

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

December 18, 2020

Number: 51

Trends for the Week Compared to a Week Ago

Slaughter Cows

Slaughter Bulls

Feeder Steers

Feeder Heifers

Feeder Cattle Index: 137.19

Fed Cattle

The 5-area live price on Thursday of \$106.06 was down \$0.80. The dressed price of \$165.13 was down \$2.67

Corn

March closed at \$4.37 a bushel, up 14 cents since last Friday.

Soybeans

January closed at \$12.20 a bushel, up 60 cents since last Friday

Wheat

March closed at \$6.08 a bushel, down 6 cents since last Friday.

Cotton

March closed at 77.16 cents per lb, up 3.08 cents since last Friday

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$1 lower compared to last week on a live basis. Prices on a live basis were primarily \$105 to \$108 while dressed prices were mainly \$164 to \$167.

The 5-area weighted average prices thru Thursday were \$106.06 live, down \$0.80 compared to last week and \$165.13 dressed, down \$2.67 from a week ago. A year ago, prices were \$120.20 live and \$191.85 dressed.

Packers continue to hold the leverage on cattle feeders, which has resulted in lower finished cattle prices. At the same time, it appears as if cattle feeder input prices are only making the situation worse. Higher feeder cattle futures and corn futures are making it look like cattle feeders are going to have more dollars in each animal by the time it is ready to harvest. The one sliver of hope in this situation is that the cash price of feeder cattle has not followed the futures market. In other words, there appears to be more bullish behavior in the futures market for feeder cattle than there is in the cash market. The one problem high feeder cattle futures present is a lack of opportunity to hedge the purchase of these cattle moving into the spring and summer.

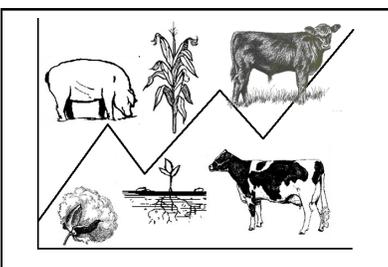
BEEF CUTOUT: At midday Friday, the Choice cutout was \$208.05 down \$1.46 from Thursday and down \$5.52 from last week. The Select cutout was \$195.10 up \$1.40 from Thursday and down \$1.16 from a week ago. The Choice Select spread was \$12.95 compared to \$17.31 a week ago.

Boxed beef cutout prices continued their rapid December decline, especially Choice boxed beef. The wholesale beef market has been a roller coaster ride most of 2020, and no season has been able to stop the price fluctuation. If one were to start evaluating Choice boxed beef prices at the beginning of July, there would be no evidence of the coronavirus induced price escalation. However, Choice beef was just over \$202 per hundredweight at the end of July before it

made a four-week run and approached \$230 for a weekly average price. This was again short-lived as prices declined \$14 per hundredweight in three weeks and then traded back down to \$207 by the end of October. Not to be outdone, four weeks later the weighted weekly average Choice boxed beef price exceeded \$243 at the end of November. The last three weeks have resulted in another decline, which looks to be in the \$35 per hundredweight ballpark and the lowest prices since August. Prices may continue to move lower, but lower prices will not stay around long.

OUTLOOK: Based on Tennessee weekly auction market price averages, steer and heifer prices were steady to \$3 lower compared to week ago prices. Slaughter cow and bull prices were steady to \$1 lower compared to last week's prices. It is always difficult to know what cattle prices may do from one week to the next. There are the general indicators in the futures market, which are essentially attempting to find a price equilibrium based on expected supply and demand of live cattle and feeder cattle. However, these markets are also attempting to institute supply and demand fundamentals of beef and calves into the price determination. Though the futures market tends to be a good starting point, it does not determine the final price of an animal at a local auction. There are several factors that can come into play as it relates to determining an animal's value on a specific day. Some of those factors may be the weather or expected weather, new buyers entering the playing field, or buyers leaving the playing field. Additionally, these factors and other similar factors may not influence all classes of cattle the same. If a seasonal buyer comes to the market looking for 400 to 500 pound steers then the price of that weight class will likely show more strength than other classes. Similarly, if there is an expectation for temperatures to change drastically in the next few days then light-

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

weight high-risk cattle prices may be softer to heavier and lower risk cattle that are less likely to succumb to the elements. It is nearly impossible to outguess these situations, and these situations could be one reason why prices differ from one auction market to another on a given day. Calf and feeder cattle prices are definitely not at their peak right now, but they also are not terrible. Prices for calves should begin to gain traction moving into the first quarter of 2021. There is also optimism for the yearling cattle market in 2021.

The December cattle on feed report for feedlots with a 1000 head or more capacity indicated cattle and calves on feed as of December 1, 2020 totaled 12.04 million head, no change compared to a year ago, with the pre-report estimate average expecting no change. November placements in feedlots totaled 1.91 million head, down 8.9% from a year ago with the pre-report estimate average expecting placements down 8.2%. November marketing's totaled 1.78 million head down 1.7% from 2019 with pre-report estimates expecting a 2.1% decrease in marketings. Placements on feed by weight: under 700 pounds down 12.5%, 700 to 899 pounds down 3.7%, 900 pounds and over down 8.3%.

ASK ANDREW, TN THINK TANK: Instead of answering a question this week, I am going to provide a public service announcement. That announcement is: if a person plans on hauling cattle to a local auction market the next couple of weeks, call the auction market before gathering the cattle to check if they will be hosting their sale either of those weeks. Many livestock auction barns will be closed Christmas week and the following week. It is very typical for cattle movement to slow these two weeks as many folks use the holiday season as an opportunity to catch up on a few chores that have been ignored during the busy fall buying season. This does not mean that all livestock auction markets will be closed the next two weeks. There certainly could be a few markets open, but the run of cattle will most likely be lighter than what has been seen the past few months. Potential cattle sellers should also consider the possibility that marketings are expected to be lighter the next two weeks even if a market is open, which may take a few buyers out of the mix.

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 \$110.48 +1.13; February \$114.85 +0.40; April \$118.65 +0.23; Feeder cattle –January \$140.45 -0.53; March \$142.30 -0.30; April \$143.90 -0.10; May \$144.78 +0.15; March corn closed at \$4.38 up 5 cents from Thursday.

Overview

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

Moving toward 2021 there is a strong bullish trend in corn, soybean, cotton, and wheat markets. After an early December lull, soybeans have broken above the \$12 mark and are poised to establish another leg up, possibly above \$13. U.S. soybean stocks will be very tight in early 2021.

Also, Brazil has faced weather challenges and also has very tight stocks before their harvest starts in January. This will continue to provide bullish influences in soybean markets and increased volatility. Consider for the 2020/21 marketing year, Brazil and the U.S. (the world's largest exporters, accounting for 86% of global exports) are both likely to import small amounts of soybeans. It sounds strange, but due to the different harvest seasons, seasonal price differences, changes in currency value, and strong domestic crushing industries, we have seen Brazil import U.S. soybeans in November/December and the U.S. is likely to import soybeans June-August before the new crop is harvested. This demonstrates the tight global reserves and strong demand for soybeans.

March corn is within two cents of the November 30 high of \$4.39 ½. Current projected corn stocks-to-use ratio (11.5%) is the lowest since the 2013/14 marketing year when it was 9.2%. While not nearly as tight as soybean stocks, the current projection of 1.7 billion bushels of ending stocks for the 2020/21 marketing year is nearly half of the May 2020 USDA ending stocks projection of over 3 billion bushels.

March cotton futures have continued the long term upward trend starting back on April 2 when prices bottomed at 51.64. Currently, prices are above 77 cents and are poised to take a run at 80 cents. A smaller 2020 US crop (average US upland cotton yield was dropped 6.9% by USDA from the November to December Crop Production report), strong export sales, and rising prices for row crops have contributed to recent movements in cotton futures. For now, large global cotton stocks of 99.52 million bales have not limited the current price gains, but could in early 2021.

	Previous	Current	Change
USD Index	90.98	89.98	-1.00
Crude Oil	46.58	48.98	2.4
DJIA	30,034	30,071	37

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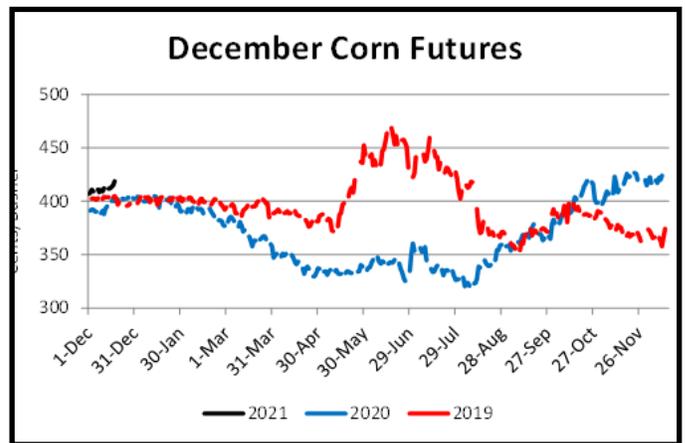
Crop Comments by Dr. Aaron Smith

Wheat prices have been partially buoyed by raising corn prices and dry weather concerns causing prices to trade above \$6.00. U.S. stocks are projected to decrease for the 4th consecutive year, but global stocks remain projected record large.

Corn

Ethanol production for the week ending December 11 was 0.957 million barrels per day, down 34,000 barrels from the previous week. Ethanol stocks were 22.95 million barrels, up 0.867 million barrels compared to last week. Corn net sales reported by exporters for December 4-10 were up compared to last week with net sales of 75.8 million bushels for the 2020/21 marketing year and 0.4 million bushels for the 2021/22 marketing year. Exports for the same time period were up 35% from last week at 38.0 million bushels. Corn export sales and commitments were 62% 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 49%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened at Northwest, and strengthened at North-Central, Mississippi River, West-Central, and West elevators and barge points. Overall, basis for the week ranged from 10 under to 32 over, with an average of 17 over the March futures. March 2021 corn futures closed at \$4.37, up 14 cents since last Friday. For the week, March 2021 corn futures traded between \$4.20 and \$4.38. Mar/May and Mar/Dec future spreads were 2 and -19 cents. May 2021 corn futures closed at \$4.39, up 13 cents since last Friday.

Corn	Mar 21	Change	Dec 21	Change
Price	\$4.37	\$0.14	\$4.18	\$0.06
Support	\$4.21	\$0.06	\$4.09	\$0.04
Resistance	\$4.38	\$0.10	\$4.17	\$0.02
20 Day MA	\$4.26	\$0.01	\$4.11	\$0.02
50 Day MA	\$4.18	\$0.03	\$4.02	\$0.02
100 Day MA	\$3.92	\$0.05	\$3.91	\$0.03
4-Week High	\$4.39	\$0.00	\$4.19	\$0.04
4-Week Low	\$4.14	\$0.01	\$4.04	\$0.04
Technical Trend	Up	+	Up	+



December 2021 corn futures closed at \$4.18, up 6 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.20 December 2021 Put Option costing 35 cents establishing a \$3.85 futures floor.

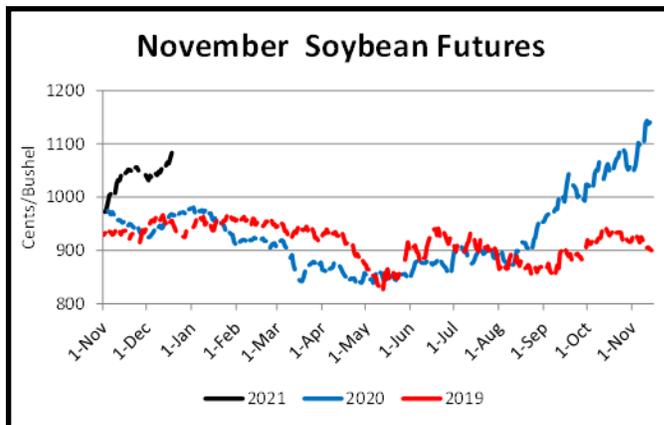
Soybeans

Net sales reported by exporters were up compared to last week with net sales of 33.9 million bushels for the 2020/21 marketing year and 3.5 million bushels for the 2021/22 marketing year. Exports for the same period were down 4% compared to last week at 95.1 million bushels. Soybean export sales and commitments were 90% 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 68%. Across Tennessee, average soybean basis weakened at West-Central and strengthened at Mississippi River, West, North-Central, and Northwest elevators and barge points. Basis ranged from 6 under to 28 over the January futures contract. Average basis at the end of the week was 12 over the January futures contract. January 2021 soybean futures closed at \$12.20, up 60 cents since last Friday. For the week, January 2021 soybean futures traded between \$11.61 and \$12.24. Jan/Mar and Jan/Nov future spreads were 4 and -139 cents. March 2021 soybean futures closed at \$12.24, up 58 cents since last Friday. March 2021 soybean-to-corn price ratio was 2.80 at the end of the week.

November 2021 soybean futures closed at \$10.81, up 29 cents since last Friday. Downside price protection could be achieved by purchasing an \$11.00 November 2021 Put Option which would cost 91 cents and set a \$10.09 futures floor. Nov/Dec 2021 soybean-to-corn price ratio was 2.59 at the end of the week.

Crop Comments by Dr. Aaron Smith

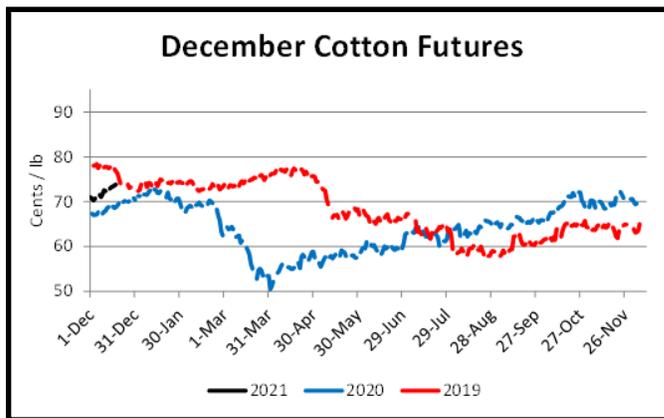
Soybeans	Jan 21	Change	Nov 21	Change
Price	\$12.20	\$0.60	\$10.81	\$0.29
Support	\$11.71	\$0.25	\$10.53	\$0.15
Resistance	\$12.17	\$0.48	\$10.83	\$0.23
20 Day MA	\$11.74	\$0.07	\$10.51	\$0.05
50 Day MA	\$11.25	\$0.16	\$10.18	\$0.10
100 Day MA	\$10.44	\$0.15	\$9.77	\$0.09
4-Week High	\$12.23	\$0.23	\$10.84	\$0.24
4-Week Low	\$11.42	\$0.04	\$10.22	\$0.00
Technical Trend	Up	+	Up	+



Cotton

Net sales reported by exporters were down compared to last week with net sales of 402,900 bales for the 2020/21 marketing year and 13,800 for the 2021/22 marketing year. Exports for the same time period were down 55% compared to last week at 251,300 bales. Upland cotton export sales were 73% 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 68%. Delta upland cotton spot price quotes for December 17 were 74.44 cents/lb (41-4-34) and 76.69 cents/lb (31-3-35). Adjusted World Price (AWP) increased 2.73cents to 60.9 cents. March 2021 cotton futures closed at 77.16, up 3.08 cents since last Friday. For the week, March 2021 cotton futures traded between 74.2 and 77.41 cents. Mar/May and Mar/Dec cotton futures spreads were 0.67 cents and -3.26 cents. May 2021 cotton futures closed at 77.83 cents, up 2.94 cents since last Friday.

Cotton	Mar 21	Change	Dec 21	Change
Price	77.16	3.08	73.90	1.53
Support	74.80	2.81	72.42	1.22
Resistance	78.60	2.87	74.70	1.42
20 Day MA	73.49	1.17	71.73	0.89
50 Day MA	71.99	0.85	70.44	0.67
100 Day MA	68.85	0.70	67.76	0.59
4-Week High	77.41	2.66	74.10	1.25
4-Week Low	71.07	0.89	70.10	1.41
Technical Trend	Up	=	Up	=



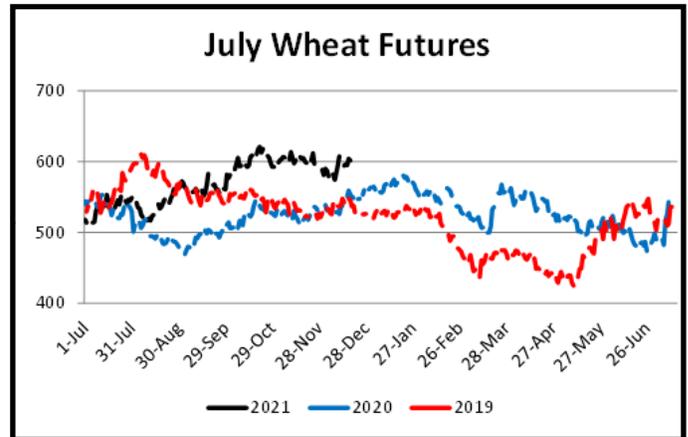
December 2021 cotton futures closed at 73.9 cents, up 1.53 cents since last Friday. Downside price protection could be obtained by purchasing a 74 cent December 2021 Put Option costing 5.41 cents establishing a 68.59 cent futures floor.

Crop Comments by Dr. Aaron Smith

Wheat

Wheat net sales reported by exporters were down compared to last week with net sales of 19.9 million bushels for the 2020/21 marketing year and 0.8 million bushels for the 2021/22 marketing year. Exports for the same time period were down 57% from last week at 8.8 million bushels. Wheat export sales were 74% 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 74%. March 2021 wheat futures closed at \$6.08, down 6 cents since last Friday. March 2021 wheat futures traded between \$5.89 and \$6.22 this week. March wheat-to-corn price ratio was 1.39. Mar/May and Mar/Jul future spreads were 1 and -5 cents. May 2021 wheat futures closed at \$6.09, down 5 cents since last Friday.

Wheat	Mar 21	Change	Jul 21	Change
Price	\$6.08	-\$0.06	\$6.03	-\$0.04
Support	\$5.98	\$0.19	\$5.95	\$0.15
Resistance	\$6.19	-\$0.18	\$6.11	-\$0.14
20 Day MA	\$5.94	\$0.00	\$5.94	-\$0.01
50 Day MA	\$6.04	\$0.01	\$6.00	\$0.01
100 Day MA	\$5.77	\$0.03	\$5.77	\$0.03
4-Week High	\$6.22	\$0.00	\$6.15	\$0.00
4-Week Low	\$5.65	\$0.00	\$5.70	\$0.00
Technical Trend	Up	=	Up	=



In Tennessee, new crop wheat cash contracts ranged from \$5.82 to \$6.18. July 2021 wheat futures closed at \$6.03, down 4 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.10 July 2021 Put Option costing 48 cents establishing a \$5.62 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

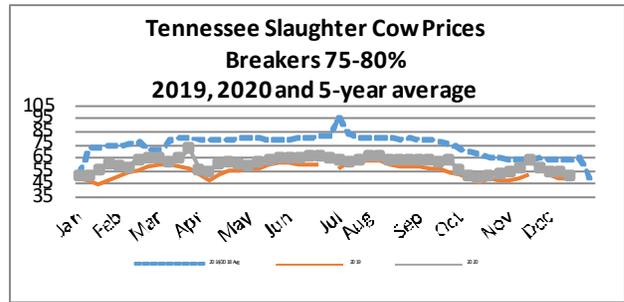
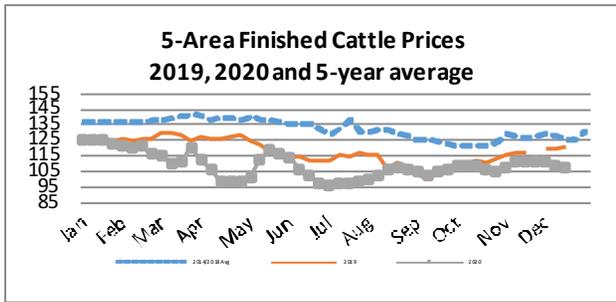
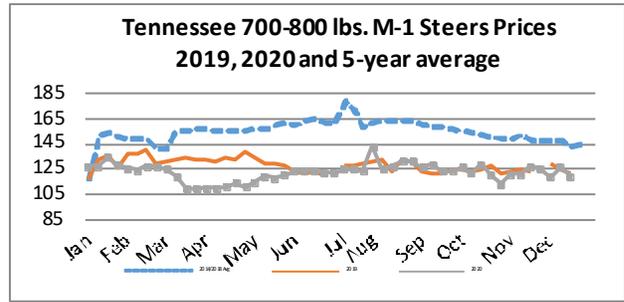
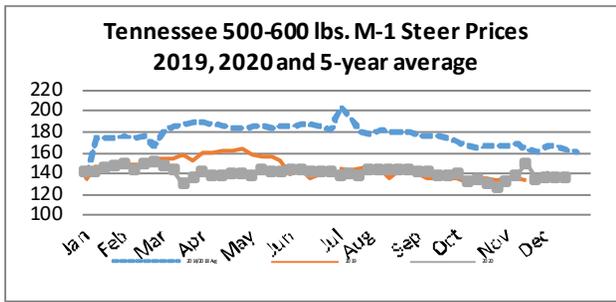
Upland Cotton Reports - <https://www.fsa.usda.gov/FSA/epasReports?area=home&subject=ecpa&topic=fta-uc>

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, December 11, 2020---Thursday, December 17, 2020					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	11.52	11.64	11.78	11.78	11.95
North Central	11.61	11.70	11.84	11.83	12.06
West Central	11.77	11.80	11.94	11.94	12.11
West	11.87	11.96	12.11	12.10	12.29
Mississippi River	11.85	11.94	12.09	12.09	12.27
Yellow Corn					
Northwest	4.35	4.34	4.35	4.34	4.40
North Central	4.14	4.14	4.15	4.17	4.33
West Central	4.44	4.44	4.45	4.47	4.53
West	4.53	4.56	4.56	4.57	4.63
Mississippi River	4.50	4.50	4.51	4.54	4.61
Wheat					
Northwest					
North Central					
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	71.33-73.58	71.92-74.17	72.84-75.09	72.9-75.15	74.44-76.69

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, December 18, 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	125.00	185.00	153.20	161.47	153.96
400-500 lbs	125.00	167.00	145.15	153.35	146.27
500-600 lbs	121.00	152.50	134.35	135.24	135.10
600-700 lbs	104.00	133.00	125.93	129.15	125.78
700-800 lbs	107.50	127.50	117.78	125.26	120.23
Steers: Small Frame #1-2					
300-400 lbs	---	---	---	146.01	149.49
400-500 lbs	130.00	142.50	136.33	125.95	136.71
500-600 lbs	---	---	---	117.42	118.79
600-700 lbs	---	---	---	117.59	---
Steers: Medium/Large Frame #3					
300-400 lbs	104.00	133.00	112.86	147.34	138.59
400-500 lbs	104.00	126.00	114.51	138.60	132.54
500-600 lbs	100.00	115.00	108.91	124.42	121.31
600-700 lbs	92.50	103.50	100.28	117.84	119.80
700-800 lbs	84.00	98.00	86.90	---	112.52
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	44.00	56.00	50.50	52.51	47.53
Boners 80-85%	44.00	58.00	50.74	50.27	46.86
Lean 85-90%	35.00	50.00	42.50	42.16	38.96
Bulls YG 1	65.00	82.00	75.02	76.64	69.53
Heifers: Medium/Large Frame #1-2					
300-400 lbs	114.00	151.00	129.03	---	129.67
400-500 lbs	104.00	137.00	122.85	---	123.55
500-600 lbs	97.00	130.00	114.97	---	117.45
600-700 lbs	95.00	124.50	114.42	---	112.19
Heifers: Small Frame #1-2					
300-400 lbs	---	---	---	131.55	114.36
400-500 lbs	92.50	112.50	107.01	124.24	110.11
500-600 lbs	82.50	107.50	95.97	117.21	---
600-700 lbs	---	---	---	112.57	---
Heifers: Medium/Large Frame #3					
300-400 lbs	104.00	133.00	118.86	120.89	120.64
400-500 lbs	104.00	126.00	114.51	118.25	112.44
500-600 lbs	100.00	115.00	108.91	110.97	106.77
600-700 lbs	92.50	103.50	100.28	107.71	95.82

Cattle Receipts

This week:7,069

Week ago:8,158

Year ago:5,883

Graded Sales, Video Board Sales, Video Sales & Loads

Bluegrass Stockyards Livestock Video/Internet Auction Lexington, KY

Weighted Average Report for 12/15/2020

Total Receipts: 170

For complete report:

https://www.ams.usda.gov/mnreports/ams_2896.pdf

Warren Co. Livestock Graded Sale—McMinnville, TN

Weighted Average Report for 12/11/2020

Total Receipts: 1,166

For complete report:

https://www.ams.usda.gov/mnreports/ams_2079.pdf

Graded Sheep & Goat Sale

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 12/14/20

Total Receipts:

For complete report:

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

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USDA / Tennessee Department of Agriculture Market News Service <http://www.tennessee.gov/agriculture/article/ag-farms-market-news>

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