

# Tennessee Market Highlights

**UTEXTENSION**  
INSTITUTE OF AGRICULTURE  
THE UNIVERSITY OF TENNESSEE

May 11, 2018

Number: 19

## Trends for the Week Compared to a Week Ago

### Slaughter Cows

Steady to \$1 higher

### Slaughter Bulls

Steady

### Feeder Steers

Steady

### Feeder Heifers

Steady to \$2 lower

### Feeder Cattle Index

Wednesday's index: \$137.93

### Fed Cattle

The 5-area live price of \$121.21 is down \$3.75. The dressed price is down \$1.87 at \$191.75.

### Corn

July closed at \$3.96 a bushel, down 10 cents since last Friday.

### Soybeans

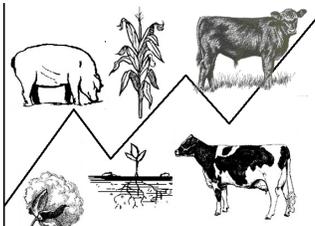
July closed at \$10.03 a bushel, down 33 cents since last Friday.

### Wheat

July closed at \$4.98 a bushel, down 28 cents since last Friday.

### Cotton

July closed at 84.62 cents per lb, down 2.28 cents since last Friday.



## Livestock Comments by Dr. Andrew P. Griffith

**FED CATTLE:** Fed cattle trade was not well established at press. Asking prices on a live basis were mainly \$127 to \$128 while bids were \$120 to \$122.

The 5-area weighted average prices thru Thursday were \$121.21 live, down \$3.75 from last week and \$191.75 dressed, down \$1.87 from a week ago. A year ago prices were \$137.86 live and \$220.53 dressed.

There has been movement towards narrowing the basis on finished cattle, but it appears the way packers want to narrow basis is through lower cash prices which would be to their benefit. There were modest gains for June live cattle compared to last Friday with the futures price whittling off about \$1.50 of the basis. On the cash side, cattle feeder and packers were slow to come to terms on finished cattle prices this week. Packers were trying to purchase cattle \$4 to \$5 lower than the previous week while cattle feeders were aiming to gain \$2 compared to a week ago. Ask and bid prices placed a serious divide between cattle feeders and packers, and this divide may be a common occurrence moving through the summer.

**BEEF CUTOUT:** At midday Friday, the Choice cutout was \$231.07 no change from Thursday and up \$3.12 from last Friday. The Select cutout was \$209.00 down \$0.14 from Thursday and down \$0.53 from last Friday. The Choice Select spread was \$22.07 compared to \$18.42 a week ago.

The heroes in beef cutout prices continue to be the rib and loin primal. There is no doubt consumer demand for middle meats is beginning to hit its stride as spring and summer like temperatures have people on the patio grilling Choice grade beef. The early grilling season is one of the primary reasons the Choice Select spread begins to widen. The second reason for a widening Choice Select spread is a seasonal increase in the number of cattle grading Select. Moving from March into April, the five-year

average increase in cattle grading Select was 1.8 percent while the increase from March to May is only 1.3 percent. Based off weekly data, the number of cattle grading Select increased nearly 2.2 percent from March to April which will likely continue widening the spread. It is likely the number of cattle grading Select in the month of May will exceed the five-year average, but a couple more weeks of data are needed. The current Choice Select spread is the widest spread since late June of 2017. However, further widening will be necessary to rival the record spread set last year that exceeds \$30.

**OUTLOOK:** Feeder cattle futures have been like a bobber on a fishing line, up and down. In the past month, the May feeder cattle contract has not seen more than two consecutive days of prices heading in the same direction. In other words, the price of May feeder cattle has not seen three consecutive days of prices going up nor has it seen three consecutive days of prices declining. This type of price action can result in indecision at the farm level if one needs to market cattle or purchase cattle. The price uncertainty in the feeder cattle market continues to stem from the finished cattle market and uncertainties concerning how many head of cattle will be harvested in the next couple of months. The uncertainty also stems from not knowing how many feeder cattle are still on pasture that will fill the pen space once the "glut" of cattle in the feedlot is harvested. The indecision in the futures market spilled over into the local calf and feeder cattle market. Based on Tennessee weekly auction data, prices this week were mainly steady with prices from a week ago. It may be more appropriate to call steers and heifers unevenly steady as some weight classes were \$1 higher while others were \$1 lower. Steady prices from one week to the next may appear to be a good sign to a person

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# Livestock Comments by Dr. Andrew Griffith

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who only checks prices from one week to the next. However, daily price action can provide useful information. In this particular instance, the information garnered from daily price movement is that the broader cattle industry is unsure or where cattle prices should be as they continue to determine supply and demand estimates. This uncertainty is understandable given the USDA-WASDE report released on May 10th. The report noted a 5.4 percent increase in beef production in the second quarter of 2018 compared to last year. A 5.4 percent increase is a far cry from last month's report which had an expectation of a 10 percent increase. Similarly, projected third quarter production growth was revised from 4.3 to 2.9 percent while fourth quarter growth declined from 5.1 to 4.9 percent.

**ASK ANDREW, TN THINK TANK:** One of the greatest debates in the cattle industry may revolve around the hay industry since most cattle operations utilize hay at some point through the year. The crux of the debate is quality versus quantity. In Tennessee, cool season grasses are the primary forage for most operations, and forage species such as tall fescue have already started to produce a seed head which means the quality of the forage is starting to decline. There is a balance between quality and quantity and what individual operations need from a quality standpoint may differ based on breeding season or the need to grow cattle through the winter months. It is fairly easy for producers with a short calving season to determine the quality of hay needed, but it is much more difficult for those with year round calving as lactating cows will need higher quality hay than dry cows.

Please send questions and comments to [agriff14@utk.edu](mailto:agriff14@utk.edu) or send a letter to Andrew P. Griffith, University of Tennessee, 314B Morgan Hall, 2621 Morgan Circle, Knoxville, TN 37996.

**FRIDAY'S FUTURES MARKET CLOSING PRICES:** Friday's closing prices were as follows: Live/fed cattle –June \$107.63 +0.10; August \$104.43 +0.13; October \$107.48 +0.23; Feeder cattle – May \$138.43 -0.18; August \$143.90 -0.05; September \$143.98 -0.15; October \$144.48 -0.28; May corn closed at \$3.90 down \$0.05 from Thursday.

| Milk Futures           |                 |                |
|------------------------|-----------------|----------------|
| Thursday, May 10, 2018 |                 |                |
| Month                  | Class III Close | Class IV Close |
| May                    | 15.24           | 14.45          |
| June                   | 15.83           | 15.22          |
| July                   | 16.06           | 15.46          |
| Aug                    | 16.40           | 15.74          |
| Sept                   | 16.68           | 15.90          |

|                            | Cattle                     | Hogs    |
|----------------------------|----------------------------|---------|
|                            | ----- Number of head ----- |         |
| This week (4 days)         | 118,750                    | 458,750 |
| Last week (4 days)         | 118,000                    | 463,250 |
| Year ago (4 days)          | 116,500                    | 439,500 |
| This week as percentage of |                            |         |
| Week ago (%)               | 101%                       | 99%     |
| Year ago (%)               | 102%                       | 104%    |

|                      | Choice 1-3         | Select 1-3 |
|----------------------|--------------------|------------|
|                      | 600-900 lbs        |            |
|                      | ----- \$/cwt ----- |            |
| Thursday             | 231.07             | 207.14     |
| Last Week            | 227.56             | 209.17     |
| Year ago             | 244.58             | 224.62     |
| Change from week ago | +3.51              | -2.03      |
| Change from year ago | -13.51             | -17.48     |

## Crop Comments by Dr. Aaron Smith

|           | Previous | Current | Change |
|-----------|----------|---------|--------|
| USD Index | 92.41    | 92.42   | 0.01   |
| Crude Oil | 69.67    | 70.57   | 0.9    |
| DJIA      | 24,314   | 24,805  | 491    |

### Overview

Corn, cotton, soybeans, and wheat were down for the week. The big news for markets this week was the release of the USDA's May World Agricultural Supply and Demand Estimates (WASDE) report. The May Report provided the first WASDE estimates for the new crop (2018/19 marketing year). The planted acreage data was from the Prospective Plantings report

and the yield data was a weather adjusted trend yield, so it is likely that many changes will occur over the growing season as more information is revealed. However, the report does set a "baseline" for production, use, and stocks for the each crop. Highlights of the report are:

**Corn:** Old crop ending stocks were left unchanged at 2.181 billion bushels, while new crop ending stocks were projected at 1.682 billion bushels, down 500 million bushels. The new crop reduction had already largely been factored into the market. Domestic production and use were projected down 675 million and 175 million bushels, respectively. Globally new crop production was projected up 787 million bushels while global use was projected up 889 million bushels. World ending stocks were projected down 1.521 billion bushels (500 million in the U.S. and 1.021 billion in foreign stocks). If these projections come to fruition it will be bullish for corn prices.

**Soybeans:** Old crop ending stocks were decreased 20 million bushels to 530 million bushels. New crop ending stocks were projected at 415 million, down 115 million bushels from the previous year. Domestic production and use were projected down 112 million and 232 million bushels, respectively. Globally new crop production was projected up 725 million bushels, driven largely by increased production from Argentina, as the country's production recovers from the past year's drought. Global use was projected up 577 million bushels. World ending stocks were projected down 151 million bushels at 3.186 billion.

**Cotton:** Old crop ending stocks were decreased 600,000 bales to 4.7 million bales, largely due to exports. New crop ending stocks were projected at 5.2 million bales, up 500,000 from the previous year. Domestic production and use were projected down 1.42 million bales and up 50,000 bales, respectively. Globally new crop production was projected down 990,000 bales. Global use was projected up 5.5 million bales, at 125.4 million bales. World ending stocks were projected down 4.54 million bales, at 83.75 million bales.

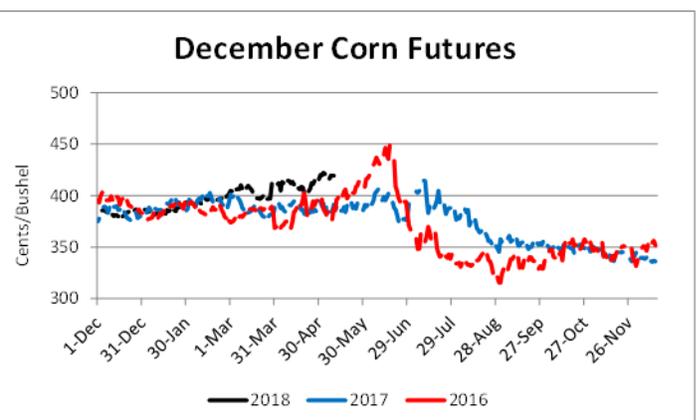
**Wheat:** Old crop ending stocks were increased 6 million bushels to 1.070 billion bushels. New crop ending stocks were projected at 955 million, down 115 million from the previous year. Domestic production and use were projected up 80 million bushels and 66 million bushels, respectively. Globally new crop production was projected down 441 million bushels. Global use was projected up 395 million bushels, at 27.7 billion bushels. World ending stocks were projected down 253 million bushels, at 9.7 billion bushels.

Full analysis of the report can be found online at: <https://ag.tennessee.edu/arec/Pages/MonthlyCropComments.aspx>

### Corn

Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at Memphis, Northwest Barge Points, Northwest, Lower-middle, and Upper-middle Tennessee. Overall, basis for the week ranged from 16 under to 22 over the July futures contract with an average of 5 over at the end of the week. July 2018 corn futures closed at \$3.96, down 10 cents since last Friday. For the week, July 2018 corn futures traded between \$3.95 and \$4.08. Corn net sales reported by exporters from April 27 to May 3 were within expectations with net sales of 27.4 million bushels for the 2017/18 marketing year and 3.5 million bushels for the 2018/19 marketing year. Exports for the same time period were up 21% compared to last week at 70.3 million bushels. Corn export sales and commitments were 91% of the USDA estimated total annual exports for the 2017/18 marketing year (September 1 to August 31) compared to a 5-year average of 91%. Ethanol production for the week ending May 4 was 1.040 million

| Corn            | Jul 18 | Change  | Dec 18 | Change  |
|-----------------|--------|---------|--------|---------|
| Price           | \$3.96 | -\$0.10 | \$4.14 | -\$0.07 |
| Support         | \$3.92 | -\$0.11 | \$4.10 | -\$0.08 |
| Resistance      | \$4.04 | -\$0.05 | \$4.21 | -\$0.02 |
| 20 Day MA       | \$3.97 | \$0.01  | \$4.13 | \$0.01  |
| 50 Day MA       | \$3.94 | \$0.01  | \$4.09 | \$0.02  |
| 100 Day MA      | \$3.84 | \$0.02  | \$3.99 | \$0.02  |
| 4-Week High     | \$4.08 | \$0.00  | \$4.23 | \$0.01  |
| 4-Week Low      | \$3.85 | \$0.00  | \$4.02 | \$0.00  |
| Technical Trend | Up     | -       | Up     | -       |



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## Crop Comments by Dr. Aaron Smith

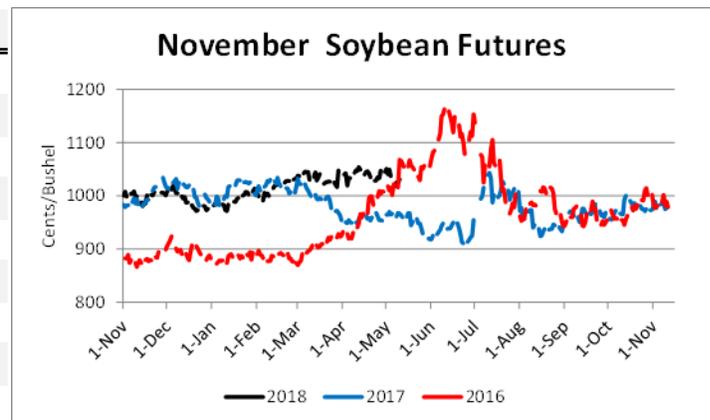
barrels per day, up 8,000 from the previous week. Ethanol stocks were 21.964 million barrels, down 178,000 barrels. Jul/Sept and Jul/Dec future spreads were 9 and 18 cents, respectively.

The Crop Progress report estimated corn planted at 39% compared to 17% last week, 45% last year, and a 5-year average of 44%; and corn emerged at 8% compared to 3% last week, 14% last year, and a 5-year average of 14%. In Tennessee, corn planted was estimated at 65% compared to 36% last week, 75% last year, and a 5-year average of 71%; and corn emerged at 22% compared to 8% last week, 58% last year, and a 5-year average of 43%. In Tennessee, September 2018 corn cash forward contracts averaged \$4.03 with a range of \$3.86 to \$4.31. September 2018 corn futures closed at \$4.05, down 8 cents since last Friday. December 2018 corn futures closed at \$4.14, down 7 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.10 December 2018 Put Option costing 24 cents establishing a \$3.86 futures floor.

### Soybeans

Average soybean basis strengthened at Memphis, Northwest Barge Points, Northwest, Lower-middle, and Upper-middle Tennessee. Basis ranged from 49 under to 12 over the July futures contract at elevators and barge points. Average basis at the end of the week was 9 under the July futures contract. July 2018 soybean futures closed at \$10.03, down 33 cents since last Friday. For the week, Jul 2018 soybean futures traded between \$10.02 and \$10.40. Net sales reported by exporters were within expectations with net sales of 13.0 million bushels for the 2017/18 marketing year and 10.2 million bushels for the 2018/19 marketing year. Exports for the same period were down 32% compared to last week at 17.3 million bushels. Soybean export sales and commitments were 98% of the USDA estimated total annual exports for the 2017/18 marketing year (September 1 to August 31), compared to a 5-year average of 98%. July soybean-to-corn price ratio was 2.53 at the end of the week.

| Soybeans        | Jul 18      | Change  | Nov 18  | Change  |
|-----------------|-------------|---------|---------|---------|
| Price           | \$10.03     | -\$0.33 | \$10.14 | -\$0.23 |
| Support         | \$9.88      | -\$0.37 | \$10.00 | -\$0.27 |
| Resistance      | \$10.29     | -\$0.29 | \$10.38 | -\$0.15 |
| 20 Day MA       | \$10.38     | -\$0.12 | \$10.35 | -\$0.07 |
| 50 Day MA       | \$10.46     | -\$0.05 | \$10.35 | -\$0.01 |
| 100 Day MA      | \$10.27     | \$0.00  | \$10.17 | \$0.01  |
| 4-Week High     | \$10.78     | \$0.00  | \$10.58 | -\$0.01 |
| 4-Week Low      | \$10.02     | -\$0.12 | \$10.12 | \$0.02  |
| Technical Trend | Strong Down | -       | Down    | -       |



Jul/Aug and Jul/Nov future spreads were 4 and 11 cents, respectively. August 2018 soybean futures closed at \$10.07, down 33 cents since last Friday. The Crop Progress report estimated soybeans planted at 15% compared to 5% last week, 13% last year, and a 5-year average of 13%. In Tennessee, soybeans planted were estimated at 7% compared to 2% last week, 8% last year, and a 5-year average of 9%. In Tennessee, Oct/Nov 2018 soybean cash contracts average \$10.07 with a range of \$9.88 to \$10.31. November 2018 soybean futures closed at \$10.14, down 23 cents since last Friday. Downside price protection could be achieved by purchasing a \$10.20 November 2018 Put Option which would cost 53 cents and set a \$9.67 futures floor. Nov/Dec 2018 soybean-to-corn price ratio was 2.45 at the end of the week.

### Cotton

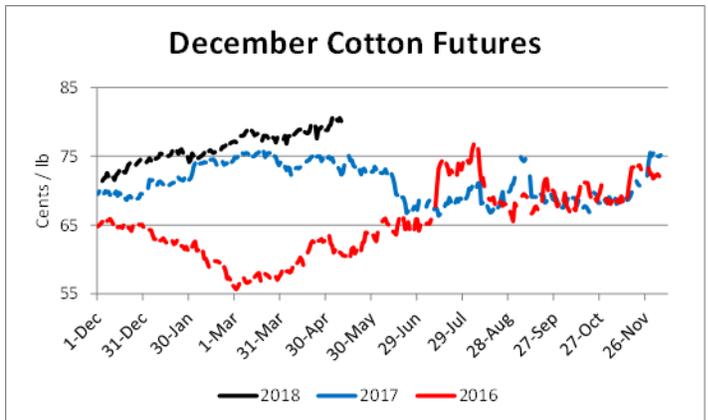
Delta upland cotton spot price quotes for May 10 were 83.56 cents/lb (41-4-34) and 85.31 cents/lb (31-3-35). Adjusted World Price (AWP) increased 0.59 cents to 75.58 cents. July 2018 cotton futures closed at 84.62 cents, down 2.28 cents since last Friday. For the week, July 2018 cotton futures traded between 83.5 and 88.08 cents. Net sales reported by exporters were down from last week with net sales of 193,100 bales for the 2017/18 marketing year and 228,600 bales for the 2018/19 marketing year. Exports for the same period were up 18% compared to last week at 510,500 bales. Upland cotton export sales were 115% of the USDA estimated total annual exports for the 2017/18 marketing year (August 1 to July 31), compared to a 5-year average of 97%. Jul/Oct and Jul/Dec cotton futures spreads were -2.6 cents and -4.38 cents, respectively.

Oct 2018 cotton futures closed at 82.02, down 0.83 cents since last Friday. The Crop Progress report estimated cotton planted at 20% compared to 12% last week, 20% last year, and a 5-year average of 20%. In Tennessee, cotton planted was estimated at 10% compared to 1% last week, 7% last year, and a 5-year average of 11%. December 2018 cotton futures closed at 80.24, down 0.33 cents since last Friday. Downside price protection could be obtained by purchasing an 80 cent December 2018 Put Option costing 4.48 cents establishing a 75.52 cent futures floor.

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## Crop Comments by Dr. Aaron Smith

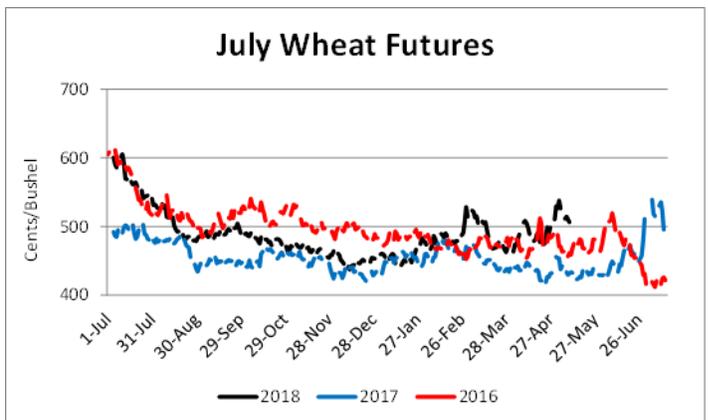
| Cotton          | Jul 18 | Change | Dec 18    | Change |
|-----------------|--------|--------|-----------|--------|
| Price           | 84.62  | -2.28  | 80.24     | -0.33  |
| Support         | 82.90  | -0.05  | 79.39     | 0.60   |
| Resistance      | 85.82  | -3.21  | 80.83     | -0.76  |
| 20 Day MA       | 84.27  | 0.54   | 79.30     | 0.42   |
| 50 Day MA       | 83.30  | 0.27   | 78.52     | 0.33   |
| 100 Day MA      | 81.66  | 0.51   | 76.82     | 0.40   |
| 4-Week High     | 88.08  | 1.02   | 81.50     | 0.80   |
| 4-Week Low      | 81.36  | 1.76   | 77.50     | 0.75   |
| Technical Trend | Up     | -      | Strong Up | =      |



## Wheat

In Tennessee, June/July 2018 wheat cash forward contracts ranged from \$4.80 to \$5.30 for the week. July 2018 wheat futures closed at \$4.98, down 28 cents since last Friday. July 2018 wheat futures traded between \$4.97 and \$5.24 this week. July wheat-to-corn price ratio was 1.26. Wheat net sales reported by exporters were below expectations with net sales of 1.3 million bushels for the 2017/18 marketing year and net sales of 1.8 million bushels for the 2018/19 marketing year. Exports for the week were up 14% compared to last week at 11.8 million bushels. Wheat export sales were 94% of the USDA estimated total annual exports for the 2017/18 marketing year (June 1 to May 31), compared to a 5-year average of 104%. The Crop Progress report estimated winter wheat condition at 34% good-to-excellent and 37% poor-to-very poor; winter wheat headed at 33% compared to 19% last week, 49% last year, and a 5-year average of 41%; spring wheat planted at 30% compared to 10% last week, 51% last year, and a 5-year average of 51%; and spring wheat emerged at 4% compared to 19% last year and a 5-year average of 22%. In Tennessee, winter wheat condition was estimated at 74% good-to-excellent and 4% poor-to-very poor; winter wheat jointing at 95% compared to 91% last week, 98% last year, and a 5-year average of 95%; and winter wheat headed at 67% compared to 29% last week, 94% last year, and a 5-year average of 67%.

| Wheat           | Jul 18 | Change  | Jul 19 | Change  |
|-----------------|--------|---------|--------|---------|
| Price           | \$4.98 | -\$0.28 | \$5.69 | -\$0.19 |
| Support         | \$4.92 | -\$0.23 | \$5.63 | -\$0.13 |
| Resistance      | \$5.22 | -\$0.20 | \$5.89 | -\$0.12 |
| 20 Day MA       | \$5.01 | \$0.01  | \$5.69 | \$0.02  |
| 50 Day MA       | \$4.94 | \$0.01  | \$5.60 | \$0.02  |
| 100 Day MA      | \$4.81 | \$0.04  | \$5.41 | \$0.04  |
| 4-Week High     | \$5.38 | \$0.00  | \$5.97 | \$0.00  |
| 4-Week Low      | \$4.67 | \$0.00  | \$5.40 | \$0.00  |
| Technical Trend | Up     | -       | Up     | -       |



Jul/Sep and Jul/Jul future spreads were 17 cents and 71 cents, respectively. September 2018 wheat futures closed at \$5.15, down 26 cents since last Friday. July 2019 wheat futures closed at \$5.69, down 19 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.70 July 2019 Put Option costing 43 cents establishing a \$5.27 futures floor.

## Additional Information:

Links for data presented:

U.S. Export Sales - <https://apps.fas.usda.gov/export-sales/esrd1.html>

USDA FAS: Weekly Export Performance Indicator - <https://apps.fas.usda.gov/esrquery/esrpi.aspx>

EIA: Weekly ethanol Plant Production - [https://www.eia.gov/dnav/pet/pet\\_pnp\\_wprode\\_s1\\_w.htm](https://www.eia.gov/dnav/pet/pet_pnp_wprode_s1_w.htm)

EIA: Weekly Supply Estimates - [https://www.eia.gov/dnav/pet/pet\\_sum\\_sndw\\_a\\_EPOOXE\\_sae\\_mbb1\\_w.htm](https://www.eia.gov/dnav/pet/pet_sum_sndw_a_EPOOXE_sae_mbb1_w.htm)

Upland Cotton Reports - <https://www.fsa.usda.gov/FSA/epasReports?area=home&subject=ecpa&topic=fta-uc>

Tennessee Crop Progress - [https://www.nass.usda.gov/Statistics\\_by\\_State/Tennessee/Publications/Crop\\_Progress\\_&Condition/](https://www.nass.usda.gov/Statistics_by_State/Tennessee/Publications/Crop_Progress_&Condition/)

U.S. Crop Progress - <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1048>

USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

If you would like further information or clarification on topics discussed in the crop comments section or would like to be added to our free email list please contact me at [aaron.smith@utk.edu](mailto:aaron.smith@utk.edu).

## Futures Settlement Prices: Crops & Livestock

Friday, May 4, 2018 — Thursday, May 10, 2018

| Commodity                        | Contract Month | Friday | Monday | Tuesday | Wednesday | Thursday |
|----------------------------------|----------------|--------|--------|---------|-----------|----------|
| <b>Soybeans</b><br>(\$/bushel)   | May            | 10.27  | 10.02  | 10.11   | 10.07     | 10.13    |
|                                  | Jul            | 10.36  | 10.11  | 10.20   | 10.15     | 10.21    |
|                                  | Aug            | 10.40  | 10.14  | 10.23   | 10.19     | 10.24    |
|                                  | Sep            | 10.38  | 10.16  | 10.23   | 10.20     | 10.27    |
|                                  | Nov            | 10.37  | 10.18  | 10.25   | 10.24     | 10.31    |
|                                  | Jan            | 10.41  | 10.22  | 10.30   | 10.28     | 10.35    |
| <b>Corn</b><br>(\$/bushel)       | May            | 3.98   | 3.93   | 3.95    | 3.94      | 3.94     |
|                                  | Jul            | 4.06   | 4.00   | 4.03    | 4.02      | 4.02     |
|                                  | Sep            | 4.13   | 4.08   | 4.11    | 4.11      | 4.10     |
|                                  | Dec            | 4.21   | 4.16   | 4.19    | 4.19      | 4.19     |
|                                  | Mar            | 4.28   | 4.25   | 4.28    | 4.28      | 4.28     |
|                                  | May            | 4.33   | 4.29   | 4.33    | 4.33      | 4.32     |
| <b>Wheat</b><br>(\$/bushel)      | May            | 5.27   | 5.14   | 5.17    | 5.14      | 5.07     |
|                                  | Jul            | 5.26   | 5.11   | 5.14    | 5.10      | 5.06     |
|                                  | Sep            | 5.41   | 5.28   | 5.31    | 5.27      | 5.23     |
|                                  | Dec            | 5.63   | 5.50   | 5.53    | 5.48      | 5.44     |
|                                  | Mar            | 5.79   | 5.69   | 5.71    | 5.67      | 5.62     |
| <b>Soybean Meal</b><br>(\$/ton)  | May            | 394    | 384    | 388     | 389       | 390      |
|                                  | Jul            | 393    | 382    | 385     | 385       | 386      |
|                                  | Aug            | 390    | 380    | 383     | 382       | 383      |
|                                  | Sep            | 387    | 378    | 381     | 380       | 382      |
|                                  | Oct            | 384    | 376    | 379     | 378       | 379      |
|                                  | Dec            | 382    | 375    | 378     | 377       | 378      |
| <b>Cotton</b><br>(¢/lb)          | May            | 86.35  | 85.99  | 85.38   | —         | —        |
|                                  | Jul            | 86.90  | 85.99  | 85.38   | 85.86     | 84.56    |
|                                  | Oct            | 82.25  | 82.65  | 81.85   | 82.28     | 81.62    |
|                                  | Dec            | 80.57  | 80.33  | 80.10   | 80.56     | 80.11    |
|                                  | Mar            | 80.02  | 80.07  | 79.83   | 80.18     | 79.88    |
| <b>Live Cattle</b><br>(\$/cwt)   | Jun            | 106.05 | 105.17 | 106.30  | 105.67    | 107.52   |
|                                  | Aug            | 105.07 | 104.10 | 104.47  | 103.37    | 104.30   |
|                                  | Oct            | 108.45 | 107.10 | 107.35  | 106.75    | 107.25   |
|                                  | Dec            | 112.65 | 111.40 | 111.52  | 111.05    | 111.72   |
|                                  | Feb            | 114.85 | 113.70 | 113.67  | 113.52    | 114.52   |
| <b>Feeder Cattle</b><br>(\$/cwt) | May            | 140.40 | 137.62 | 137.72  | 137.15    | 138.60   |
|                                  | Aug            | 146.32 | 143.70 | 143.72  | 142.70    | 143.95   |
|                                  | Sep            | 146.77 | 144.50 | 144.02  | 143.17    | 144.12   |
|                                  | Oct            | 147.00 | 145.05 | 144.40  | 143.85    | 144.75   |
|                                  | Nov            | 147.35 | 145.65 | 144.90  | 144.37    | 142.20   |
|                                  | Jan            | 143.77 | 142.05 | 141.27  | 140.85    | 141.85   |
| <b>Market Hogs</b><br>(\$/cwt)   | May            | 67.07  | 66.07  | 66.20   | 65.92     | 65.47    |
|                                  | Jun            | 73.52  | 74.17  | 76.30   | 76.57     | 77.32    |
|                                  | Jul            | 75.57  | 75.90  | 77.72   | 77.60     | 78.07    |
|                                  | Aug            | 75.60  | 76.05  | 77.72   | 77.32     | 77.90    |
|                                  | Oct            | 63.05  | 63.50  | 64.60   | 63.60     | 63.95    |

**Prices on Tennessee Reported Livestock Auctions for the week ending May 11, 2018**

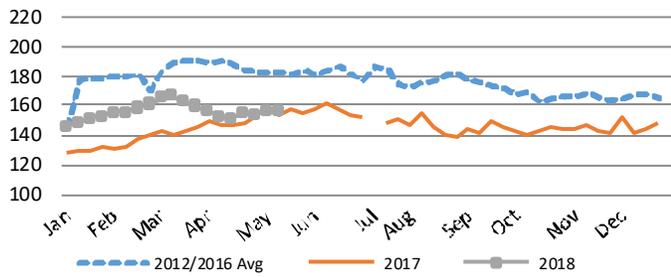
|   | This Week          |        |                  | Last Week        | Year Ago         |
|---|--------------------|--------|------------------|------------------|------------------|
|   | Low                | High   | Weighted Average | Weighted Average | Weighted Average |
|   | ----- \$/cwt ----- |        |                  |                  |                  |
| <b>Steers: Medium/Large Frame #1-2</b>  |                    |        |                  |                  |                  |
| 300-400 lbs                             | 144.00             | 200.00 | 175.32           | 180.87           | 173.73           |
| 400-500 lbs                             | 147.00             | 184.00 | 164.49           | 167.86           | 162.38           |
| 500-600 lbs                             | 140.00             | 172.00 | 157.06           | 156.93           | 153.58           |
| 600-700 lbs                             | 127.50             | 156.00 | 143.15           | 142.65           | 146.21           |
| 700-800 lbs                             | 119.00             | 144.00 | 129.84           | 132.35           | 136.25           |
| <b>Steers: Small Frame #1-2</b>         |                    |        |                  |                  |                  |
| 300-400 lbs                             | 148.00             | 173.00 | 158.40           | 162.25           | 148.49           |
| 400-500 lbs                             | 134.00             | 172.00 | 144.95           | 150.50           | 147.68           |
| 500-600 lbs                             | 130.00             | 140.00 | 135.00           | 139.59           | 136.75           |
| 600-700 lbs                             | 125.00             | 134.50 | 129.62           | 130.82           | ----             |
| <b>Steers: Medium/Large Frame #2-3</b>  |                    |        |                  |                  |                  |
| 300-400 lbs                             | 142.50             | 186.00 | 166.78           | 168.96           | 161.15           |
| 400-500 lbs                             | 137.50             | 170.00 | 157.95           | 156.03           | 153.15           |
| 500-600 lbs                             | 125.00             | 154.00 | 140.93           | 141.64           | 147.11           |
| 600-700 lbs                             | 120.00             | 138.00 | 130.47           | 131.94           | 126.08           |
| 700-800 lbs                             | 106.00             | 130.00 | 114.15           | 122.46           | ----             |
| <b>Holstein Steers</b>                  |                    |        |                  |                  |                  |
| 300-400 lbs                             | ---                | ---    | ---              | ---              | ----             |
| 500-600 lbs                             | 75.00              | 88.00  | 81.41            | 84.20            | ----             |
| 700-800 lbs                             | ---                | ---    | ---              | ---              | ----             |
| <b>Slaughter Cows &amp; Bulls</b>       |                    |        |                  |                  |                  |
| Breakers 75-80%                         | 45.00              | 65.00  | 54.41            | 53.03            | 61.89            |
| Boners 80-85%                           | 50.00              | 64.00  | 56.49            | 55.51            | 64.25            |
| Lean 85-90%                             | 42.00              | 61.00  | 50.68            | 49.26            | 58.88            |
| Bulls YG 1                              | 71.00              | 88.00  | 79.89            | 79.03            | 90.25            |
| <b>Heifers: Medium/Large Frame #1-2</b> |                    |        |                  |                  |                  |
| 300-400 lbs                             | 133.00             | 178.00 | 152.54           | 157.97           | 156.78           |
| 400-500 lbs                             | 125.00             | 156.00 | 142.36           | 145.70           | 148.17           |
| 500-600 lbs                             | 117.00             | 147.50 | 135.12           | 135.74           | 139.25           |
| 600-700 lbs                             | 107.00             | 140.00 | 124.40           | 126.06           | 131.33           |
| <b>Heifers: Small Frame #1-2</b>        |                    |        |                  |                  |                  |
| 300-400 lbs                             | ---                | ---    | ---              | 145.16           | 135.46           |
| 400-500 lbs                             | ---                | ---    | ---              | 128.42           | 127.11           |
| 500-600 lbs                             | ---                | ---    | ---              | ---              | ----             |
| 600-700 lbs                             | ---                | ---    | ---              | ---              | ----             |
| <b>Heifers: Medium/Large Frame #2-3</b> |                    |        |                  |                  |                  |
| 300-400 lbs                             | 120.00             | 158.00 | 140.35           | 144.35           | 142.25           |
| 400-500 lbs                             | 120.00             | 150.00 | 137.28           | 136.21           | 138.61           |
| 500-600 lbs                             | 111.00             | 135.00 | 126.78           | 127.06           | 133.74           |
| 600-700 lbs                             | 116.00             | 120.00 | 118.67           | 116.82           | 119.70           |

Cattle Receipts: This week: 8,115 (10)

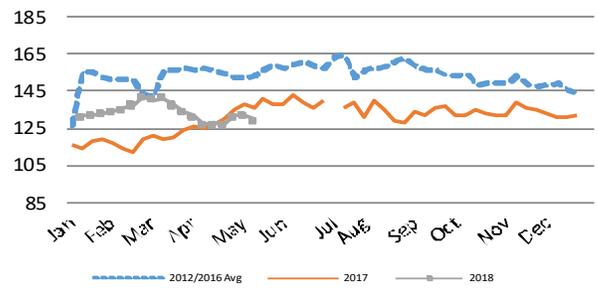
Week ago: 10,906 (11)

Year ago: 5,491 (8)

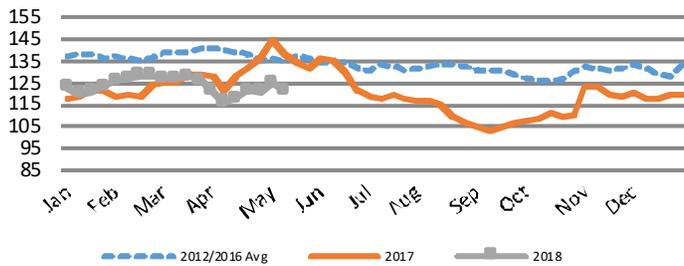
**Tennessee 500-600 lbs. M-1 Steer Prices  
2017, 2018 and 5-year average**



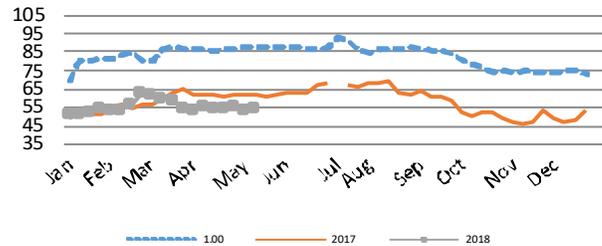
**Tennessee 700-800 lbs. M-1 Steers Prices  
2017, 2018 and 5-year average**



**5-Area Finished Cattle Prices  
2017, 2018 and 5-year average**



**Tennessee Slaughter Cow Prices  
Breakers 75-80%  
2017, 2018 and 5-year average**



**Prices Paid to Farmers by Elevators**

Friday, May 4, 2018 — Thursday, May 10, 2018

|                              | Friday |       | Monday |       | Tuesday |       | Wednesday |       | Thursday |       |
|------------------------------|--------|-------|--------|-------|---------|-------|-----------|-------|----------|-------|
|                              | Low    | High  | Low    | High  | Low     | High  | Low       | High  | Low      | High  |
| ----- \$/bushel -----        |        |       |        |       |         |       |           |       |          |       |
| <b>No. 2 Yellow Soybeans</b> |        |       |        |       |         |       |           |       |          |       |
| Memphis                      | 10.36  | 10.40 | 10.11  | 10.15 | 10.24   | 10.32 | 10.27     | 10.27 | 10.27    | 10.33 |
| N.W. B.P.                    | 10.32  | 10.37 | 10.11  | 10.15 | 10.25   | 10.29 | 10.20     | 10.25 | 10.26    | 10.29 |
| N.W. TN                      | 9.96   | 10.12 | 9.64   | 9.87  | 9.71    | 9.95  | 9.67      | 9.91  | 9.73     | 10.01 |
| Upper Md.                    | 10.16  | 10.16 | 9.93   | 10.01 | 10.00   | 10.10 | 9.96      | 10.05 | 9.99     | 10.11 |
| Lower Md.                    | 10.36  | 10.36 | 10.11  | 10.11 | 10.20   | 10.20 | 10.15     | 10.15 | 10.21    | 10.21 |
| <b>Yellow Corn</b>           |        |       |        |       |         |       |           |       |          |       |
| Memphis                      | 4.12   | 4.16  | 4.10   | 4.12  | 4.15    | 4.25  | 4.19      | 4.24  | 4.17     | 4.24  |
| N.W. B.P.                    | 4.11   | 4.14  | 4.06   | 4.08  | 4.06    | 4.13  | 4.05      | 4.17  | 4.14     | 4.17  |
| N.W. TN                      | 3.91   | 4.06  | 3.85   | 4.01  | 3.88    | 4.03  | 3.87      | 4.03  | 3.86     | 4.02  |
| Upper Md.                    | 3.91   | 3.91  | 3.85   | 4.00  | 3.88    | 4.03  | 3.87      | 4.02  | 3.90     | 4.02  |
| Lower Md.                    | 4.28   | 4.28  | 4.23   | 4.23  | 4.25    | 4.25  | 4.24      | 4.24  | 4.24     | 4.24  |
| <b>Wheat</b>                 |        |       |        |       |         |       |           |       |          |       |
| Memphis                      | ---    | ---   | ---    | ---   | ---     | ---   | ---       | ---   | ---      | ---   |

## Video Sales & Loads

### East TN Livestock Center—May 9, 2018

1 load of 60 steers; est. wt. 845 lbs.; \$133.50  
1 load of 58 steers; est. wt. 865 lbs.; \$127.50  
1 load of 80 heifers; est. wt. 625 lbs.; \$140.25

## Graded Sales

### East TN Livestock Center, Sweetwater

Weighted Average Report for Friday, May 4, 2018

Cattle Receipts: 668

For complete report:

[https://www.ams.usda.gov/mnreports/nv\\_ls183.txt](https://www.ams.usda.gov/mnreports/nv_ls183.txt)

## Self-Reported and Self-Graded Livestock Markets

### 5/8/18 TN Livestock Producers Fayetteville

Receipts: 353 (158 graded & grouped)

#### Steers: Med & Lg 1-2

300-400 lbs 157.00-165.00

400-500 lbs 162.00

500-600 lbs 149.50-158.00

600-700 lbs 136.50-146.50

#### Heifers: Med & Lg 1-2

300-400 lbs 148.00

400-500 lbs 134.00-146.00

500-600 lbs 124.00-128.00

600-700 lbs 118.00-123.00

#### Bulls: Med & Lg 1-2

400-500 lbs 146.00-154.50

500-600 lbs 134.00-137.00

600-700 lbs 130.00

700-800 lbs 121.00

### 5/7/18 Morris Brothers Stockyard, Pikeville, TN

Receipts: 71 Last Week: 108 Last Year: 102

#### Steers:

400-449 lbs 156.50

450-499 lbs 160.00

600-699 lbs 144.00-148.00

#### Heifers:

300-349 lbs 132.00-137.00

400-449 lbs 128.00-139.00

450-499 lbs 134.00-137.00

500-549 lbs 124.00-136.00

#### Bulls:

250-299 lbs 135.00-177.50

350-399 lbs 162.00

400-449 lbs 134.00-148.00

450-499 lbs 152.00

500-549 lbs 132.00-142.00

550-599 lbs 130.00-142.00

600-699 lbs 120.00-133.00

700-799 lbs 110.00

550-599 lbs 125.00-132.00

600-699 lbs 121.00-123.00

700-799 lbs 100.00-105.00

#### Other:

Slaughter Cows (over 900 lbs): 20.00-54.00

Goats: 75.00

## Beef Industry News Featured Article from UNL BeefWatch

### How Good Accounting Practices Aid Decision Making

**Austin Duerfeldt—Agricultural Systems Economist, Nebraska  
Extension Educator**

#### COST ALLOCATION

It was 2011. I was hired as an accountant to review a farm operation and its various operations: corn, soybeans, dairy, beef, hogs, and chickens. Corn and soybean prices were setting record highs every day it seemed. The livestock markets also were doing well. For the given economic climate the farm operation review should have been relatively straightforward. Unfortunately, I found that not to be the case.

As I started in, I began noticing something odd. Livestock operations were doing stellar, but row crops were struggling compared to what I had estimated it would look like. How can this be? As I looked for answers, it did not take long to find one. I glanced over the profit and loss statements and noticed that feed expense seemed to be understated in nearly every livestock operation given their size. As it turned out, the row crop corn production was being used as feed for the livestock operation. This was a completely understandable management decision except for one factor. The expense of growing the feed was being attributed to row crop, instead of livestock.

While many will say, “It is all part of the same farm,” the reality is, as managers, misinformation like this can lead to poor decisions. What would have happened if, given the stellar numbers in the hog operation, the manager would have decided to build another facility and expand production? The reality might be that with a proper feed cost allocation, cutting back on production was the correct decision. Mistakes similar to this can cost operations and set back future growth and expansion for years as they try to recoup from a managerial error.

#### ALLOCATING COST — CORN PRODUCTION AS FEED

There are many ways to allocate costs. The goal of any allocation method is to spread the cost so that it fairly represents the actual usage. Some common allocation bases are square footage, head count, acres, hours, and electrical/water usage. The key is to find something that is easily measurable and links the expense to the operation unit. A great example might be using acres to allocate seed cost among fields.

With the farm described in the introduction, each livestock unit was being fed through rations. The rations were easily measurable in terms of pounds of grain added, and the rations had

designations. The proposed solution was to keep track of rations fed to livestock, and then adjust where each livestock segment would reimburse the crop operation (dollars per unit) based on the rations. The number of dollars allocated per unit is a managerial decision each operation must make. At minimum, it should be equal to the cost of production, but it can be more.

Another essential factor to take into account: Is the expense immaterial or worth allocating? Let’s say you have a subscription to an agricultural magazine. Is it worth taking that subscription and allocating it between row crop and beef production? The answer is probably not. That would be an expense better suited to an overhead cost of the farm operation.

Note, these allocations are not necessary for income tax preparation. Allocating costs is a tool used to assist in financial and managerial decision making within your operation. As you continue running your farm or ranch, don’t underestimate the value of accurate records.

### Department of Agricultural and Resource Economics

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USDA / Tennessee Department of Agriculture Market News Service

<http://www.tennessee.gov/agriculture/article/ag-farms-market-news>

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