



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	July '15	Aug. '15	Sep. '15	Oct. '15	Nov. '15	Dec. '15	Jan. '16	Feb. '16	Mar. '16	Apr '16	May '16	June '16
Change From Prior Week	+ .27	+ .03	- .24	- .22	- .28	- .28	- .25	- .33	- .46	- .48	- .40	- .34

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

Due to market moves we are reprinting a tip of the week from March 9, 2015 with updated numbers...

This week we will discuss some historical levels on dairy farm profitability and how that may impact the next 12-24 months. To start this discussion I must reiterate that I cannot predict the future and cannot guarantee what it may bring for prices, BUT no one can. (Refer to our 11 year historical chart on page 3 of this newsletter.) The last 2 times that the industry experienced profitability levels above \$8.00/cwt. it resulted in the following:

Month	Class III	Profitability Per Cwt.	Net Change	Months to Bottom
May 2004	\$19.66	\$9.00		
May 2006	\$10.83	(\$1.01)	(\$10.01)	24
July 2007	\$21.38	\$8.62		
Feb 2009	\$9.31	(\$5.05)	(\$13.67)	20
Sept 2014	\$24.58	\$8.74		
June 2015	\$15.46	\$.47	??	??

This is where it is at this point, but if history repeats the bottom will not set in for another 8-14 months. In addition, as operating costs go up it takes a higher Class III/IV price to

Tip of the Week (Continued)

generate similar profits. In the past occurrence, the variance in both the Class III and the profitability increased from the 2004-2006 period. MARGINSMART is designed to project your profitability. Most of our customers had profitability opportunities for the 2nd half of 2015 prior to 6/1/15 (however this has been reduced by \$1.50 - \$2.00 per cwt. over the past 6 weeks) and close to +/- a breakeven in 2016. Please call and we will review your situation with you.

Market News

Grains: Soybean condition and progress still lags last year and surplus moisture conditions are 10% higher than last year across the US.

MARGINSMART® Insight

WE HAVE BEEN REMINDING YOU TO PAY ATTENTION TO GRAIN AND FEEDSTUFF PRICING DUE TO THE EXCESSIVE RAIN AND MOISTURE FOR THE PAST FEW WEEKS. WE NOW ADD MILK TO THE LIST FOR DECREASING PRICES.

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

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Market Price Updates (As of 7/10/2015 Close)

	July '15	+/-*	Aug '15	+/-*	Sep '15	+/-*	Oct '15	+/-*	New Crop	+/-*	Jan '16	+/-*	Mar '16	+/-*
Class III Milk	16.47	+ .36	16.56	+ .05	16.44	- .13	16.48	- .12	16.50	- .16	16.27	- .19	16.08	- .40
Class IV Milk	13.58	- .31	13.63	- .37	13.65	- .45	13.78	- .63	13.88	- .61	13.57	- .44	13.93	- .55
Cash Butter	1.93	+ .00	1.96	- .01	1.95	+ .00	1.96	- .02	1.94	+ .00	1.75	- .06	1.74	- .04
Cash Cheese	1.71	+ .03	1.72	- .01	1.73	- .01	1.74	- .02	1.76	- .01	1.74	- .01	1.71	- .04
Corn	4.27	+ .07			4.35	+ .07			4.45	+ .08			4.55	+ .09
Soybeans	10.43	- .02	10.32	- .06	10.24	- .07			10.22	- .08	10.28	- .08	10.22	- .07
Soybean Meal	366	+ .09	356	+ .06	352	+ .06	348	+ .04	348	+ .04	346	+ .03	342	+ .03

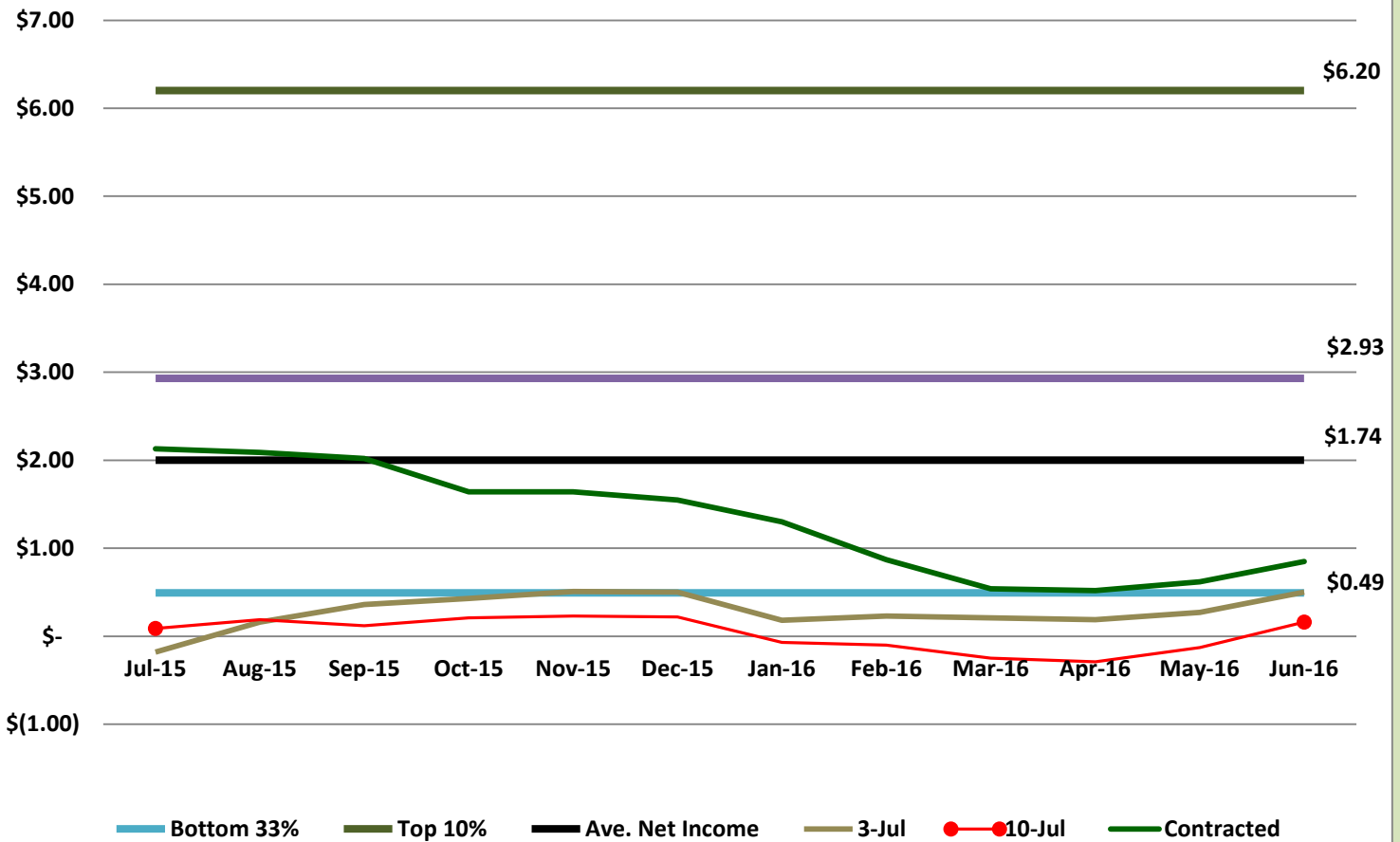
*Change from the Previous Week Price

**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.

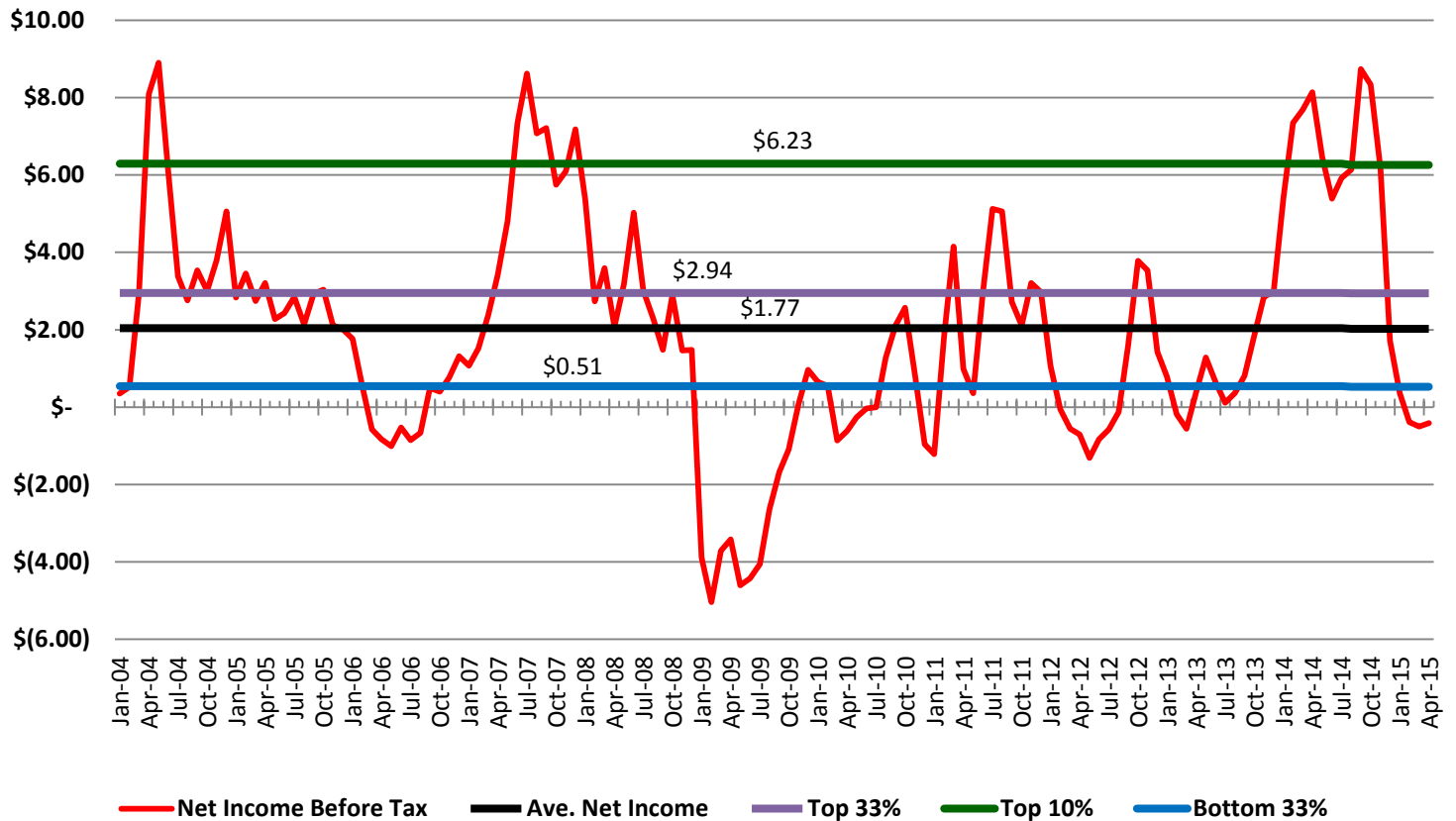
Net Income Available July 10, 2015





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	-0.18	.11		