

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

March 12, 2021

Number: 10

Trends for the Week Compared to a Week Ago

Slaughter Cows

\$2 to \$5 lower

Slaughter Bulls

\$2 to \$4 lower

Feeder Steers

steady to \$5 higher

Feeder Heifers

steady to \$5 higher

Feeder Cattle Index: 133.85

Fed Cattle

The 5-area live price on Thursday of \$113.59 was down \$0.17. The dressed price of \$179.31 was down \$0.48.

Corn

May closed at \$5.39 a bushel, down 6 cents since last Friday.

Soybeans

May closed at \$14.13 a bushel, down 17 cents since last Friday.

Wheat

May closed at \$6.38 a bushel, down 15 cents since last Friday.

Cotton

May closed at 87.56 cents per lb, down 0.2 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 \$112 to \$114 while dressed prices were mainly \$178 to \$180.

The 5-area weighted average prices thru Thursday were \$113.59 live, down \$0.17 compared to last week and \$179.31 dressed, down \$0.48 from a week ago. A year ago, prices were \$109.35 live and \$174.20 dressed.

For six consecutive weeks, finished cattle have traded steady with the 5-area weighted average price being in less than a \$0.50 per hundredweight range. This screams packer leverage and complete control of the market in the short term. How long packers will maintain this leverage is not known. The supply information would indicate leverage shifting to cattle feeders fairly soon. However, it seems we do not always have complete information in this analysis. The April live cattle contract has declined \$6 over a four-week period and the cash price is showing no signs of making a run to \$120, much less to \$126 where it peaked. A rally through the end of March will go a long way to positivity throughout the cattle complex.

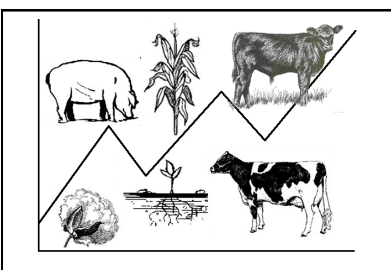
BEEF CUTOUT: At midday Friday, the Choice cutout was \$227.02 up \$0.35 from Thursday and down \$6.11 from a week ago. The Select cutout was \$221.45 up \$1.38 from Thursday and up \$0.72 from last week. The Choice Select spread was \$5.57 compared to \$12.40 a week ago.

The decline in Choice boxed beef prices the past couple of weeks and the narrowing of the Choice Select spread this week are more reminiscent of what typically occurs in January and February instead of March. January and February tend to be the weakest demand months for beef which depresses beef prices. Similarly, the shift in beef consumption during the win-

ter months tends to be from middle meats to end meats, which results in the narrowing of the Choice Select spread. As the market moves through March, Choice beef prices tend to escalate more quickly than Select prices, because the market is gearing up for post Easter demand and the grilling season. However, the market is trending in the opposite direction this week with Choice box prices decreasing and the narrowing of the Choice Select spread. The Choice Select spread has been above \$10 all of 2021 and this week's spread will end up being the lowest spread since the same week one year ago. The difference is that the spread is narrowing this year and it was widening one year ago.

OUTLOOK: Based on Tennessee weekly auction market data, the price of steers and heifers was steady to \$5 higher compared to last week with the biggest gains on cattle weighing less than 600 pounds. Slaughter cow prices were \$2 to \$5 lower compared to a week ago while bull prices were \$2 to \$4 lower than the previous week. It was a good week to market and receive cattle in the Southeast United States. Warm temperatures and dry field conditions opened the door for producers to get trailers into pastures with loadout facilities. This resulted in a large number of animals making the trip to town this week to be adopted into stocker and feedlot operations. The number of stocker cattle buyers is increasing as the warm weather has resulted in cool season perennial pastures starting to green and grow. This trend will continue the next several weeks as spring and summer grazing operations look to fill pastures with lightweight cattle that will be efficient on grass and that will be ready for the feedlot in late summer or early fall. The primary interest in cattle is the lightweight ani-

(Continued on page 2)



Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

mals. Heavier feeder cattle that would be destined for the feedlot are not garnering as much interest. The March feeder cattle futures price has declined \$5 per hundredweight the past couple of weeks as it is decaying to the cash feeder cattle index value instead of cash prices pushing higher. The remaining spring, summer, and fall feeder cattle contract prices have been holding steady, but there is a good chance they will also decay to the cash price instead of the cash price closing the biggest part of the gap. In the spirit of hope, one would hope cash prices would surge higher. The best bet at this time is they follow a typical seasonal pattern and slowly increase into the summer, but fail to reach current futures price levels. This does not mean feeder cattle prices will not surge. This simply means there has been nothing to spur the market to higher cash prices.

ASK ANDREW, TN THINK TANK: Every farmer and rancher runs a small business in the greater agricultural industry. The agricultural industry is constantly changing, which means farmers and ranchers must constantly change in order to adapt to the newly created environment. In the past few weeks, I have met with several farm families that have either started to transition their farm business or are evaluating

alternatives to transitioning their farm business in some manner. For some, the changes are or will be large shifts while others are minor adjustments. From an economist and business mindset, it is exciting to see agricultural producers asking the questions of how to adapt to an ever-changing environment and being intentional in drilling to very specific questions. Understanding that change is necessary is a good start, but remembering that change can sometimes lead to an undesirable result must also be understood. It is similar to a person knowing they need to change their underwear. They can put on new underwear that may or may not be more comfortable. If they are not comfortable then they can wash the old underwear.

Please send questions and comments to 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 –April \$119.00 +0.48; June \$120.43 +0.75; August \$119.78 +1.13; Feeder cattle – March \$136.35 +1.10; April \$143.23 +1.95; May \$148.38 +1.98; August \$156.58 +2.10; March corn closed at \$5.49 down 6 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Volatility was one of the themes for this week's crop futures markets. Nearby cotton futures had a range of 6.47 cents, soybeans \$0.68, corn \$0.25, and wheat \$0.25. Swings of this magnitude can add stress to an already challenging decision of when to sell production. When making pricing decisions producers will need to consider: 1) liquidity – If you are using hedging strategies that require margin make sure you have sufficient liquidity and financial support from you agricultural lender; 2) downside protection – This will come at cost, but may be worth it to remove price uncertainty to the downside; and 3) upside potential – Some strategies (for, example, short hedge and cash forward contracts) do not allow for taking advantage of further rallies, however producers may want to consider using options strategies that can augment existing (or stand-alone) pricing strategies (these come at a premium cost).

This week the USDA released the monthly WASDE report. The report provided limited changes compared to February. Most market analysts were anticipating revisions for higher exports and lower ending stocks, so the report did not live up to the bullish pre-report bias. The next major report will be the USDA's Prospective Plantings report at the end of March. The report will give a glimpse at intended planted acreage. Given strong prices across many commodities acres will be very competitive. The Northern Plains will be watched closely for acreage shifts, particularly for corn and soybeans.

Row crop prices have not been the only prices on the move this winter. Input prices have increased substantially. Fertilizer prices are up 8-56% depending on the product, diesel prices are up, and crop insurance premiums are up (higher protection which is good but an added up front cost. Also, if you rent land on a share agreement, you should be anticipating paying more if yields

	Previous	Current	Change
USD Index	91.98	91.69	-0.28
Crude Oil	66.03	65.62	-0.41
DJIA	31,436	32,723	1,287

(Continued on page 3)

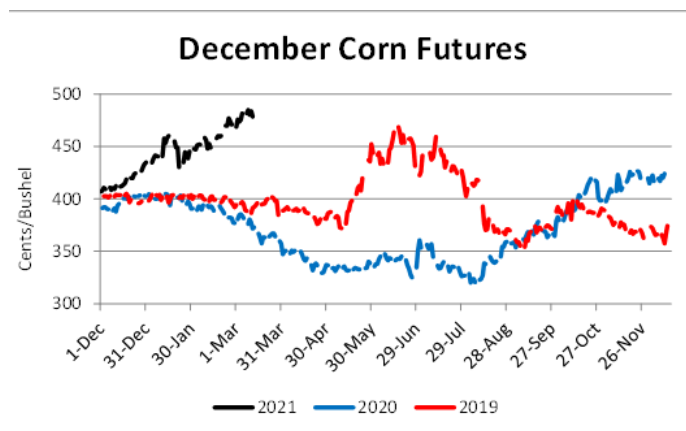
Crop Comments by Dr. Aaron Smith

cooperate and prices remain at current levels. For example, a straight 25% crop share (no shared expenses) could be 170 bu/acre x \$4.85 = \$824.50/acre x 25% = \$206.13/acre. Revisiting crop budgets for your farm is strongly advised.

Corn

Ethanol production for the week ending March 5 was 0.938 million barrels per day, up 89,000 barrels from the previous week. Ethanol stocks were 22.070 million barrels, down 0.355 million barrels compared to last week. Corn net sales reported by exporters for February 26-March 4 were up compared to last week with net sales of 15.6 million bushels (a marketing year low) for the 2020/21 marketing year and 11.3 million bushels for the 2021/22 marketing year. Exports for the same time period were down 21% from last week at 62.7 million bushels (a marketing year high). Corn export sales and commitments were 90% 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 73%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at North-Central, Northwest, West-Central, West, and Mississippi River elevators and barge points. Overall, basis for the week ranged from 10 over to 41 over, with an average of 29 over the May futures at elevators and barge points. May 2021 corn futures closed at \$5.39, down 6 cents since last Friday. For the week, May 2021 corn futures traded between \$5.31 and \$5.56. May/Jul and May/Dec future spreads were -11 and -61 cents. July 2021 corn futures closed at \$5.28, down 6 cents since last Friday.

Corn	May 21	Change	Dec 21	Change
Price	\$5.39	-\$0.06	\$4.78	-\$0.03
Support	\$5.26	\$0.04	\$4.75	\$0.09
Resistance	\$5.47	-\$0.04	\$4.87	\$0.03
20 Day MA	\$5.44	-\$0.01	\$4.71	\$0.07
50 Day MA	\$5.31	\$0.08	\$4.56	\$0.06
100 Day MA	\$4.79	\$0.07	\$4.31	\$0.05
4-Week High	\$5.59	-\$0.13	\$4.85	\$0.03
4-Week Low	\$5.29	\$0.06	\$4.47	\$0.06
Technical Trend	Down	=	Up	=



In Tennessee, new crop cash corn prices at elevators and barge points ranged from \$4.60 to \$5.06. December 2021 corn futures closed at \$4.78, down 3 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.80 December 2021 Put Option costing 48 cents establishing a \$4.32 futures floor.

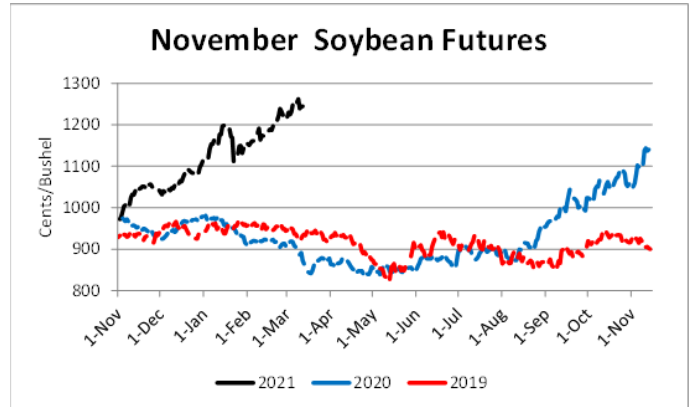
Soybeans

Net sales reported by exporters were up compared to last week with net sales of 12.9 million bushels for the 2020/21 marketing year and 7.8 million bushels for the 2021/22 marketing year. Exports for the same period were down 36% compared to last week at 25.9 million bushels. Soybean export sales and commitments were 99% 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 85%. Across Tennessee, average soybean basis weakened or remained unchanged at West-Central, North-Central, Northwest, and Mississippi River and strengthened at West elevators and barge points. Basis ranged from 5 over to 35 over the May futures contract. Average basis at the end of the week was 17 over the May futures contract. May 2021 soybean futures closed at \$14.13, down 17 cents since last Friday. For the week, May 2021 soybean futures traded between \$13.92 and \$14.60. May/Jul and May/Nov future spreads were -11 and -170 cents. May 2021 soybean-to-corn price ratio was 2.62 at the end of the week. July 2021 soybean futures closed at \$14.02, down 11 cents since last Friday.

(Continued on page 4)

Crop Comments by Dr. Aaron Smith

Soybeans	May 21	Change	Nov 21	Change
Price	\$14.13	-\$0.17	\$12.43	-\$0.04
Support	\$13.90	\$0.08	\$12.19	\$0.08
Resistance	\$14.34	-\$0.17	\$12.59	\$0.12
20 Day MA	\$14.04	\$0.12	\$12.22	\$0.19
50 Day MA	\$13.80	\$0.16	\$11.82	\$0.16
100 Day MA	\$12.63	\$0.19	\$11.07	\$0.14
4-Week High	\$14.60	\$0.15	\$12.65	\$0.13
4-Week Low	\$13.68	\$0.32	\$11.76	\$0.25
Technical Trend	Up	=	Up	=

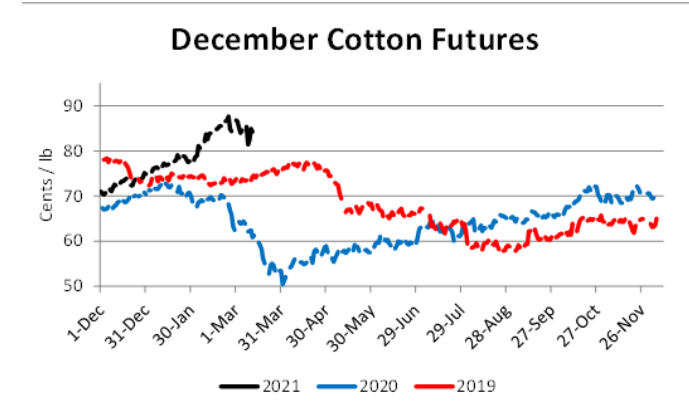


In Tennessee, new crop cash soybean prices at elevators and barge points ranged from \$12.34 to \$12.98. November 2021 soybean futures closed at \$12.43, down 4 cents since last Friday. Downside price protection could be achieved by purchasing a \$12.60 November 2021 Put Option which would cost 99 cents and set an \$11.61 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 up compared to last week with net sales of 212,000 bales for the 2020/21 marketing year and 92,200 bales for the 2021/22 marketing year. Exports for the same time period were down 7% compared to last week at 351,600 bales. Upland cotton export sales were 96% 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 91%. Delta upland cotton spot price quotes for March 11 were 85.6 cents/lb (41-4-34) and 87.85 cents/lb (31-3-35). Adjusted World Price (AWP) decreased 3.25 cents to 73.95 cents. May 2021 cotton futures closed at 87.56, down 0.2 cents since last Friday. For the week, May 2021 cotton futures traded between 82.87 and 89.34 cents. May/Jul and May/Dec cotton futures spreads were 1.01 cents and -3.54 cents. July 2021 cotton futures closed at 88.57 cents, down 0.1 cents since last Friday.

Cotton	May 21	Change	Dec 21	Change
Price	87.56	-0.20	84.02	-0.52
Support	84.79	-0.17	82.09	0.16
Resistance	89.87	-0.61	85.95	-0.94
20 Day MA	89.30	0.11	84.97	0.28
50 Day MA	85.19	1.00	80.95	1.02
100 Day MA	79.36	0.81	75.97	0.74
4-Week High	95.60	0.00	89.28	0.00
4-Week Low	82.87	-1.18	80.44	-0.14
Technical Trend	Down	=	Down	-



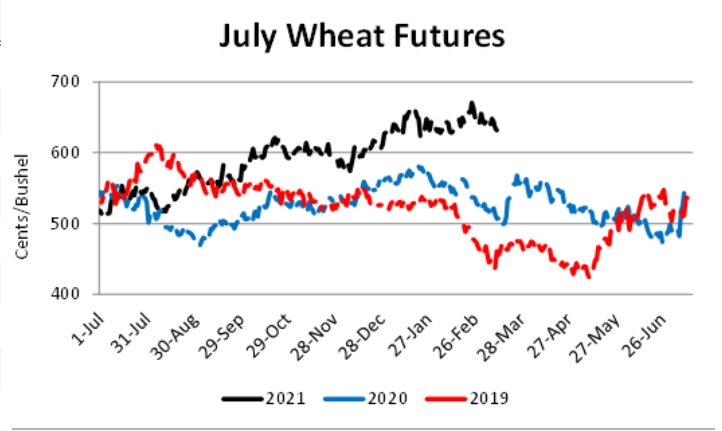
December 2021 cotton futures closed at 84.02 cents, down 0.52 cents since last Friday. Downside price protection could be obtained by purchasing an 85 cent December 2021 Put Option costing 7.01 cents establishing a 77.99 cent futures floor.

Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 12.1 million bushels for the 2020/21 marketing year and 1.1 million bushels for the 2021/22 marketing year. Exports for the same time period were up 4% from last week at 17.2 million bushels. Wheat export sales were 91% 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 95%. In Tennessee, spot wheat prices ranged from \$6.77 to \$6.92. May 2021 wheat futures closed at \$6.38, down 15 cents since last Friday. May 2021 wheat futures traded between \$6.37 and \$6.62 this week. May wheat-to-corn price ratio was 1.18. May/Jul and May/Sep future spreads were -6 and -6 cents.

Crop Comments by Dr. Aaron Smith

Wheat	May 21	Change	Jul 21	Change
Price	\$6.38	-\$0.15	\$6.32	-\$0.11
Support	\$6.28	-\$0.11	\$6.23	-\$0.07
Resistance	\$6.62	-\$0.05	\$6.53	-\$0.02
20 Day MA	\$6.57	\$0.00	\$6.46	\$0.01
50 Day MA	\$6.54	\$0.03	\$6.41	\$0.03
100 Day MA	\$6.30	\$0.02	\$6.21	\$0.02
4-Week High	\$6.88	\$0.00	\$6.72	\$0.00
4-Week Low	\$6.37	\$0.06	\$6.31	\$0.10
Technical Trend	Down	-	Down	-



In Tennessee, new crop wheat cash contracts ranged from \$6.22 to \$6.72. July 2021 wheat futures closed at \$6.38, down 11 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.40 July 2021 Put Option costing 43 cents establishing a \$5.97 futures floor. September 2021 wheat futures closed at \$6.32, down 10 cents since last Friday.

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

EIA: Weekly Supply Estimates - 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=fta-uc>

Tennessee Crop Progress - https://www.nass.usda.gov/Statistics_by_State/Tennessee/Publications/

[Crop Progress & Condition/](#)

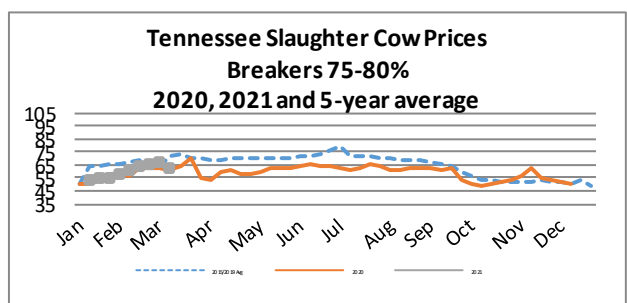
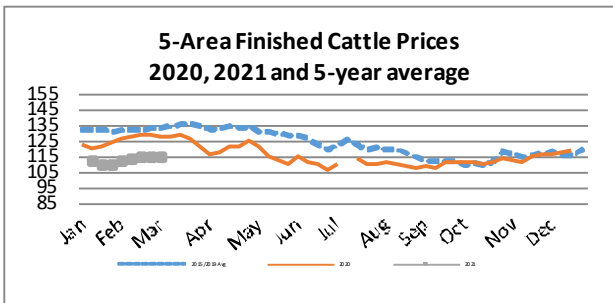
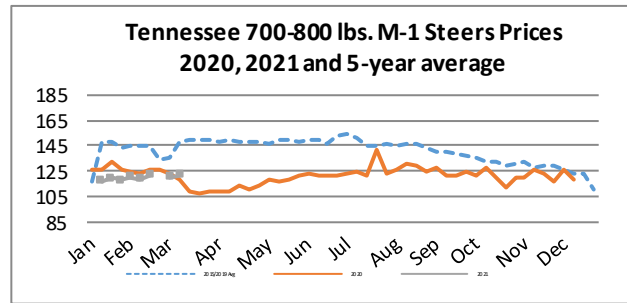
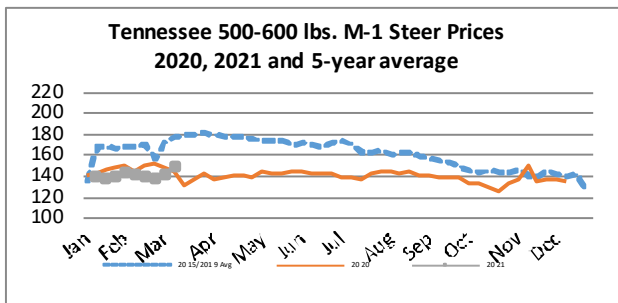
U.S. Crop Progress - <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1048>

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.

Prices Paid to Farmers by Elevators

Friday, March 5, 2021---Thursday, March 11, 2021					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	14.35	14.39	14.45	14.15	14.19
North Central	14.40	14.44	14.50	14.20	14.24
West Central	14.47	14.51	14.57	14.27	14.19
West	14.64	14.68	14.74	14.44	14.48
Mississippi River	14.60	14.64	14.70	14.39	14.43
Yellow Corn					
Northwest	5.74	5.76	5.74	5.61	5.66
North Central	5.56	5.57	5.56	5.49	5.54
West Central	5.69	5.70	5.69	5.57	5.62
West	5.85	5.86	5.85	5.73	5.79
Mississippi River	5.81	5.83	5.82	5.70	5.75
Wheat					
Northwest					
North Central	6.88	6.82	6.92	6.88	6.78
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	85.01-87.26	85.57-87.82	81.57-83.82	82.47-84.72	85.60-87.85



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, March 8, 2021

	This Week			Last Week's	Year Ago
	Low	High	Weighted Average	Weighted Average	Weighted Average
-----\$/cwt-----					
Steers: Medium/Large Frame #1-2					
300-400 lbs	147.00	202.50	170.88	163.60	162.73
400-500 lbs	145.00	187.50	168.08	156.89	161.70
500-600 lbs	130.00	167.50	147.35	140.73	145.87
600-700 lbs	120.00	143.00	133.51	130.77	134.79
700-800 lbs	112.50	134.00	121.46	120.27	123.48
Steers: Small Frame #1-2					
300-400 lbs	139.00	162.50	154.20	146.66	149.05
400-500 lbs	122.50	147.50	137.09	145.81	152.82
500-600 lbs	121.00	130.00	123.99	---	132.03
600-700 lbs	---	---	---	93.07	117.53
Steers: Medium/Large Frame #3					
300-400 lbs	132.50	167.50	151.06	148.47	151.93
400-500 lbs	120.00	152.50	139.14	142.47	148.77
500-600 lbs	110.00	147.00	130.51	126.93	135.84
600-700 lbs	112.50	127.50	119.84	118.91	115.06
700-800 lbs	105.00	115.00	111.30	108.41	110.87
Holstein Steers					
300-400 lbs	74.00	92.50	78.63	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	55.00	72.00	61.61	65.80	62.98
Boners 80-85%	52.00	71.50	62.33	63.62	60.65
Lean 85-90%	36.00	62.50	52.37	54.36	51.62
Bulls YG 1	83.00	102.00	91.27	92.73	85.84
Heifers: Medium/Large Frame #1-2					
300-400 lbs	125.00	155.00	140.06	133.89	136.83
400-500 lbs	122.00	147.50	137.19	131.11	132.98
500-600 lbs	114.50	140.00	127.36	120.82	124.25
600-700 lbs	103.00	128.00	114.86	111.23	116.69
Heifers: Small Frame #1-2					
300-400 lbs	---	---	---	123.51	136.29
400-500 lbs	110.00	120.00	115.00	116.25	118.73
500-600 lbs	110.00	122.50	116.04	---	115.68
600-700 lbs	103.00	113.00	108.26	---	---
Heifers: Medium/Large Frame #3					
300-400 lbs	114.00	137.50	128.77	127.03	134.81
400-500 lbs	110.00	135.00	122.67	119.55	120.84
500-600 lbs	105.00	123.00	114.15	108.96	116.11
600-700 lbs	99.00	114.00	106.19	103.41	108.84

Cattle Receipts

This week: 9,715

Week ago: 4,875

Year ago: 6,199

Link to report: https://www.ams.usda.gov/mnreports/ams_2063.pdf

Graded Sales, Video Board Sales, Video Sales & Loads

Hardin County Stockyard-Savannah, TN

Weighted Average Report for 03/11/2021

Total Receipts: 1,658

128 steers, avg. wt. 574 lbs., M&L 1-2, 123 Black/BWF 5 Red/
RWF, 4-5 Flesh, \$155.00

97 heifers, avg. wt. 543 lbs., M&L 1-2, 96 Black/BWF 1 RWF, 4-
5 Flesh, \$139.25

For complete report:

https://www.ams.usda.gov/mnreports/ams_2068.pdf

Graded Sheep & Goat Sale

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 3/8/21

Total Receipts: 1,116

For complete report:

https://www.ams.usda.gov/mnreports/ams_2081.pdf

Department of Agricultural and Resource Economics

314 Morgan Hall • 2621 Morgan Circle • 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.

