



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	July'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17	April'17	May '17	June '17
Change From Prior Week	+0.23	+0.07	+0.02	+0.05	+0.06	+0.08	+0.07	+0.12	+0.03	+0.07	-0.01	+0.06

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 discuss the potential impact of many Wisconsin plants requiring the cessation of BST use. Many of those plants across Wisconsin have issued deadlines for use of BST in early 2017. We have been working with customers to project their 2017 results including the following factors; BST cost, milk production, feed intake, components and the impact on variable costs. In addition we have been discussing the transition process as well so that we can nail that down as well. Call us to answer any questions you may have.

Milk: May 2016 production numbers... Butter production was 170M pounds, 0.3% above May 2015, but 3.7% below April 2016. American type cheese production totaled 400M pounds, 1.9% below May 2015, but 1.1% above April 2016. Total cheese output (excluding cottage cheese) was 998M pounds, 1.2% above May 2015, and 0.7% above April 2016. Nonfat dry milk production, for human food, totaled 165M pounds, 8.3% below May 2015, and 2.5% below April 2016. Dry whey production, for human food, was 80.4M pounds, 3.1% above May 2015, but 0.6% below April 2016. Ice cream, regular hard production totaled 71.9Mgallons, 9.8% above May 2015, and 0.8% above April 2016.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Summary of USDA 7/10/16 Crop Progress Report

- Corn condition – 74% Good & Excellent vs. 75% last week and 69% last year
- Corn silking – 32% vs. 5 yr avg of 26%
- SB condition – 71% Good & Excellent vs. 70% last week and 62% last year
- Cotton condition – 56% Good & Excellent vs. 54% last week and 56% last year
- Pasture conditions – 57% Good & Excellent vs. 59% last week and 65% last year
- Topsoil moisture conditions were 71% adequate and surplus vs. 67% last week and 80% last year
- Subsoil moisture conditions were 73% adequate and surplus vs. 72% last week and 82% last year

MARGINSMART Insight

PAY ATTENTION TO GRAIN AND FEEDSTUFF PRICING DUE TO THE MARKET REPORTING & WEATHER ISSUES. FUTURES PRICES FOR CORN, SB AND SBM HAVE ALL DROPPED IN RECENT WEEKS.

Contact us for a FREE MARGINSMART® Demo!

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Market Price Updates (As of 7/8/2016 Close)

	Jul '16	+/-*	Aug '16	+/-*	Sep '16	+/-*	Oct '16	+/-*	Nov '16	+/-*	Dec'16	+/-*	Jan'17	+/-*
Class III Milk	15.20	+0.13	15.96	+0.07	16.06	+0.02	16.15	+0.02	16.10	-0.01	15.90	+0.01	15.82	+0.00
Class IV Milk	15.07	-0.19	15.87	-0.22	16.31	-0.04	16.37	-0.18	16.54	-0.15	16.31	-0.21	16.20	-0.18
Cash Butter	2.30	-0.04	2.35	-0.03	2.40	+0.00	2.37	-0.02	2.34	-0.04	2.23	-0.04	2.14	-0.04
Cash Cheese	1.64	+0.02	1.70	+0.01	1.70	-0.01	1.70	-0.01	1.69	+0.00	1.68	+0.00	1.67	+0.00
Corn	3.50	-0.03			3.55	-0.05					3.62	-0.05		
Soybeans	10.90	-0.79	10.83	-0.81	10.68	-0.81			10.58	-0.79			10.57	-0.76
Soybean Meal	379	-26	376	-28	374	-27	371	-28			370	-28	367	-26

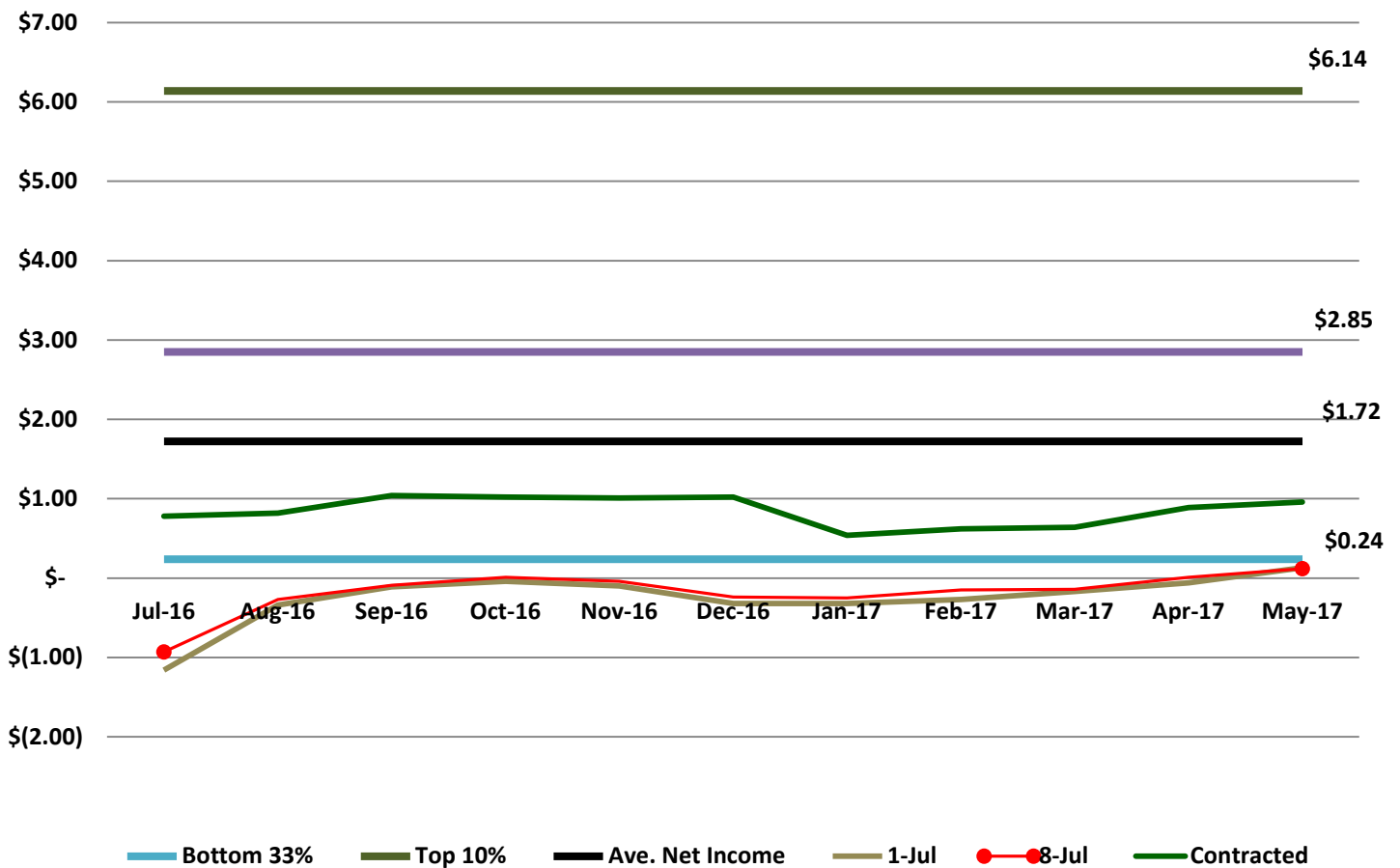
*Change from the Previous Week Price

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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.

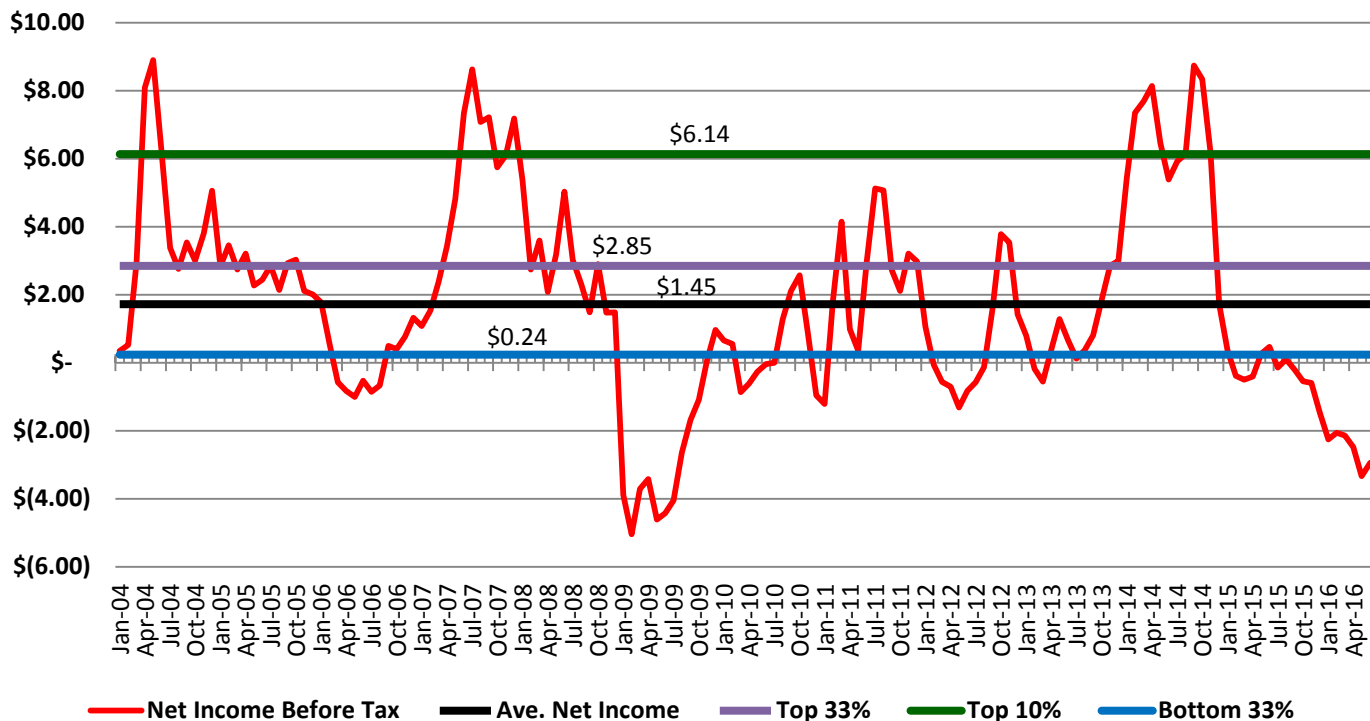
Net Income Available July 8, 2016





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	-2.92		