



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	Apr '16	May '16	June '16	July'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17
Change From Prior Week	-0.07	-0.29	-0.39	-0.49	-0.38	-0.15	-0.03	-0.01	+0.02	+0.16	+0.21	+0.18

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 MPP situation as customers have been asking about the current status of the MPP margins. We had recommended that customers consider insuring at MPP levels of up to \$6.50 per cwt, and higher than that for our customers that would have a great % of their production under the 4M pound level, which had cheaper rates.

The FSA has promoted their tool to project MPP margins and while it may not be exactly accurate, it can give some reasonable indications. With rising feed costs and shrinking milk prices, the projected milk margins have been decreasing. As of Friday 4/22/16 the FSA tool is projecting margins of \$6.73 for April, \$6.58 for May, \$6.68 for June and \$6.98 for July. August and Sept are in the \$7 - \$8 range and then Oct - Dec is above the \$8 maximum. Please call with any questions.

Milk: Milk prod. in the 23 major states during Mar '16 totaled 170.2B pounds, up 1.8% from Mar '15. Prod. per cow in the 23 major states averaged 1,993 pounds for March, 31 pounds above Mar '15. Milk cows in the 23 major states was 8.64M hd, 19K head more than Mar '15, and 9K hd more than Feb '16.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Summary of USDA 4/25/16 Crop Progress Report:

The report was not released today on time and we will review this next week.

As we discussed last week, the grain markets are in a highly volatile period. Corn, SB and SBM futures all swung very wildly last week. From 4/11/16 to 4/20/16:

- Dec '16 corn futures were up \$.35 per bushel and then dropped \$.22 per bushel by Friday and were up slightly today.
- Nov '16 SB futures were up \$.60 per bushel and then dropped \$.20 per bushel by Friday.
- SBM futures for 2016 were up \$30 to \$35 per ton over that period

Cow slaughter headcounts are up 5% in 2016 over 2015

MARGINSMART Insight

We will monitor and track USDA Crop Progress Report for the 2016 season. Prices can vary significantly during the planting season so we will monitor and report progress.

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

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Market Price Updates (As of 4/22/2016 Close)

	Apr'16	+/-*	May'16	+/-*	June'16	+/-*	Jul '16	+/-*	Aug '16	+/-*	Sep '16	+/-*	New Crop	+/-*
Class III Milk	13.65	-0.07	13.30	-0.32	13.48	-0.44	13.85	-0.52	14.46	-0.36	14.90	-0.12	15.12	+0.02
Class IV Milk	12.76	+0.00	13.41	+0.00	13.64	-0.31	14.07	-0.28	14.63	-0.02	14.87	-0.18	15.08	+0.04
Cash Butter	2.02	+0.00	2.05	-0.04	2.09	-0.04	2.10	-0.05	2.12	-0.04	2.14	-0.03	2.04	-0.07
Cash Cheese	1.51	+0.00	1.48	-0.02	1.49	-0.03	1.52	-0.04	1.58	-0.03	1.61	-0.01	1.63	+0.00
Corn			3.72	-0.06			3.75	-0.05			3.73	-0.09	3.81	-0.07
Soybeans			9.87	+0.31			9.96	+0.32	9.98	+0.32	9.89	+0.24	9.83	+0.17
Soybean Meal			312	+0.16			315	+0.16	315	+0.15	314	+0.14	312	+0.09

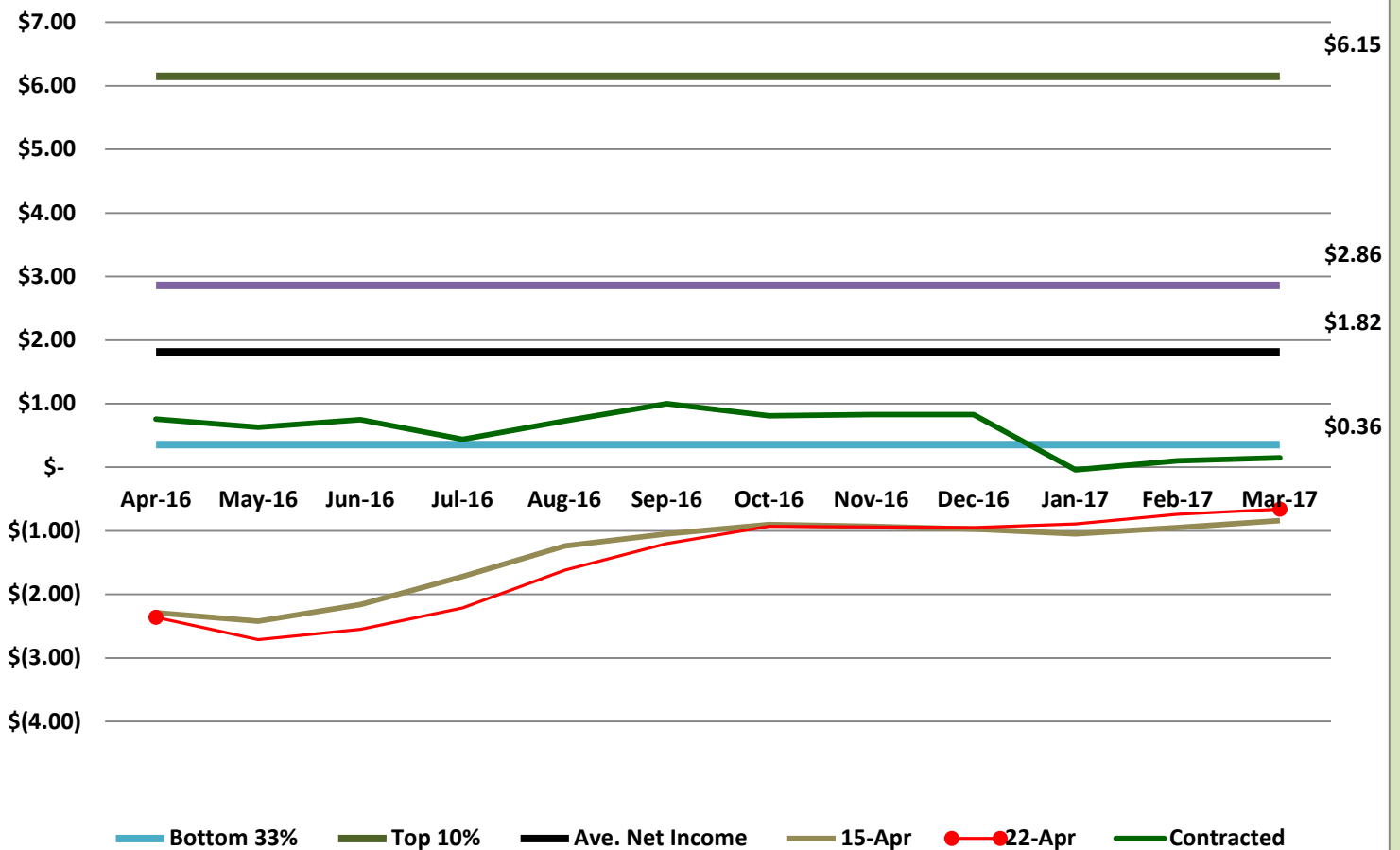
*Change from the Previous Week Price

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



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.

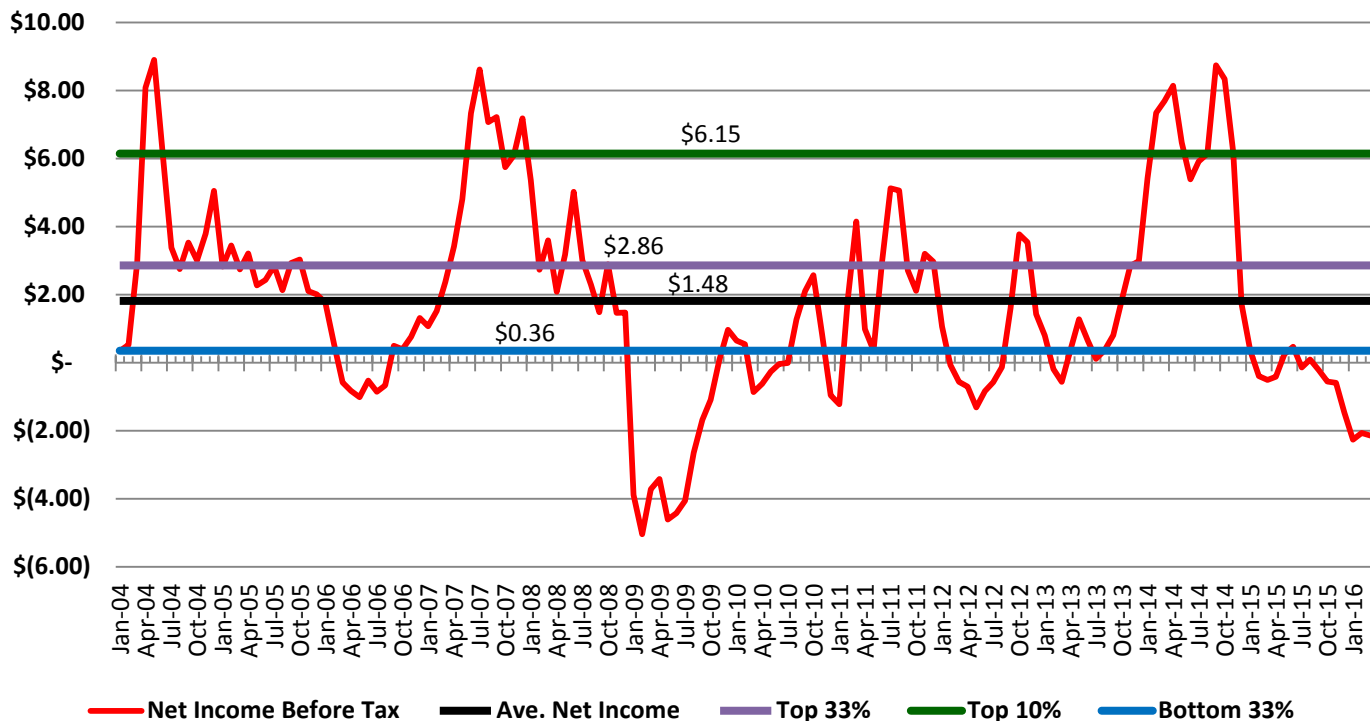
Net Income Available April 22, 2016





MARGINSMART® maintains a Sample Farm with 1,500 mature cows and 87 #s (current level – this has increased over the past 12 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 12 years' results (with adj. milk / day). The red line on the chart below shows the net income before tax for the last 12 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.)

2004-2016 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	2015
4.04	2.67	0.07	5.21	2.89	-2.79	0.44	2.52	0.60	0.95	6.46	-.25

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	.11	-.08	-.87
2016	-2.15			