



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	Nov '16	Dec '16	Jan '17	Feb '17	Mar '17	Apr '17	May '17	June '17	July '17	Aug '17	Sep '17	Oct '17
Change From Prior Week	-0.08	-0.03	-0.04	-0.03	-0.06	-0.04	-0.08	-0.08	-0.10	-0.05	-0.04	-0.02

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

The tip of the week revolves around corn supply and demand. The WADSE released last week indicates that US corn production for the 2016 crop will likely exceed the estimates made even a month ago. Production is estimated higher by nearly 7 bushels per acre, along with 7M more acres than the 2015 crop. Combined, this results in a crop that is 1.6B more bushels than in 2015. Feed usage and exports are expected to be up 1B bushels - which still leaves a hefty higher carryover increase of 650M bushels. A recent tour of IA, SD and MN indicates that a great deal of corn is going on piles as storage bins are full. Obviously this has brought corn prices down, but stay tuned on carryover projections. Call with any questions.

Milk: November Supply and Demand Estimates from (FMMO): Milk production forecasts for 2016 and 2017 are lowered from last month as recent data indicated that the U.S. cow inventory increased less rapidly than previously expected. However, output per cow is raised from last month. The forecasts for butter and nonfat dry milk (NDM) are lowered as supplies remain large. For 2017, large supplies of butter are expected to continue to pressure prices, but prices of cheese, whey and NDM are expected to strengthen.

Market News

Grains/Feedstuffs/Cattle/Poultry:

The WADSE from 11/9/16 shows that projected 2016 US corn harvest is now at 175.3 bushels per acre, or a record 15.226B bushels. Crop year 16/17 is projected to result in 2.4B bushels of corn carryover, which is 650M bushels more than the 15/16 carryover amount.

Summary of USDA 11/14/16 Crop Progress Report

- Corn harvested – 93% vs. 5 year avg of 92%
- SB Harvested - 97% vs. 5 year avg of 95%
- Cotton harvested – 61% vs. 5 year avg of 69%
- Sorghum harvested – 90% vs. 5 year avg of 86%

Fall weather conditions have been very supportive for harvesting and fieldwork across most of the USA. This has allowed most grain harvesting and manure application to occur in a timely fashion.

MARGINSMART Insight

THE MPP PROGRAM SIGN UP DEADLINE IS APPROACHING. WHILE CURRENT PROJECTIONS DO NOT INDICATE THAT ANY MONTHS OF 2017 WOULD RESULT IN PAYMENTS, YOU SHOULD CONSIDER YOUR SITUATION.

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

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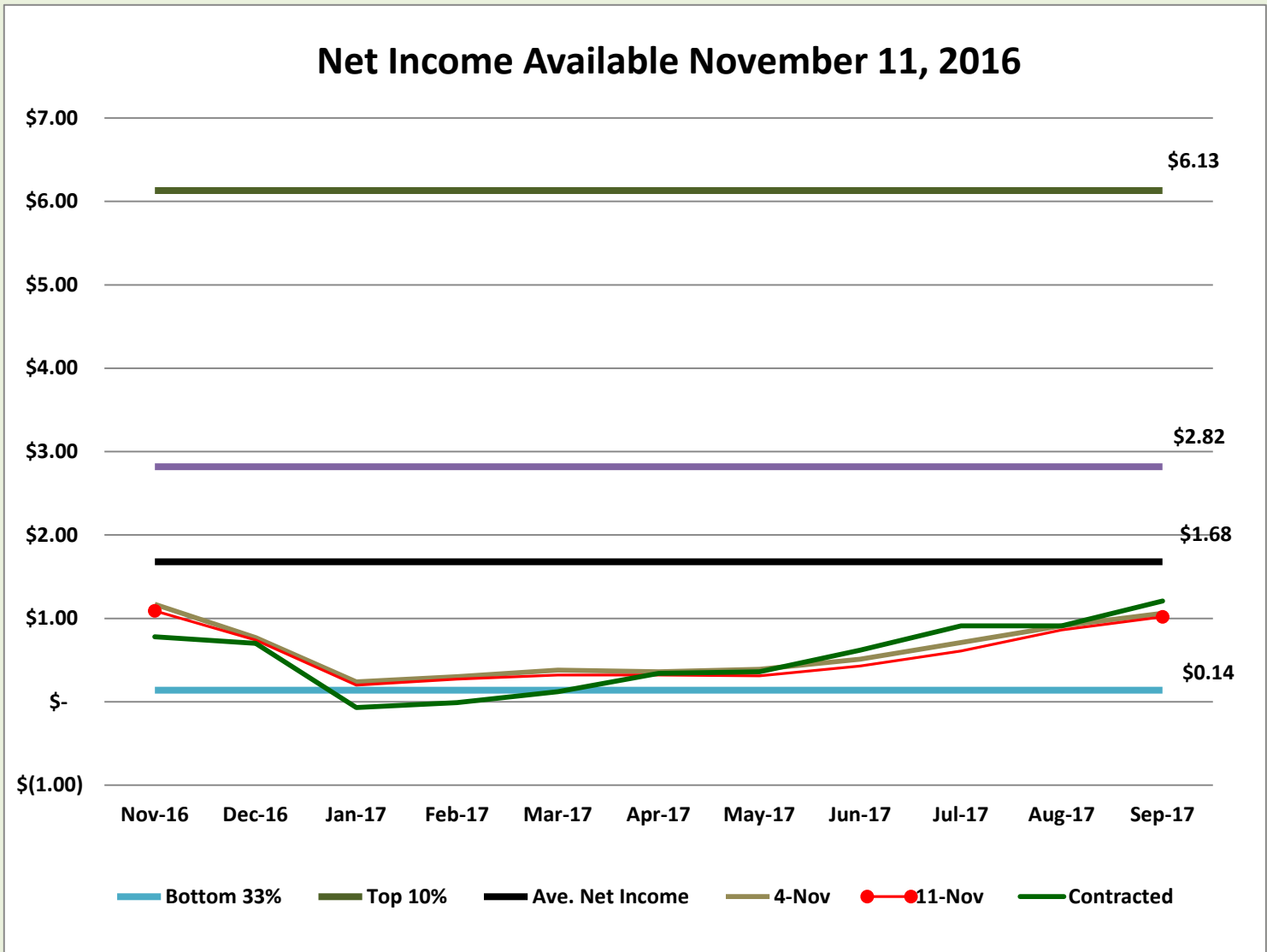
Market Price Updates (As of 11/11/2016 Close)

	Nov '16	+/-*	Dec'16	+/-*	Jan'17	+/-*	Feb'17	+/-*	Mar'17	+/-*	Apr'17	+/-*	May'17	+/-*
Class III Milk	16.71	-0.09	16.28	-0.17	15.82	-0.11	15.90	-0.08	15.96	-0.09	16.00	-0.10	16.11	-0.02
Class IV Milk	13.80	+0.11	14.25	+0.32	14.72	+0.19	15.00	+0.20	15.42	-0.01	15.69	+0.00	15.98	+0.00
Cash Butter	1.92	+0.01	1.98	+0.06	1.98	+0.05	1.99	+0.02	2.05	+0.04	2.07	+0.05	2.08	+0.03
Cash Cheese	1.76	-0.01	1.71	-0.02	1.66	-0.02	1.66	-0.02	1.67	-0.02	1.67	-0.02	1.67	-0.03
Corn			3.40	-0.09					3.49	-0.08			3.56	-0.09
Soybeans	9.78	-0.03			9.86	-0.06			9.94	-0.03			10.02	-0.02
Soybean Meal			308	-0.01	310	-0.01			312	+0.00			314	+0.00

*Change from the Previous Week Price



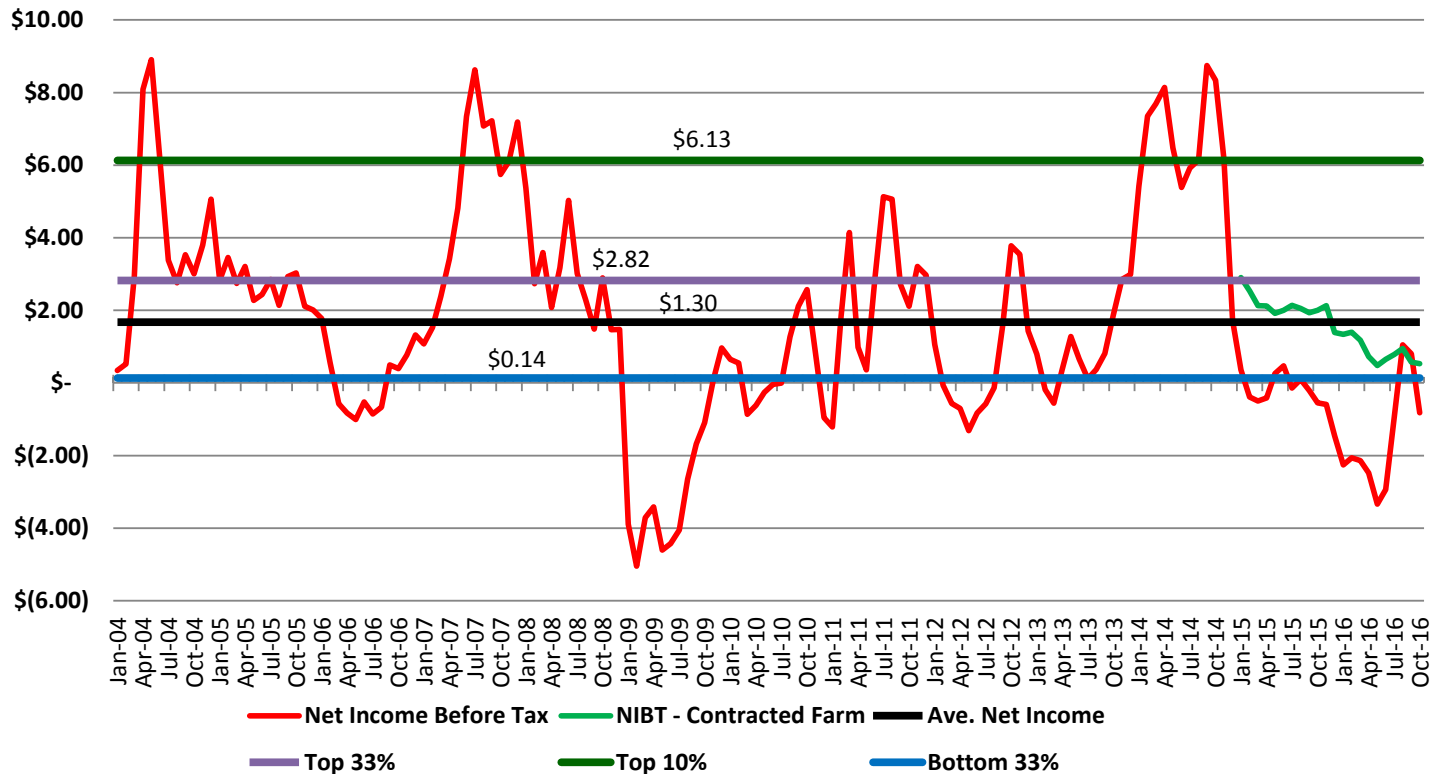
MARGINSMART® maintains a Sample Farm with 1,500 mature cows and 87 #s of milk / head / day shipped average. It buys 100% of its feed at market and its heifers are custom raised. The red line on the Net Income chart below shows the net income / cwt. available last Friday over the next 12 months based 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. **Effective 8/8/16, adjustments have been made to transition to no BST use by 3/31/17 which reduces milk production back to 83#s of milk per cow.**





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.) **Effective 8/8/16, adjustments have been made to transition to no BST use by 3/31/17 which reduces milk production back to 83#s of milk per cow.**

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	-0.25

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	-0.18	.11	-0.08	-0.87
2016	-2.15	-2.92	0.31	