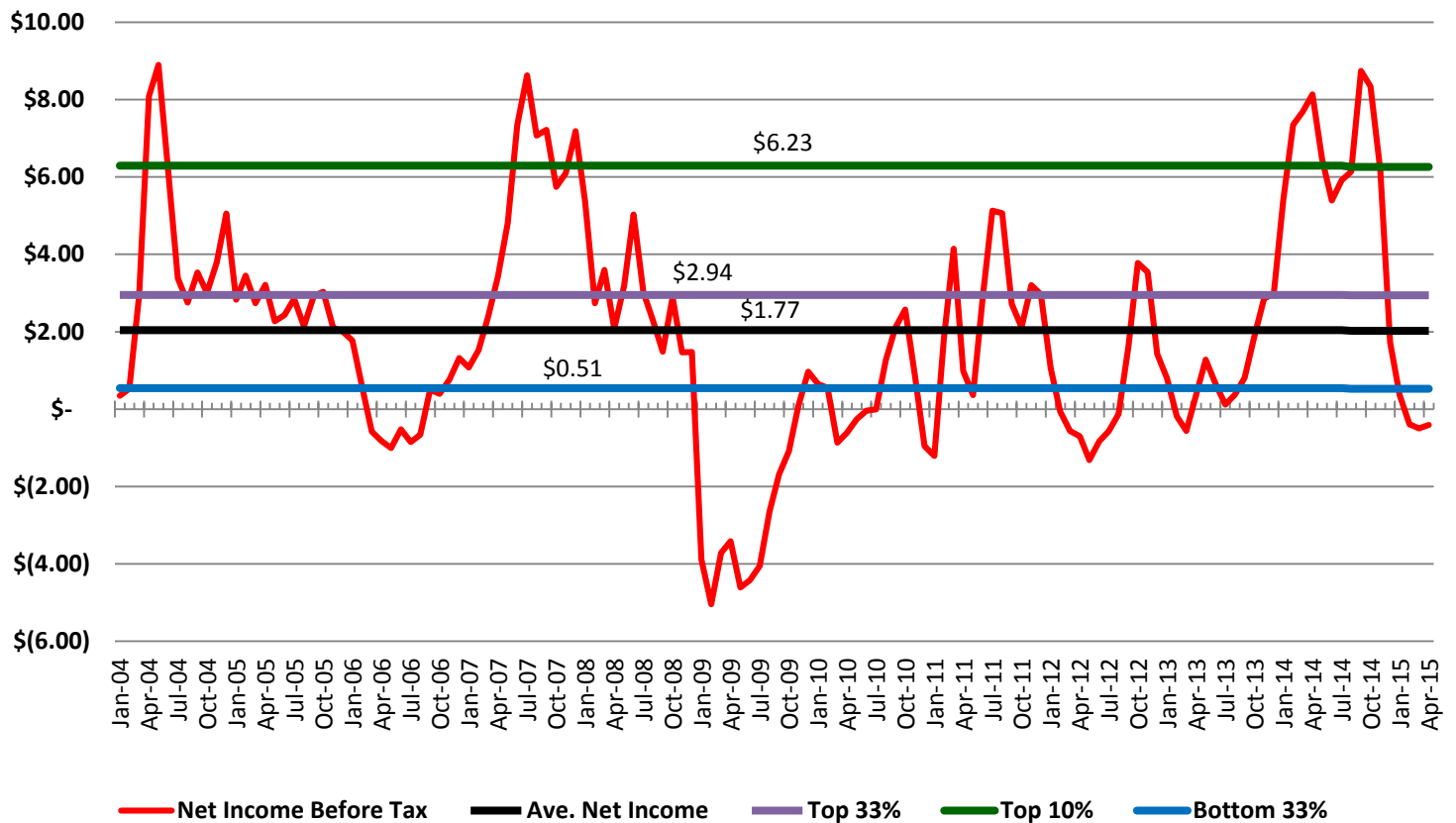
## Net Income Available June 26, 2015





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% (90<sup>th</sup> percentile), top 33% (67<sup>th</sup> percentile), the average and bottom 33% (33<sup>rd</sup> 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			