



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	Mar. '16	Apr '16	May '16	June '16	July'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17
Change From Prior Week	+01	-01	+25	+25	+43	+39	+43	+36	+32	+25	+14	+06

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 revisit how contracting affects your projections. I have had several questions from customers on this lately so I thought it would be good to revisit this topic. Any contract (whether it is for milk or feedstuffs, and whether a cash contract, futures position or option position) that is entered into MARGINSMART® will essentially result in that price being established for the identified quantity entered. Any milk or feedstuffs produced or fed above the contracted amount will be based on market prices (and updated consistently) so that your dairy will always have "real-time" updated milk and feed prices for your projections. We can also include certain basis contracts within your account to also properly price any ingredient that may be purchased via a basis contract. We have great flexibility within MARGINSMART® to handle nearly any type of situation. Call us with any questions.

Milk: The final Mar '16 announced Class III price was \$13.74 per cwt. – down \$.06 from Feb '16 and down \$1.82 from Mar '15. The final Mar '16 Class IV price was \$12.74 per cwt., down \$.74 from Feb '15, and down \$.96 per cwt. from Mar '15.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Summary of USDA 3/31/16 Prospective Plantings Report

- USDA planting estimates provided a big difference to industry expected corn acres with a projection of 93.6M acres for 2016 versus 2015 acres of 88M for an increase of 6%.
- SB acres were projected at 82.2M acres down 1% from 2015
- Overall hay acres are projected to remain relatively steady at 54.3M acres
- Wheat acres are projected to take the biggest hit in reduction in number – projected down 5.1M acres to 49.6M acres for 2016
- Both oats and barley are projected down 10-12%
- Cotton is projected up 1M acres or 11% in 2016

MARGINSMART Insight

The first USDA Crop Progress Report for the 2016 season will be released on April 5, 2016. We will report on the progress throughout the 2016 season.

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

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Market Price Updates (As of 3/25/2016 Close)

	Mar'16	+/-*	Apr'16	+/-*	May'16	+/-*	June'16	+/-*	Jul '16	+/-*	Sep '16	+/-*	New Crop	+/-*
Class III Milk	13.74	-03	13.81	-05	13.98	+20	14.05	+27	14.29	+34	14.85	+28	14.90	+17
Class IV Milk	12.74	-17	12.76	-42	12.96	-17	13.28	-16	13.55	-32	14.05	-15	14.27	-03
Cash Butter	1.99	-01	1.98	+02	2.03	+05	2.05	+04	2.07	+04	2.10	+04	2.06	+04
Cash Cheese	1.52	+00	1.53	+00	1.54	+02	1.54	+03	1.57	+04	1.62	+04	1.63	+03
Corn	3.66	+00			3.54	-16			3.58	-16	3.62	-17	3.70	-17
Soybeans	8.88	+00			9.18	+08			9.26	+08	9.28	+09	9.32	+09
Soybean Meal	268	+00			272	-03			275	-03	277	-03	280	-03

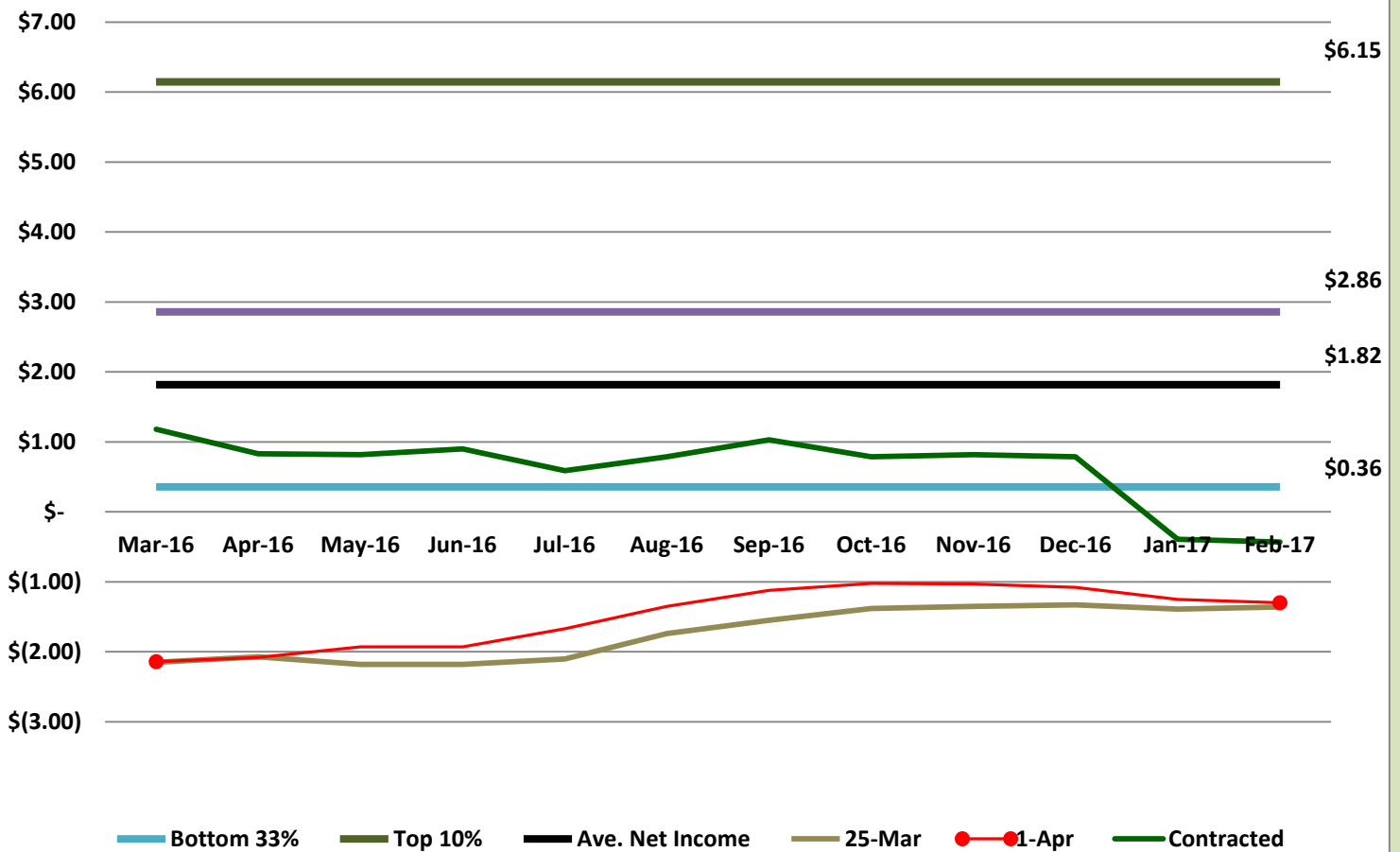
*Change from the Previous Week Price

**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.

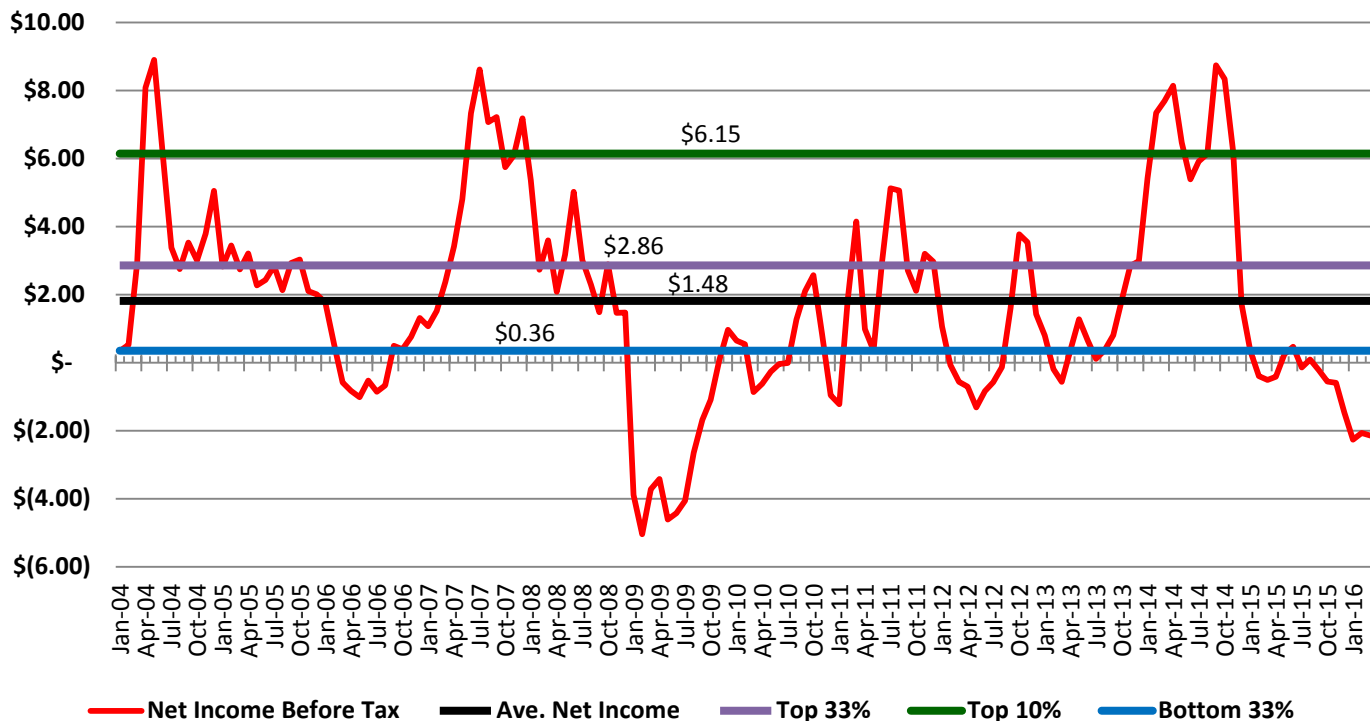
Net Income Available April 1, 2016





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.)

2004-2016 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