



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	May '16	June '16	July '16	Aug '16	Sep '16	Oct '16	Nov '16	Dec '16	Jan '17	Feb '17	Mar '17	April '17
Change From Prior Week	-0.15	-0.67	-0.53	-0.46	-0.34	-0.18	-0.10	-0.12	-0.18	-0.12	-0.12	-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

Last week in this column I discussed using past history to aid in making future decisions. This week I will revisit some tips from earlier this year as it relates to the volatility during the planting season. There are opportunities that arise and may be available again, but you must be prepared to take advantage of them. For example, Dec '16 corn and SBM futures were:

4/1/16 - corn \$3.69 per bu and SBM \$280 per ton
 4/20/16 - corn \$4.03 per bu and SBM \$317 per ton
 5/9/16 - corn \$3.77 per bu and SBM \$336 per ton
 5/13/16 - corn \$3.98 per bu and SBM \$358 per ton

Therefore, there have been some opportunities on the corn side to lock in some prices on the downturns in the market, but those have only lasted a short period of time. As the planting of the corn crop is now somewhat delayed in the Mideast region, the opportunity for these price reductions may diminish in the future. Please call with any questions.

Milk: In Feb '16, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$15.48 per cwt, down \$0.35 per cwt from the Jan '16 average and down \$1.43 per cwt from the February 2015 average.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Summary of USDA 5/16/16 Crop Progress Report

- Corn - 75% planted, 82% last yr and 70% for 5 yr avg
- Corn emerged – 43% vs. 5 year avg of 34%
- Cotton - 26% planted, 23% last yr and 26% for 5 yr avg
- SB - 36% planted, 41% last yr and 32% for 5 yr avg
- Topsoil moisture conditions were 86% adequate and surplus vs. 82% last year
- Subsoil moisture conditions were 86% adequate and surplus vs. 78% last year

The rate of corn planting slowed somewhat last week. Indiana, Michigan and Ohio are all well behind last year and the 5 year average. The same situation has occurred for those states for soybean planting as well. Significant moisture has delayed the planting.

MARGINSMART Insight

Futures prices for grains and SBM are changing quite rapidly as the planting season progresses. While not completely related to US planting, SBM futures have risen nearly \$90 per ton over the past 6 weeks.

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

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Market Price Updates (As of 5/13/2016 Close)

	May '16	+/-*	June '16	+/-*	Jul '16	+/-*	Aug '16	+/-*	Sep '16	+/-*	Oct '16	+/-*	New Crop	+/-*
Class III Milk	12.73	-0.14	12.26	-0.66	12.84	-0.50	13.60	-0.40	14.36	-0.29	14.72	-0.09	14.85	-0.04
Class IV Milk	13.24	+0.00	13.49	+0.19	13.92	+0.06	14.41	+0.04	14.87	+0.08	14.95	+0.08	14.97	+0.03
Cash Butter	2.06	+0.01	2.07	-0.01	2.09	-0.01	2.12	-0.02	2.13	-0.03	2.14	-0.02	2.07	-0.01
Cash Cheese	1.41	-0.02	1.36	-0.07	1.42	-0.05	1.49	-0.05	1.56	-0.04	1.59	-0.03	1.60	-0.01
Corn	3.82	+0.06			3.91	+0.14			3.93	+0.14			3.98	+0.13
Soybeans	10.55	+0.29			10.65	+0.30	10.67	+0.30	10.59	+0.32			10.54	+0.32
Soybean Meal	361	+20			363	+20	361	+20	360	+20	358	+21	358	+21

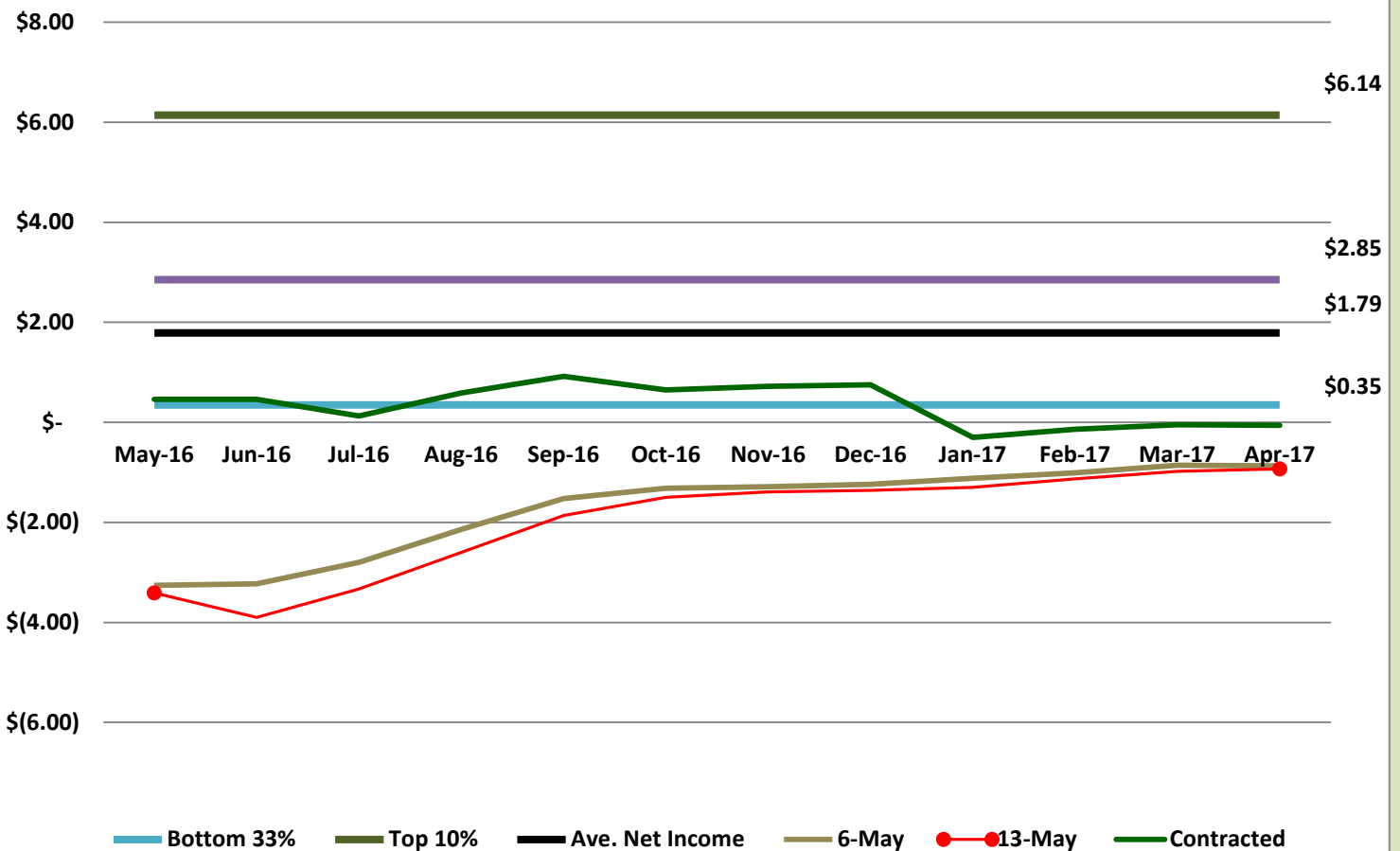
*Change from the Previous Week Price

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



MARGINSMART® maintains a Sample Farm with 1,500 mature cows and 86 #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.

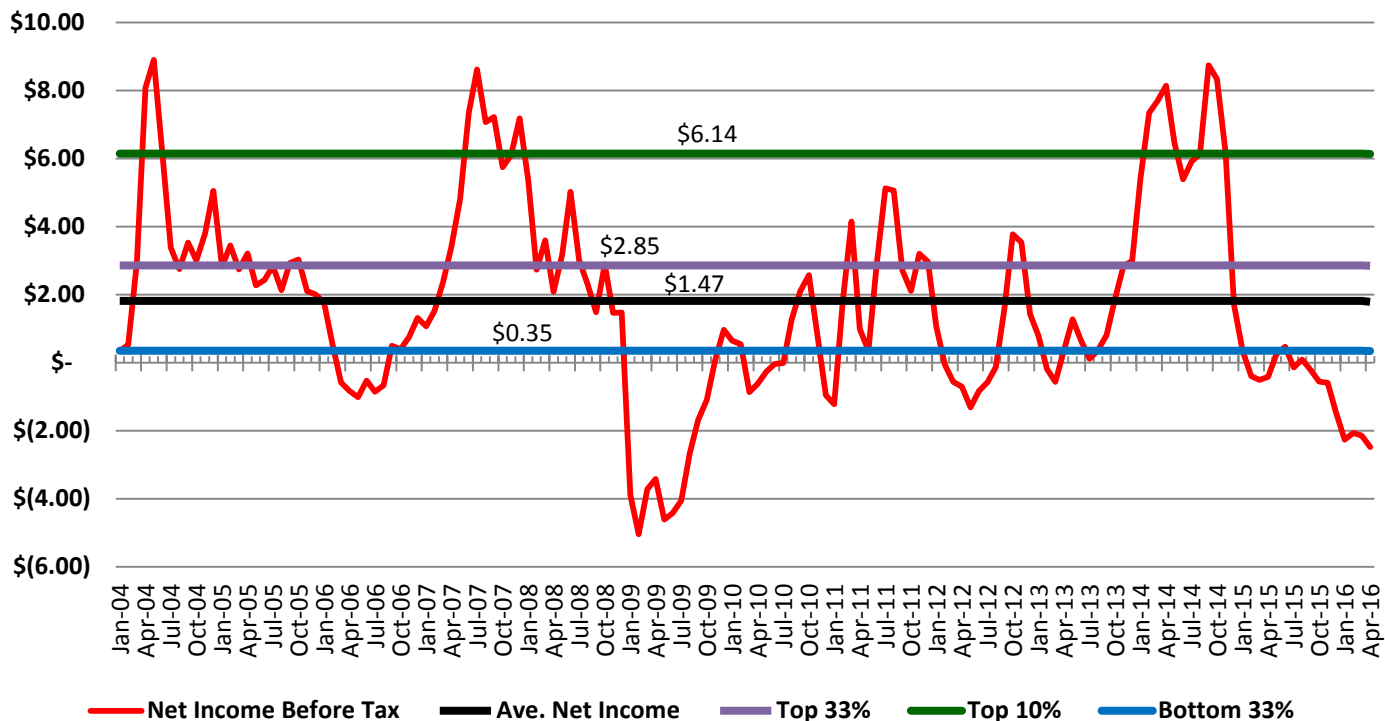
Net Income Available May 13, 2016





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			