



# WEEKLY NEWSLETTER

## "For SMART Management"

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### MARGINSMART® Sample Farm Profitability Changes Fro/m Last Report

	Jan '17	Feb '17	Mar '17	Apr '17	May '17	June '17	July '17	Aug '17	Sep '17	Oct '17	Nov '17	Dec '17
Change From Prior Week	+0.07	+0.04	-0.22	-0.32	-0.27	-0.19	-0.24	-0.18	-0.17	-0.14	-0.09	-0.14

#### 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

Our tip of the week discusses the reporting of the charts within this newsletter. As it relates to the charts on Pages 2 and 3, the various colored lines represent the historical percentages of our Historical Sample Farm's net income from 1/1/2014 through the most recent month-end. For example, the black line represents the average net income over that 13 year period at \$1.67 per cwt. The dark green line represents the top 10% of the months' net income over the 13 year period – meaning that 10% of the months during that period had net income above the respective listed amount - which is \$6.13 per cwt. at this point. The bottom 33% listed means that one third of the months had net income less than \$.23 per cwt. at this point. Call with any questions.

**Milk:** NOVEMBER 2016 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 144M pounds, 5.7% below Nov '15, but 1.5% above Oct '16. American type cheese production totaled 395M pounds, 3.9% above Nov '15, but 1.0% below Oct '16. Total cheese output (excluding cottage cheese) was 1.01B pounds, 2.7% above Nov '15, but 2.6% below Oct '16. Nonfat dry milk production, for human food, totaled 127M pounds, 0.9% below Nov '15. and 10.0% below Oct '16.

#### Market News

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

We have updated the various prices reported via the Equity Livestock Markets. While these markets cover nearly all parts of Wisconsin, they also do reasonably provide an indication of market prices across the entire United States. Attached to this week's email are the following charts (all from 9/21/15 to 12/31/16):

**Overall Average Cull Cow Prices** – includes weighted average price based on 100% of the cows sold

**Breakout Average Cull Cow Prices** – includes weighted average price based on top 20%, middle 60% and bottom 20% of the cows sold

**Overall Average Holstein Steer Prices** – includes weighted average price based on 100% of the steers sold

**Overall Average Bull Calf Prices** – includes weighted average price based on 100% of the bull calves sold

#### MARGINSMART Insight

**CLASS III AND CLASS IV FUTURES PRICES FOR 2017 HAVE CONVERGED AND ARE REASONABLY CLOSE IN AVERAGE FOR THE ENTIRE YEAR OF 2017 AT THIS TIME.**

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

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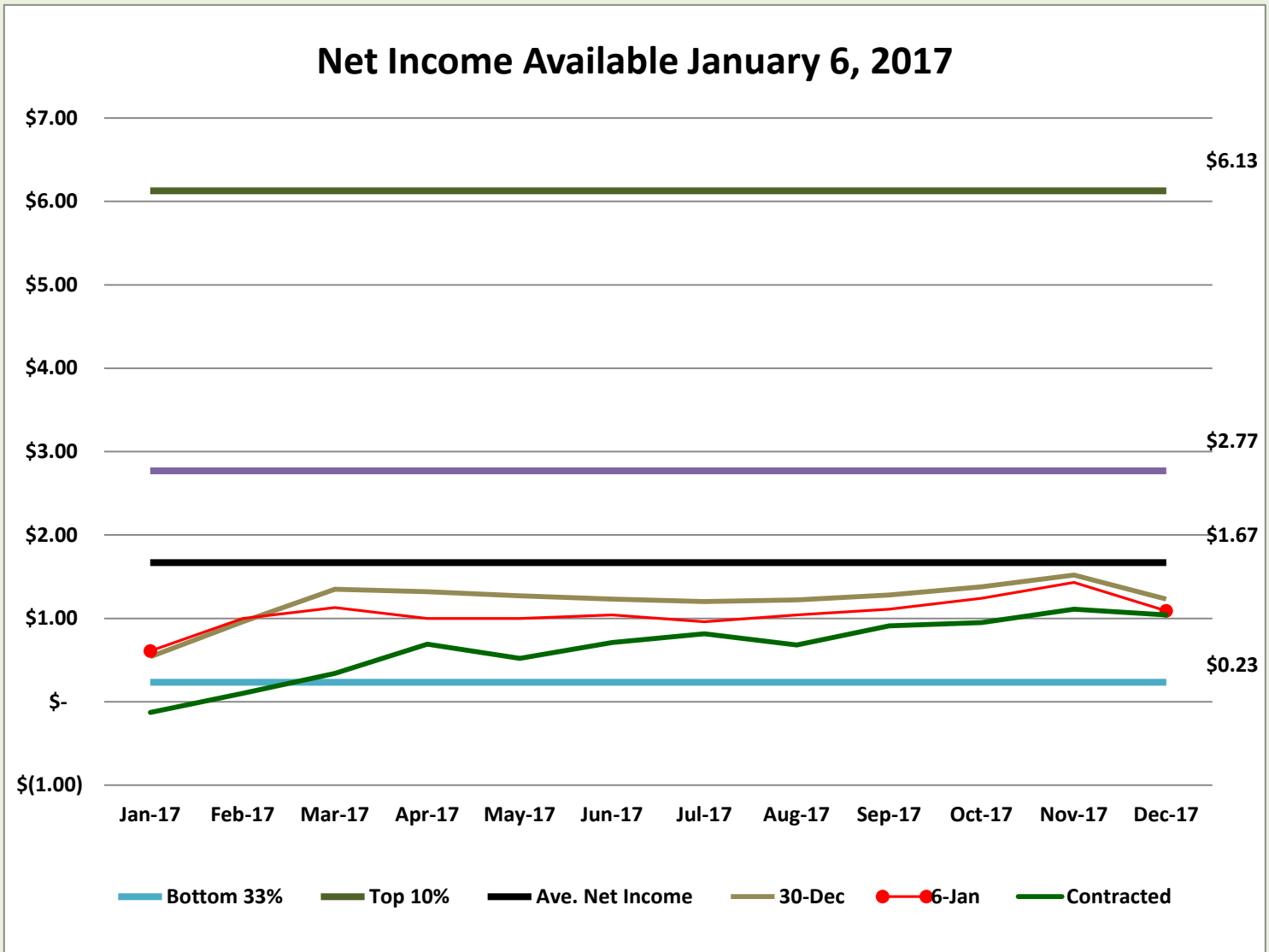
### Market Price Updates (As of 1/6/2017 Close)

	Dec'16	+/-*	Jan'17	+/-*	Feb'17	+/-*	Mar'17	+/-*	Apr'17	+/-*	May'17	+/-*	June'17	+/-*
Class III Milk	17.40	+01	16.62	+14	16.99	+04	17.09	-21	17.18	-30	17.29	-27	17.54	-13
Class IV Milk	14.97	-08	16.29	-14	16.63	-07	16.89	-02	17.00	-12	17.22	-12	17.30	-20
Cash Butter	2.10	-01	2.24	-03	2.25	-01	2.25	-03	2.26	-01	2.25	-03	2.26	-03
Cash Cheese	1.80	+00	1.70	+02	1.71	-01	1.72	-03	1.73	-04	1.75	-02	1.76	-02
Corn	3.52	+00					3.58	+06			3.65	+08		
Soybeans			9.86	-10			9.95	-09			10.03	-09		
Soybean Meal	311	+00	308	-05			311	-06			314	-05		

\*Change from the Previous Week Price



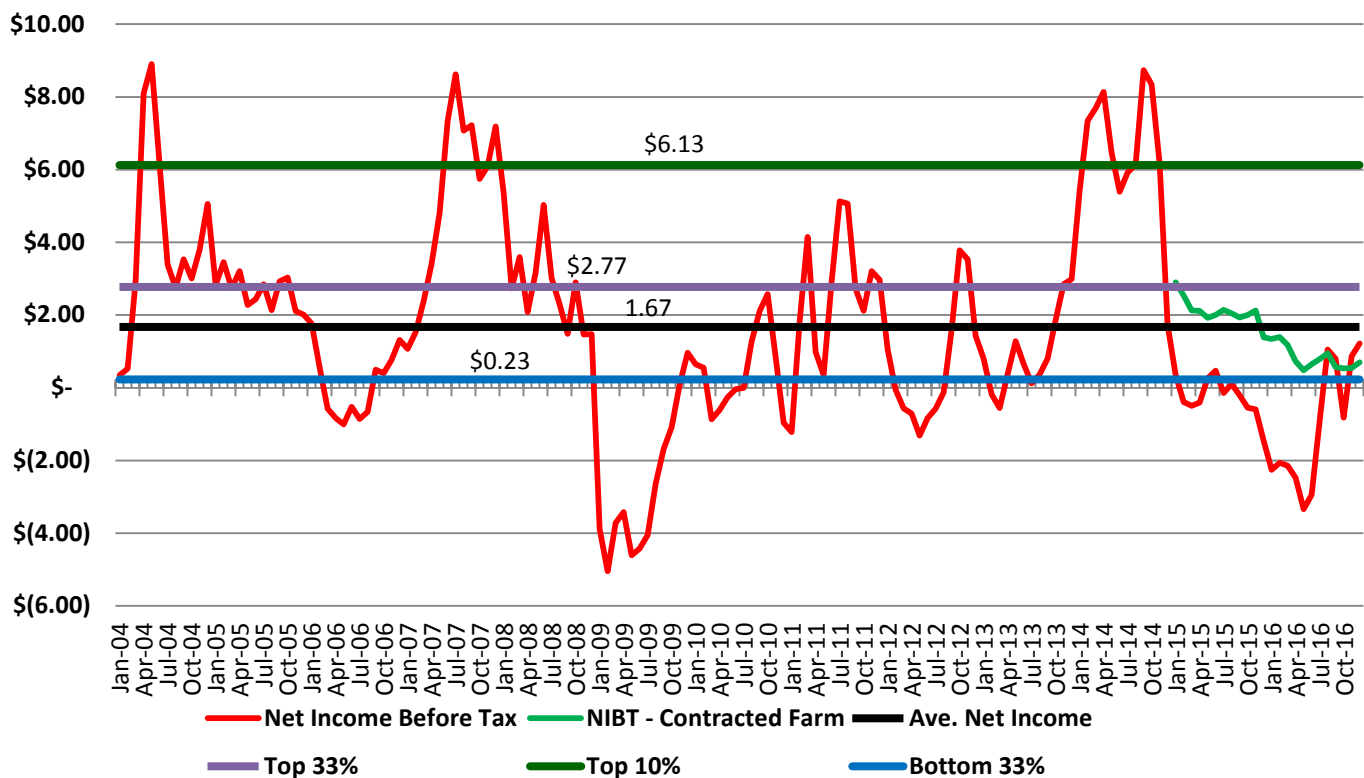
MARGINSMART® maintains a Sample Farm with 1,500 mature cows and 87 #s of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. The red line on the Net Income chart below shows the net income / cwt. available last Friday over the next 12 months based 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. **Effective 8/8/16, adjustments have been made to transition to no BST use by 3/31/17 which reduces milk production back to 83#s of milk per cow.**





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## 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	-2.92	0.31	.33