



WEEKLY NEWSLETTER

"For SMART Management"

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MARGINSMART® Sample Farm Profitability Changes From Last Report

	May '17	Jun '17	Jul '17	Aug '17	Sep '17	Oct '17	Nov '17	Dec '17	Jan '18	Feb '18	Mar '18	Apr '18
Change From Prior Week	.01	.43	.39	.39	.25	.20	.14	.13	.22	.14	.12	.12

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 note that US beef is now being exported to Brazil after 13 years of being banned after the mad cow case in late 2003. It also appears that China is on its way to opening its border to US beef as well. These actions could create an increase in demand for US beef and have a very positive impact on fed cattle prices which would likely trickle down to all types of cows as well. Bull calf prices could also receive a boost.

Milk: Milk production around the globe: **Europe** - German dairy processors report lower milk deliveries in April compared with April last year. Similar observations were made in France. Contributing factors were cooler than normal recent weather resulting in slowing pasture development. **NZ** - March 2017 New Zealand milk production was 1.9 million MT, very slightly lower than February, according to DCANZ. During March 2016, milk production was 1.7 million MT. **Australia** - According to Dairy Australia, March 2017 milk production in Australia was 5.1% below March 2016. **Brazil** - milk production had slightly improved, as climate conditions were favorable across the milk production basins. However, farm gate prices remain high. According to some industry stockholders, the economic recession in the country is slowly easing.

Market News

Grains/Cattle

Summary of USDA 5/15/17 Crop Progress Report

This is the first report with soybeans.

- Corn – 71% planted vs. 73% last year and 70% for 5 yr. avg
- Corn Emerged - 31% vs. 41% last yr and 36% for 5 yr avg
- Soybeans - 32% planted vs. 34% last yr and 32% for 5 yr avg
- SB Emerged - 8% vs. 9% last yr and 9% for 5 yr avg
- Winter wheat condition – 51% good & excellent vs. 62% last year
- Pasture and range condition – 62% good & excellent vs. 63% last year

Soil moisture remains relatively high. Corn planting in WI, IN and OH is behind the 5 year average.

MARGINSMART Insight

CLASS III MILK FUTURES INCREASED FURTHER THROUGH CLOSE TODAY 5/15/17. AUG – OCT 2017 ALL CLOSED ABOVE \$17.00 TODAY.

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

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Market Price Updates (As of 5/12/2017 Close)

	May'17	+/-*	Jun'17	+/-*	July'17	+/-*	Aug'17	+/-*	Sep'17	+/-*	Oct'17	+/-*	New Crop	+/-*
Class III Milk	15.58	+0.00	16.21	+0.34	16.68	+0.35	17.10	+0.34	17.28	+0.27	17.14	+0.18	16.73	+0.13
Class IV Milk	14.50	+0.18	15.15	+0.71	15.46	+0.58	15.61	+0.67	15.74	+0.53	16.02	+0.68	15.95	+0.47
Cash Butter	2.15	+0.04	2.29	+0.13	2.29	+0.13	2.32	+0.15	2.30	+0.12	2.31	+0.13	2.27	+0.11
Cash Cheese	1.54	+0.00	1.62	+0.03	1.68	+0.02	1.73	+0.02	1.75	+0.01	1.74	+0.00	1.71	-0.01
Corn	3.62	+0.00			3.71	+0.00			3.79	+0.01			3.89	+0.01
Soybeans	9.54	-0.09			9.63	-0.10	9.65	-0.09	9.61	-0.07			9.60	-0.06
Soybean Meal	310	-2			313	-4	314	-3	315	-3	313	-4	314	-4

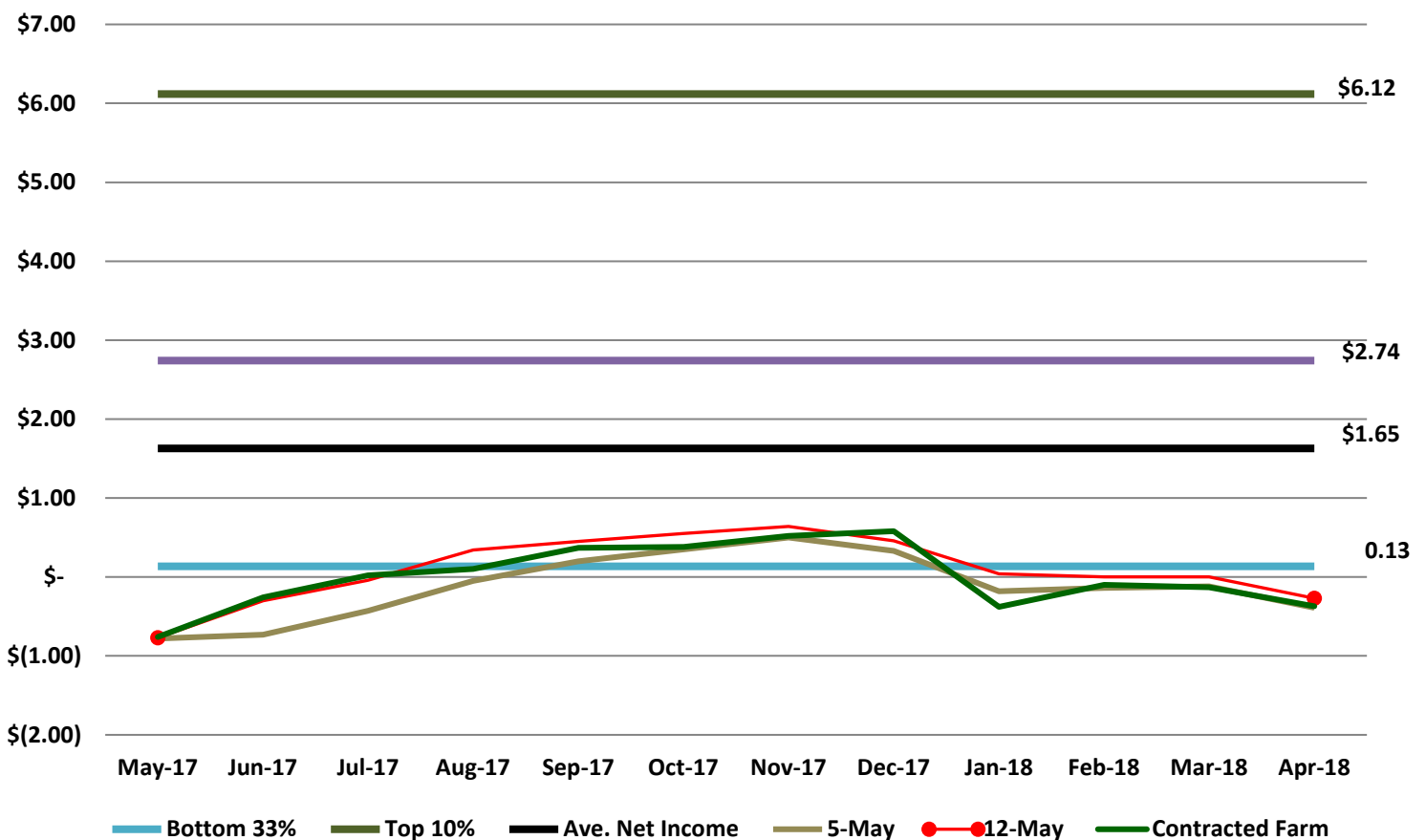
*Change from the Previous Week Price

**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. **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.**

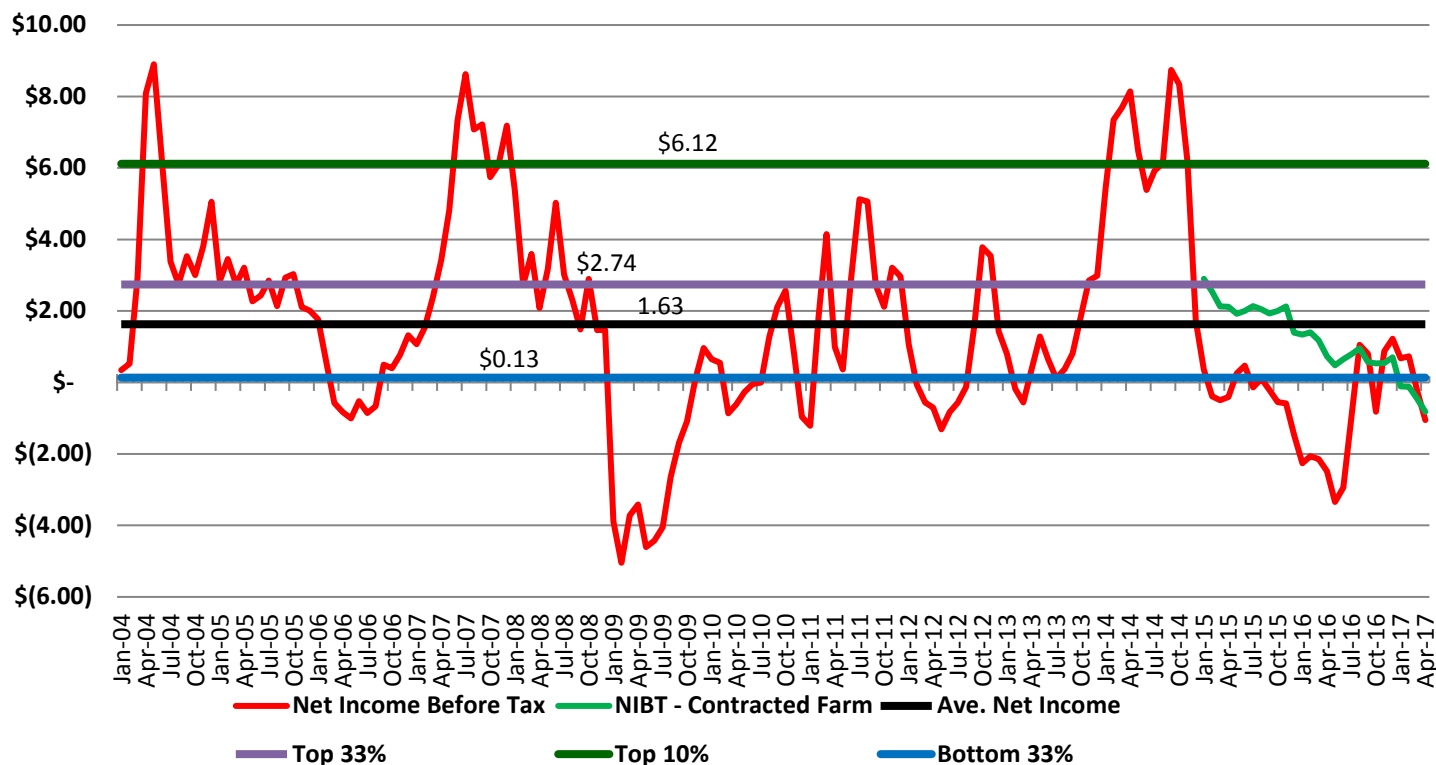
Net Income Available May 12, 2017





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.**

2004-2017 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	2016
4.04	2.67	0.07	5.21	2.89	-2.79	0.44	2.52	0.60	0.95	6.46	-.25	-1.01

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	-2.92	0.31	.33
2017	.39			