



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 | .00 | .21 | .25 | .23 | .16 | .06 | .04 | .01 | .07 | .10 | .12 | .10 |

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 is a reminder to customers that grow their own crops to re-evaluate their projected acreage that will be grown for each crop. By now alfalfa fields can be evaluated for winterkill and projected yield potential. In addition, spring field moisture levels may have impacted planting opportunities. Finally, an assessment of inventory levels of existing forages and feedstuffs can also be made. The combination of these items can have an impact on the amount of each feedstuff that will be available and how the new growing season will impact this over the next 12 -18 months. We can assist you with these items and help factor those items into your MARGINSMART account. Please call us with any questions for your dairy.

Milk: Milk production in the 23 major States during April totaled 17.2B pounds, up 2.0% from April '16. March revised production, at 17.6B pounds, was up 1.9% from March '16. The March revision represented an increase of 30M pounds or 0.2% from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,967 pounds for April '17, 20 pounds above April '16. This is the highest production per cow for the month of April since the 23 State series began in 2003. The number of milk cows on farms in the 23 major States was 8.72M head, 81,000 head more than April '16, and 8,000 head more than March '17.

Market News

Grains/Cattle

Summary of USDA 5/22/17 Crop Progress Report

This is the first report with soybeans. **The current week won't be released until Tuesday afternoon so these are a repeat of last week.**

- 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

MARGINSMART Insight

CLASS IV MILK FUTURES FOR JUNE – DEC 2017 HAVE INCREASED AN AVG OF \$1.56 PER CWT OVER THE PAST 3 WEEKS, WHILE CLASS III MILK FUTURES PRICES ARE UP \$.50 PER CWT. OVER THE SAME PERIOD.

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

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Market Price Updates (As of 5/26/2017 Close)

| | May'17 | +/-* | Jun'17 | +/-* | July'17 | +/-* | Aug'17 | +/-* | Sep'17 | +/-* | Oct'17 | +/-* | New Crop | +/-* |
|----------------|--------|------|--------|------|---------|------|--------|------|--------|------|--------|------|----------|------|
| Class III Milk | 15.61 | +01 | 16.51 | +19 | 17.04 | +27 | 17.40 | +25 | 17.44 | +17 | 17.24 | +06 | 16.86 | +03 |
| Class IV Milk | 14.55 | -14 | 15.93 | -12 | 16.43 | -06 | 16.68 | -07 | 16.88 | -07 | 16.97 | -07 | 16.94 | +04 |
| Cash Butter | 2.19 | +00 | 2.39 | -03 | 2.45 | +02 | 2.46 | +02 | 2.47 | +03 | 2.47 | +03 | 2.40 | +00 |
| Cash Cheese | 1.54 | +00 | 1.64 | +02 | 1.71 | +03 | 1.75 | +03 | 1.76 | +02 | 1.75 | +01 | 1.73 | +01 |
| Corn | 3.62 | +00 | | | 3.72 | +02 | | | 3.82 | +02 | | | 3.92 | +02 |
| Soybeans | 9.54 | +00 | | | 9.26 | -27 | 9.29 | -25 | 9.28 | -24 | | | 9.29 | -23 |
| Soybean Meal | 310 | +0 | | | 302 | -5 | 303 | -5 | 304 | -5 | 305 | -4 | 306 | -4 |

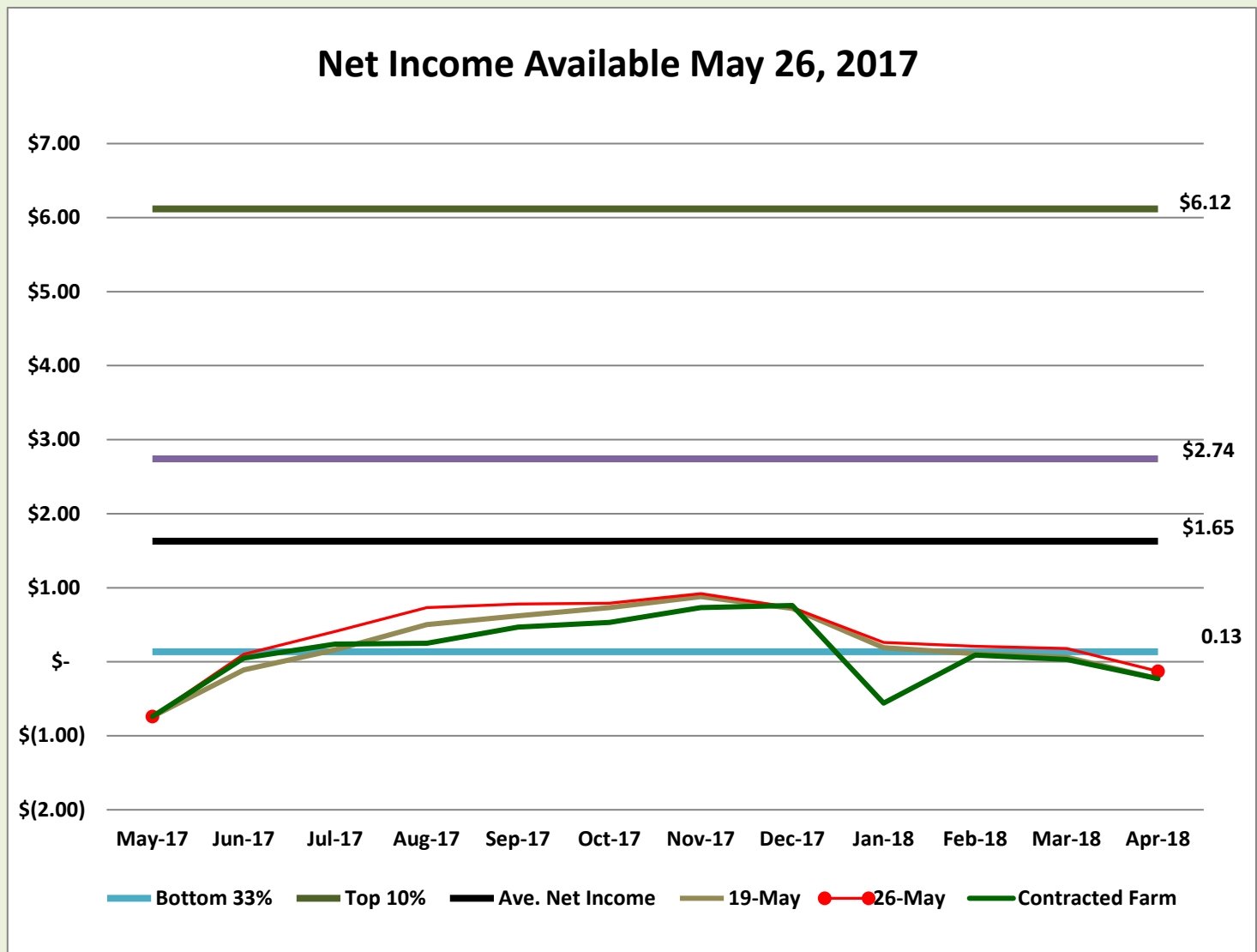
*Change from the Previous Week Price

**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.**

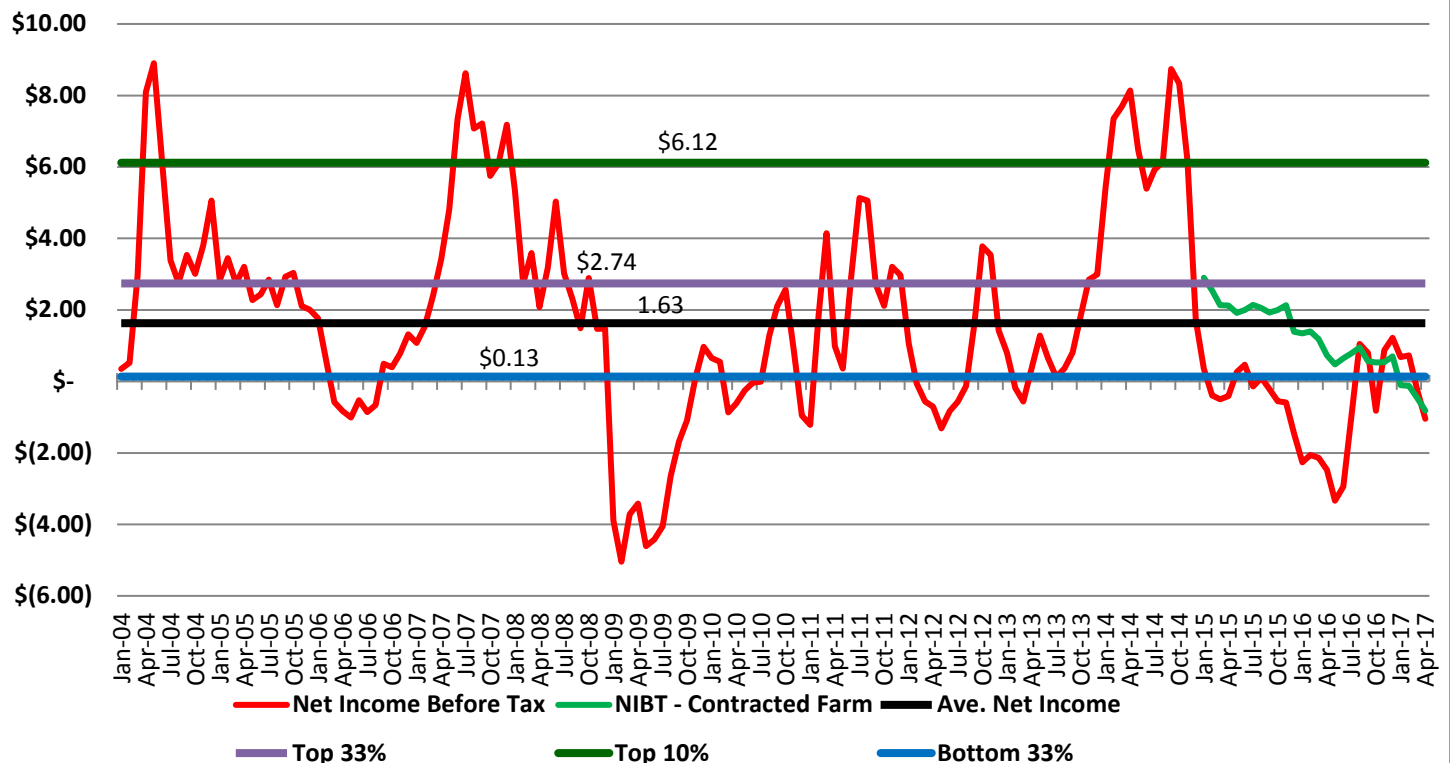
Net Income Available May 26, 2017





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 | | | |