

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

November 20, 2020

Number: 47

Trends for the Week Compared to a Week Ago

Slaughter Cows

\$1 to \$3 higher

Slaughter Bulls

Steady to \$3 higher

Feeder Steers

Steady to \$2 higher

Feeder Heifers

Unevenly steady with instances of \$3 lower to \$3 higher

Feeder Cattle Index: 137.51

Fed Cattle

The 5-area live price on Thursday of \$109.59 was up \$0.13. The dressed price of \$171.73 was down \$0.15.

Corn

December closed at \$4.23 a bushel, up 13 cents since last Friday

Soybeans

January closed at \$11.81 a bushel, up 33 cents since last Friday

Wheat

December closed at \$5.93 a bushel, unchanged since last Friday

Cotton

December closed at 70.88 cents per lb, up 2.42 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 \$108 to \$110 while dressed prices were mainly \$170 to \$172.

The 5-area weighted average prices thru Thursday were \$109.59 live, up \$0.13 compared to last week and \$171.73 dressed, down \$0.15 from a week ago. A year ago, prices were \$115.96 live and \$183.56 dressed.

The steady trade compared to last week can probably be considered a win in that margins on most cattle remain positive. Packers continue to demand cattle to fill the holiday pipeline. It will be interesting to see if holiday meat purchases are different this year given that many family gatherings will be smaller and less traveling. If consumers lean heavier on beef then packers will continue to have a strong demand for cattle to keep the pipeline full and to restock meat counters following the holiday purchases. Heavy cattle continue to put pressure on some regional markets, but it is becoming less and less of a concern with each passing week. Prices may be a little softer next week with the shortened kill week.

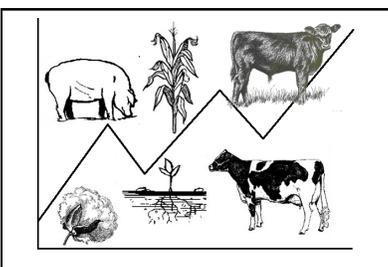
BEEF CUTOUT: At midday Friday, the Choice cutout was \$238.50 up \$0.80 from Thursday and up \$12.06 from last week. The Select cutout was \$213.77 down \$0.12 from Thursday and up \$3.96 from a week ago. The Choice Select spread was \$24.73 compared to \$16.63 a week ago.

The rib primal is about the only primal to get excited about as it relates to Choice boxed beef. There is no doubt that Choice boxed beef prices are making a strong run but several primal values are lagging year ago price levels. Based on last week's primal values, the rib primal is only 2 percent lower than the same week one year ago while the chuck and the round are only 6 and 5 percent lower than a year ago, respectively. The issue is with the remaining

primal values. Loin prices are 9 percent lower than one year ago and the flank is 10 percent lower than last year. One would think the loin would have a little more strength and follow the rib primal. The short plate price is 20 percent lower than the same week one year ago while the brisket is 27 percent below year ago prices. As a consumer, this means there are probably some deals on briskets at the local grocery store. If that is the case then a smoked brisket would be a nice replacement for a turkey. Alternatively, it might be smart to freeze a few briskets and pull them out at Christmas or New Years.

OUTLOOK: Based on Tennessee weekly auction market price averages, steer prices were steady to \$2 higher compared to last week while heifer prices were unevenly steady with instances of \$3 lower to \$3 higher compared to a week ago. Slaughter cow prices were \$1 to \$3 higher while bull prices were steady to \$3 higher compared to last week's prices. Auction markets were busting at the seams with cattle this week. There were three main contributors to the run this week. The first contributor was the fact that most auction markets will be closed next week due to the Thanksgiving holiday. That does not mean cattle will not move next week, but most of the movement during the Thanksgiving week will be country cattle. A second contributor was the fact that calf prices had rebounded off their October lows the previous two weeks, which had many producers antsy to cash in on the slightly higher prices. The third reason a large number of cattle had wheels set under them was because the weather has been dry and temperatures warm, which made it easy to get trailers in and out of almost any pasture. It would be difficult to say that one of these factors was more important than the other, but the stars aligned and provided a great marketing opportunity. The large run provided buyers an opportunity to be a little more selective

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Livestock Comments by Dr. Andrew Griffith

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in their purchasing, which was evident in the value placed on weaned and vaccinated cattle. Weaned and vaccinated steers weighing between 500 and 550 pounds received an \$11 to \$12 per hundredweight higher price than bawling calves. Given that there will only be three full trading weeks between Thanksgiving and Christmas, some producers may find it advantageous to wean and vaccinate calves in the near term and roll those calves over after the first of the year. There is typically some support for calf prices through January, and that support really picks up in March.

ASK ANDREW, TN THINK TANK: This week, I participated in a panel discussion where the topic was cattle marketing and managing price risk. It was interesting to hear the perspectives of futures brokers and of those who focus more on local cash markets. Some of the key takeaways from the discussion were: 1) It is important to have a profit objective in mind when managing price risk; 2) Transferring all price risk to someone else may not be the best alternative, because it can greatly limit upside potential; 3) Producers must remain flexible in their marketing and price risk management strategies; and 4) Treat cattle production as a business, and run it like a business. These key takeaways may seem fundamental to some, but if each producer were to evaluate themselves then it is likely they could find opportunities to improve on at least one of these key elements. If a person is expecting perfection in cattle marketing

and price risk management then they should try to get from point “A” to point “A+”, because that is the definition of a perfectionist.

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 – December \$108.10 - 0.15; February \$110.65 +0.13; April \$114.45 +0.25; Feeder cattle –January \$134.60 -0.95; March \$134.38 -0.58; April \$136.18 -0.40; May \$137.45 -0.28; December corn closed at \$4.23 up 1 cent from Thursday.

Overview

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

USDA changes to 2020/21 marketing year supply and demand estimates from May through November have been substantial and are reflective of the dramatic August –November price rally in corn and soybeans, where the 2020 harvest contracts gained \$3.37 for soybeans and \$1.03 for corn.

	Previous	Current	Change
USD Index	92.76	92.34	-0.42
Crude Oil	40.23	42.15	1.92
DJIA	29,462	29,346	-116

In May, USDA projected corn harvested acreage at 89.6 million acres, national average yield at 178.5 bpa, production at 15.995 billion bushels, exports at 2.15 billion bushels, and ending stocks at 3.318 billion bushels. November estimates are 82.5 million harvested acres (down 7.1 million acres), national average yield at 175.8 bpa (down 2.7 bpa), production at 14.507 billion bushels (down 1.488 billion bushels), exports at 2.65 billion bushels, (up 500 million bushels), and ending stocks at 1.702 billion bushels (down 1.616 billion bushels). The dramatic changes show the production challenges (drought, storms, etc) that large portions of the Corn Belt experienced and the very strong export sales.

Soybeans also had dramatic adjustments. However, they were more pronounced on the demand side. Soybean harvested acres in May were projected at 82.8 million, national average yield at 49.8 bpa, and production at 4.125 billion bushels. The November USDA estimates indicated harvested acres at 82.3 million (down 0.5 million), yield at 50.7 bpa (up 0.9 bpa), and production at 4.17 billion bushels (up 45 million bushels). Demand and ending stocks indicated crush increasing from 2.13 to 2.18 billion bushels (up 50 million), exports increasing from 2.05 to 2.2 billion bushels (up 150 million), and ending stocks decreasing 215 million bushels from 405 to 190 million bushels.

After factoring in the May through November adjustments, stocks-to-use for corn were reduced from 22% to 11% and soybeans from 9% to 4%. Current stock-to use ratios are supportive of maintaining (or increasing) current price levels. 2020 has been an incredibly challenging year, but corn and soybean prices look like they will finish the year on a positive note.

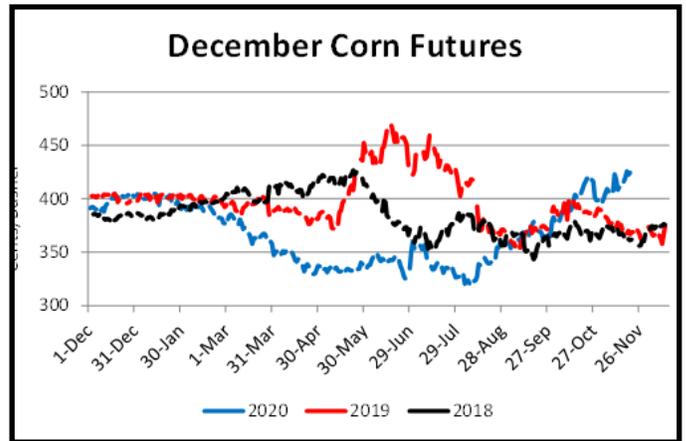
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Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending November 13 was 0.962 million barrels per day, down 15,000 barrels from the previous week. Ethanol stocks were 20.203 million barrels, up 0.044 million barrels compared to last week. Corn net sales reported by exporters for November 5-12 were up compared to last week with net sales of 42.9 million bushels for the 2020/21 marketing year. Exports for the same time period were up 16% from last week at 33.3 million bushels. Corn export sales and commitments were 52% 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 40%.

Corn	Dec 20	Change	Mar 21	Change
Price	\$4.23	\$0.13	\$4.28	\$0.09
Support	\$4.15	\$0.17	\$4.20	\$0.12
Resistance	\$4.29	\$0.06	\$4.33	\$0.01
20 Day MA	\$4.11	\$0.02	\$4.17	\$0.03
50 Day MA	\$3.95	\$0.06	\$4.02	\$0.06
100 Day MA	\$3.68	\$0.04	\$3.77	\$0.04
4-Week High	\$4.28	\$0.00	\$4.35	\$0.00
4-Week Low	\$3.93	\$0.05	\$3.96	\$0.01
Technical Trend	Up	=	Up	=

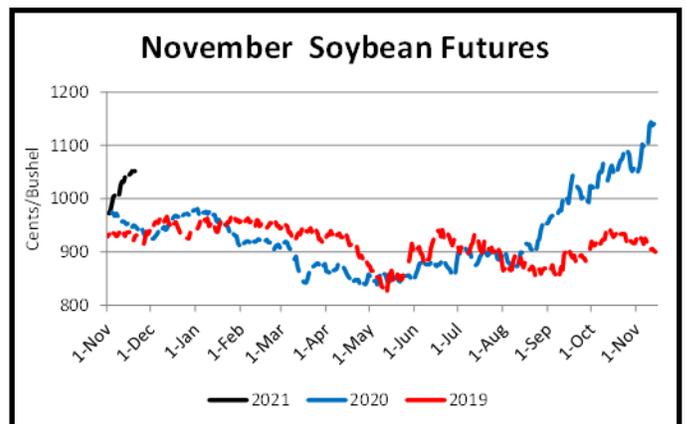


Nationally the Crop Progress report estimated corn harvested at 95% compared to 91% last week, 73% last year, and a 5-year average of 87%. In Tennessee, the Crop Progress report estimated corn harvested at 99% compared to 97% last week, 100% last year, and a 5-year average of 99%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at North-Central, Mississippi River, West-Central, and West and weakened at Northwest elevators and barge point. Overall, basis for the week ranged from 20 under to 21 over, with an average of 6 over the December futures. December 2020 corn futures closed at \$4.23, up 13 cents since last Friday. For the week, December 2020 corn futures traded between \$4.09 and \$4.28. Dec/Mar and Dec/Dec future spreads were 5 and -15 cents. March 2021 corn futures closed at \$4.28, up 9 cents since last Friday. December 2021 corn futures closed at \$4.08, up 4 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.10 December 2021 Put Option costing 34 cents establishing a \$3.79 futures floor.

Soybeans

Net sales reported by exporters were down compared to last week with net sales of 51.0 million bushels for the 2020/21 marketing year. Exports for the same period were down 20% compared to last week at 94.0 million bushels. Soybean export sales and commitments were 86% 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 58%.

Soybeans	Jan 21	Change	Nov 21	Change
Price	\$11.81	\$0.33	\$10.49	\$0.09
Support	\$11.54	\$0.22	\$10.36	\$0.17
Resistance	\$11.93	\$0.33	\$10.59	\$0.04
20 Day MA	\$11.14	\$0.26	\$10.09	\$0.17
50 Day MA	\$10.67	\$0.19	\$9.84	\$0.10
100 Day MA	\$9.91	\$0.15	\$9.46	\$0.09
4-Week High	\$11.96	\$0.34	\$10.59	\$0.14
4-Week Low	\$10.45	\$0.07	\$9.61	\$0.00
Technical Trend	Up	=	Up	=



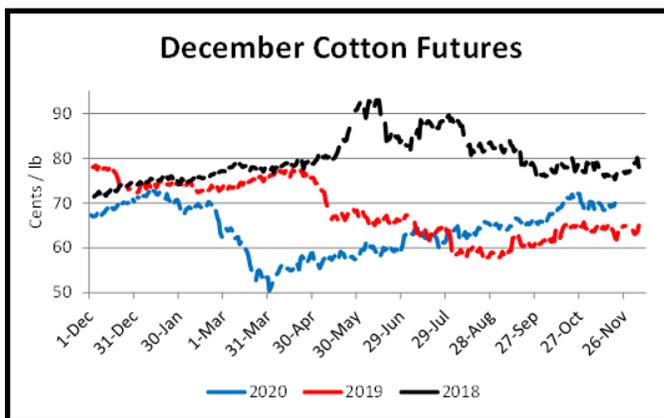
Crop Comments by Dr. Aaron Smith

Nationally the Crop Progress report estimated soybeans harvested at 96% compared to 92% last week, 89% last year, and a 5-year average of 93%. In Tennessee, soybeans harvested at 80% compared to 71% last week, 84% last year, and a 5-year average of 83%. Across Tennessee, average soybean basis strengthened at Mississippi River, West, West-Central, North-Central, and Northwest elevators and barge points. Basis ranged from 35 under to 6 over the January futures contract. Average basis at the end of the week was 12 under the January futures contract. January 2021 soybean futures closed at \$11.81, up 33 cents since last Friday. For the week, January 2021 soybean futures traded between \$11.44 and \$11.96. Jan/Mar and Jan/Nov future spreads were 0 and -132 cents. March 2021 soybean futures closed at \$11.81, up 33 cents since last Friday. November 2021 soybean futures closed at \$10.49, up 9 cents since last Friday. Downside price protection could be achieved by purchasing a \$10.60 November 2021 Put Option which would cost 73 cents and set a \$9.87 futures floor. Nov/Dec 2021 soybean-to-corn price ratio was 2.57 at the end of the week.

Cotton

Net sales reported by exporters were down compared to last week with net sales of 131,400 bales for the 2020/21 marketing year. Exports for the same time period were down 5% compared to last week at 277,300 bales. Upland cotton export sales were 68% 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 61%. Delta upland cotton spot price quotes for November 19 were 68.42 cents/lb (41-4-34) and 70.67 cents/lb (31-3-35). Adjusted World Price (AWP) increased 0.13 cents to 56.84 cents.

Cotton	Dec 20	Change	Mar 21	Change
Price	70.88	2.42	72.96	2.56
Support	68.55	0.62	71.17	1.30
Resistance	72.41	3.38	73.95	2.94
20 Day MA	69.78	-0.39	71.28	-0.01
50 Day MA	68.40	0.52	69.46	0.63
100 Day MA	65.97	0.46	66.90	0.54
4-Week High	72.60	0.00	73.27	0.00
4-Week Low	68.06	0.00	68.91	0.00
Technical Trend	Down	=	Up	+



Nationally, the Crop Progress report estimated cotton harvested at 69% compared to 61% last week, 66% last year, and a 5-year average of 64%. In Tennessee, cotton harvested was estimated at 78% compared to 64% last week, 77% last year, and a 5-year average 82%. December 2020 cotton futures closed at 70.88, up 2.42 cents since last Friday. For the week, December 2020 cotton futures traded between 68.4 and 71.25 cents. Dec/Mar and Dec/Dec cotton futures spreads were 2.04 cents and -0.31 cents. March 2021 cotton futures closed at 72.96 cents, up 2.56 cents since last Friday. December 2021 cotton futures closed at 70.57 cents, up 1.72 cents since last Friday. Downside price protection could be obtained by purchasing a 71 cent December 2021 Put Option costing 5.41 cents establishing a 65.59 cent futures floor.

Wheat

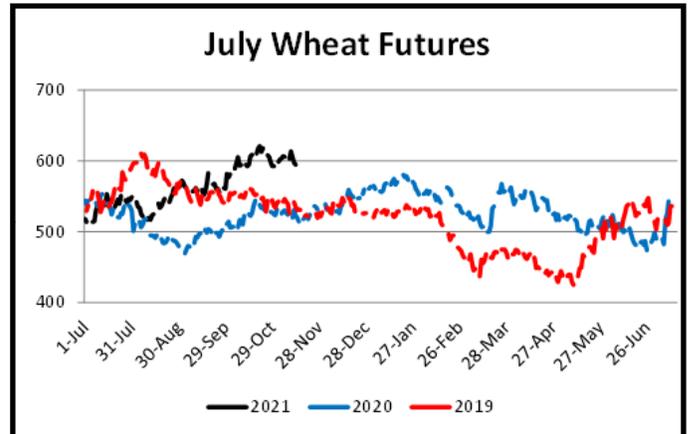
Wheat net sales reported by exporters were down compared to last week with net sales of 7.1 million bushels for the 2020/21 marketing year. Exports for the same time period were down 24% from last week at 9.9 million bushels. Wheat export sales were 66% of the USDA estimated total annual exports for the 2020/21 marketing year (June 1 to May 31), compared to the previous 5-year average of 67%.

Nationally the Crop Progress report estimated winter wheat condition at 46% good-to-excellent and 18% poor-to-very poor; winter wheat planted at 96% compared to 93% last week, 94% last year, and a 5-year average of 94%; and winter wheat emerged at 85% compared to 79% last week, 82% last year, and 5-year average of 84%. In Tennessee, winter wheat condition was estimated at 67% good-to-excellent and 5% poor-to-very poor; winter wheat planted was estimated at 85% compared to 78% last week, 77% last year, and a 5-year average of 80%; and winter wheat emerged at 69% compared to 60% last week, 55% last year, and a 5-year average of 59%. December 2020 wheat futures closed at \$5.93, unchanged since last Friday. December 2020 wheat futures traded between \$5.86 and \$6.04 this week. December wheat-to-corn price ratio was 1.40. Dec/Mar and Dec/Jul future spreads were 6 and 5 cents. March 2021 wheat futures closed at \$5.99, down 3 cents since last Friday. In Tennessee, new crop wheat cash contracts ranged from \$5.87 to \$6.17. July 2021 wheat futures closed at \$5.98, down 4 cents since last Friday. Downside price protection

Crop Comments by Dr. Aaron Smith

could be obtained by purchasing a \$6.00 July 2021 Put Option costing 41 cents establishing a \$5.59 futures floor.

Wheat	Dec 20	Change	Jul 21	Change
Price	\$5.93	-\$0.09	\$6.02	-\$0.03
Support	\$5.74	-\$0.18	\$5.84	-\$0.13
Resistance	\$6.06	-\$0.14	\$6.13	-\$0.01
20 Day MA	\$6.10	-\$0.02	\$6.05	\$0.01
50 Day MA	\$5.85	\$0.04	\$5.87	\$0.04
100 Day MA	\$5.55	\$0.05	\$5.62	\$0.05
4-Week High	\$6.38	\$0.00	\$6.24	\$0.00
4-Week Low	\$5.80	-\$0.12	\$5.86	\$0.00
Technical Trend	Down	=	Down	=



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_mbb1_w.htm

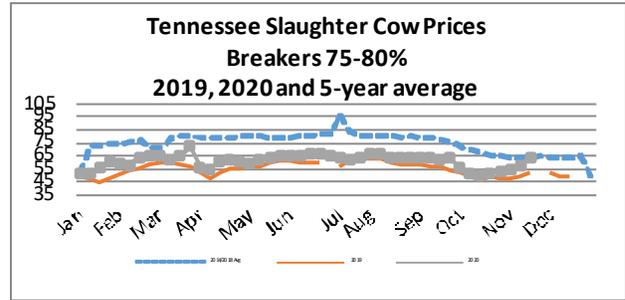
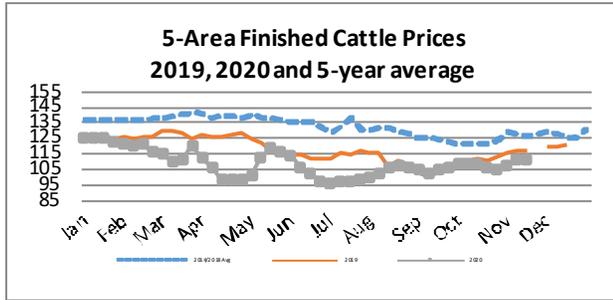
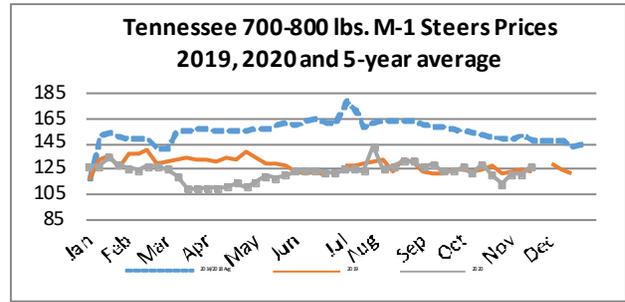
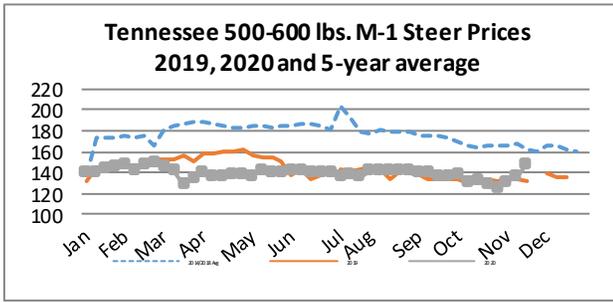
Upland Cotton Reports - <https://www.fsa.usda.gov/FSA/epasReports?area=home&subject=ecpa&topic=fta-uc>

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, November 13, 2020---Thursday, November 19, 2020					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	11.12	11.19	11.39	11.45	11.49
North Central	11.13	11.19	11.35	11.41	11.53
West Central	11.16	11.22	11.38	11.44	11.63
West	11.38	11.53	11.73	11.79	11.84
Mississippi River	11.25	11.37	11.69	11.76	11.79
Yellow Corn					
Northwest	4.23	4.29	4.32	4.37	4.34
North Central	3.91	3.96	4.00	4.06	4.03
West Central	4.00	4.05	4.09	4.15	4.23
West	4.16	4.29	4.36	4.45	4.43
Mississippi River	4.03	4.13	4.33	4.42	4.41
Wheat					
Northwest					
North Central					
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	66.21-68.46	68.33-70.58	68.05-70.30	68.58-70.83	68.42-70.67

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 Friday, November 20, 2020

	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	145.00	190.00	170.19	159.16	148.08
400-500 lbs	135.00	176.00	164.21	148.28	142.46
500-600 lbs	122.00	169.00	148.16	136.24	132.41
600-700 lbs	125.00	147.50	134.84	128.12	126.32
700-800 lbs	120.00	130.00	125.91	119.59	122.16
Steers: Small Frame #1-2					
300-400 lbs	132.00	160.00	147.47	---	124.93
400-500 lbs	140.00	160.00	151.20	129.64	117.20
500-600 lbs	---	---	---	---	116.18
600-700 lbs	---	---	---	---	108.24
Steers: Medium/Large Frame #3					
300-400 lbs	132.50	175.00	153.93	143.50	135.18
400-500 lbs	136.00	164.00	152.58	133.42	126.49
500-600 lbs	121.00	149.00	137.00	124.10	120.53
600-700 lbs	107.00	132.50	125.91	111.68	116.43
700-800 lbs	110.00	125.00	118.89	110.10	110.97
Holstein Steers					
300-400 lbs	---	---	---	---	59.45
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	53.00	73.00	62.23	55.78	49.92
Boners 80-85%	66.00	79.00	73.33	54.13	49.35
Lean 85-90%	38.00	64.50	50.35	44.80	39.14
Bulls YG 1	74.00	93.00	84.19	80.32	69.96
Heifers: Medium/Large Frame #1-2					
300-400 lbs	115.00	156.00	140.37	130.03	123.76
400-500 lbs	113.00	147.00	135.04	125.32	118.65
500-600 lbs	111.00	140.00	127.84	120.20	114.30
600-700 lbs	104.00	128.00	118.03	113.73	112.52
Heifers: Small Frame #1-2					
300-400 lbs	122.50	137.50	131.79	118.89	108.47
400-500 lbs	110.00	127.50	119.86	115.96	100.78
500-600 lbs	---	---	---	106.71	102.41
600-700 lbs	---	---	---	---	94.66
Heifers: Medium/Large Frame #3					
300-400 lbs	110.00	145.00	132.14	118.78	115.06
400-500 lbs	110.00	140.00	122.50	116.83	109.71
500-600 lbs	107.50	125.00	118.87	113.71	105.69
600-700 lbs	102.00	120.00	107.23	101.80	102.56

Cattle Receipts

This week:7,098

Week ago:7,935

Year ago:10,143

**Bluegrass Stockyards Livestock Video/Internet Auction
Lexington, KY**

Weighted Average report for 11/17/2020

Total receipts: 202

For complete report:

https://www.ams.usda.gov/mnreports/ams_2896.pdf**Browning Livestock Market-Lafayette, TN**

Weighted Average report for 11/18/2020

Total Receipts: 1,316

1 load of 66 heifers, avg. wt. 750lbs., M&L 1-2; \$121.75

East Tennessee Livestock Graded Feeder Cattle Sale**Sweetwater, TN**

Weighted Average report for 11/13/2020

Total Receipts: 363

For complete report:

https://www.ams.usda.gov/mnreports/ams_2073.pdf**East Tennessee Livestock Center Video/Board Sale****Sweetwater, TN**

Weighted Average report for 11/18/2020

Total receipts: 56

For complete report:

https://www.ams.usda.gov/mnreports/ams_2228.pdf**Farmers Livestock Market Feeder Cattle Video Board Sale****Greenville, TN**

Weighted Average report for 11/14/2020

Total Receipts: 63

For complete report:

https://www.ams.usda.gov/mnreports/ams_2241.pdf**Hardin County Stockyard-Savannah, TN**

Weighted Average report for 11/18/2020

Total Receipts: 1,404

1 load of 58 steers; avg. wt. 887lb., M&L 1-2, Black Red/RWF

ChX, 5-6 flesh; \$131.00

Warren Co. Livestock Graded Sale-McMinnville, TN

Weighted Average report for 11/19/2020

Total receipts: 1,739

For complete report:

https://www.ams.usda.gov/mnreports/ams_2079.pdf**Department of Agricultural and Resource Economics**314 Morgan Hall • 2621 Morgan Circle • arc.tennessee.eduUSDA / Tennessee Department of Agriculture Market News Service <http://www.tennessee.gov/agriculture/article/ag-farms-market-news>

1-800-342-8206