



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	-0.01	+0.42	+0.23	+0.16	+0.09	+0.06	+0.03	-0.02	+0.15	+0.12	+0.07	+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

As you start into the harvest season for 2016 forage crops this week we will look at several ways to incorporate them into MARGINSMART®.

1. If you buy any forages and you anticipate having a different price for 2016 vs. 2015 forages, we can set different prices based on when you anticipate feeding the 2015 vs. 2016 crops.
2. If you will be feeding the same specific forage grown in both 2015 and 2016 (e.g. haylage) and have different prices, we can modify rations to capture the specific cost for each of these.
3. If you grow some forages and buy some forages we can properly allocate between the two.
4. If the quality of your 2016 forage is significantly different than the 2015 forage please update rations accordingly.

Call us to review all your options.

Milk: Milk prod in the 23 major States during April '16 totaled 16.8B pounds, up 1.2% from April '15. Here are some of the changes from April '15 for individual states: CA – 3.3%, WI + 4.6%, NY + 5.3%, ID + 2.0%, PA + .5%, TX + 1.6% and MI + 6.5%.

Market News (Continued)

Grains/Feedstuffs/Cattle/Poultry:

This week we will take a look at oil, gas and diesel prices since it has been a few months since we discussed those here.

- Crude Oil prices bottomed out in Feb '16 at around \$30 per barrel and have increased since to around \$50 per barrel now.
- It was around Feb '16 that 2016 production of oil started being lower than the prior year. Oil companies have reduced production in an effort to increase prices.
- Gasoline bottomed in Feb '16 at around \$1.80 per gal and prices have now moved up to \$2.30 per gal
- Retail diesel fuel prices were up \$.06 per gallon last week. They are up \$.35 per gallon since the low in Feb/March '16.

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 5/27/2016 Close)

	May '16	+/-*	June '16	+/-*	Jul '16	+/-*	Aug '16	+/-*	Sep '16	+/-*	Oct '16	+/-*	New Crop	+/-*
Class III Milk	12.80	-0.02	12.85	+0.37	13.15	+0.22	13.85	+0.21	14.56	+0.11	14.85	+0.12	15.03	+0.08
Class IV Milk	13.24	+0.00	13.75	+0.00	14.24	-0.03	14.60	-0.09	15.03	+0.00	15.17	-0.05	15.19	+0.04
Cash Butter	2.06	+0.00	2.08	-0.04	2.13	+0.00	2.15	-0.02	2.17	-0.02	2.17	-0.02	2.05	-0.04
Cash Cheese	1.41	-0.01	1.42	+0.05	1.44	+0.02	1.51	+0.02	1.57	+0.01	1.60	+0.01	1.62	+0.01
Corn	3.82	+0.00			4.19	+0.19			4.14	+0.17			4.13	+0.13
Soybeans	10.55	+0.00			10.86	+0.12	10.83	+0.10	10.67	+0.07			10.56	+0.07
Soybean Meal	361	+0.00			403	+0.10	389	+0.08	381	+0.07	376	+0.07	374	+0.07

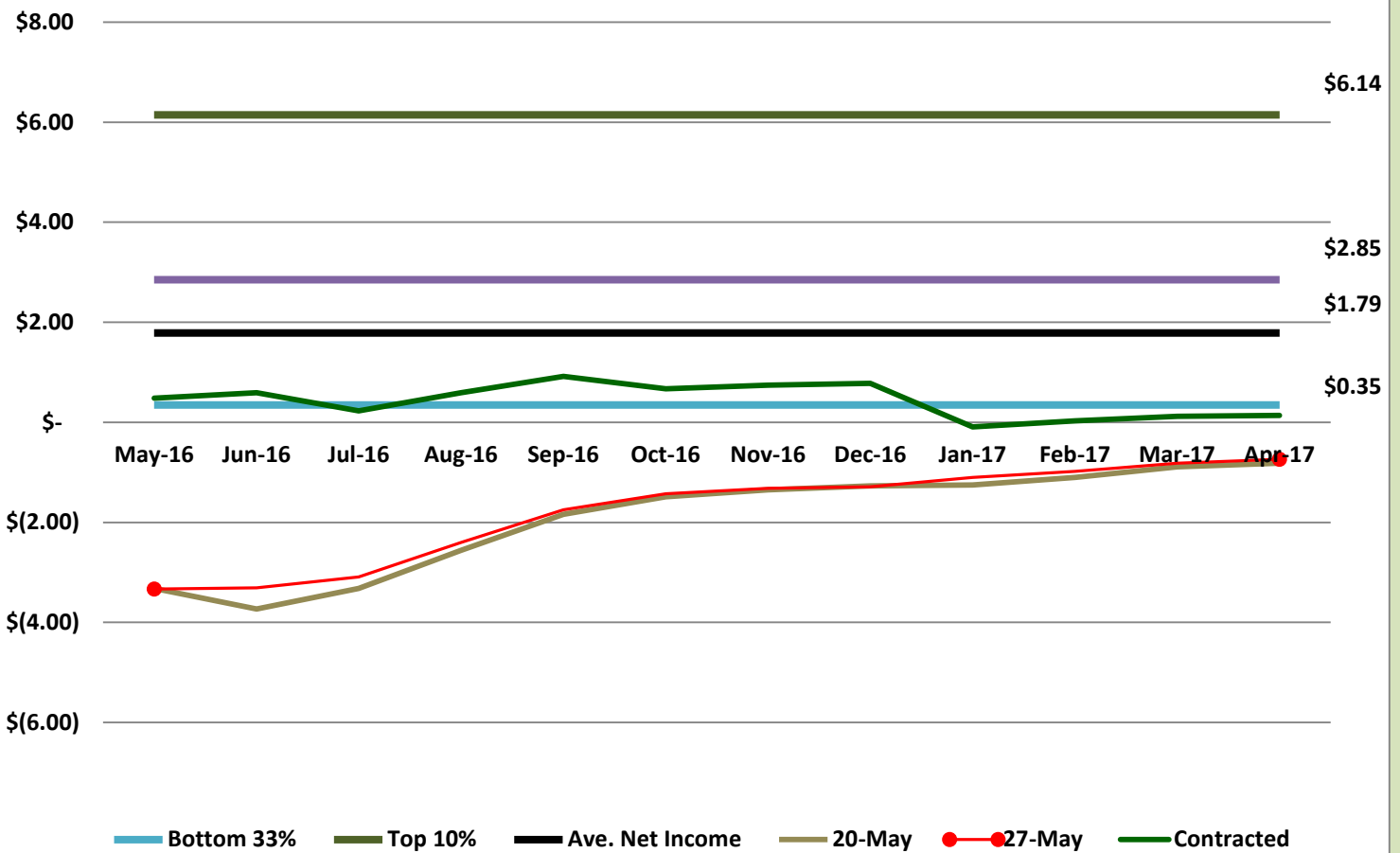
*Change from the Previous Week Price

**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.

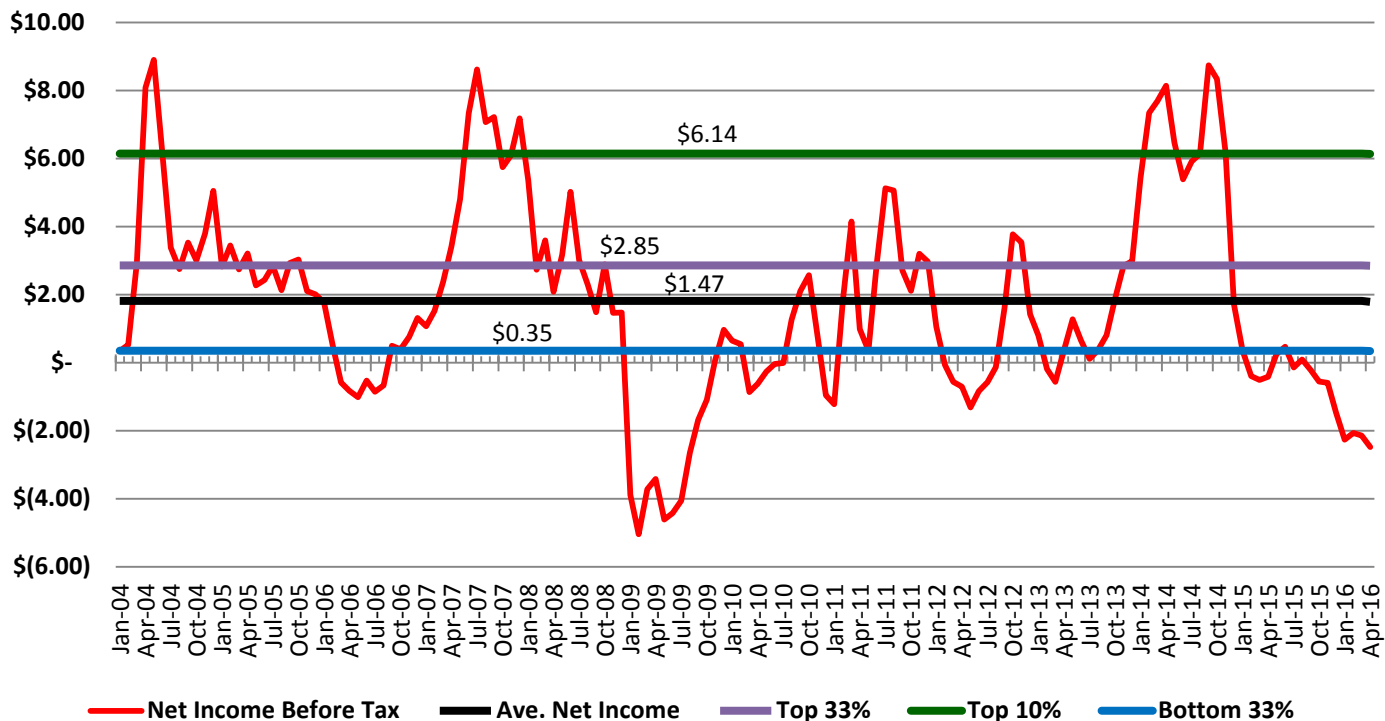
Net Income Available May 27, 2016





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			