



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	+0.11	+0.60	+0.58	+0.41	+0.34	+0.33	+0.33	+0.15	+0.21	+0.13	+0.16	+0.00

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 the Ingredient monthly pricing section of MARGINSMART®. This area allows you to incorporate changing market prices for each ingredient that you feed within your projections. This works extremely well for various commodities that have price changes due to availability or old crop/new crop switch over. For example, if you purchase corn silage you can utilize the exact cost of your 2015 corn silage through the month it is expected to be gone and if you have already committed to the price for the 2016 crop you can then incorporate that price into the months when the 2016 crop will be fed. We can incorporate the same thought process for any other ingredient that has fluctuating prices. Call us to answer any questions you may have, or to set this up for you.

Milk: The final April '16 announced Class III price was \$12.76 per cwt. – down \$.87 from Mar '16 and down \$3.43 from April '15. The final April '16 Class IV price was \$13.09 per cwt., up \$.41 from Mar '16, and down \$.82 per cwt. from April '15.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Summary of USDA 6/6/16 Crop Progress Report

- Corn - 98% planted, 99% last yr and 97% for 5 yr avg
- Corn emerged – 90% vs. 5 year avg of 86%
- Corn condition – 75% Good & Excellent vs. 74% last year
- Cotton - 75% planted, 75% last yr and 84% for 5 yr avg
- SB - 83% planted, 77% last yr and 77% for 5 yr avg
- SB emerged – 65% vs. 60% last year
- SB condition – 72% Good & Excellent vs. 69% last yr
- Pasture conditions – 66% Good & Excellent vs. 63% last year
- Topsoil moisture conditions were 86% adequate and surplus vs. 85% last year

MARGINSMART Insight

Futures prices for grains and SBM continue to change significantly. Nearby SBM futures have risen over \$120 per ton over the past 8 weeks.

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

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Market Price Updates (As of 6/3/2016 Close)

	May'16	+/-*	June'16	+/-*	Jul '16	+/-*	Aug '16	+/-*	Sep '16	+/-*	Oct '16	+/-*	New Crop	+/-*
Class III Milk	12.76	-0.04	13.16	+0.31	13.91	+0.76	14.56	+0.71	15.00	+0.44	15.21	+0.36	15.30	+0.27
Class IV Milk	13.09	-0.15	13.75	+0.00	14.50	+0.26	15.00	+0.40	15.40	+0.37	15.49	+0.32	15.46	+0.27
Cash Butter	2.06	+0.00	2.11	+0.03	2.19	+0.06	2.24	+0.09	2.26	+0.09	2.25	+0.08	2.12	+0.07
Cash Cheese	1.41	+0.00	1.45	+0.03	1.52	+0.08	1.57	+0.06	1.61	+0.04	1.63	+0.03	1.63	+0.01
Corn	3.82	+0.00			4.18	+0.05			4.20	+0.06			4.20	+0.07
Soybeans	10.55	+0.00			11.32	+0.46	11.22	+0.39	11.01	+0.34			10.85	+0.29
Soybean Meal	361	+00			414	+11	398	+09	390	+09	385	+09	383	+09

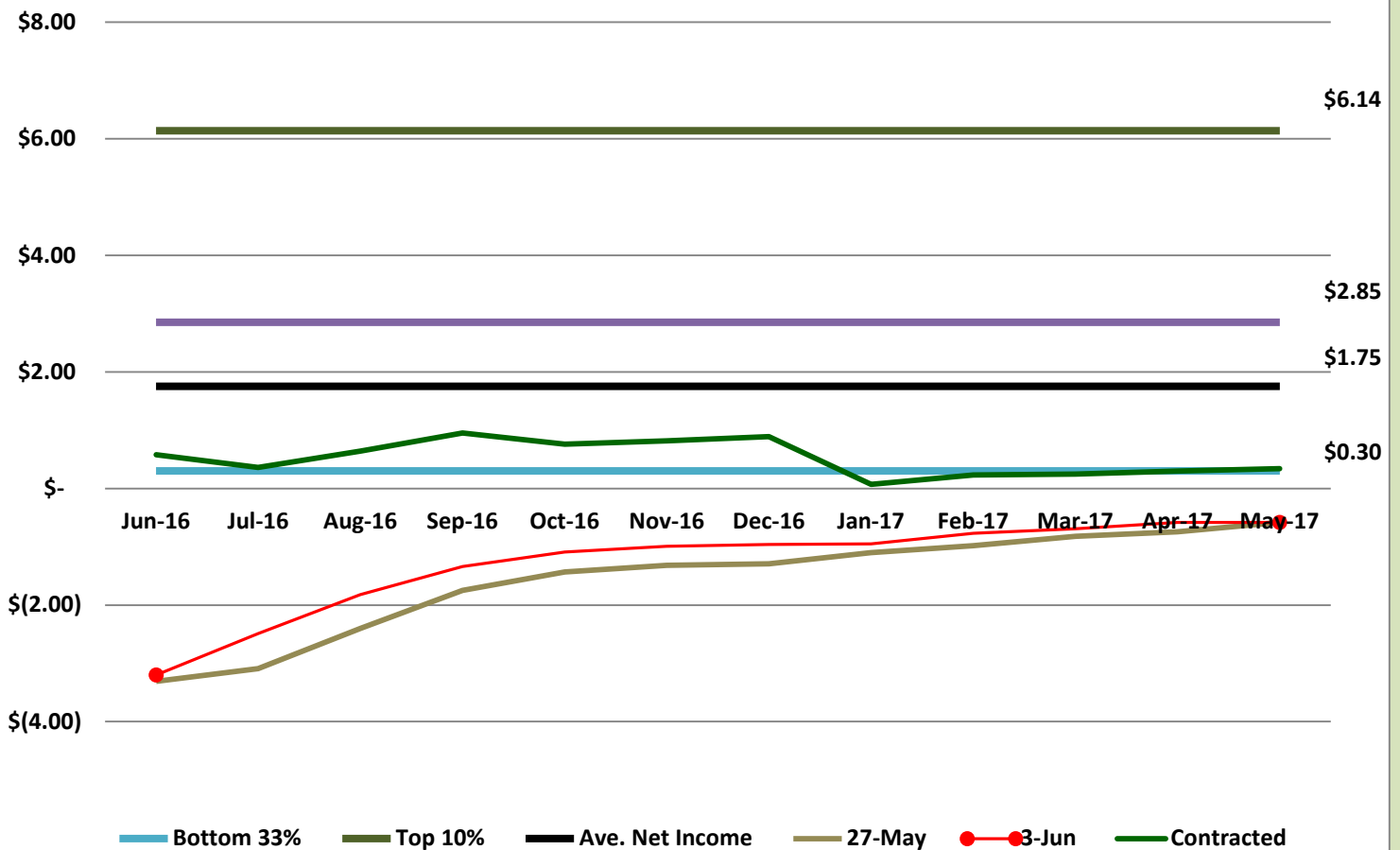
*Change from the Previous Week Price

**New Crop: Milk (Dec.), Corn (Dec.), Soybeans (Nov.), Soybean Meal (Dec.)



MARGINSMART® maintains a Sample Farm with 1,500 mature cows and 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.

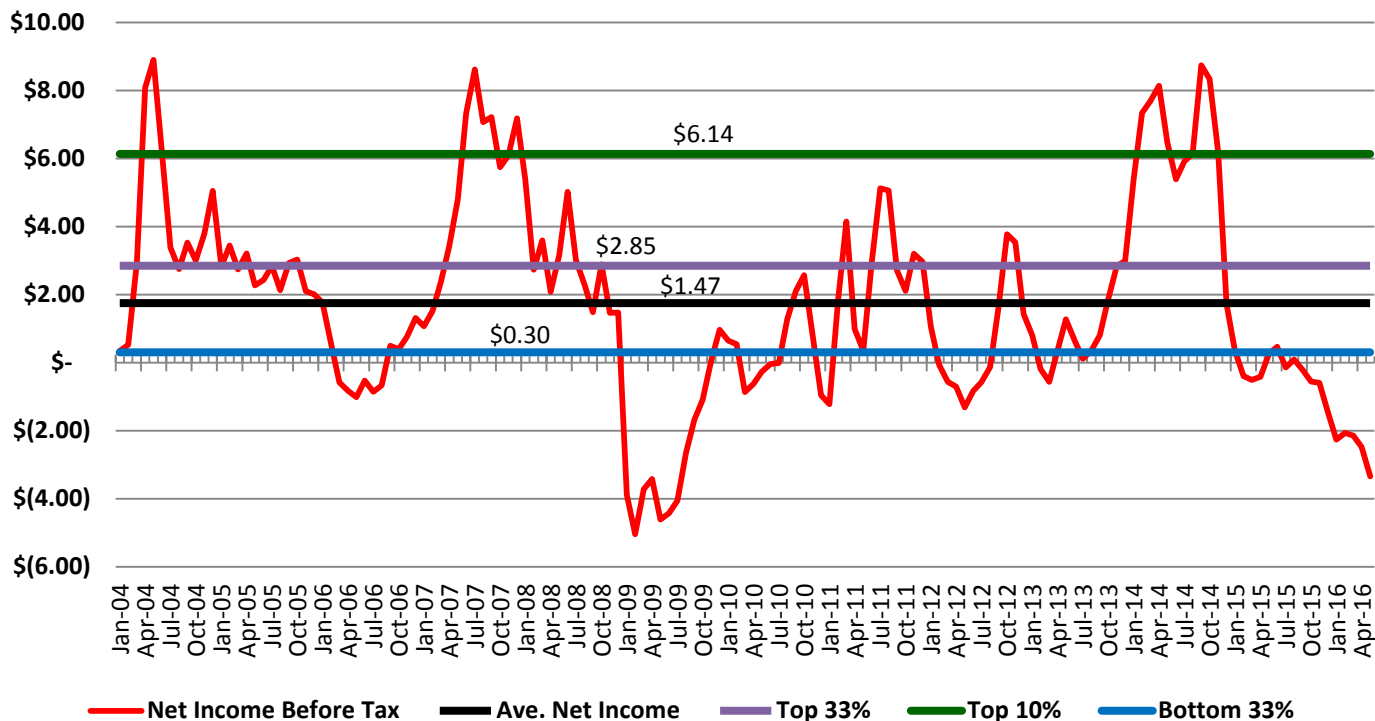
Net Income Available June 3, 2016





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			