



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	June '16	July'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17	April'17	May '17
Change From Prior Week	+0.04	+0.29	+0.13	-0.08	-0.03	-0.02	+0.00	-0.04	-0.07	+0.03	-0.09	+0.08

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 impact that weather conditions and USDA reporting can have on feed and grain prices. Last week USDA released its updated corn and soybean planting estimates for 2016. Estimated acres planted to corn in the USA in 2016 are 94.1M acres, up 7% from 2015, and up 1.3M acres from what analysts had estimated. This is up 6M acres from '15, and with reasonably favorable weather so far this season, total bushels harvested in 2016 could be large. In addition current grain stocks in storage as of 6/1/16 are 4.72B bushels, up 6% from last year. The Dec 2016 corn futures prices have gone from \$4.49 per bushel on 6/17/16 to close at \$3.58 on 7/5/16, for a \$.91 per bushel drop in 2½ weeks. USDA estimates that '16 SB acreage planted in the US is a record high 83.7M acres, up 1% from last year. Current SB stocks are up 39% from last year and have helped fuel a drop in Nov 2016 SB futures of approximately \$.75 per bushel over the past 2½ weeks as well. Call us to answer any questions you may have.

Milk: The final June '16 announced Class III price was \$13.22 per cwt. – up \$.48 from May '16 and down \$3.50 from June '16. The final June '16 Class IV price was \$13.77 per cwt., up \$.68 from May '16, and down \$.15 per cwt. from June '15.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Summary of various meat production topics at mid-year

- All beef/pork and poultry meat production is up 2.4% from 2015
- Beef slaughter headcounts are up 3.2% overall, with cow slaughter up 2.2%
- Due to higher weights total pounds of production is up 4.1% while 90% trimmings are down 26% in price
- Steer prices are down nearly 20% from a year ago
- Pork slaughter headcounts are up .3%, but slightly lower carcass weights has overall pounds of pork production down .1% from last year
- Market hog prices are approx. 8% higher than a year ago, but trimmings are up over 9% in price
- Chicken prod in pounds is up 2.9% from 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 7/1/2016 Close)

	June'16	+/-*	Jul '16	+/-*	Aug '16	+/-*	Sep '16	+/-*	Oct '16	+/-*	Nov '16	+/-*	Dec'16	+/-*
Class III Milk	13.22	+0.00	15.07	+0.23	15.89	-0.02	16.04	-0.30	16.13	-0.21	16.11	-0.07	15.89	-0.04
Class IV Milk	13.77	+0.04	15.26	-0.17	16.09	-0.21	16.35	-0.05	16.55	-0.27	16.69	+0.07	16.52	+0.01
Cash Butter	2.16	+0.00	2.34	-0.02	2.37	-0.01	2.40	+0.01	2.39	+0.01	2.38	+0.03	2.27	+0.03
Cash Cheese	1.45	+0.00	1.62	+0.02	1.69	+0.00	1.71	-0.02	1.71	-0.01	1.69	-0.01	1.68	-0.02
Corn			3.53	-0.31			3.60	-0.29					3.67	-0.27
Soybeans			11.69	+0.66	11.64	+0.63	11.49	+0.63			11.37	+0.59		
Soybean Meal			405	+0.29	404	+0.27	401	+0.26	399	+0.26			398	+0.25

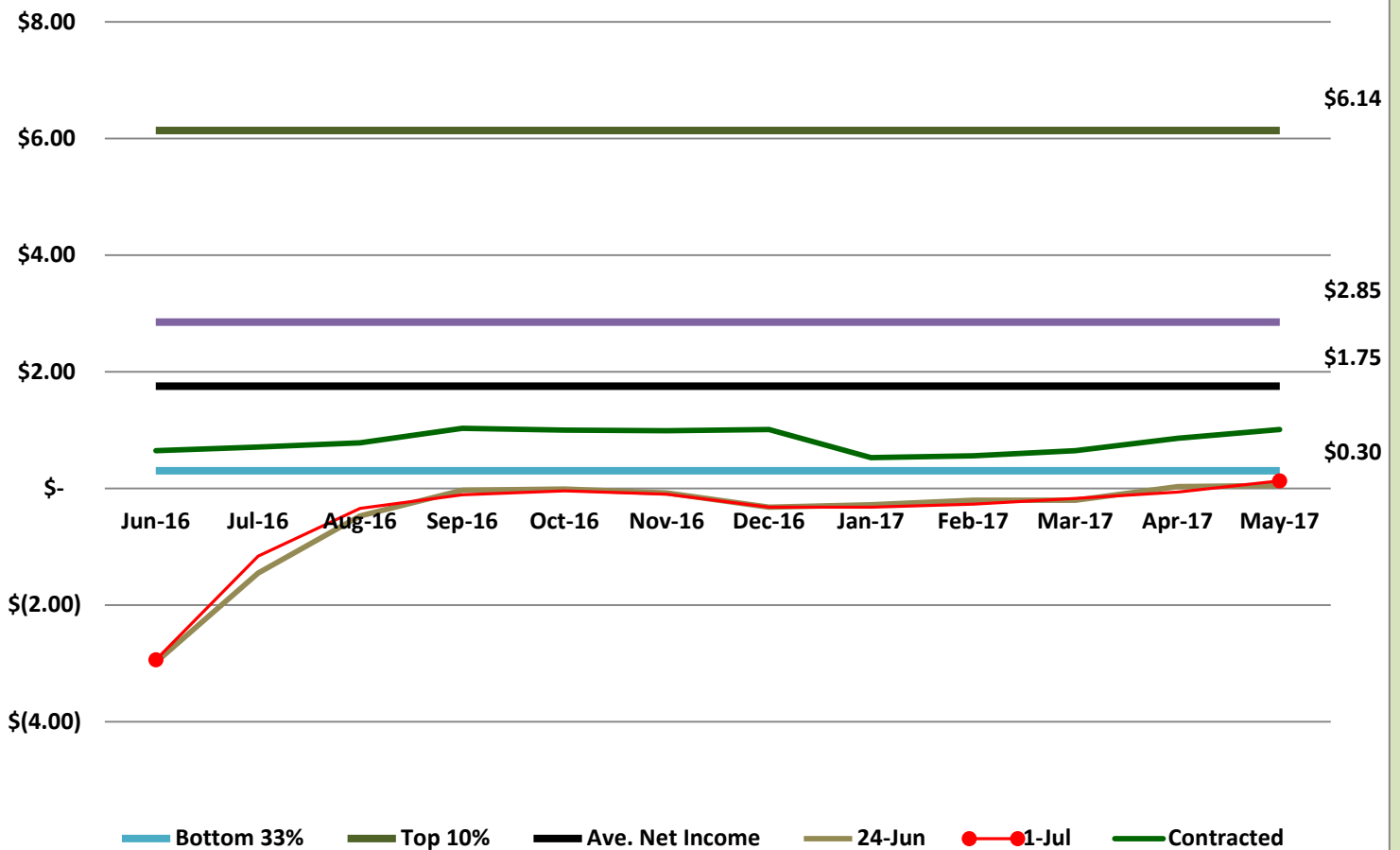
*Change from the Previous Week Price

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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.

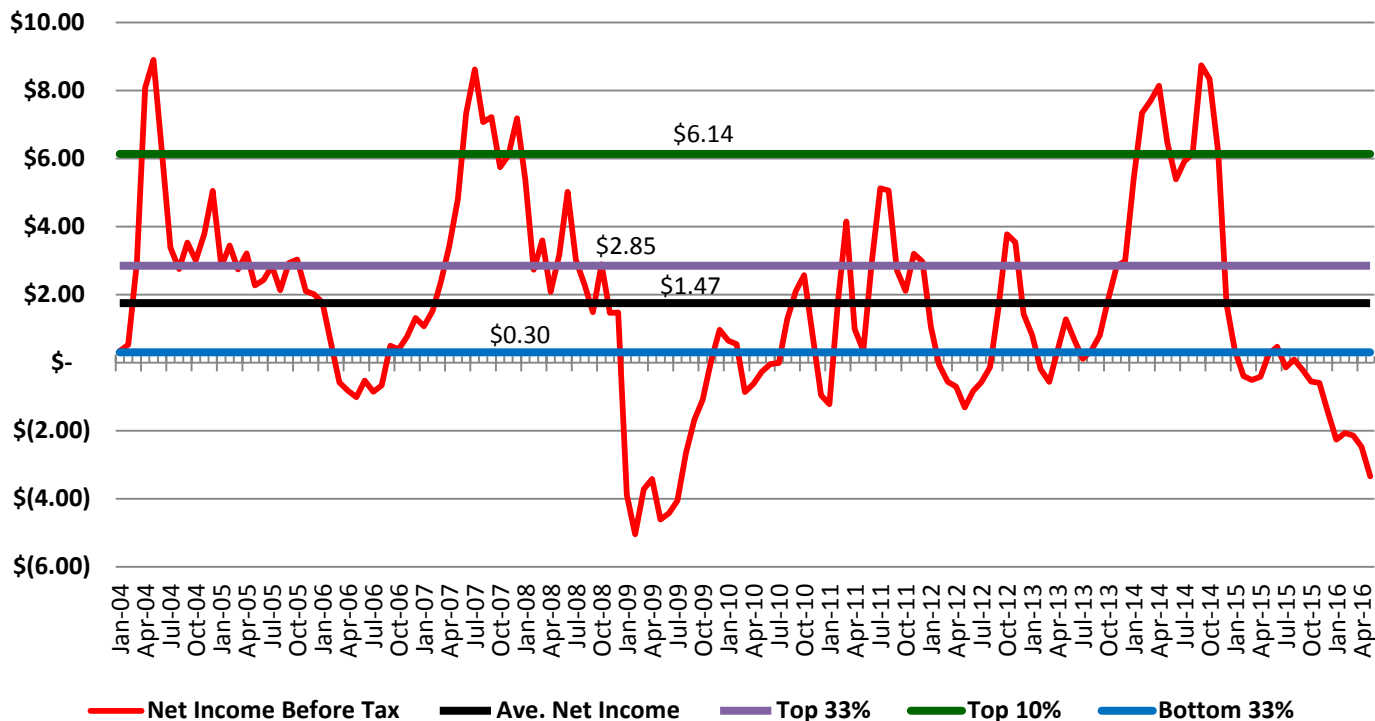
Net Income Available July 1, 2016





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		