

# Tennessee Market Highlights

UTEXTENSION  
INSTITUTE OF AGRICULTURE  
THE UNIVERSITY OF TENNESSEE

February 19, 2021

Number: 7

## Trends for the Week Compared to a Week Ago

### Slaughter Cows

### Slaughter Bulls

### Feeder Steers

### Feeder Heifers

No trends this week as only a few markets were reported due to ice and snow.

Feeder Cattle Index: 136.29

### Fed Cattle

The 5-area live price on Thursday of \$114.11 was up \$0.33. The dressed price of \$180.71 was up \$0.64.

### Corn

March closed at \$5.42 a bushel, up 4 cents since last Friday.

### Soybeans

March closed at \$13.77 a bushel, up 5 cents since last Friday.

### Wheat

March closed at \$6.50 a bushel, up 14 cents since last Friday.

### Cotton

March closed at 88.95 cents per lb, up 1.68 cents since last Friday.

## Livestock Comments by Dr. Andrew P. Griffith

**FED CATTLE:** Fed cattle traded steady compared to last week on a live basis. Prices on a live basis were primarily \$113 to \$115 while dressed prices were mainly \$180 to \$182.

The 5-area weighted average prices thru Thursday were \$114.11 live, up \$0.33 compared to last week and \$180.71 dressed, up \$0.64 from a week ago. A year ago, prices were \$119.77 live and \$190.10 dressed.

The finished cattle market witnessed little change compared to last week, which means they are likely about \$100 to the good on cattle marketed this week and last week. The weather conditions many feedlot operators are navigating currently have a small impact on cattle soon to be marketed and a much larger impact on the rest of the animals. The cold temperatures are sure to reduce average daily gain and increase feed intake. Thus, the higher cost of feed and fewer pounds to sell will negatively influence profitability. This does not mean those cattle will lose money, but profits will be smaller. Looking ahead, cattle feeders will be looking to gain some leverage from this situation moving into the spring to push prices north of \$120.

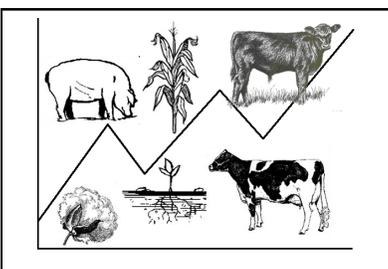
**BEEF CUTOUT:** At midday Friday, the Choice cutout was \$239.21 up \$0.36 from Thursday and up \$6.06 from a week ago. The Select cutout was \$227.45 down \$0.02 from Thursday and up \$7.35 from last week. The Choice Select spread was \$11.75 compared to \$13.05 a week ago.

The Choice and Select cutout prices are a good indication of what is happening with supply and demand of commodity beef across the nation. The Choice and Select cutout prices provide a representation for most beef prices. However, there is other beef that is traded that is not considered commodity beef. One such type of beef is grass fed beef. One can look at the National Monthly Grass Fed Beef Report to see

the premiums paid for grass fed beef over commodity beef. As an example, the January 2021 premiums for grass fed beef over commodity beef per pound were: ribeye steak \$13.58, chuck roast \$5.63, filet mignon \$15.01, sirloin steak \$12.31, and rump roast \$5.64. This is just a small selection of the cuts, but all of the grass fed beef cuts except for brisket traded at a premium to commodity beef. Looking at it on a dressed carcass basis, since July 2016 small and very small producer grass fed beef carcass prices have averaged a premium of 2.67 per pound over the 5-area weighted average dressed price with a range of \$1.78 to \$3.41 per pound.

**OUTLOOK:** Very few markets across Tennessee were able to hold their regular weekly auction this week due to snow and ice accumulation across two-thirds of the state. Thus, trends cannot be established. Even if markets were able to hold an auction, receipts were light due to extremely cold temperatures and producers just trying to keep cattle fed and watered instead of worrying about marketing cattle. With the anticipation of warmer temperatures and a more spring like pattern next week, many markets will be back in operation. However, receipts are expected to be light given that the moisture from melting ice and snow will keep many producers from getting trucks and trailers into pastures. In light of a slow cash market, a discussion of the futures market and feeder cattle index is warranted. The spring feeder cattle futures contract prices when graphed look a little like rolling hills. The spring contracts are not trading to mountain peaks and deep valleys. However, the deep freeze that has dominated much of the country this week and major cattle feeding regions for even longer may put pressure on feeder cattle prices as feedlots may choose to feed cattle a little longer given that weight gain has likely slowed the past couple of

(Continued on page 2)



## Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

weeks. This means feeder cattle movement could be slowed slightly. The CME feeder cattle index value has essentially ranged from \$133 to \$136 since the beginning of 2021. This demonstrates that the market has seen little to no change in feeder cattle prices in the 12-state region in which this data is collected. There is optimism for feeder cattle to gain momentum, but much of this optimism is pushed towards the summer and fall feeder cattle market. Summer and fall feeder cattle contracts are trading at a clear \$10 premium to spring contracts. Thus, the optimism is for five to six months in the future. Producers should keep an eye on the feeder cattle index and deferred futures and price cattle accordingly.

The February cattle on feed report for feedlots with a 1000 head or more capacity indicated cattle and calves on feed as of February 1, 2020 totaled 12.11 million head, up 1.5% compared to a year ago, with the pre-report estimate average expecting an increase of 0.9%. January placements in feedlots totaled 2.02 million head, up 3.2% from a year ago with the pre-report estimate average expecting placements down 0.1%. January marketing's totaled 1.82 million head down 5.6% from 2019 with pre-report estimates expecting a 5.3% decrease in marketings. Placements on feed by weight: under 700 pounds up 0.6%, 700 to 899 pounds up 6.1%, 900 pounds and over no change.

**ASK ANDREW, TN THINK TANK:** No phone calls, emails, or letters with a question for this week's Ask Andrew were received. Many producers have probably been fighting the ice, snow, and extremely cold temperatures and addressing the immediate challenges on the farm. Thus, this may be a good time to share some of the work we have been doing to support livestock production and marketing. Dr. Justin Rhinehart and I have been working on a couple of publications evaluating timed AI versus natural service breeding ([Link](#)) and reproduction's impact on beef cattle herd profitability ([Link](#)). Both of these publications evaluate the impact reproductive management have on profitability. Key elements of timed AI versus natural service, include increasing the percentage of calves born in the first 30 days of the calving season and using superior genetics, which results in heavier weaning weights and a more uniform group of calves. The publication concerning reproduction's impact on profitability details how calving distribution and weaning rate influence profitability.

Please send questions and comments to [agriff14@utk.edu](mailto:agriff14@utk.edu) or send a letter to Andrew P. Griffith, University of Tennessee, P.O. Box 160, 1000 Main Entrance Dr., Spring Hill, TN 37174.

**FRIDAY'S FUTURES MARKET CLOSING PRICES:** Friday's closing prices were as follows: Live/fed cattle –February \$115.93 +0.80; April \$123.68 +0.75; June \$120.53 +0.75; Feeder cattle – March \$139.13 +0.93; April \$142.68 +0.93; May \$145.73 +1.10; August \$153.90 +1.05; March corn closed at \$5.43 down 8 cents from Thursday.

## Crop Comments by Dr. Aaron Smith

### Overview

Corn, cotton, soybeans, and wheat were up for the week.

On Thursday and Friday the USDA hosted its 97<sup>th</sup> annual Agricultural Outlook Forum. Overall the outlook was positive for row crop prices. The two major themes conveyed in the presentations (in addition to the positive price outlook) were: continuation of large purchases of grains, oilseeds, and cotton by China; and weather uncertainty, specifically the influence of La Nina on South American and US 2021 growing seasons and prevented planting returning to "normal". 2019 and 2020 had historically large prevented planting acres, so for 2021 this will be a key factor in total US supply, as the current price incentive is to plant additional acres.

As part of the Forum, the USDA presented 2021 crop projections. Corn acres planted were projected at 92.0 million acres, yield at 179.5 bu/acre, production at 15.15 billion bushels; ethanol use at 5.2 billion bushels, exports at 2.65 billion bushels, and marketing year ending stocks at 1.552 billion bushels. Soybean acres planted were projected at 90 million acres, yield at 50.8 bu/acre, production at 4.525 billion bushels; domestic crush at 2.21 billion bushels, exports at 2.2 billion bushels, and marketing year ending stocks at 145 million bushels. Wheat acres planted were projected at 45 million acres, yield at 49.1 bu/acre, production at 1.827 billion bushels; food and seed use at 1.03 billion bushels, exports at 925 million bushels, and marketing year ending stocks at 698 million bushels. Cotton acres planted were projected at 12 million acres, yield at 840 lb/acre, production at 17.5 million bales; exports at 15.5 million bales, and marketing year ending stocks at 3.8 million bales.

2021/22 marketing year average national prices (compared to 2020/21) were projected at: corn \$4.20 (down \$0.10); cotton 75 cents (up 7 cents); soybeans \$11.25 (up \$0.10); and wheat \$5.50 (up \$0.50). Two takeaways from the USDA price projections: 1) the four row crops are projected to maintain and potentially improve marketing year average prices; and 2) the current projections suggest no PLC payments (sign up deadline for ARC/PLC is March 15).

(Continued on page 3)

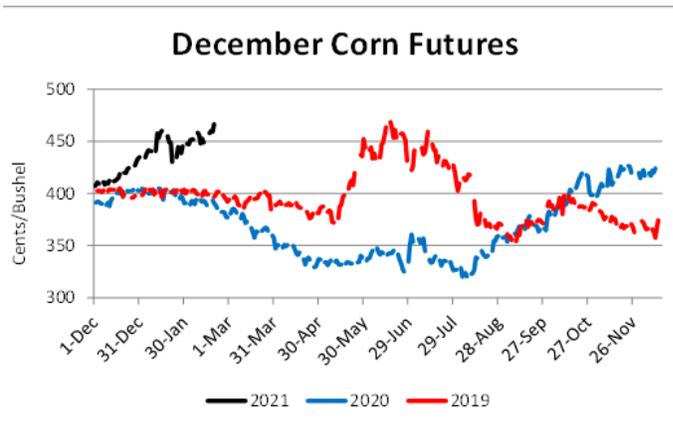
## Crop Comments by Dr. Aaron Smith

The updated projections for the 2021 crops will continue to be refined as the year progresses, so these estimates should be interpreted cautiously. With that being said, projected ending stocks, stocks-to-use, and national marketing year average prices should provide optimism for the upcoming season --- which is better than the alternative.

### Corn

Ethanol production for the week ending February 12 was 0.911 million barrels per day, down 26,000 barrels from the previous week. Ethanol stocks were 24.297 million barrels, up 0.501 million barrels compared to last week. Corn net sales reported by exporters for February 5-11 were down compared to last week with net sales of 39.3 million bushels for the 2020/21 marketing year and 7.2 million bushels for the 2021/22 marketing year. Exports for the same time period were down 11% from last week at 54.6 million bushels. Corn export sales and commitments were 89% of the USDA estimated total exports for the 2020/21 marketing year (September 1 to August 31) compared to the previous 5-year average of 66%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at Northwest, North-Central, West-Central, West, and Mississippi River elevators and barge points. Overall, basis for the week ranged from 5 over to 41 over, with an average of 25 over the March futures at elevators and barge points. March 2021 corn futures closed at \$5.42, up 4 cents since last Friday. For the week, March 2021 corn futures traded between \$5.38 and \$5.55. Mar/May and Mar/Dec future spreads were -1 and -82 cents. May 2021 corn futures closed at \$5.41, up 5 cents since last Friday.

Corn	Mar 21	Change	Dec 21	Change
Price	\$5.42	\$0.04	\$4.60	\$0.12
Support	\$5.31	\$0.06	\$4.46	\$0.02
Resistance	\$5.61	\$0.11	\$4.70	\$0.13
20 Day MA	\$5.41	\$0.04	\$4.49	\$0.01
50 Day MA	\$4.99	\$0.10	\$4.38	\$0.04
100 Day MA	\$4.55	\$0.07	\$4.18	\$0.03
4-Week High	\$5.74	\$0.00	\$4.66	\$0.01
4-Week Low	\$4.92	\$0.00	\$4.23	\$0.00
Technical Trend	Up	=	Up	=



December 2021 corn futures closed at \$4.60, up 12 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.60 December 2021 Put Option costing 44 cents establishing a \$4.16 futures floor.

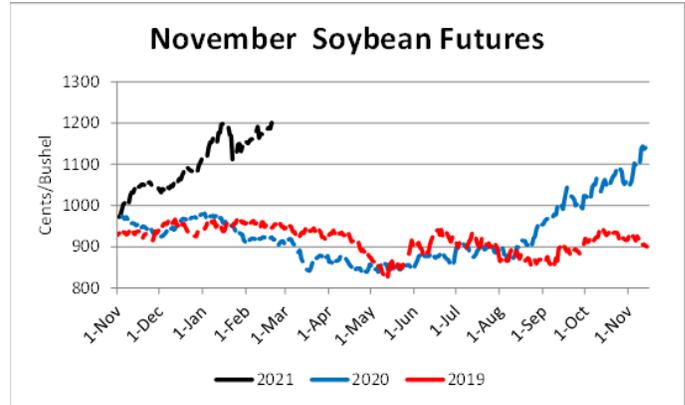
### Soybeans

Net sales reported by exporters were down compared to last week with net sales of 39.3 million bushels for the 2020/21 marketing year and 6.2 million bushels for the 2021/22 marketing year. Exports for the same period were down 55% compared to last week at 36.8 million bushels. Soybean export sales and commitments were 98% of the USDA estimated total annual exports for the 2020/21 marketing year (September 1 to August 31), compared to the previous 5-year average of 81%. Across Tennessee, average soybean basis strengthened or remained unchanged at West-Central, West, North-Central, Northwest and Mississippi River elevators and barge points. Basis ranged from 3 under to 37 over the March futures contract. Average basis at the end of the week was 19 over the March futures contract. March 2021 soybean futures closed at \$13.77, up 5 cents since last Friday. For the week, March 2021 soybean futures traded between \$13.66 and \$13.94. Mar/May and Mar/Nov future spreads were 3 and -181 cents. May 2021 soybean futures closed at \$13.80, up 9 cents since last Friday. March 2021 soybean-to-corn price ratio was 2.54 at the end of the week.

(Continued on page 4)

## Crop Comments by Dr. Aaron Smith

Soybeans	Mar 21	Change	Nov 21	Change
Price	\$13.77	\$0.05	\$11.96	\$0.23
Support	\$13.55	\$0.00	\$11.70	\$0.06
Resistance	\$13.99	\$0.14	\$12.14	\$0.29
20 Day MA	\$13.67	-\$0.02	\$11.61	\$0.01
50 Day MA	\$13.21	\$0.17	\$11.33	\$0.12
100 Day MA	\$12.07	\$0.15	\$10.67	\$0.10
4-Week High	\$14.09	-\$0.27	\$12.02	-\$0.01
4-Week Low	\$13.55	\$0.57	\$10.97	\$0.00
Technical Trend	Up	=	Up	=

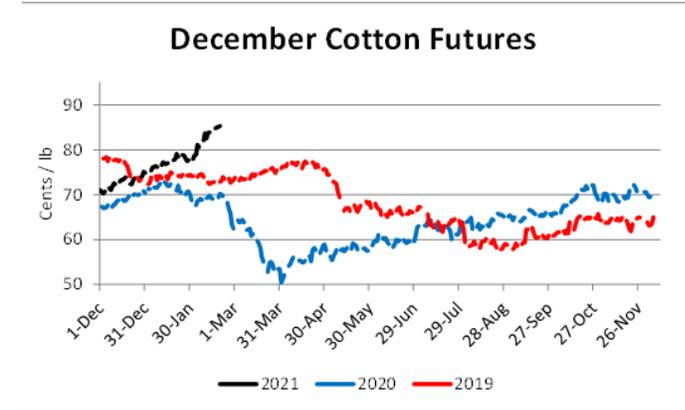


November 2021 soybean futures closed at \$11.96, up 23 cents since last Friday. Downside price protection could be achieved by purchasing a \$12.00 November 2021 Put Option which would cost 90 cents and set an \$11.10 futures floor. Nov/Dec 2021 soybean-to-corn price ratio was 2.60 at the end of the week.

### Cotton

Net sales reported by exporters were down compared to last week with net sales of 119,500 bales for the 2020/21 marketing year and 2,100 bales for the 2021/22 marketing year. Exports for the same time period were down 28% compared to last week at 311,800 bales. Upland cotton export sales were 92% of the USDA estimated total annual exports for the 2020/21 marketing year (August 1 to July 31), compared to the previous 5-year average of 84%. Delta upland cotton spot price quotes for February 18 were 87.55 cents/lb (41-4-34) and 89.80 cents/lb (31-3-35). Adjusted World Price (AWP) increased 2.81 cents to 73.13 cents. March 2021 cotton futures closed at 88.95, up 1.68 cents since last Friday. For the week, March 2021 cotton futures traded between 87.3 and 89.36 cents. Mar/May and Mar/Dec cotton futures spreads were 1.53 cents and -3.45 cents. May 2021 cotton futures closed at 90.48 cents, up 1.82 cents since last Friday.

Cotton	Mar 21	Change	Dec 21	Change
Price	88.95	1.68	85.50	1.61
Support	87.50	2.83	84.14	1.41
Resistance	90.08	1.45	86.36	1.79
20 Day MA	83.97	1.40	81.15	1.44
50 Day MA	80.27	1.35	77.33	1.15
100 Day MA	75.43	0.88	73.31	0.77
4-Week High	89.36	2.03	85.68	1.69
4-Week Low	79.75	0.00	77.26	1.06
Technical Trend	Up	=	Up	=



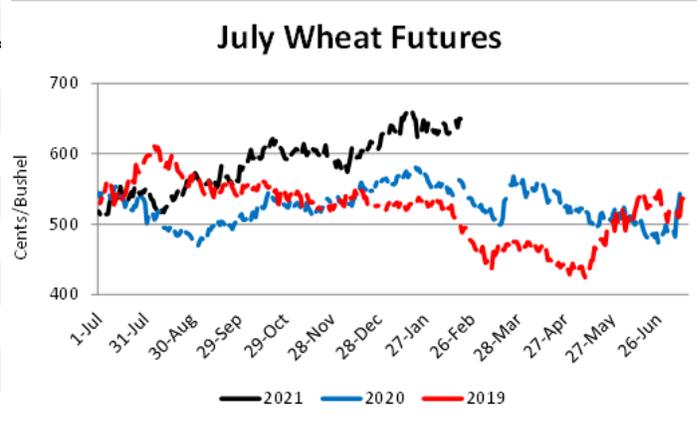
December 2021 cotton futures closed at 85.5 cents, up 1.61 cents since last Friday. Downside price protection could be obtained by purchasing an 86 cent December 2021 Put Option costing 7.43 cents establishing a 78.57 cent futures floor.

### Wheat

Wheat net sales reported by exporters were down compared to last week with net sales of 14.7 million bushels for the 2020/21 marketing year and 7.9 million bushels for the 2021/22 marketing year. Exports for the same time period were down 14% from last week at 14 million bushels. Wheat export sales were 88% of the USDA estimated total annual exports for the 2020/21 marketing year (June 1 to May 31), compared to the previous 5-year average of 90%. In Tennessee, spot wheat prices ranged from \$6.74 to \$6.93. March 2021 wheat futures closed at \$6.50, up 14 cents since last Friday. March 2021 wheat futures traded between \$6.38 and \$6.69 this week. March wheat-to-corn price ratio was 1.20. Mar/May and Mar/Jul future spreads were 5 and -7 cents. May 2021 wheat futures closed at \$6.55, up 14 cents since last Friday.

## Crop Comments by Dr. Aaron Smith

Wheat	Mar 21	Change	Jul 21	Change
Price	\$6.50	\$0.14	\$6.43	\$0.13
Support	\$6.36	\$0.10	\$6.31	\$0.09
Resistance	\$6.76	\$0.28	\$6.61	\$0.22
20 Day MA	\$6.48	-\$0.03	\$6.36	-\$0.02
50 Day MA	\$6.37	\$0.06	\$6.27	\$0.05
100 Day MA	\$6.19	\$0.04	\$6.12	\$0.03
4-Week High	\$6.76	-\$0.17	\$6.61	-\$0.09
4-Week Low	\$6.24	\$0.00	\$6.15	\$0.00
Technical Trend	Down	=	Up	+



In Tennessee, new crop wheat cash contracts ranged from \$6.24 to \$6.74. July 2021 wheat futures closed at \$6.43, up 13 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.50 July 2021 Put Option costing 49 cents establishing a \$6.01 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\\_mbbl\\_w.htm](https://www.eia.gov/dnav/pet/pet_sum_sndw_a_EPOOXE_sae_mbbl_w.htm)

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

Tennessee Crop Progress - [https://www.nass.usda.gov/Statistics by State/Tennessee/Publications/Crop Progress & Condition/](https://www.nass.usda.gov/Statistics%20by%20State/Tennessee/Publications/Crop%20Progress%20&%20Condition/)

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

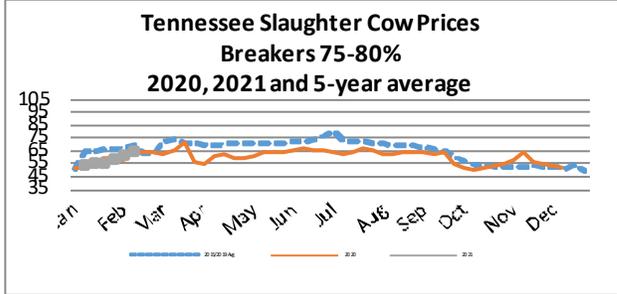
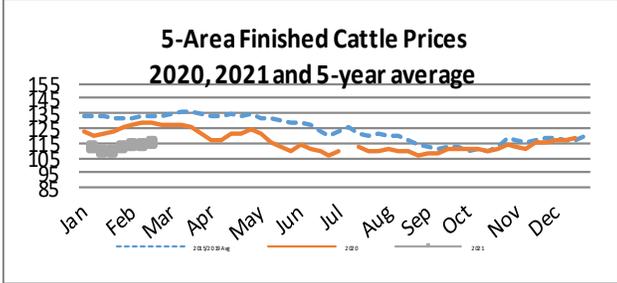
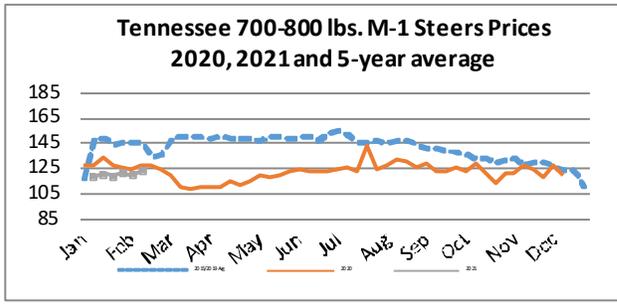
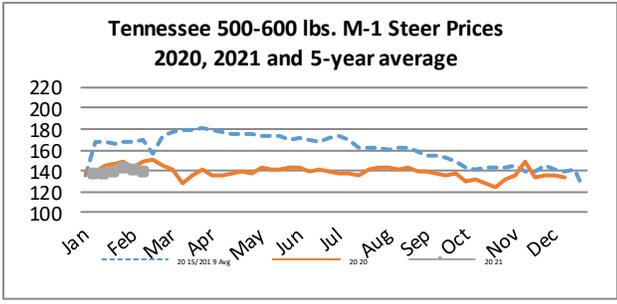
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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).

**Prices Paid to Farmers by Elevators**

**Friday, February 12, 2021---Thursday, February 18, 2021**

	<b>Friday Average</b>	<b>Monday Average</b>	<b>Tuesday Average</b>	<b>Wednesday Average</b>	<b>Thursday Average</b>
<b>No. 2 Yellow Soybeans</b>	-----\$/bushel-----				
Northwest	13.75		13.88	13.87	13.78
North Central	13.82		13.95	13.94	13.85
West Central	13.89		14.02	14.01	13.92
West	14.06		14.18	14.20	14.12
Mississippi River	14.02		14.12	14.11	14.05
<b>Yellow Corn</b>					
Northwest	5.59		5.73	5.74	5.71
North Central	5.44		5.57	5.58	5.55
West Central	5.62		5.75	5.76	5.73
West	5.78		5.91	5.94	5.91
Mississippi River	5.75		5.88	5.89	5.86
<b>Wheat</b>					
Northwest					
North Central	6.67		6.88	6.74	6.93
West					
Mississippi River					
<b>Cotton</b>	-----\$/pound-----				
Memphis	85.91-88.16		86.85-89.10	87.18-89.43	87.55-89.80



**Futures Settlement Prices: Crops & Livestock**

- Corn: <https://www.cmegroup.com/trading/agricultural/grain-and-oilseed/corn.html>
- Soybeans: <https://www.cmegroup.com/trading/agricultural/grain-and-oilseed/soybean.html>
- Wheat: <https://www.cmegroup.com/trading/agricultural/grain-and-oilseed/wheat.html>
- Soybean Meal: <https://www.cmegroup.com/trading/agricultural/grain-and-oilseed/soybean-meal.html>
- Cotton: <https://www.theice.com/products/254/Cotton-No-2-Futures/data?marketId=5352193>
- Live Cattle: <https://www.cmegroup.com/trading/agricultural/livestock/live-cattle.html>
- Feeder Cattle: <https://www.cmegroup.com/trading/agricultural/livestock/feeder-cattle.html>
- Lean Hogs: <https://www.cmegroup.com/trading/agricultural/livestock/lean-hogs.html>
- Class III Milk: <https://www.cmegroup.com/trading/agricultural/dairy/class-iii-milk.html>

**Prices on Tennessee Reported Livestock Auctions for the week ending Monday, February 15, 2021**

	This Week			Last Week's	Year Ago
	Low	High	Weighted Average	Weighted Average	Weighted Average
-----\$/cwt-----					
<b>Steers: Medium/Large Frame #1-2</b>					
300-400 lbs	131.00	178.00	155.94	171.70	163.59
400-500 lbs	135.00	175.00	155.93	155.09	152.41
500-600 lbs	125.00	150.00	138.79	139.96	142.46
600-700 lbs	116.00	137.00	130.11	129.13	129.44
700-800 lbs	114.00	127.00	121.76	118.82	122.76
<b>Steers: Small Frame #1-2</b>					
300-400 lbs	127.50	150.00	140.03	146.52	147.40
400-500 lbs	137.50	1425.00	113.42	143.96	136.13
500-600 lbs	130.00	130.00	130.00	130.00	---
600-700 lbs	---	---	---	112.33	---
<b>Steers: Medium/Large Frame #3</b>					
300-400 lbs	122.50	160.00	145.05	153.67	146.08
400-500 lbs	111.00	150.00	139.60	145.01	138.41
500-600 lbs	113.00	132.50	124.18	128.51	129.74
600-700 lbs	112.00	117.50	114.05	118.77	115.65
700-800 lbs	95.00	118.00	105.10	112.60	113.65
<b>Holstein Steers</b>					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	77.00	---
<b>Slaughter Cows &amp; Bulls</b>					
Breakers 75-80%	57.00	69.00	63.96	60.74	56.68
Boners 80-85%	49.00	74.00	63.62	59.84	57.22
Lean 85-90%	38.00	60.50	51.22	49.18	45.56
Bulls YG 1	81.00	94.00	87.49	85.14	80.35
<b>Heifers: Medium/Large Frame #1-2</b>					
300-400 lbs	113.00	150.00	133.77	136.35	135.76
400-500 lbs	112.00	143.00	129.40	131.18	127.06
500-600 lbs	100.00	130.00	119.58	122.19	122.44
600-700 lbs	96.00	127.00	114.30	114.00	116.27
<b>Heifers: Small Frame #1-2</b>					
300-400 lbs	115.00	122.50	119.94	120.94	123.72
400-500 lbs	117.00	125.00	122.44	113.34	---
500-600 lbs	105.00	120.00	112.00	105.96	---
600-700 lbs	87.50	105.00	96.25	103.00	---
<b>Heifers: Medium/Large Frame #3</b>					
300-400 lbs	116.00	138.00	123.20	127.13	128.67
400-500 lbs	107.00	126.00	119.57	122.73	122.62
500-600 lbs	101.00	120.00	110.88	116.07	116.06
600-700 lbs	95.00	115.00	107.13	97.62	114.19

**Cattle Receipts**

This week: 3,110

Week ago: 5,043

Year ago: 4,047

Link to report: [https://www.ams.usda.gov/mnreports/ams\\_2063.pdf](https://www.ams.usda.gov/mnreports/ams_2063.pdf)

**Department of Agricultural and Resource Economics**

314 Morgan Hall • 2621 Morgan Circle • [arec.tennessee.edu](http://arec.tennessee.edu)

USDA / Tennessee Department of Agriculture Market News Service <https://www.tn.gov/agriculture/farms/news.html>

1-800-342-8206

Real. Life. Solutions.

