



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	+0.11	+0.21	+0.25	+0.26	+0.30	+0.31	+0.18	+0.14	+0.14	+0.25	+0.20	+0.29

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 new corn silage impacts on rations. As the 2015 corn silage harvest season wraps up this is a reminder to take the following into account:

- Dry matter percentage and impact on shrink
- Actual cost (if purchased)
- Quality and impact on rations
- Shore up the transition from 2014 to 2015 corn silage

The above items can have a significant impact on your overall feed costs. We can help you ensure that your rations and feed cost are properly established so that your projections are as accurate as possible. Call us with any questions.

Milk: Prices at the Oct 6th GDT Event #149 were as follows (US\$ per MT): anhydrous milk fat, \$3,763 +9.9%; butter, \$3,037 -2.3%; buttermilk powder, \$1,945 +13.8%; cheddar cheese, \$3,234 +0.5%; lactose, \$524 +5.9%; rennet casein, \$6,048 +4.0%; skim milk powder, \$2,267 +13.4%; and whole milk powder, \$2,824 +12.9%. Butter prices peaked a couple weeks ago and have now retreated. The Class IV futures had rallied as well, but have also retreated slightly.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Highlights from the 10/9/15 WADSE Report:

- US Corn Prod is estimated down 30M bushels
- 2015/16 ending stocks are down 31M bushels
- Global 2015/16 corn ending stocks are proj. 1.9M tons lower at 187.8M tons, 8.2M tons lower than the 2014/15 year
- Global 2015/16 SB production is proj. at a record 320.5Mtons, up .9M tons, with Brazil projected at a record 100.0M tons

Cows/Calves

- Cull cow prices are falling as we projected in the past weeks. Prices are down several \$100 per hd
- Bull calf prices are down 50% in the last 4 weeks

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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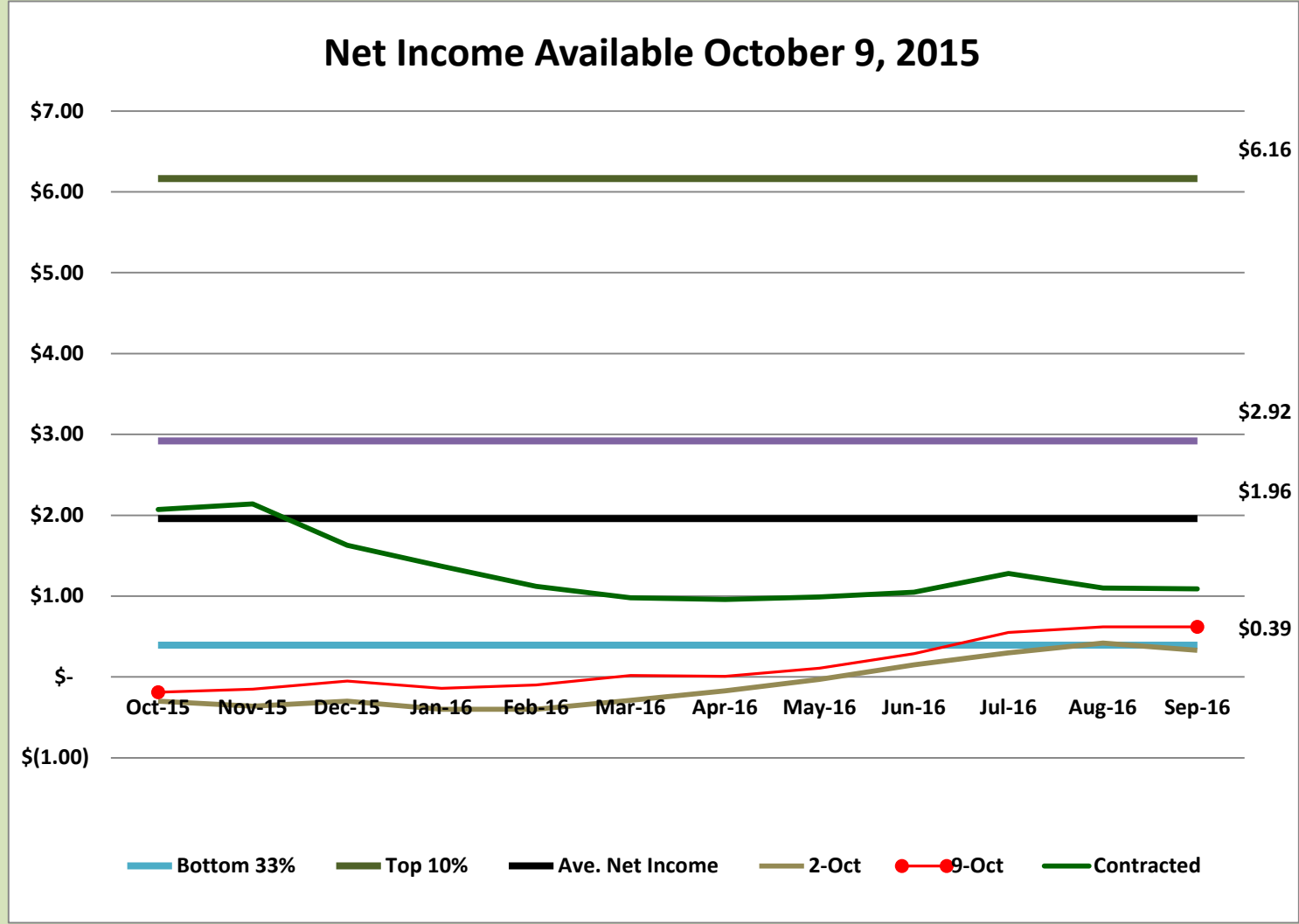
Market Price Updates (As of 10/9/2015 Close)

	Oct '15	+/-*	Nov'15	+/-*	Dec'15	+/-*	Jan '16	+/-*	Feb'15	+/-*	Mar'16	+/-*	Apr'16	+/-*
Class III Milk	15.79	+0.10	15.83	+0.20	15.93	+0.24	15.98	+0.26	16.07	+0.30	16.19	+0.31	16.19	+0.18
Class IV Milk	16.84	-0.06	16.01	-0.20	15.28	-0.22	15.42	-0.08	15.75	-0.02	16.04	+0.07	16.15	-0.01
Cash Butter	2.53	+0.00	2.17	-0.05	1.87	-0.05	1.80	-0.04	1.83	-0.02	1.83	-0.02	1.84	-0.01
Cash Cheese	1.69	+0.00	1.71	+0.01	1.71	+0.02	1.70	+0.02	1.70	+0.02	1.71	+0.01	1.72	+0.01
Corn					3.83	-0.06					3.93	-0.06		
Soybeans			8.82	+0.12			8.90	+0.12			8.94	+0.12		
Soybean Meal	307	+08			308	+07	307	+06			305	+06		

*Change from the Previous Week Price



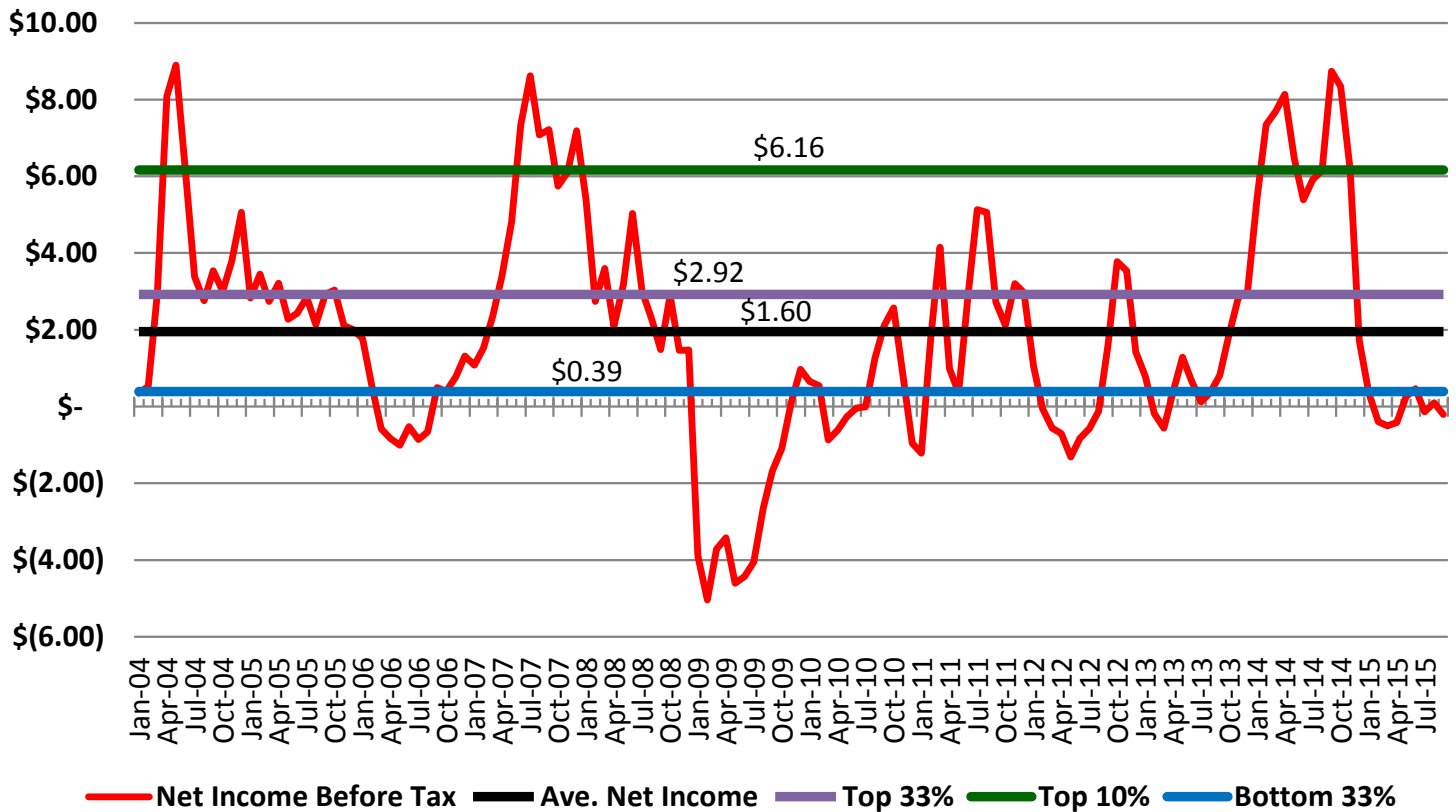
MARGINSMART® maintains a Sample Farm with 1,500 mature cows and 86 #s of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. The red line on the Net Income chart below shows the net income / cwt. available last Friday over the next 12 months based 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.





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	