

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

March 19, 2021

Number: 11

Trends for the Week Compared to a Week Ago

Slaughter Cows

steady

Slaughter Bulls

steady

Feeder Steers

steady to \$3 lower

Feeder Heifers

mostly steady

Feeder Cattle Index: 134.28

Fed Cattle

The 5-area live price on Thursday of \$114.25 was up \$0.66. The dressed price of \$181.28 was up \$1.97.

Corn

May closed at \$5.57 a bushel, up 18 cents since last Friday.

Soybeans

May closed at \$14.16 a bushel, up 3 cents since last Friday.

Wheat

May closed at \$6.27 a bushel, down 11 cents since last Friday.

Cotton

May closed at 84.68 cents per lb, down 2.88 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded steady to \$1 higher compared to last week on a live basis. Prices on a live basis were primarily \$114 to \$115 while dressed prices were mainly \$180 to \$182.

The 5-area weighted average prices thru Thursday were \$114.25 live, up \$0.66 compared to last week and \$181.28 dressed, up \$1.97 from a week ago. A year ago, prices were \$109.80 live and \$173.11 dressed.

The finished cattle market did very little to impress this week though they tried. Finished cattle prices have been attempting to break out of the six to seven week funk they have been in and the stagnation of prices. There is really no good explanation for the slightly higher prices this week compared to the previous week other than live cattle futures making a run early this week, which is when cash cattle traded. The futures market changed course at the end of the week with most months trading softer. Cattle feeders will be looking for the April cash price to trade stronger, but June live cattle futures are trading at a premium to April with the August contract at only a slight discount.

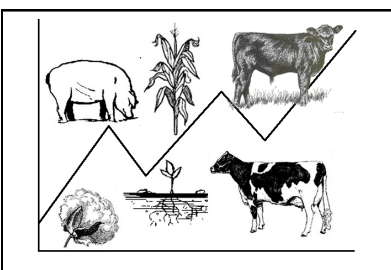
BEEF CUTOUT: At midday Friday, the Choice cutout was \$230.09 up \$1.48 from Thursday and up \$3.07 from a week ago. The Select cutout was \$220.11 up \$2.00 from Thursday and down \$1.33 from last week. The Choice Select spread was \$9.98 compared to \$5.57 a week ago.

Weekly federally inspected beef production has been running above year ago levels every week of 2021 except for the winter weather slowed production week in February. The increased production has federally inspected production up 3.9 percent compared to 2020 through the second week of March. This trend is expected to continue and will only be further exacerbated in April when the comparison will be to several weeks when coronavirus slowed slaughter and production levels.

Despite beef production being above year ago levels, weekly Choice boxed beef prices have also been above year ago prices every week of the year so far except the first week of January. This statement will not hold true much longer as the 2021 market will soon be compared to the weeks in 2020 in which boxed beef prices reached record levels due to the pandemic. There is an expectation for Choice beef prices to improve the next several weeks as the market approaches spring and the summer grilling season. However, prices are not expected to run rampant.

OUTLOOK: Based on Tennessee weekly auction market data, steer prices were steady to \$3 lower compared to last week while heifer prices were mostly steady compared to a week ago. Slaughter cow and bull prices were steady compared to last week. The primary interest remains with the lightweight grass cattle as cattle buyers have provided significant support for cattle to graze through the spring and summer. Using 525 pound steers as an example in Tennessee, the price for this weight class of animal has increased about \$20 per hundredweight since the first week of October and approximately \$10 to \$12 per hundredweight since the first week of January. The increase in prices since the beginning of the year is driven by the desire for grass cattle, and the market continues to heat up as cool season forage production has been stimulated by warmer temperatures heading into spring. Summer and fall feeder cattle futures contract prices may also be a factor supporting the higher calf market in the near term. However, 800 pound feeder cattle prices have not found support heading into spring. Based on load lot prices in Tennessee for 800 to 899 pound steers, the price of these cattle declined about \$10 per hundredweight from October into January. The price of these animals in March is at best steady to \$1 higher than January. This is

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

not unexpected as a large number of late summer and early fall weaned calves hit the feeder market in March. However, the price of 800 pound steers has a long row to hoe to get to where the summer feeder cattle futures are currently trading. The cash feeder cattle market has the ability to gain \$20 to \$30 per hundredweight through the spring and summer, but the factors that may suppress such a strong movement would be high corn prices and a live cattle market that cannot deliver what it promises. This is a day by day situation, and managing price risk may be warranted.

The March cattle on feed report for feedlots with a 1000 head or more capacity indicated cattle and calves on feed as of March 1, 2020 totaled 12.00 million head, up 1.6% compared to a year ago, with the pre-report estimate average expecting an increase of 1.5%. February placements in feedlots totaled 1.68 million head, down 1.9% from a year ago with the pre-report estimate average expecting placements down 2.5%. February marketing's totaled 1.73 million head down 2.4% from 2020 with pre-report estimates expecting a 2.4% decrease in marketings. Placements on feed by weight: under 700 pounds down 4.5%, 700 to 899 pounds down 0.2%, 900 pounds and over no change.

ASK ANDREW, TN THINK TANK: I have made a few farm visits and have fielded several phone calls the past two weeks, which has resulted in a wide range of questions and conversations. I have talked to people that are new to the cattle business that have the ability to carry a large number of cattle as well as those who will most likely be small operations. Similarly, I have talked to producers with both large and small operations that have been in the industry their entire life. The one consistency in all of the conversations is that we all still have something to learn if we will put forth the effort. I may actually learn more from these conversations than the people asking the questions. Sometimes it is learning what to do, and other times, it is learning what not to do. Learning what not to do may have more value than learning what to do. The point is to encourage cattle producers to continue asking questions. Most of the time we are looking for someone who is the source of the information, but sometimes we are the source. Take a few risks and suddenly a person can become the authority on a subject.

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 \$118.40 -0.18; June \$118.68 -0.98; August \$117.78 -1.25; Feeder cattle – March \$134.68 -0.85; April \$139.43 -2.00; May \$144.68 -1.95; August \$154.93 -0.75; March corn closed at \$5.58 up 11 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

Cotton and wheat were down; soybeans and corn were mixed for the week.

December corn futures established a contract high of \$4.85 $\frac{3}{4}$ on March 8. Since then, prices have dropped 15 cents closing Friday at \$4.70 $\frac{1}{4}$. The 50-day moving average of \$4.60 is a key support level. If prices fall below the 50-day moving average further declines should be expected. At current prices, producers need to consider taking some of the downside risk off the table.

November soybeans dropped 29 $\frac{1}{4}$ cents on Thursday before recovering about half of the loss on Friday. New crop cash prices for soybeans above \$12.00 and trend line yield or greater will result in profitable outcomes for many Tennessee producers. However, inputs have increased substantially over the winter so revisiting cost of production estimates to determine projected profitability is advised.

December cotton futures have tumbled off the February 25 high of 89.28 cents. While another run up towards 90 cents is not out of the question, it seems more likely that, in the short term, cotton will trade in a 80-86 cent range – at least until more information is revealed about U.S. planted acres and drought conditions in the Southern Plains. Volatility in the cotton market has been substantial since February 24 with eight triple digit daily swings in the past 17 trading days. Extreme price movements can bring added emotion to marketing, which is rarely a positive when making risk management decisions. Having a written marketing plan based on profitability and risk tolerance will help avoid emotional decisions that a marketer regrets.

July wheat prices have decreased for three consecutive weeks. The weather outlook has improved for key HRW wheat states and some of the fears regarding winter kill due to cold winter weather appear to have subsided. The July contract has moved below the 100-day moving average – potentially indicating further weakness. With Tennessee harvest cash prices for SRW wheat near \$6.50 producers may want to consider adding to existing sales.

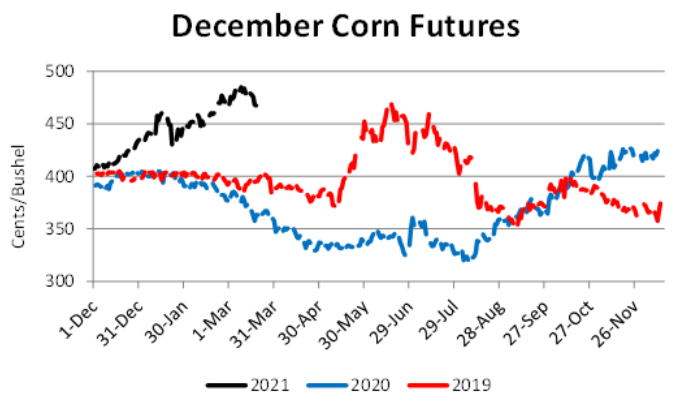
	Previous	Current	Change
USD Index	91.69	91.93	0.23
Crude Oil	65.62	61.42	-4.2
DJIA	32,723	32,742	19

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Corn

Ethanol production for the week ending March 12 was 0.971 million barrels per day, up 33,000 barrels from the previous week. Ethanol stocks were 21.340 million barrels, down 0.730 million barrels compared to last week. Corn net sales reported by exporters for March 5-11 were up compared to last week with net sales of 38.8 million bushels for the 2020/21 marketing year and 9.5 million bushels for the 2021/22 marketing year. Exports for the same time period were up 38% from last week at 86.6 million bushels (a marketing year high). Corn export sales and commitments were 92% 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 75%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at North-Central, West-Central, West, and Mississippi River and weakened at Northwest elevators and barge points. Overall, basis for the week ranged from 15 over to 42 over, with an average of 28 over the May futures at elevators and barge points. May 2021 corn futures closed at \$5.57, up 18 cents since last Friday. For the week, May 2021 corn futures traded between \$5.32 and \$5.59. May/Jul and May/Dec future spreads were -19 and -86 cents. July 2021 corn futures closed at \$5.38, up 10 cents since last Friday.

Corn	May 21	Change	Dec 21	Change
Price	\$5.57	\$0.18	\$4.71	-\$0.07
Support	\$5.37	\$0.11	\$4.61	-\$0.14
Resistance	\$5.62	\$0.15	\$4.79	-\$0.08
20 Day MA	\$5.46	\$0.02	\$4.75	\$0.04
50 Day MA	\$5.38	\$0.07	\$4.60	\$0.04
100 Day MA	\$4.86	\$0.07	\$4.35	\$0.04
4-Week High	\$5.59	\$0.00	\$4.85	\$0.00
4-Week Low	\$5.29	\$0.00	\$4.62	\$0.15
Technical Trend	Up	+	Up	=



In Tennessee, new crop cash corn prices at elevators and barge points ranged from \$4.48 to \$5.01. December 2021 corn futures closed at \$4.71, down 7 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.80 December 2021 Put Option costing 49 cents establishing a \$4.31 futures floor.

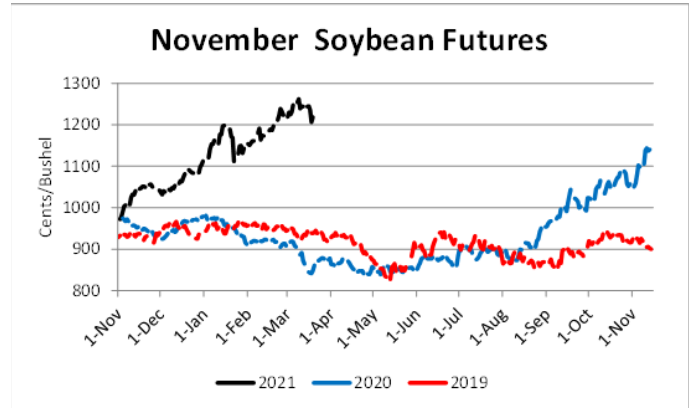
Soybeans

Net sales reported by exporters were down compared to last week with net sales of 7.4 million bushels for the 2020/21 marketing year. Exports for the same period were down 24% compared to last week at 19.6 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 86%. Across Tennessee, average soybean basis weakened or remained unchanged at West, West-Central, North-Central, Northwest, and Mississippi River elevators and barge points. Basis ranged from 5 over to 33 over the May futures contract. Average basis at the end of the week was 15 over the May futures contract. May 2021 soybean futures closed at \$14.16, up 3 cents since last Friday. For the week, May 2021 soybean futures traded between \$13.90 and \$14.25. May/Jul and May/Nov future spreads were -13 and -196 cents. May 2021 soybean-to-corn price ratio was 2.54 at the end of the week. July 2021 soybean futures closed at \$14.03, up 1 cent since last Friday.

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Crop Comments by Dr. Aaron Smith

Soybeans	May 21	Change	Nov 21	Change
Price	\$14.16	\$0.03	\$12.20	-\$0.23
Support	\$13.72	-\$0.18	\$11.85	-\$0.34
Resistance	\$14.29	-\$0.05	\$12.45	-\$0.14
20 Day MA	\$14.13	\$0.09	\$12.33	\$0.11
50 Day MA	\$13.89	\$0.09	\$11.93	\$0.11
100 Day MA	\$12.81	\$0.18	\$11.19	\$0.12
4-Week High	\$14.60	\$0.00	\$12.65	\$0.00
4-Week Low	\$13.74	\$0.06	\$11.97	\$0.21
Technical Trend	Up	=	Up	=

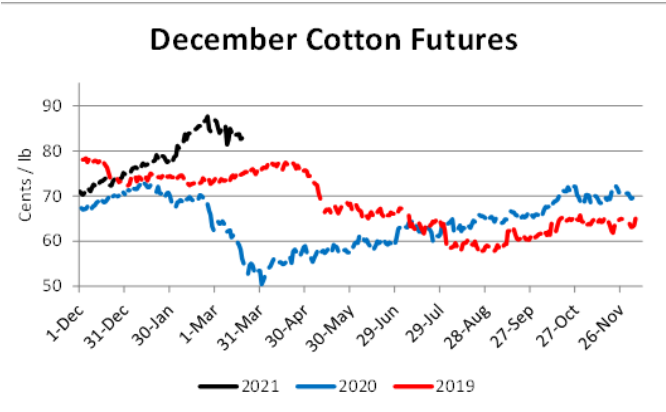


In Tennessee, new crop cash soybean prices at elevators and barge points ranged from \$12.02 to \$12.81. November 2021 soybean futures closed at \$12.20, down 23 cents since last Friday. Downside price protection could be achieved by purchasing a \$12.40 November 2021 Put Option which would cost 94 cents and set an \$11.46 futures floor. Nov/Dec 2021 soybean-to-corn price ratio was 2.59 at the end of the week.

Cotton

Net sales reported by exporters were up compared to last week with net sales of 437,700 bales for the 2020/21 marketing year and 143,300 bales for the 2021/22 marketing year. Exports for the same time period were up <1% compared to last week at 351,900 bales. Upland cotton export sales were 99% 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 93%. Delta upland cotton spot price quotes for March 18 were 83.20 cents/lb (41-4-34) and 85.45 cents/lb (31-3-35). Adjusted World Price (AWP) increased 0.75 cents to 71.45 cents. May 2021 cotton futures closed at 84.68, down 2.88 cents since last Friday. For the week, May 2021 cotton futures traded between 83.65 and 87.87 cents. May/Jul and May/Dec cotton futures spreads were 1.04 cents and -2.17 cents. July 2021 cotton futures closed at 85.72 cents, down 2.85 cents since last Friday.

Cotton	May 21	Change	Dec 21	Change
Price	84.68	-2.88	82.51	-1.51
Support	82.57	-2.22	81.13	-0.96
Resistance	86.83	-3.04	83.77	-2.18
20 Day MA	88.36	-0.94	84.56	-0.41
50 Day MA	85.82	0.63	81.72	0.77
100 Day MA	80.04	0.68	76.60	0.63
4-Week High	95.60	0.00	89.28	0.00
4-Week Low	82.87	0.00	80.44	0.00
Technical Trend	Down	=	Down	=



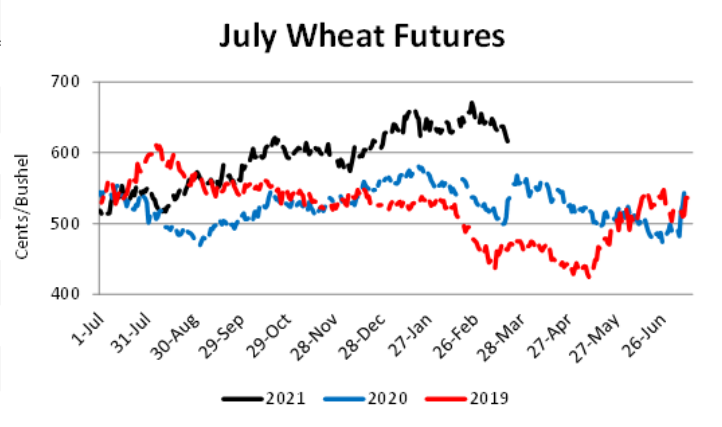
December 2021 cotton futures closed at 82.51 cents, down 1.51 cents since last Friday. Downside price protection could be obtained by purchasing an 83 cent December 2021 Put Option costing 6.72 cents establishing a 76.28 cent futures floor.

Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 14.3 million bushels for the 2020/21 marketing year and 5.1 million bushels for the 2021/22 marketing year. Exports for the same time period were up 41% from last week at 24.3 million bushels. Wheat export sales were 92% 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 97%. In Tennessee, spot wheat prices ranged from \$6.65 to \$6.82. May 2021 wheat futures closed at \$6.27, down 11 cents since last Friday. May 2021 wheat futures traded between \$6.21 and \$6.49 this week. May wheat-to-corn price ratio was 1.13. May/Jul and May/Sep future spreads were -8 and -8 cents.

Crop Comments by Dr. Aaron Smith

Wheat	May 21	Change	Jul 21	Change
Price	\$6.27	-\$0.11	\$6.19	-\$0.13
Support	\$6.14	-\$0.14	\$6.09	-\$0.14
Resistance	\$6.41	-\$0.21	\$6.31	-\$0.22
20 Day MA	\$6.53	-\$0.04	\$6.43	-\$0.03
50 Day MA	\$6.53	-\$0.01	\$6.41	\$0.00
100 Day MA	\$6.31	\$0.01	\$6.22	\$0.01
4-Week High	\$6.88	\$0.00	\$6.72	\$0.00
4-Week Low	\$6.21	-\$0.16	\$6.15	-\$0.16
Technical Trend	Down	=	Down	=



In Tennessee, new crop wheat cash contracts ranged from \$6.09 to \$6.61. July 2021 wheat futures closed at \$6.19, down 13 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.20 July 2021 Put Option costing 36 cents establishing a \$5.84 futures floor. September 2021 wheat futures closed at \$6.19, down 13 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_mdbl_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>

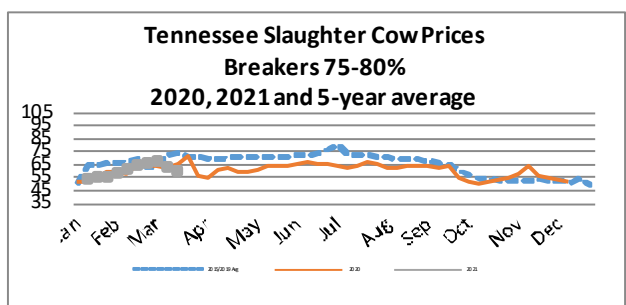
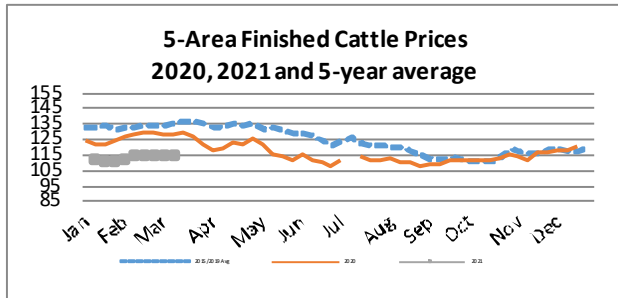
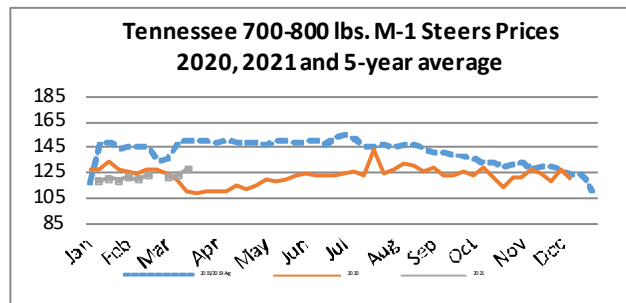
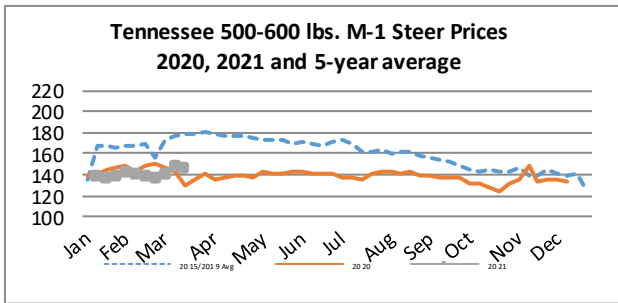
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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 12, 2021---Thursday, March 18, 2021

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	14.18	14.25	14.28	14.23	13.97
North Central	14.23	14.30	14.33	14.28	14.02
West Central	14.18	14.25	14.28	14.23	13.97
West	14.46	14.53	14.55	14.50	14.24
Mississippi River	14.40	14.46	14.49	14.42	14.16
Yellow Corn					
Northwest	5.66	5.73	5.78	5.81	5.70
North Central	5.54	5.65	5.69	5.73	5.62
West Central	5.62	5.73	5.77	5.81	5.70
West	5.80	5.90	5.95	5.99	5.88
Mississippi River	5.75	5.86	5.91	5.94	5.84
Wheat					
Northwest					
North Central	6.74	6.80	6.82	6.75	6.66
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	84.81-87.06	84.47-86.72	84.67-86.92	84.26-86.51	83.20-85.45



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 15, 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	154.00	200.00	169.77	170.88	161.65
400-500 lbs	147.00	176.00	162.26	168.08	157.58
500-600 lbs	120.00	161.00	146.04	147.35	142.11
600-700 lbs	115.00	146.00	133.64	133.51	126.83
700-800 lbs	111.00	129.00	126.38	121.46	118.17
Steers: Small Frame #1-2					
300-400 lbs	130.00	157.50	147.50	154.20	139.20
400-500 lbs	121.00	152.50	137.34	137.09	131.00
500-600 lbs	120.00	135.00	126.63	123.99	125.04
600-700 lbs	114.00	117.50	116.12	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	132.50	170.00	153.88	151.06	135.03
400-500 lbs	130.00	158.00	144.81	139.14	122.50
500-600 lbs	122.00	147.00	133.89	130.51	---
600-700 lbs	112.50	132.00	125.17	119.84	---
700-800 lbs	101.00	120.00	112.53	111.30	---
Holstein Steers					
300-400 lbs	---	---	---	78.63	94.00
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	75.00
Slaughter Cows & Bulls					
Breakers 75-80%	51.00	65.00	58.15	61.61	60.30
Boners 80-85%	50.00	66.00	58.67	62.33	59.64
Lean 85-90%	38.00	63.00	49.14	52.37	49.57
Bulls YG 1	75.00	91.00	85.10	91.27	83.35
Heifers: Medium/Large Frame #1-2					
300-400 lbs	125.00	150.00	138.11	140.06	134.65
400-500 lbs	120.00	149.00	134.09	137.19	129.08
500-600 lbs	112.00	138.00	125.06	127.36	122.19
600-700 lbs	101.00	130.00	116.90	114.86	111.61
Heifers: Small Frame #1-2					
300-400 lbs	110.00	125.00	116.15	---	128.33
400-500 lbs	110.00	132.50	121.46	115.00	110.33
500-600 lbs	106.00	120.00	112.92	116.04	92.00
600-700 lbs	---	---	---	108.26	90.00
Heifers: Medium/Large Frame #3					
300-400 lbs	115.00	150.00	127.70	128.77	113.50
400-500 lbs	107.50	139.00	125.07	122.67	---
500-600 lbs	102.00	126.00	115.85	114.15	---
600-700 lbs	92.50	110.00	105.84	106.19	108.00

Cattle Receipts

This week: 11,220

Week ago: 9,715

Year ago: 6,591

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

East Tennessee Cattle Alliance Preconditioned Graded Feeder Sale-Greeneville, TN

Weighted Average Report for 03/11/2021

Total Receipts: 625

For complete report:

https://www.ams.usda.gov/mnreports/ams_2075.pdf

East Tennessee Livestock Center Graded Feeder Cattle Sale-Sweetwater, TN

Weighted Average Report for 03/12/2021

Total Receipts: 763

For complete report:

https://www.ams.usda.gov/mnreports/ams_2073.pdf

Dickson Regional Livestock Center-Dickson, TN

Weighted Average Report for 03/15/2021

Total Receipts: 1,266

1 load of steers, avg 762 lbs., M&L 1&2, 20-Black/BWF 37-Red/RWF 6-ChX, 5 Flesh, \$127.00

1 load of heifers, 755 lbs., M&L 1&2, 62-Black/BWF 4-Red/RWF 1-ChX, 5 Flesh, \$121.00

1 load of heifers, 772 lbs., M&L 1&2, Mixed Colors, 6 Flesh, \$120.00

For complete report:

https://www.ams.usda.gov/mnreports/ams_2064.pdf

Hardin County Stockyard-Savannah, TN

Weighted Average Report for 03/17/2021

Total Receipts: 788

1 load of steers, avg 596 lbs., M&L 1&2, 58-Black/BWF 19-Red/RWF 9-ChX, 5 Flesh, \$148.50

For complete report:

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

Department of Agricultural and Resource Economics

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

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