



WEEKLY NEWSLETTER

"For SMART Management"

Ph: 877-474-7589 • 1600 W. Shawano Ave. Suite 201 • Green Bay, WI 54303

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	.03	.19	.20	.16	.17	.18	.24	.26	.15	.11	.06	.04

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's tip of the week reflects on the recent volatility in the marketplace and how that can affect your profitability. As we have reported in recent weeks, milk 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 for your dairy.

Milk: Several Key Updates: Milk prices are getting support from increased exports which posted a 14% gain by volume and 17% growth by value compared to the same quarter last year. Trade with Mexico expanded by 10%, China increased 74%, and Southeast Asia was up 16%. On a total solids basis, US dairy exports were equivalent to 14% of U.S. milk production during the first quarter. Flavored 1% milk, mainly chocolate, will return to school lunch menus after a seven-year hiatus. That shift took place when USDA Secretary Perdue announced new rules that the product could once again be placed with fat-free white and flavored milk, and 1 percent white milk.

Market News

Grains/Cattle

Summary of USDA 5/22/17 Crop Progress Report

This is the first report with soybeans.

- Corn – 84% planted vs. 84% last year and 85% for 5 yr. avg
- Corn Emerged - 54% vs. 58% last yr and 55% for 5 yr avg
- Soybeans - 53% planted vs. 53% last yr and 52% for 5 yr avg
- SB Emerged - 19% vs. 20% last yr and 21% for 5 yr avg
- Cotton planted – 52% vs. 46% last yr and 50% for 5 yr avg

Cutout values for beef gained significantly over the past couple weeks and are helping push both fed cattle and cull cow prices up.

MARGINSMART Insight

CLASS III MILK FUTURES INCREASED FURTHER THROUGH CLOSE TODAY 5/22/17. AUG – NOV 2017 ALL CLOSED ABOVE \$17.00 TODAY.

Contact us for a FREE MARGINSMART® Demo!

DIRECT: 920-264-9139

EMAIL: mark@marginsmart.com

Market Price Updates (As of 5/19/2017 Close)

	May'17	+/-*	Jun'17	+/-*	July'17	+/-*	Aug'17	+/-*	Sep'17	+/-*	Oct'17	+/-*	New Crop	+/-*
Class III Milk	15.60	+02	16.31	+11	16.77	+09	17.15	+05	17.27	-01	17.18	+04	16.83	+10
Class IV Milk	14.69	+19	16.05	+90	16.49	+1.03	16.75	+1.14	16.95	+1.21	17.04	+1.02	16.90	+95
Cash Butter	2.19	+04	2.41	+11	2.43	+14	2.44	+12	2.44	+14	2.44	+13	2.40	+13
Cash Cheese	1.54	+00	1.62	+00	1.68	+00	1.72	-01	1.74	-01	1.74	+00	1.72	+01
Corn	3.62	+00			3.72	+01			3.80	+01			3.90	+01
Soybeans	9.54	+00			9.53	-10	9.54	-11	9.52	-09			9.52	-08
Soybean Meal	310	+0			307	-6	308	-6	309	-6	309	-4	310	-4

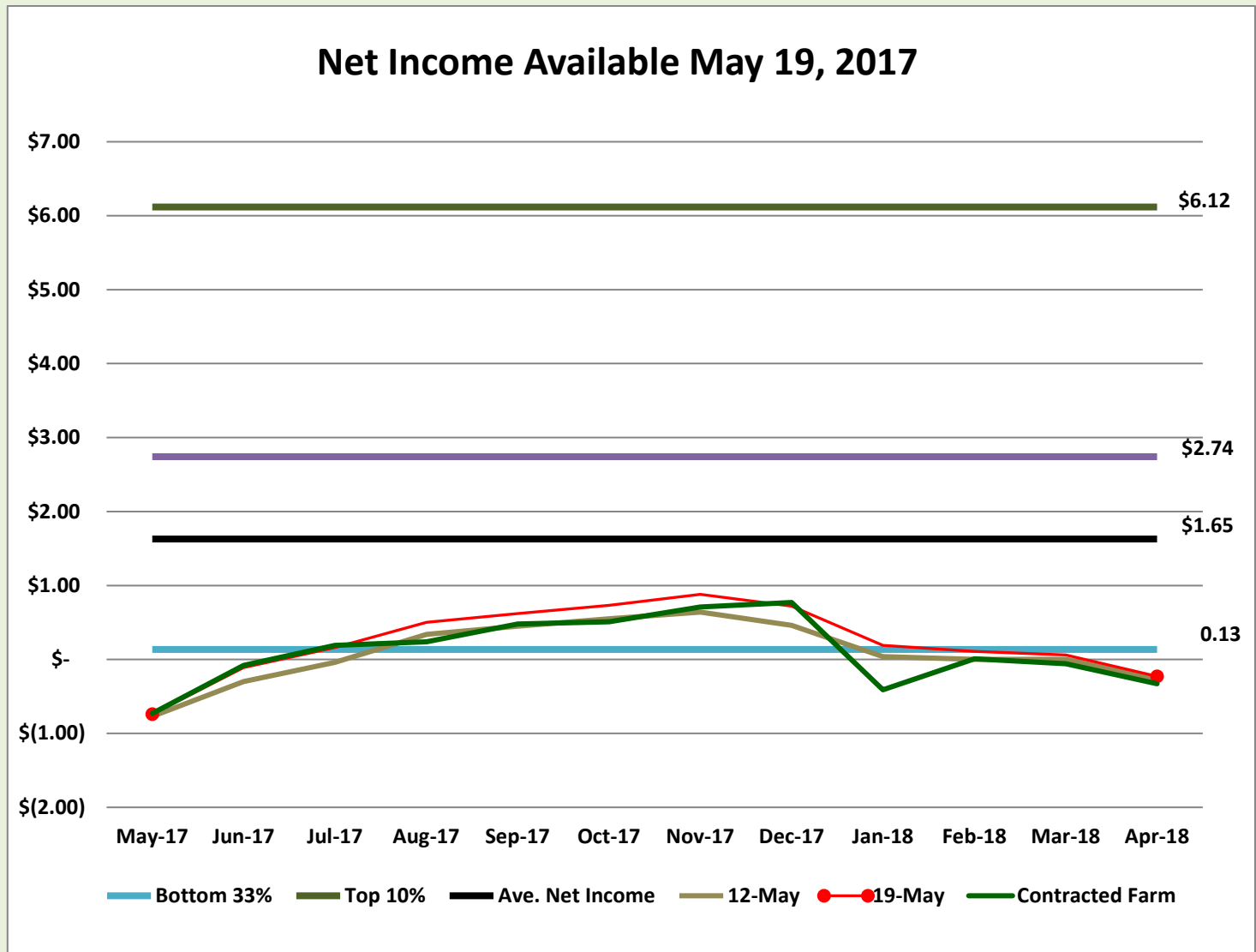
*Change from the Previous Week Price

**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.**

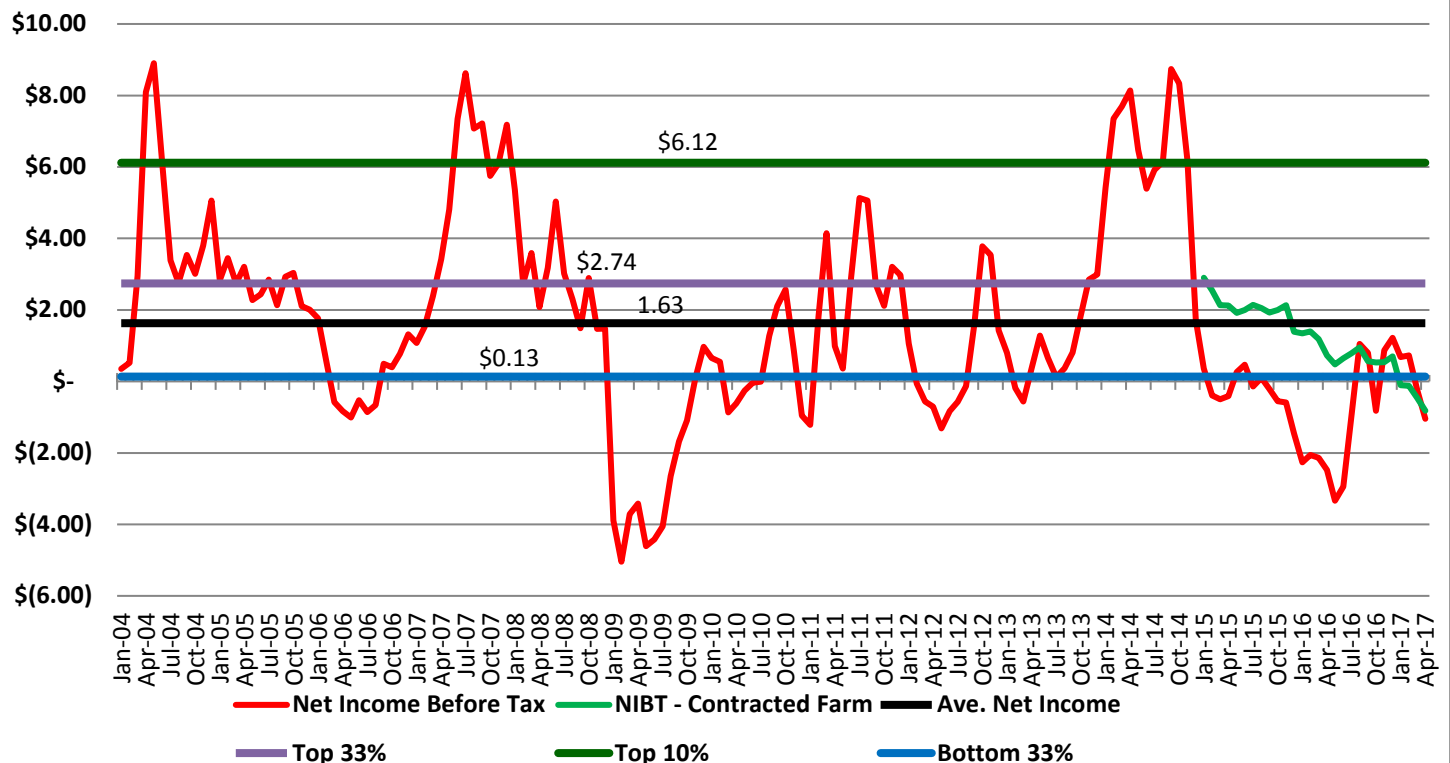
Net Income Available May 19, 2017





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			