



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	+0.09	+0.17	+0.01	+0.04	+0.02	+0.01	+0.04	+0.09	+0.05	+0.03	+0.09	+0.11

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 go over the recent volatility in the marketplace and how that can affect your profitability. As we have reported in recent weeks milk and grain futures markets have been extremely volatile. We have met with a number of our customers who have been busy planting crops and have not paid as close of attention directly to the futures prices on the board. In some cases they may have normally "missed" some opportunities, however, due to MARGINSMART®'s target and text features for our Platinum customers they have been completely kept apprised of what has been happening and have been able to take advantage of recent opportunities in the nearby markets. Please call us with any questions on how we can also set this up for your dairy.

Milk: Milk prod in the 23 major States during April '16 totaled 16.8B pounds, up 1.2% from April '15. Production per cow in the 23 major States averaged 1,948 pounds for April '16, 19 pounds above April 2015. This is the highest production per cow for the month of April since the 23 State series began in 2003. The number of milk cows on farms in the 23 major States was 8.65 million head, 21,000 head more than April 2015, and 4.000 head more than March 2016.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

Summary of USDA 5/23/16 Crop Progress Report

- Corn - 86% planted, 90% last yr and 85% for 5 yr avg
- Corn emerged – 60% vs. 5 year avg 55%
- Cotton - 46% planted, 44% last yr and 54% for 5 yr avg
- SB - 56% planted, 56% last yr and 52% for 5 yr avg
- Topsoil moisture conditions were 86% adequate and surplus vs. 84% last year
- Subsoil moisture conditions were 86% adequate and surplus vs. 81% last year

The rate of corn planting picked up somewhat last week. Indiana, Michigan and Ohio all are well behind last year and the 5 year average, but those states made progress based on dry weather.

MARGINSMART Insight

Futures prices for grains and SBM are changing quite rapidly as the planting season progresses. While not completely related to US planting, nearby SBM futures have risen over \$100 per ton over the past 6 weeks.

Contact us for a FREE MARGINSMART® Demo!

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Market Price Updates (As of 5/20/2016 Close)

	May'16	+/-*	June'16	+/-*	Jul '16	+/-*	Aug '16	+/-*	Sep '16	+/-*	Oct '16	+/-*	New Crop	+/-*
Class III Milk	12.82	+0.09	12.48	+0.22	12.93	+0.09	13.64	+0.04	14.45	+0.09	14.73	+0.01	14.95	+0.10
Class IV Milk	13.24	+0.00	13.75	+0.26	14.27	+0.35	14.69	+0.28	15.03	+0.16	15.22	+0.27	15.15	+0.18
Cash Butter	2.06	+0.00	2.12	+0.05	2.13	+0.04	2.17	+0.05	2.19	+0.06	2.19	+0.05	2.09	+0.02
Cash Cheese	1.42	+0.01	1.37	+0.01	1.42	+0.00	1.49	+0.00	1.56	+0.00	1.59	+0.00	1.61	+0.01
Corn	3.82	+0.00			3.94	+0.03			3.97	+0.04			4.00	+0.02
Soybeans	10.55	+0.00			10.74	+0.09	10.73	+0.06	10.60	+0.01			10.49	-0.05
Soybean Meal	361	+00			393	+30	38	+20	374	+14	369	+11	367	+09

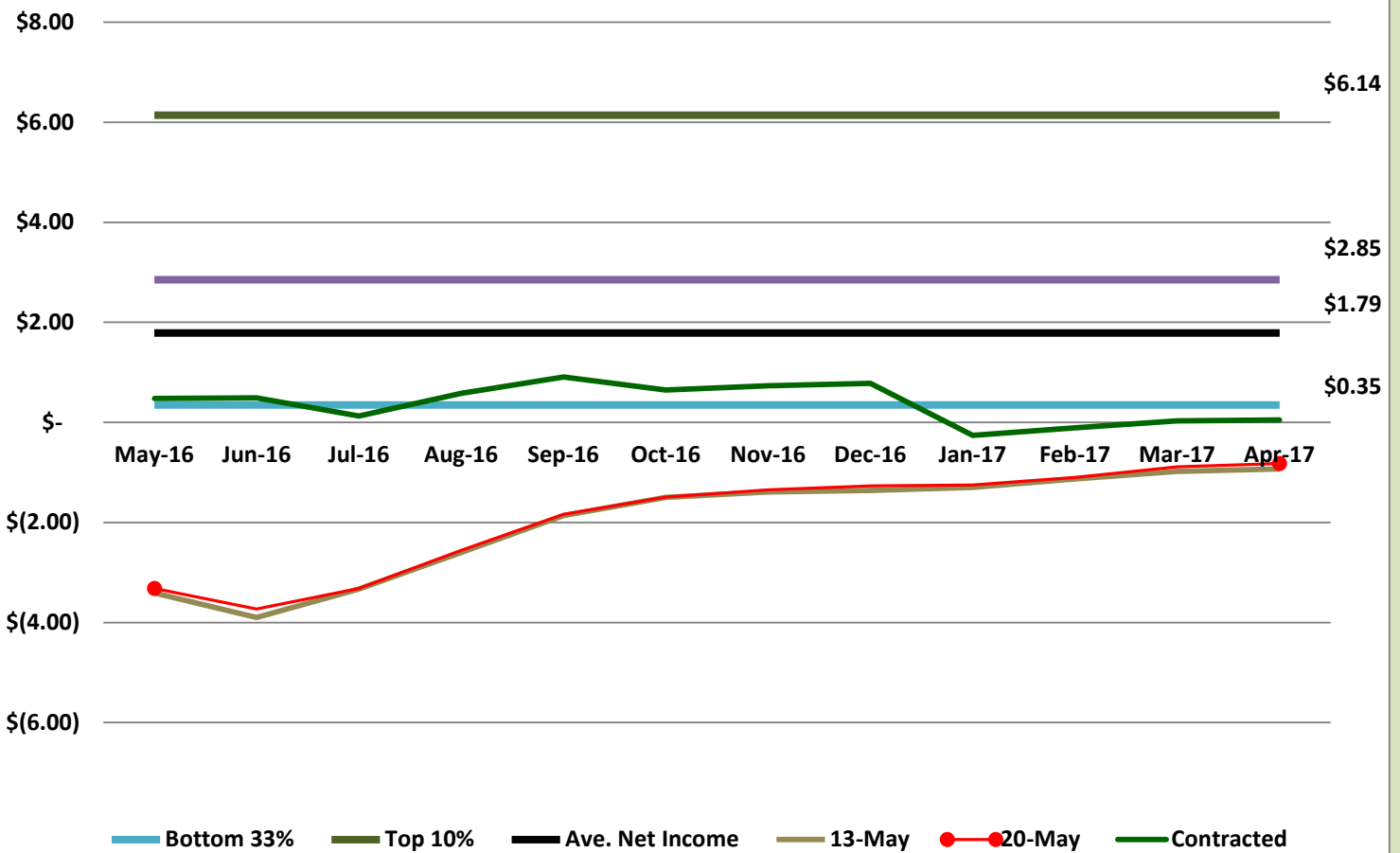
*Change from the Previous Week Price

**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.

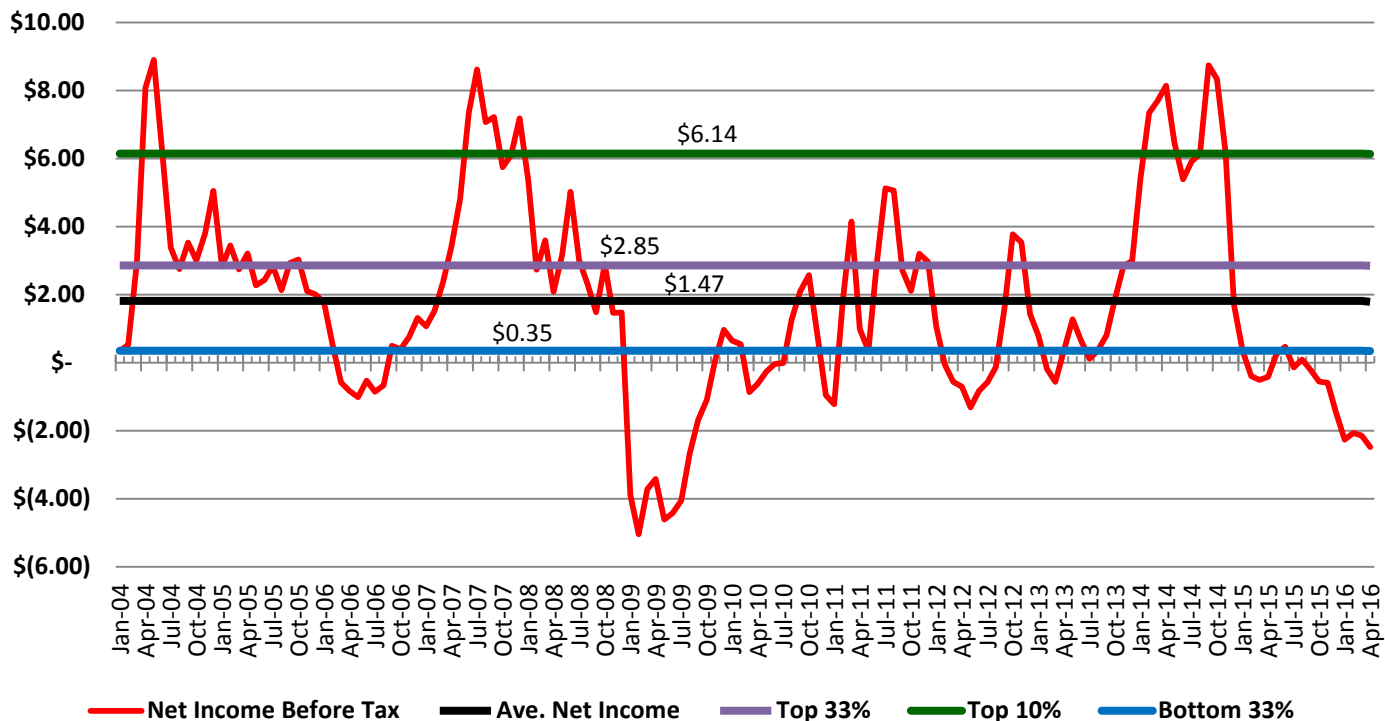
Net Income Available May 20, 2016





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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			