

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

February 18, 2022

Number: 7

Trends for the Week Compared to a Week Ago

Slaughter Cows

steady to \$1 higher

Slaughter Bulls

mostly steady

Feeder Steers

\$3 to \$5 higher

Feeder Heifers

\$2 to \$3 higher

Feeder Cattle Index: 162.14

Fed Cattle

The 5-area live price on Thursday of \$142.25 was up \$1.90.

The dressed price of \$226.10 was up \$2.06.

Corn

March closed at \$6.54 a bushel, up 3 cents since last Friday.

Soybeans

March closed at \$16.01 a bushel, up 18 cents since last Friday.

Wheat

March closed at \$7.97 a bushel, unchanged since last Friday.

Cotton

March closed at 122.99 cents per lb., down 2.29 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$2 higher compared to last week on a live basis. Prices on a live basis primarily ranged from \$142 to \$143 while dressed prices were mainly \$226 to \$227.

The 5-area weighted average prices thru Thursday were \$142.25 live, up \$1.90 compared to last week and \$226.10 dressed, up \$2.06 from a week ago. A year ago, prices were \$114.11 live and \$180.71 dressed.

What will be the price peak for finished cattle, and when will it occur? These are large and looming questions as cattle feeders navigate the end of the winter market and prepare for the spring market. The answer to these questions can have huge financial implications as cattle feeders make decisions to feed cattle another week or if they decide to move them in the current week. It not only influences the cattle feeders output price, but it also influences the price being paid for cattle to fill vacant pen space. As strong as cash prices are, could the April live cattle contract be undervaluing finished cattle eight to ten weeks in the future? Prices will likely peak in April between \$145 and \$150, and then prayers of maintaining that level will be heard in every feedlot.

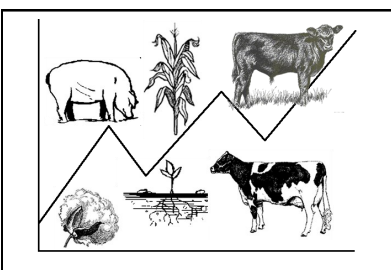
BEEF CUTOUT: At midday Friday, the Choice cutout was \$267.20 down \$2.39 from Thursday and down \$7.52 from a week ago. The Select cutout was \$264.27 down \$0.58 from Thursday and down \$3.57 from last week. The Choice Select spread was \$2.93 compared to \$6.88 a week ago.

Packers have worked their way through some of the early year cattle slaughter disruptions that resulted in reduced slaughter and thus reduced beef production. The reduced slaughter in January kept wholesale beef prices elevated following the end of the year holidays, which

will continue to influence retail beef prices for many months to come. However, as slaughter levels have worked their way back to expected levels, wholesale beef prices have moderated, which should slowly work its way into retail beef prices. There will continue to be a seasonal component to wholesale and retail beef prices, but shocks to beef production have to be considered when evaluating where prices will move in the short-term. Similar to cattle markets, the beef market is expected to have a bullish undertone as cattle supply and beef supply have declined. However, beef prices may have more of a mediocre price increase given the price strength the past year and the resistance the market may have to pushing prices above prices seen the past six months.

OUTLOOK: Based on Tennessee weekly auction market reports, steer prices this week were \$3 to \$5 higher compared to a week ago while heifer prices were \$2 to \$3 higher compared to last week. Slaughter cow prices were steady to \$1 higher while bull prices were mostly steady compared to the previous week. Seasonal price tendencies, expectations of reduced cattle supply, and continued strong beef demand are fueling cattle markets at this time as prices continue to increase. Cattle markets are bullish overall, but higher feed grain prices, higher hay prices, and drought are throwing a little water on the firestorm that cattle prices could be right now. Despite the factors that are slowing down the progression of cattle prices increasing, there is little information to support a reversal of increasing prices at this time. The only thing these negative factors appear to be able to do is slow the progression of prices. All in the same breath, continued drought in the United States and other feed grain producing countries

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Livestock Comments by Dr. Andrew Griffith

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could continue to push feed and hay prices higher, which could result in more cows and heifers moving to market in 2022. If the size of the breeding herd continues to decline then that may temper prices in the near term with more reason for bullish price behavior in 2023 and 2024. Beyond the stronger prices in the calf and feeder cattle market, the slaughter cow and slaughter bull markets continue to roar to life. The slaughter cow market has carried strength the past 12 plus months, but it is seasonally strengthening and will continue to do so for another four months. Another market that is not often mentioned here is the bred heifer and cow market. Bred heifer prices are consistently hitting the \$1,800 to \$2,000 mark for good quality longer bred heifers. This market will continue to strengthen as feeder cattle prices strengthen, but producers should consider their regional circumstances.

ASK ANDREW, TN THINK TANK: Many people celebrated Valentine's Day this week while many others either ignored it or loathe the idea of it. It is one of those holidays that does not make much sense, because it seems people should always display their love and appreciation for others. However,

we as a people do not always do that. Thus, we set aside special days on the calendar so folks can focus on characteristics they should display anyway. This reminds me of cattle marketing and our failure as producers to constantly be active marketers. We tend to only think about cattle marketing right before we are ready to sell cattle. By the time we are ready to sell cattle, it is too late to be an active marketer. I do not mean to insinuate that every cattle producer fails to be an active marketer, but many producers do fail in this aspect of the business. Thus, just as we should show our care and compassion for people each and every day of the year, we should also be thinking about actively marketing cattle and how to capture the value being offered by the market.

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 –February \$143.23 -0.18; April \$145.85 -0.93; June \$141.50 -0.65; Feeder cattle – March \$165.43 -0.78; April \$170.85 -0.30; May \$175.90 +0.18; August \$186.08 +0.35; March corn closed at \$6.54 up 4 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Corn and soybean harvest futures set new contract highs this week at \$5.99 ½ and \$14.72. The upward trek in corn and soybean markets have been remarkable. A positive addition to increased prices is creating a very solid risk management base through elevated projected crop insurance prices (prices will be finalized February 28). There remains a lot of bullish momentum in soybean and corn markets, but there are also substantial risks. Below are bullish and bearish factors impacting corn markets.

	Previous	Current	Change
USD Index	96.01	96.04	0.03
Crude Oil	93.41	91.05	-2.36
DJIA	34,767	34,265	-502

Bullish factors. Corn export sales have been very strong this year. USDA projects exports for the current marketing year of 2.425 billion bushels, slightly lower than last marketing year's estimate of 2.753 billion bushels. Current export commitments are 76% (compared to a 5-year average of 71%) of the marketing year total, with six and half months remaining in the marketing year. Drought in Argentina and Southern Brazil have stressed corn crops and may have implications for Brazil's second corn crop. Reduced production in South America will have corn importers shifting demand to other exporters, including the U.S., further strengthening the robust export sales pace. Ukraine-Russia tensions could disrupt corn production and logistics in the region and stall corn movements to international markets. Ukraine is projected to provide 16% of global corn exports for the 2021/22 marketing year. Reduced exports from the region will have importers seeking alternative sources to meet demand. Acreage competition will be fierce this spring. Soybeans and cotton will challenge corn for acres as all prices are very strong. Corn may be at a strategic disadvantage due to the relatively high cost of production relative to other U.S. row crops. More soybean and cotton planted acres need to come from other commodities and some of those acres may be at the expense of corn.

Bearish factors. Ethanol uncertainty is a troubling development. Currently there does not seem to be direction or a strong indication of support for corn ethanol from the federal government. Additionally, ethanol stocks have ballooned recently to 25.483 million barrels the highest-level excluding March-May 2020, when COVID-19 shutdowns caused a buildup in ethanol supply.

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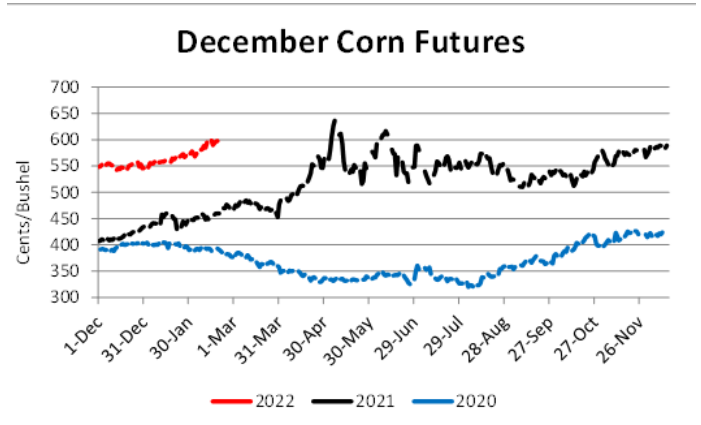
Crop Comments by Dr. Aaron Smith

High prices will provide a global incentive to plant. The old saying high prices will cure high prices is firmly in play. Producers worldwide are receiving strong signals to increase production. China is a major purchaser and influencer in grain and oilseed markets. While China can be a bullish factor in markets, it also has the ability to provide bearish surprises and manipulate markets in its favor. Global economic uncertainty and supply chain disruptions will continue to influence markets and create an unpredictable environment in 2022.

Corn

Ethanol production for the week ending February 11 was 1.009 million barrels per day, up 15,000 from the previous week. Ethanol stocks were 25.483 million barrels, up 0.684 million compared to last week. Corn net sales reported by exporters for February 4-10, 2022, were up compared to last week with net sales of 32.3 million bushels for the 2021/22 marketing year and 4.5 million bushels for the 2022/23 marketing year. Exports for the same period were up 41% from last week at 63.7 million bushels – a marketing year high. Corn export sales and commitments were 76% of the USDA estimated total exports for the 2021/22 marketing year (September 1 to August 31) compared to the previous 5-year average of 71%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at West, Northwest, West-Central, North-Central, and Mississippi River elevators and barge points. Overall, basis for the week ranged from 5 under to 34 over, with an average of 16 over the March futures at elevators and barge points. March 2022 corn futures closed at \$6.54, up 3 cents since last Friday. For the week, March 2022 corn futures traded between \$6.35 and \$6.58. Mar/May and Mar/Dec future spreads were -2 and -57 cents. May 2022 corn futures closed at \$6.52, up 2 cents since last Friday.

Corn	Mar 22	Change	Dec 22	Change
Price	\$6.54	\$0.03	\$5.97	\$0.03
Support	\$6.39	\$0.11	\$5.88	\$0.14
Resistance	\$6.57	-\$0.11	\$6.01	-\$0.05
20 Day MA	\$6.35	\$0.11	\$5.81	\$0.09
50 Day MA	\$6.13	\$0.07	\$5.64	\$0.05
100 Day MA	\$5.88	\$0.06	\$5.52	\$0.04
4-Week High	\$6.62	\$0.00	\$5.99	\$0.01
4-Week Low	\$6.00	\$0.15	\$5.56	\$0.07
Technical Trend	Up	=	Up	=



New crop cash prices at elevators and barge points ranged from \$5.54 to \$6.06. December 2022 corn futures closed at \$5.97, up 3 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.00 December 2022 Put Option costing 57 cents establishing a \$5.43 futures floor.

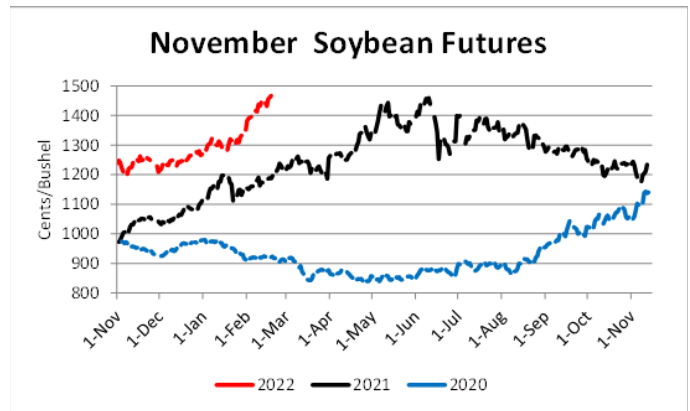
Soybeans

Net sales reported by exporters were up compared to last week with net sales of 50.0 million bushels for the 2021/22 marketing year and 56.1 million bushels for the 2022/23 marketing year. Exports for the same period were down 7% compared to last week at 44.6 million bushels. Soybean export sales and commitments were 86% of the USDA estimated total annual exports for the 2021/22 marketing year (September 1 to August 31), compared to the previous 5-year average of 82%. Across Tennessee, average soybean basis strengthened or remained unchanged at Northwest, West-Central, and North-Central elevators and barge points and weakened at West and Mississippi River elevators and barge points. Basis ranged from 10 under to 38 over, with an average basis of 11 over the March futures contract. March 2022 soybean futures closed at \$16.01, up 18 cents since last Friday. For the week, March 2022 soybean futures traded between \$15.42 and \$16.08. Mar/May and Mar/Nov future spreads were 2 and -138 cents. March 2022 soybean-to-corn price ratio was 2.45 at the end of the week. May 2022 soybean futures closed at \$16.03, up 17 cents since last Friday.

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Crop Comments by Dr. Aaron Smith

Soybeans	Mar 22	Change	Nov 22	Change
Price	\$16.01	\$0.18	\$14.63	\$0.19
Support	\$15.62	\$0.13	\$14.37	\$0.26
Resistance	\$16.21	\$0.10	\$14.81	\$0.07
20 Day MA	\$15.31	\$0.47	\$13.98	\$0.37
50 Day MA	\$14.21	\$0.32	\$13.26	\$0.22
100 Day MA	\$13.37	\$0.14	\$12.80	\$0.19
4-Week High	\$16.33	\$0.00	\$14.72	\$0.03
4-Week Low	\$13.63	\$0.14	\$12.85	\$0.09
Technical Trend	Up	=	Up	=

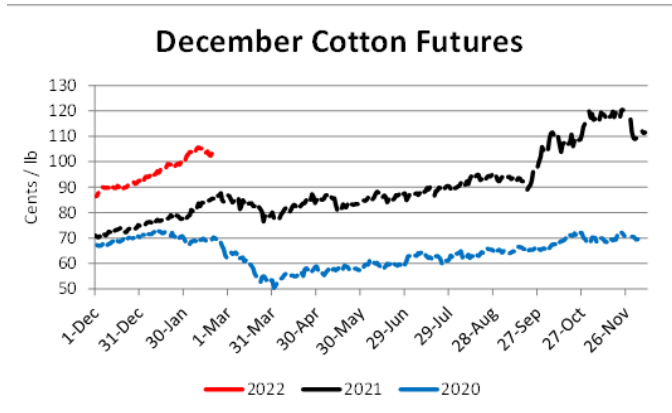


Nov/Dec 2022 soybean-to-corn price ratio was 2.45 at the end of the week. New crop cash soybean prices at elevators and barge points ranged from \$14.08 to \$14.86. November 2022 soybean futures closed at \$14.63, up 19 cents since last Friday. Downside price protection could be achieved by purchasing a \$14.80 November 2022 Put Option which would cost 124 cents and set a \$13.56 futures floor.

Cotton

Net sales reported by exporters were down compared to last week with net sales of 158,500 bales for the 2021/22 marketing year and 34,700 bales for the 2022/23 marketing year. Exports for the same period were down 10% compared to last week at 270,000 bales. Upland cotton export sales were 89% of the USDA estimated total annual exports for the 2021/22 marketing year (August 1 to July 31), compared to the previous 5-year average of 85%. Delta upland cotton spot price quotes for February 17 were 120.52 cents/lb. (41-4-34) and 122.77 cents/lb. (31-3-35). Adjusted world price decreased 2.98 cents to 114.62 cents. March 2022 cotton futures closed at 122.99 cents, down 2.29 cents since last Friday. For the week, March 2022 cotton futures traded between 121.43 and 125.47 cents. Mar/May and Mar/Dec cotton futures spreads were -1.83 cents and -20.2 cents. May 2022 cotton futures closed at 121.16 cents, down 1.75 cents since last Friday.

Cotton	Mar 22	Change	Dec 22	Change
Price	122.99	-2.29	102.79	-2.40
Support	120.74	-3.64	101.50	-2.67
Resistance	123.91	-3.99	104.04	-2.01
20 Day MA	124.43	0.29	102.52	1.19
50 Day MA	117.60	1.73	96.87	1.43
100 Day MA	113.50	1.43	93.38	0.99
4-Week High	129.37	0.00	106.36	0.00
4-Week Low	119.20	3.50	97.30	2.55
Technical Trend	Down	-	Up	=



December 2022 cotton futures closed at 102.79 cents, down 2.4 cents since last Friday. Downside price protection could be obtained by purchasing a 103 cent December 2022 Put Option costing 9.31 cents establishing a 93.69 cent futures floor.

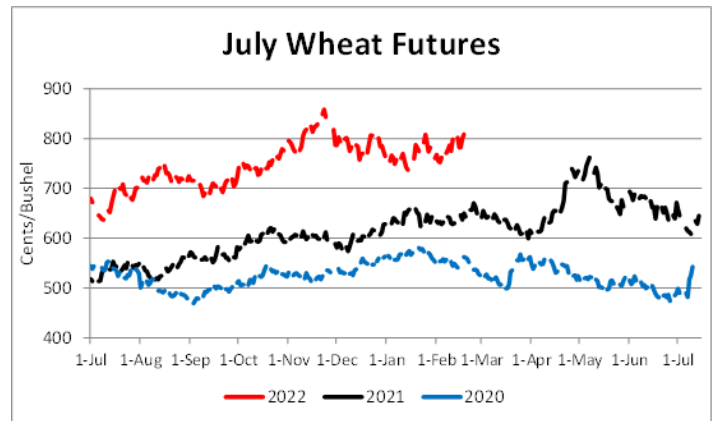
Wheat

Wheat net sales reported by exporters were down compared to last week with net sales of 4.3 million bushels for the 2021/22 marketing year and 0.4 million bushels for the 2022/23 marketing year. Exports for the same period were up 8% from last week at 15.1 million bushels. Wheat export sales were 80% of the USDA estimated total annual exports for the 2021/22 marketing year (June 1 to May 31), compared to the previous 5-year average of 89%. Wheat cash prices at elevators and barge points ranged from \$8.14 to \$8.34. March 2022 wheat futures closed at \$7.97, unchanged since last Friday. March 2022 wheat futures traded between \$7.73 and \$8.13 this week. March wheat-to-corn price ratio was 1.22. Mar/May and Mar/Jul future spreads

Crop Comments by Dr. Aaron Smith

were 7 and 3 cents. May 2022 wheat futures closed at \$8.04, unchanged since last Friday. May wheat-to-corn futures price ratio was 1.23.

Wheat	Mar 22	Change	Jul 22	Change
Price	\$7.97	\$0.00	\$8.00	\$0.02
Support	\$7.67	\$0.19	\$7.70	\$0.17
Resistance	\$8.14	-\$0.17	\$8.15	-\$0.14
20 Day MA	\$7.81	\$0.04	\$7.81	\$0.07
50 Day MA	\$7.78	-\$0.01	\$7.75	-\$0.01
100 Day MA	\$7.83	\$0.04	\$7.77	\$0.04
4-Week High	\$8.31	\$0.00	\$8.17	\$0.00
4-Week Low	\$7.40	\$0.03	\$7.42	\$0.06
Technical Trend	Up	=	Up	=



New crop wheat cash prices at elevators and barge points ranged from \$7.52 to \$8.12. July 2022 wheat futures closed at \$8.00, up 2 cents since last Friday. Downside price protection could be obtained by purchasing an \$8.10 July 2022 Put Option costing 70 cents establishing a \$7.40 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

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>

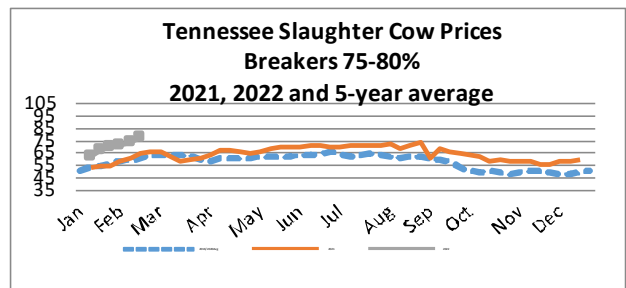
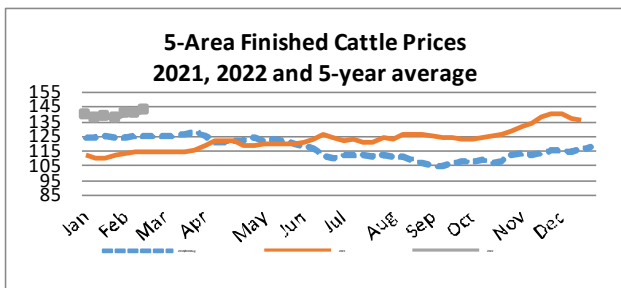
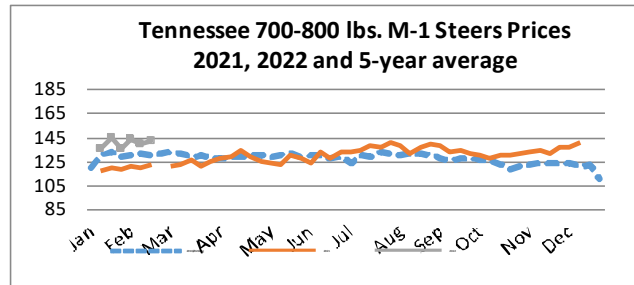
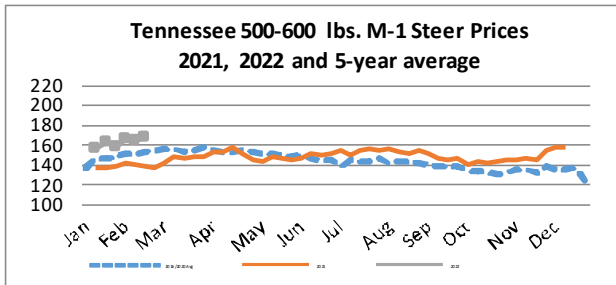
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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, February 11, 2022---Thursday, February 17, 2022

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	15.73	15.60	15.41	15.78	15.82
North Central	15.78	15.65	15.46	15.83	15.87
West Central	15.93	15.80	15.61	15.98	16.02
West	16.23	16.08	15.89	16.25	16.25
Mississippi River	16.12	16.00	15.82	16.15	16.19
Yellow Corn					
Northwest	6.52	6.57	6.39	6.48	6.51
North Central	6.46	6.51	6.33	6.42	6.45
West Central	6.74	6.79	6.61	6.70	6.73
West	6.85	6.87	6.69	6.81	6.84
Mississippi River	6.75	6.79	6.61	6.71	6.75
Wheat					
Northwest					
North Central	8.33	8.34	8.15	8.16	8.33
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	125.03-127.28	122.68-124.93	121.78-124.03	120.49-122.74	120.52-122.77



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 14, 2022

	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.	174.00	222.50	196.41	190.27	155.94
400-500 lbs.	165.00	210.00	184.95	176.36	155.93
500-600 lbs.	150.00	182.50	167.80	163.62	138.79
600-700 lbs.	140.00	170.00	153.68	148.17	130.11
700-800 lbs.	135.00	153.00	141.83	139.69	121.76
Steers: Small Frame #1-2					
300-400 lbs.	165.00	175.00	170.45	---	140.03
400-500 lbs.	165.00	186.00	174.51	---	113.42
500-600 lbs.	---	---	---	---	130.00
600-700 lbs.	---	---	---	---	---
Steers: Medium/Large Frame #3					
300-400 lbs.	140.00	192.50	172.11	168.39	145.05
400-500 lbs.	147.00	185.00	173.62	160.51	139.60
500-600 lbs.	140.00	171.00	158.40	146.30	124.18
600-700 lbs.	132.00	156.00	140.01	131.35	114.05
700-800 lbs.	130.00	142.50	134.97	123.00	105.10
Holstein Steers					
300-400 lbs.	---	---	---	---	---
500-600 lbs.	---	---	---	---	---
700-800 lbs.	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	63.00	88.00	76.67	73.30	63.96
Boners 80-85%	60.00	88.00	74.48	71.39	63.62
Lean 85-90%	50.00	74.50	62.32	61.48	51.22
Bulls YG 1	85.00	116.00	103.50	96.93	87.49
Heifers: Medium/Large Frame #1-2					
300-400 lbs.	139.00	185.00	153.98	150.16	133.77
400-500 lbs.	133.00	163.00	146.20	145.17	129.40
500-600 lbs.	125.00	158.00	138.89	136.56	119.58
600-700 lbs.	116.00	152.00	132.74	130.21	114.30
Heifers: Small Frame #1-2					
300-400 lbs.	---	---	---	120.66	119.94
400-500 lbs.	141.00	146.00	144.25	132.38	122.44
500-600 lbs.	120.00	140.00	131.42	117.77	112.00
600-700 lbs.	123.00	128.00	125.50	---	96.25
Heifers: Medium/Large Frame #2-3					
300-400 lbs.	122.50	157.50	141.44	137.81	123.20
400-500 lbs.	125.00	147.50	137.71	131.89	119.57
500-600 lbs.	121.00	140.00	130.56	128.39	110.88
600-700 lbs.	114.00	133.00	120.45	121.13	107.13

Cattle Receipts

This week:6,853

Week ago:7,888

Year ago:3,110

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

Graded Sales, Video Board Sales, Video Sales & Loads

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

2/11/22

Total Receipts: 520

For complete report:

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

Browning Livestock Market-Lafayette, TN

2/16/22

Total Receipts: 1,034

For complete report:

https://www.ams.usda.gov/mnreports/ams_3467.pdf

Hardin County Stockyard-Savannah, TN

2/17/22

145 Steers, 706 lbs., M&L 1&2, 121-Black/BWF 11-Red 13-ChX, 5 Flesh, \$163.00

202 Steers, 740 lbs., M&L 1, 173-Black/BWF 27-ChX 2 Red, 5-6 Flesh, \$162.50

67 Steers, 799 lbs., M&L 1&2, 54 Black/BWF 16-ChX 7-Red, 5 Flesh, \$152.00

Graded Goat & Sheep Sales

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 2/14/22

Total Receipts: 961

For complete report:

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