



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	.17	.25	.21	.15	.16	.19	.07	.01	.00	.11	.13	.13

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 revisit using past history to aid in making future decisions. While I have always been a big proponent in taking history into account for markets, production and many related items for milk and grain production, pricing and ultimately profitability; I do not subscribe 100% to the fact that history will always repeat itself. The United States is still a capitalistic market place which allows numerous individual producers to influence the market prices based on true supply and demand. The general reality for agricultural markets is also that participants are somewhat reactive to market prices and historically that has created various "cycles" of increased production leading to lower prices and vice versa. The world markets now also play a role in global supply and demand, and ultimately the world market is now also essentially a capitalistic marketplace as well. So, my tip of the week is to use history to be proactive rather than succumbing to only being reactive.

Milk: The final April '17 announced Class III price was \$15.22 per cwt. – down \$.59 from Mar '17 and up \$1.59 from April '16. The final April '17 Class IV price was \$14.01 per cwt., down \$.33 from Mar '17, and up \$1.33 per cwt. from April '16.

Market News

Grains/Cattle

Summary of USDA 5/8/17 Crop Progress Report

This is the first report with soybeans.

- Corn – 47% planted vs. 61% last year and 52% for 5 yr. avg
- Corn Emerged - 15% vs. 25% last yr and 19% for 5 yr avg
- Soybeans - 14% planted vs. 21% last yr and 17% for 5 yr avg
- Winter wheat condition – 53% good & excellent vs. 62% last year

Soil moisture is very high compared to 2016. For some areas of the country this has delayed corn and SB planting.

Dairy Cow Slaughter

YTD dairy cow slaughter through 4/15/17 was 909K head compared to 944K head for the same period of 2016.

MARGINSMART Insight

**CLASS III MILK FUTURES HAVE REBOUNDED TO TOUCH
OR ECLIPSE \$17.00 FOR SEPTEMBER 2017.**

Contact us for a FREE MARGINSMART® Demo!

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

	Apr'17	+/-*	May'17	+/-*	Jun'17	+/-*	July'17	+/-*	Sep'17	+/-*	Oct'17	+/-*	New Crop	+/-*
Class III Milk	15.17	+0.00	15.58	+0.23	15.87	+0.40	16.33	+0.35	17.01	+0.36	16.96	+0.31	16.60	+0.01
Class IV Milk	13.95	+0.00	14.32	-0.06	14.44	-0.11	14.88	+0.07	15.21	+0.08	15.34	+0.03	15.48	+0.14
Cash Butter	2.11	+0.00	2.13	+0.00	2.16	+0.01	2.16	+0.00	2.18	+0.00	2.18	-0.01	2.16	+0.00
Cash Cheese	1.49	+0.00	1.54	+0.01	1.59	+0.03	1.66	+0.02	1.74	+0.03	1.74	+0.02	1.72	+0.01
Corn			3.62	+0.04			3.71	+0.05	3.78	+0.04			3.88	+0.03
Soybeans			9.63	+0.18			9.73	+0.17	9.68	+0.13			9.66	+0.13
Soybean Meal			312	+0			317	+1	318	+1	317	+1	318	+1

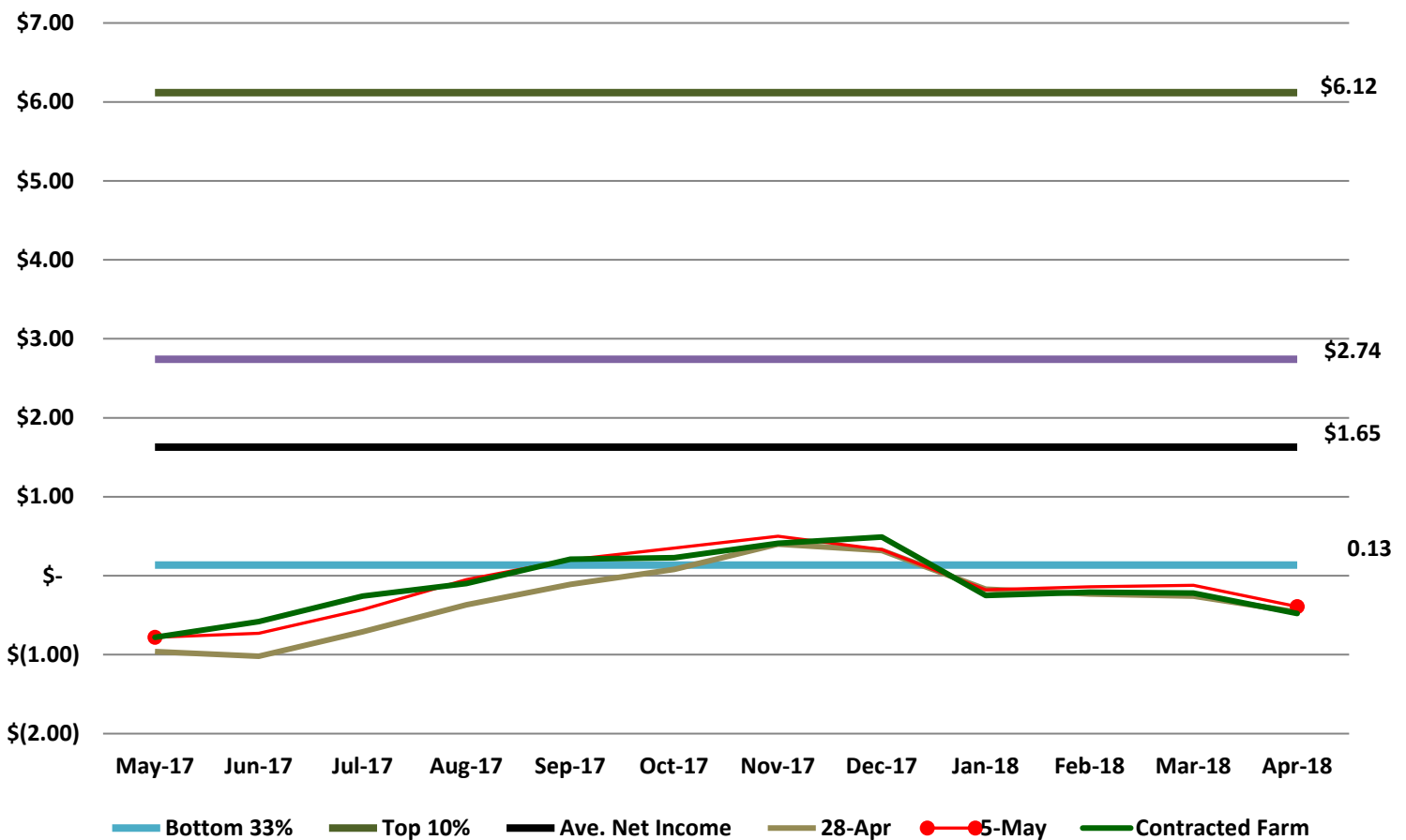
*Change from the Previous Week Price

**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.**

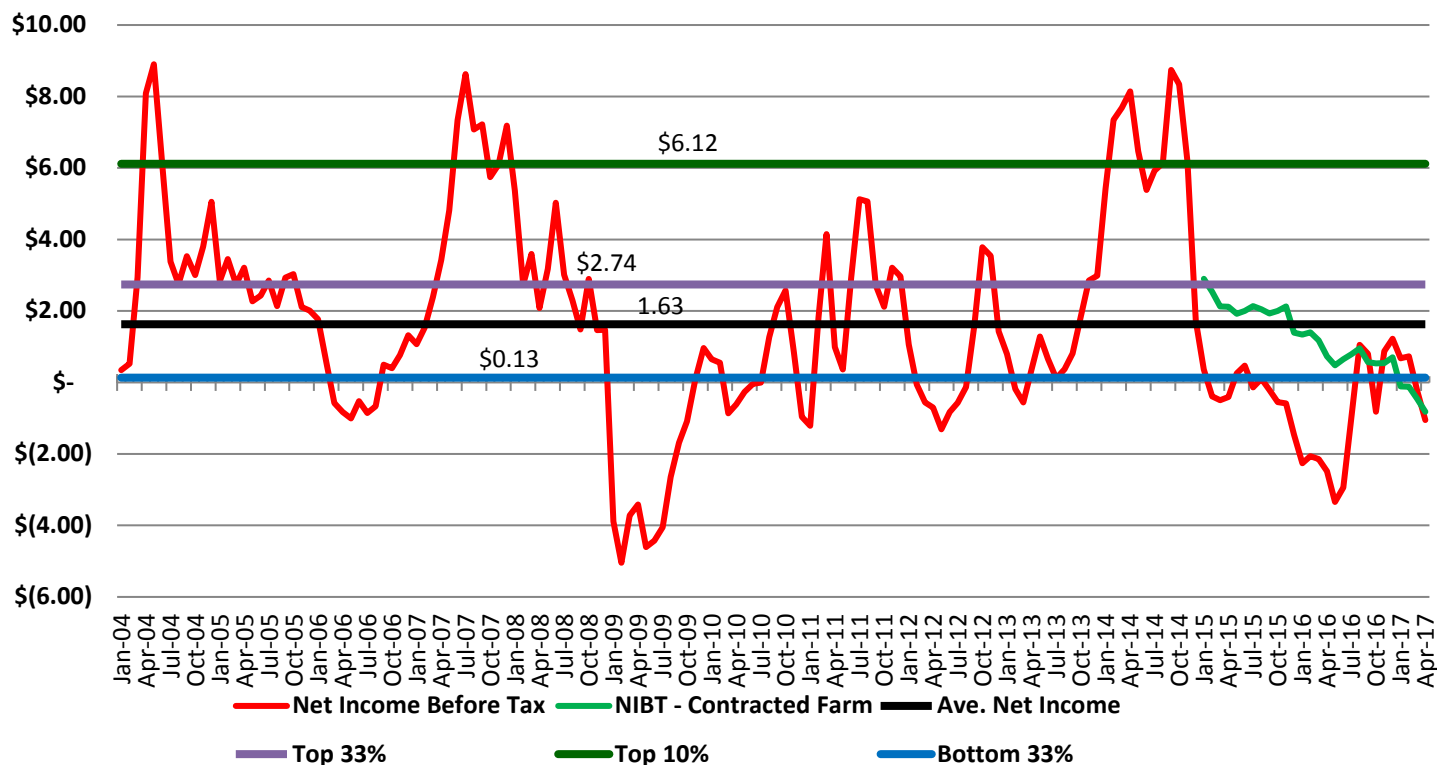
Net Income Available May 5, 2017





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			