



# 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	-02	+37	+31	+12	+15	+06	+15	+20	+35	+20	+33	+41

#### 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 highlight MARGINSMART®'s commodity target feature (for platinum users). This feature allows customers the ability to be alerted by text message when Class III, Class IV, corn, soybeans or soybean meal futures prices for a particular month (over the next 24 month period) go ABOVE or BELOW a certain target. By allowing our customers to choose ABOVE or BELOW the specified target price, this can alert them if commodity prices are either moving in their favor, or against their favor. Users can also set up a schedule to remind them if these targets are still being met at future times. Call us to answer any questions you may have, or to help set this up for you.

**Milk:** Per USDA, milk production forecasts for 2016 and 2017 are raised from last month as recently reported cow numbers indicate the herd continues to expand. No change is made to output per cow. Fat and skim-solids basis export forecasts for 2016 and 2017 are lowered as international supplies of dairy products remain abundant and U.S. prices remain high relative to those of competitors.

#### Market News (Continued)

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

Summary of USDA 6/20/16 Crop Progress Report

- Corn condition – 75% Good & Excellent vs. 71% last year
- Cotton - 95% planted vs. 5 year avg of 98%
- SB - 99% planted and 93% for 5 year avg
- SB emerged – 89% vs. 84% for 5 year avg
- SB condition – 73% Good & Excellent vs. 65% last yr
- Pasture conditions – 64% Good & Excellent vs. 65% last year
- Topsoil moisture conditions were 74% adequate and surplus vs. 84% last year
- Subsoil moisture conditions were 78% adequate and surplus vs. 84% last year

#### MARGINSMART Insight

*Take a look at the Weekly Feedstuffs Pricing Report. Blood meal has moved lower, SBM has leveled off, but a lot of other feedstuffs have continued to move higher. We suggest that you coordinate with your nutritionist.*

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

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### Market Price Updates (As of 6/17/2016 Close)

	June'16	+/-*	Jul '16	+/-*	Aug '16	+/-*	Sep '16	+/-*	Oct '16	+/-*	Nov '16	+/-*	Dec'16	+/-*
Class III Milk	13.21	-04	15.04	+50	15.79	+46	15.87	+19	15.81	+14	15.82	+22	15.63	+20
Class IV Milk	13.79	+00	15.35	+36	16.21	+56	16.53	+53	16.59	+44	16.70	+55	16.34	+44
Cash Butter	2.16	+02	2.37	+12	2.42	+13	2.45	+13	2.41	+10	2.39	+11	2.26	+07
Cash Cheese	1.45	+00	1.62	+04	1.68	+03	1.68	+01	1.68	+02	1.67	+02	1.65	+01
Corn			4.38	+15			4.43	+16					4.49	+18
Soybeans			11.59	-19	11.60	-18	11.52	-16			11.48	-15		
Soybean Meal			407	-07	407	-05	406	-05	405	-04			405	-04

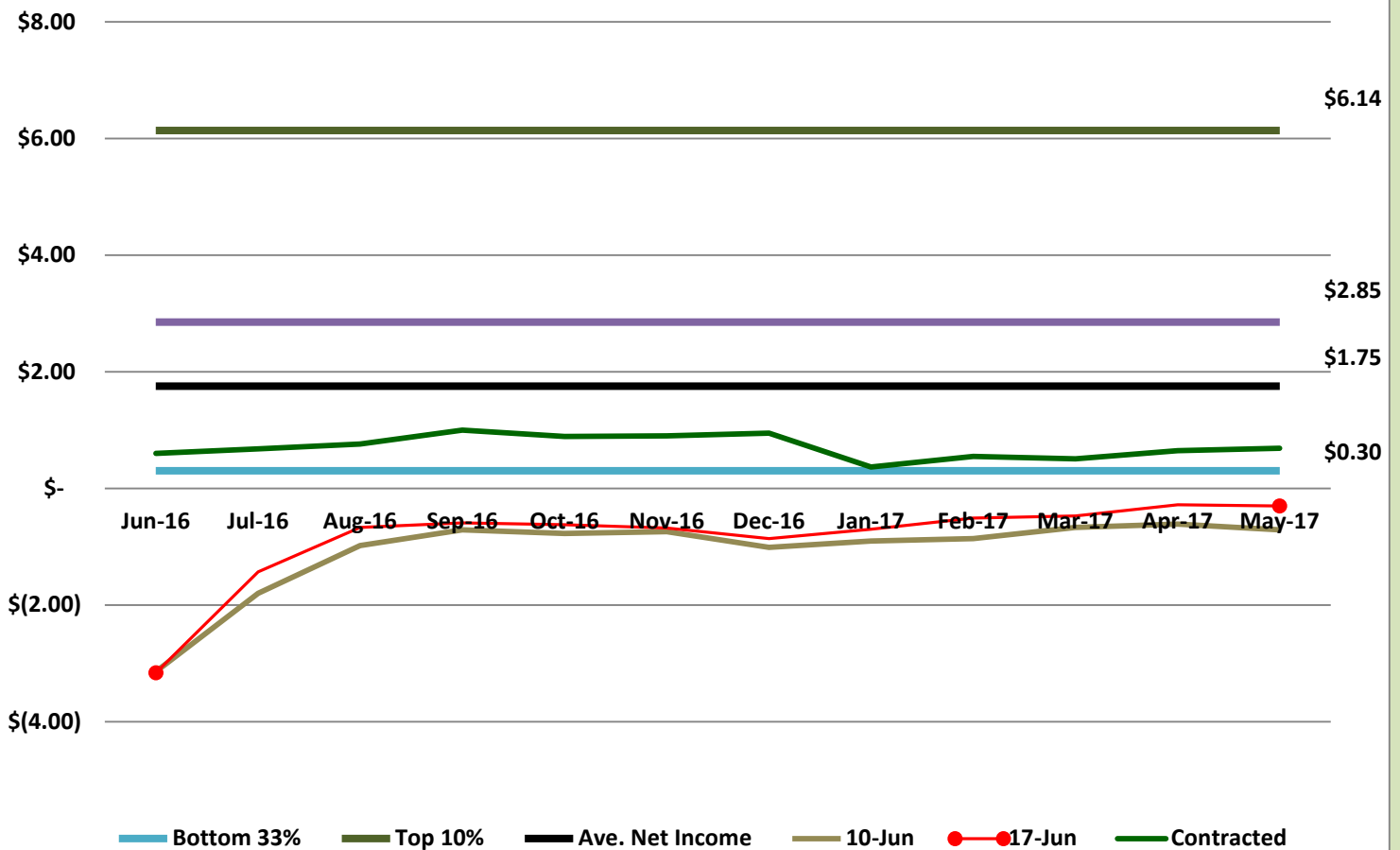
\*Change from the Previous Week Price

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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.

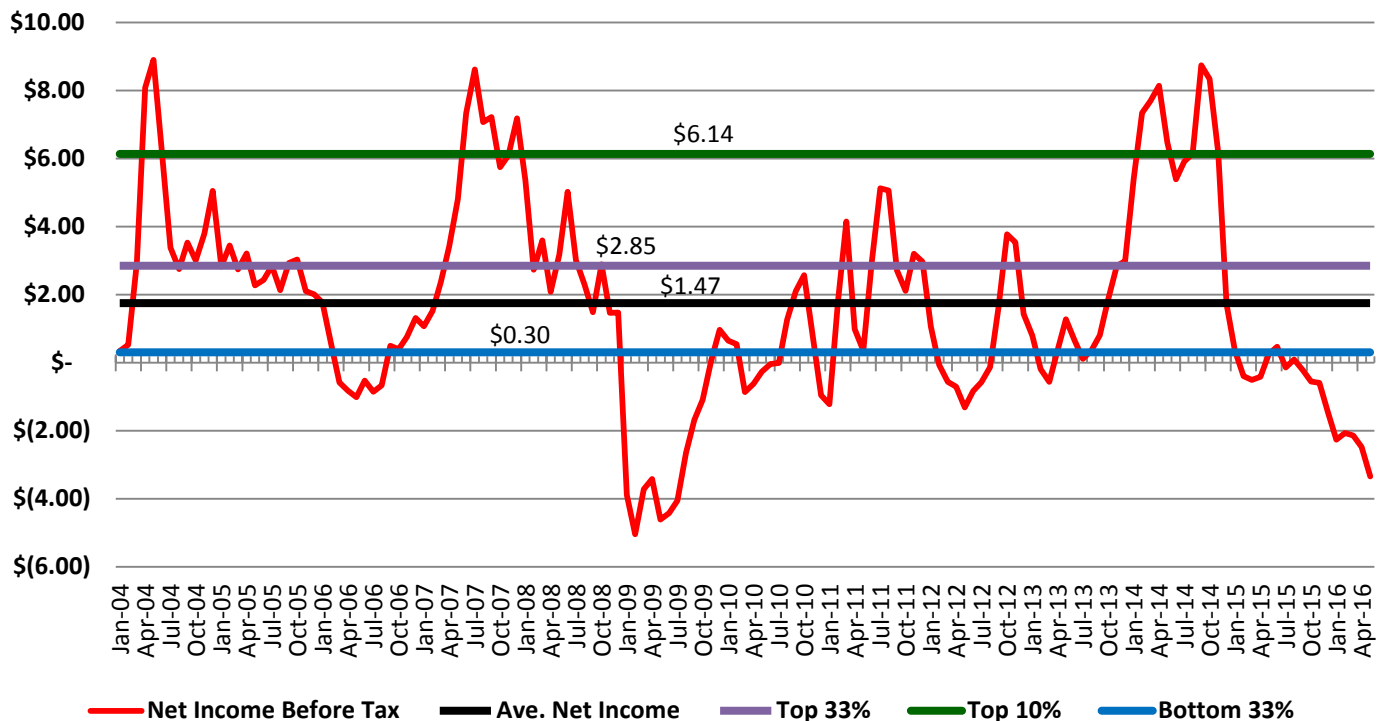
### Net Income Available June 17, 2016





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% (90<sup>th</sup> percentile), top 33% (67<sup>th</sup> percentage), the average and bottom 33% (33<sup>rd</sup> 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			