

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

February 25, 2022

Number: 8

Trends for the Week Compared to a Week Ago

Slaughter Cows

steady to \$1 lower

Slaughter Bulls

steady

Feeder Steers

steady to \$3 lower

Feeder Heifers

steady to \$3 lower

Feeder Cattle Index: 161.82

Fed Cattle

The 5-area live price on Thursday of \$143.40 was up \$1.15.

The dressed price of \$227.02 was up \$0.92.

Corn

March closed at \$6.59 a bushel, up 5 cents since last Friday.

Soybeans

March closed at \$15.90 a bushel, down 11 cents since last Friday.

Wheat

March closed at \$8.43 a bushel, up 46 cents since last Friday.

Cotton

March closed at 122.12 cents per lb, down 0.87 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$1 higher compared to last week on a live basis. Prices on a live basis primarily ranged from \$142 to \$144 while dressed prices were mainly \$226 to \$227.

The 5-area weighted average prices thru Thursday were \$143.40 live, up \$1.15 compared to last week and \$227.02 dressed, up \$0.92 from a week ago. A year ago, prices were \$114.12 live and \$181.69 dressed.

Live cattle futures rebounded on Friday after a tough Thursday following the news out of Eastern Europe and Asia. Despite the unrest in global economies, basic supply and demand will continue to push cattle prices to appropriate levels. Packers need cattle to fill line space to meet beef contracts, and cattle feeders need to move fed cattle and refill pens with feeder cattle. It is certainly amazing how basic economics wins when given time to react. Finished cattle prices should continue to be supported as the market moves toward spring. The market may be pressured slightly with the increase in cattle on feed, but the quantity of cattle on feed will eventually decline year-over-year which bodes well for strong prices in the fourth quarter.

BEEF CUTOUT: At midday Friday, the Choice cutout was \$259.77 up \$0.53 from Thursday and down \$7.43 from a week ago. The Select cutout was \$255.73 up \$1.18 from Thursday and down \$8.54 from last week. The Choice Select spread was \$4.04 compared to \$2.93 a week ago.

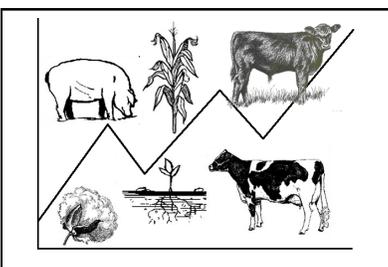
Most of the time, the focus is on the composite boxed beef price, because beef items are what make up the largest part of the value of cattle. However, packers not only depend on strong beef prices to support margins, but they also rely on hide and offal values, since they contribute to the total value of the animal. Weekly steer

hide and offal values have been very steady to start the year with the price hovering near \$14 per hundredweight. That price equates to nearly \$200 per head of value, which is approximately \$50 more per head than the same time last year and \$50 more per head when compared to the five-year average. Hide and offal prices rode the struggle bus from 2016 when cattle prices began to decline through early 2021 before a fire was lit and world economies began to rebound from the pandemic. The drop credit, as it is also known, is an important determinant of cattle value as the price dropped below \$7 for a short period in 2020. This means the value of the hide and offal has doubled since its bottom in 2020.

OUTLOOK: Based on Tennessee weekly auction market reports, steer prices this week were steady to \$3 lower compared to a week ago while heifer prices were also steady to \$3 lower compared to last week. Slaughter cow prices were steady to \$1 lower while bull prices were mostly steady compared to the previous week. Cattle prices were soft to start the week, but the "Russian invasion of Ukraine," "Ukraine Crisis," or whatever the correct title is for the situation has sent cattle markets as well as other markets back to hyper-volatility. Wheat futures prices increased the limit on Thursday before losing half of those gains on Friday.

Corn and soybean prices reacted positively to the news to start Thursday before softening to close the day. Corn and soybean markets simply fell apart on Friday. Alternatively, oil prices shot higher, which further increased input prices. A common saying when someone has to admit a mistake or suffer the consequences of a mistake is that person had to "eat crow." It certainly feels like cattle producers and

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

farmers in general are eating “black swan.” Every time the cattle market begins to make a push to stronger prices, something unexpected happens that directly impacts cattle prices. It started with the Tyson slaughter facility fire in August 2019 that was soon followed by the coronavirus pandemic. Just as pandemic restrictions are being eased, markets are once again hit by social and political conflict in Europe and Asia. This conflict halfway around the world is not expected to overpower the fundamentals that are driving cattle prices higher, but the conflict will certainly increase volatility, which means prices will likely decline in the near term to unexpected levels. However, prices will most likely recover and challenge futures contract highs as the initial shock works its way through the market. This will certainly work against those planning to market cattle the next couple of weeks.

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, 2022 totaled 12.20 million head, up 0.8% compared to a year ago, with the pre-report estimate average expecting an increase of 0.9%. January placements in feedlots totaled 2.00 million head, down 1.2% from a year ago with the pre-report estimate average expecting placements down 0.8%. January marketing's totaled 1.77 million head down 3.1% from 2020 with pre-report estimates expecting a 2.9% decrease in marketings. Placements on feed by weight: under 700 pounds up 1.8%, 700 to 899 pounds down 4.0%, 900 pounds and over unchanged.

ASK ANDREW, TN THINK TANK: This week I received two questions that were on opposite ends of the spectrum as it relates to keeping up with cattle markets. The first question was from a cattle producer whose primary source of income is cattle. This producer has cattle hedged and was considering when to physically sell those hedged cattle. The other question came from a producer whose primary income source is not cattle, and this producer was asking about market prices and when to sell the calf crop. I appreciated the questions from both producers as they both keep their focus on the businesses that support their respective families. However, it reminds me how important it is to keep cattle producers updated on what is happening in the market so each producer can be as successful as possible when marketing cattle. Regardless of which end of the spectrum a person is on, please use the available resources. Most folks who follow the markets each day are more than willing to share their thoughts and insight.

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 \$139.28 –1.25; April \$141.93 –0.38; June \$138.25 –0.35; Feeder cattle – March \$160.03 +0.93; April \$164.75 +0.95; May \$170.93 +1.20; August \$183.15 +1.43; March corn closed at \$6.60 down 36 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

Wheat was up; corn and cotton were mixed; and soybeans were down for the week.

This week was one of the most chaotic weeks in recent memory for grain and oilseed markets. Large swings up and down occurred. March corn was up 20 ½ cents on Tuesday, down 35 ½ cents on Friday, with a net gain for the week of 5 ¼ cents (trading range of \$6.57 to \$7.18 ¾). March soybeans were up 40 cents on Wednesday, down 71 ¼ cents on Friday, with a net loss for the week of 11 ¼ cents (trading range of \$15.85 ½ to \$17.65).

March wheat was up 50 cents on Thursday, down 83 cents on Friday, with a net gain for the week of 46 cents (trading range of \$8.03 to \$9.52 ½).

The major influence on markets this week was the Ukraine-Russia conflict which adds short- and long-term uncertainty to markets. Ukraine is a major exporter of corn, accounting for approximately 16% of global exports. Ukraine and Russia are major exporters in wheat accounting for 12% and 17%. Logistical and production disruptions will occur as this conflict continues to escalate. Additionally, sanctions on Russia could have ramifications in energy, grain, and fertilizer markets (Russia produces 11% of global ammonia, 19% of global potash, and 14% of global urea).

Russia and Ukraine are not major producers or participants in global soybean markets. However, there are three factors that are tied to the conflict that affected soybean prices. First grains and oilseeds tend to move together. Second, global economic uncertainty and demand for oilseeds would be unpredictable if the conflict continues to escalate. Lastly, and perhaps most importantly, is China's passiveness regarding the conflict. China is the dominant purchaser of soybeans and hence its demand for soybeans will have strong influences on the market. If China were to be emboldened by current events and took action against

	Previous	Current	Change
USD Index	96.04	96.62	0.58
Crude Oil	91.05	91.59	0.54
DJIA	34,265	34,059	-206

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Crop Comments by Dr. Aaron Smith

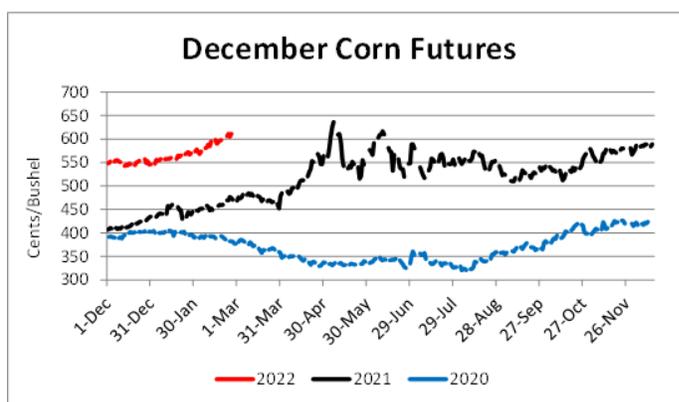
Taiwan, and the U.S. responded, it could completely up end agricultural trade between the two countries. This will remain a lingering fear in markets as the current conflict plays out.

So, what should a producer in Tennessee do? Volatility will persist in markets as long as the conflict continues to develop. Next week will be critical for price direction. However, a good risk management plan last week is still a good risk management plan this week. Producers need to utilize crop insurance to protect against financial losses and use available marketing tools, such as options, to protect against the downside of the market under these highly uncertain conditions.

Corn

Ethanol production for the week ending February 18 was 1.024 million barrels per day, up 15,000 from the previous week. Ethanol stocks were 25.507 million barrels, up 0.024 million compared to last week. Corn net sales reported by exporters for February 11-17, 2022, were up compared to last week with net sales of 41 million bushels for the 2021/22 marketing year and 4.6 million bushels for the 2022/23 marketing year. Exports for the same period were up 17% from last week at 74.3 million bushels – a marketing year high. Corn export sales and commitments were 77% 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 75%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at Northwest, West-Central, North-Central, and Mississippi River elevators and barge points and weakened at West elevators and barge points. Overall, basis for the week ranged from 5 under to 34 over, with an average of 15 over the March futures at elevators and barge points. March 2022 corn futures closed at \$6.59, up 5 cents since last Friday. For the week, March 2022 corn futures traded between \$6.57 and \$7.18. Mar/May and Mar/Dec future spreads were -4 and -80 cents. May 2022 corn futures closed at \$6.55, up 3 cents since last Friday.

Corn	Mar 22	Change	Dec 22	Change
Price	\$6.59	\$0.05	\$5.79	-\$0.18
Support	\$6.24	-\$0.15	\$5.54	-\$0.34
Resistance	\$7.24	\$0.67	\$6.24	\$0.23
20 Day MA	\$6.46	\$0.11	\$5.87	\$0.06
50 Day MA	\$6.20	\$0.07	\$5.68	\$0.04
100 Day MA	\$5.93	\$0.05	\$5.55	\$0.03
4-Week High	\$7.18	\$0.56	\$6.46	\$0.47
4-Week Low	\$6.10	\$0.10	\$5.64	\$0.08
Technical Trend	Up	=	Up	=



New crop cash prices at elevators and barge points ranged from \$5.70 to \$6.23. December 2022 corn futures closed at \$5.79, down 18 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.80 December 2022 Put Option costing 56 cents establishing a \$5.24 futures floor.

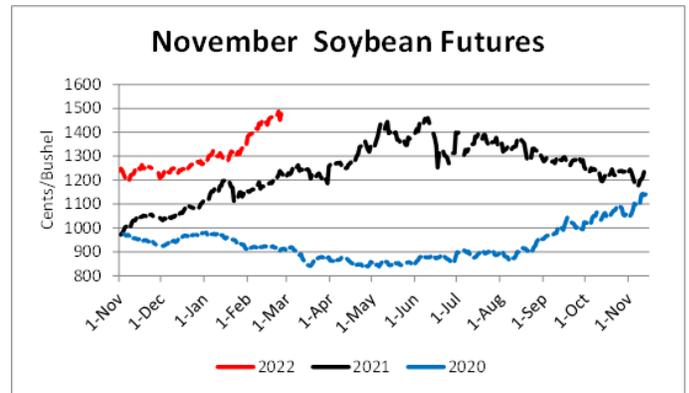
Soybeans

Net sales reported by exporters were down compared to last week with net sales of 45.3 million bushels for the 2021/22 marketing year and 31.8 million bushels for the 2022/23 marketing year. Exports for the same period were up 8% compared to last week at 46.3 million bushels. Soybean export sales and commitments were 88% 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 85%. Across Tennessee, average soybean basis strengthened or remained unchanged at Northwest, West-Central, North-Central, and Mississippi River elevators and barge points and weakened at West elevators and barge points. Basis ranged from 10 under to 31 over, with an average basis of 14 over the March futures contract. March 2022 soybean futures closed at \$15.90, down 11 cents since last Friday. For the week, March 2022 soybean futures traded between \$15.85 and \$17.65. Mar/May and Mar/Nov future spreads were -6 and -175 cents. March 2022 soybean-to-corn price ratio was 2.41 at the end of the week. May 2022 soybean futures closed at \$15.84, down 19 cents since last Friday.

(Continued on page 4)

Crop Comments by Dr. Aaron Smith

Soybeans	Mar 22	Change	Nov 22	Change
Price	\$15.90	-\$0.11	\$14.15	-\$0.48
Support	\$15.25	-\$0.37	\$13.55	-\$0.82
Resistance	\$17.11	\$0.90	\$15.09	\$0.28
20 Day MA	\$15.75	\$0.44	\$14.25	\$0.27
50 Day MA	\$14.50	\$0.29	\$13.43	\$0.17
100 Day MA	\$13.52	\$0.15	\$12.89	\$0.09
4-Week High	\$17.65	\$1.32	\$15.55	\$0.83
4-Week Low	\$13.93	\$0.30	\$13.08	\$0.23
Technical Trend	Up	=	Up	=

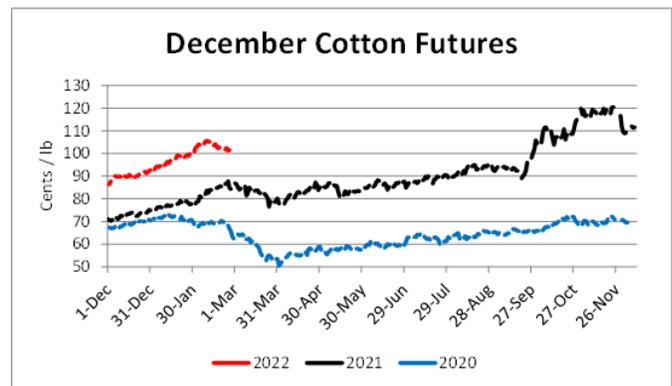


Nov/Dec 2022 soybean-to-corn price ratio was 2.44 at the end of the week. New crop cash soybean prices at elevators and barge points ranged from \$14.28 to \$15.18. November 2022 soybean futures closed at \$14.15, down 48 cents since last Friday. Downside price protection could be achieved by purchasing a \$14.20 November 2022 Put Option which would cost 107 cents and set a \$13.13 futures floor.

Cotton

Net sales reported by exporters were up compared to last week with net sales of 247,200 bales for the 2021/22 marketing year and 218,200 bales for the 2022/23 marketing year. Exports for the same period were up 39% compared to last week at 376,100 bales. Upland cotton export sales were 90% 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 88%. Delta upland cotton spot price quotes for February 24 were 121.16 cents/lb (41-4-34) and 122.41 cents/lb (31-3-35). Adjusted world price decreased 0.88 cents to 113.74 cents. March 2022 cotton futures closed at 122.12 cents, down 0.87 cents since last Friday. For the week, March 2022 cotton futures traded between 119.7 and 125.33 cents. Mar/May and Mar/Dec cotton futures spreads were -3.49 cents and -21.79 cents. May 2022 cotton futures closed at 118.63 cents, down 2.53 cents since last Friday.

Cotton	Mar 22	Change	Dec 22	Change
Price	122.12	-0.87	100.33	-2.46
Support	119.23	-1.51	97.48	-4.02
Resistance	123.65	-0.26	103.12	-0.92
20 Day MA	124.52	0.09	103.04	0.52
50 Day MA	118.83	1.23	97.81	0.94
100 Day MA	114.23	0.73	94.01	0.63
4-Week High	129.37	0.00	106.36	0.00
4-Week Low	119.70	0.50	98.20	0.90
Technical Trend	Down	=	Down	-



December 2022 cotton futures closed at 100.33 cents, down 2.46 cents since last Friday. Downside price protection could be obtained by purchasing a 101 cent December 2022 Put Option costing 9.62 cents establishing a 91.38 cent futures floor.

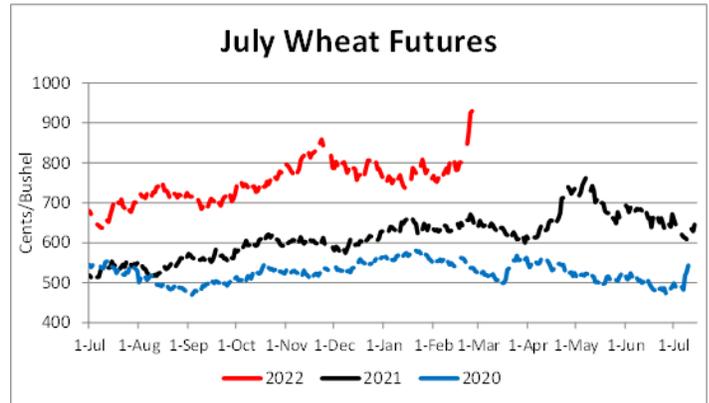
Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 19 million bushels for the 2021/22 marketing year and 6.2 million bushels for the 2022/23 marketing year. Exports for the same period were up 33% from last week at 20.1 million bushels. Wheat export sales were 83% 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 93%. Wheat cash prices at elevators and barge points ranged from \$8.84 to \$9.66. March 2022 wheat futures closed at \$8.43, up 46 cents since last Friday. March 2022 wheat futures traded between \$8.03 and \$9.52 this week. March wheat-to-corn price ratio was 1.28. Mar/May and Mar/Jul future

Crop Comments by Dr. Aaron Smith

spreads were 16 and 7 cents. May 2022 wheat futures closed at \$8.59, up 55 cents since last Friday. May wheat-to-corn futures price ratio was 1.31.

Wheat	Mar 22	Change	Jul 22	Change
Price	\$8.43	\$0.46	\$8.50	\$0.50
Support	\$7.68	\$0.01	\$7.88	\$0.18
Resistance	\$9.90	\$1.76	\$9.73	\$1.58
20 Day MA	\$7.96	\$0.15	\$7.97	\$0.16
50 Day MA	\$7.85	\$0.07	\$7.83	\$0.08
100 Day MA	\$7.88	\$0.05	\$7.83	\$0.06
4-Week High	\$9.52	\$1.21	\$9.42	\$1.25
4-Week Low	\$7.40	\$0.00	\$7.42	\$0.00
Technical Trend	Up	=	Up	=



New crop wheat cash prices at elevators and barge points ranged from \$8.17 to \$9.35. July 2022 wheat futures closed at \$8.50, up 50 cents since last Friday. Downside price protection could be obtained by purchasing an \$8.60 July 2022 Put Option costing 66 cents establishing a \$7.94 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>

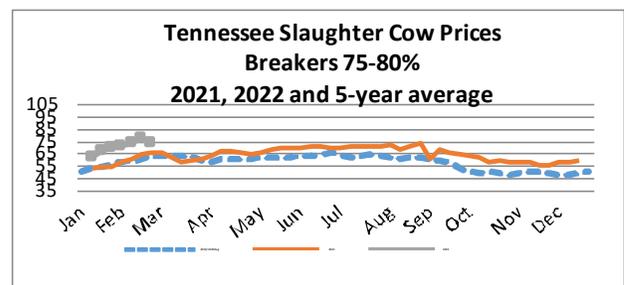
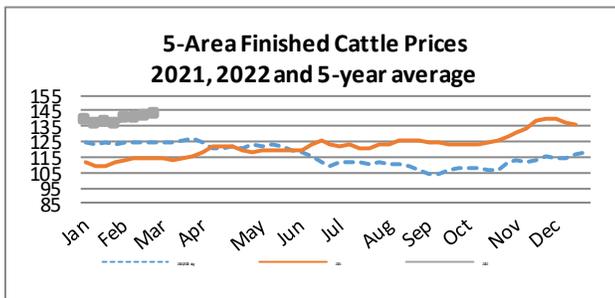
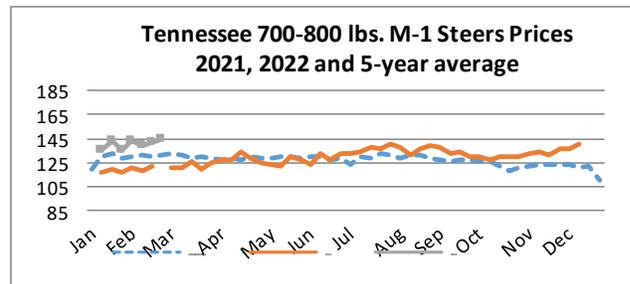
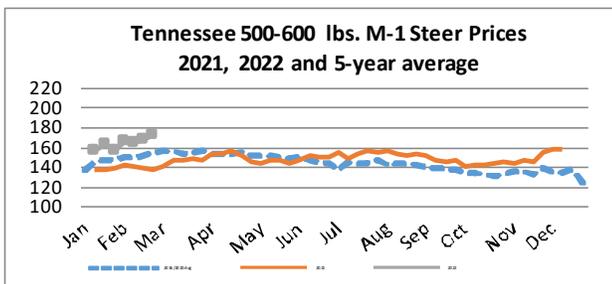
Tennessee Crop Progress - https://www.nass.usda.gov/Statistics_by_State/Tennessee/Publications/Crop_Progress_&_Condition/

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 18, 2022---Thursday, February 24, 2022					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	15.92		16.25	16.65	16.52
North Central	15.97		16.40	16.80	16.67
West Central	16.12		16.45	16.85	16.72
West	16.34		16.65	17.05	16.92
Mississippi River	16.29		16.63	17.03	16.92
Yellow Corn					
Northwest	6.56		6.79	6.85	6.96
North Central	6.49		6.70	6.79	6.90
West Central	6.77		6.98	7.07	7.18
West	6.88		7.08	7.17	7.24
Mississippi River	6.80		7.01	7.12	7.24
Wheat					
Northwest					
North Central	8.32		8.84	9.16	9.66
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	122.16-124.41		121.29-123.54	122.30-124.55	120.16-122.41



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 Tuesday, February 22, 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.	159.00	222.50	195.50	196.41	160.14
400-500 lbs.	160.00	214.00	187.81	184.95	139.23
500-600 lbs.	147.00	195.00	171.97	167.80	136.90
600-700 lbs.	141.00	172.50	156.42	153.68	131.66
700-800 lbs.	131.00	156.00	144.78	141.83	---
Steers: Small Frame #1-2					
300-400 lbs.	150.00	177.50	163.75	170.45	---
400-500 lbs.	---	---	---	174.51	---
500-600 lbs.	---	---	---	---	---
600-700 lbs.	---	---	---	---	---
Steers: Medium/Large Frame #3					
300-400 lbs.	145.00	197.50	176.94	172.11	---
400-500 lbs.	135.00	187.50	168.57	173.62	---
500-600 lbs.	136.00	171.00	155.95	158.40	---
600-700 lbs.	126.00	150.00	139.78	140.01	---
700-800 lbs.	118.00	137.50	132.79	134.97	---
Holstein Steers					
300-400 lbs.	---	---	---	---	---
500-600 lbs.	---	---	---	---	---
700-800 lbs.	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	65.00	83.00	73.68	76.67	65.62
Boners 80-85%	63.00	81.50	71.91	74.48	67.24
Lean 85-90%	47.00	74.50	62.04	62.32	56.77
Bulls YG 1	84.00	110.00	99.01	103.50	88.71
Heifers: Medium/Large Frame #1-2					
300-400 lbs.	136.00	175.00	157.78	153.98	128.43
400-500 lbs.	132.50	167.50	153.83	146.20	120.67
500-600 lbs.	130.00	161.00	147.34	138.89	114.89
600-700 lbs.	122.00	147.50	137.22	132.74	106.72
Heifers: Small Frame #1-2					
300-400 lbs.	---	---	---	---	---
400-500 lbs.	117.00	140.00	127.77	144.25	---
500-600 lbs.	125.00	130.00	126.64	131.42	---
600-700 lbs.	---	---	---	125.50	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs.	120.00	155.00	141.47	141.44	124.79
400-500 lbs.	125.00	150.00	138.91	137.71	---
500-600 lbs.	115.00	145.00	134.13	130.56	---
600-700 lbs.	117.00	135.00	127.36	120.45	---

Cattle Receipts

This week:8,761

Week ago:6,853

Year ago:412

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

Graded Sales, Video Board Sales, Video Sales & Loads

Graded Goat & Sheep Sales

East Tennessee Livestock Center Graded Holstein Steer Sale-Sweetwater, TN

2/18/22

Total Receipts: 326

For complete report:

https://www.ams.usda.gov/mnreports/ams_2072.pdf

East Tennessee Livestock Center Video Sale-Sweetwater, TN

2/23/22

1 load out of 110 steers from BQA certified producer; Est weight 860 lbs.; 95% L&M-1s and 5% L&M-2s; medium flesh; 100% BLK/BWF; \$155.50

1 load out of 83; Holstein steers from BQA certified producer; Est weight 875 lbs.; 95% L&M-1s and 5% L&M-2s; medium flesh; \$124.00

Hardin County Stockyard-Savannah, TN

2/23/22

256 Steers, 575lbs, M&L 1&2, 222-Black/BWF 26-ChX 8-Red/RWF, 4-5 Flesh, \$187.00

58 Steers, 858 lbs., M&L 1&2, 47-Black/BWF 8-Red/RWF 3-ChX, 5 Flesh, \$150.25

For complete report:

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

Hardin County Stockyard Video Auction-Savannah, TN

2/23/22

86 Heifers, 575 lbs., M&L 1&2, \$160.75

62 Heifers, 800 lbs., M&L 1&2, \$139.75

For complete report:

https://www.ams.usda.gov/mnreports/ams_3509.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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