

# Tennessee Market Highlights

UTEXTENSION  
INSTITUTE OF AGRICULTURE  
THE UNIVERSITY OF TENNESSEE

January 15, 2021

Number: 2

## Trends for the Week Compared to a Week Ago

### Slaughter Cows

Steady to \$2 lower

### Slaughter Bulls

Steady

### Feeder Steers

Unevenly steady

### Feeder Heifers

Unevenly steady

Feeder Cattle Index: 135.49

### Fed Cattle

The 5-area live price on Thursday of \$109.52 was down \$1.96. The dressed price of \$173.06 was down \$2.96.

### Corn

March closed at \$5.31 a bushel, up 35 cents since last Friday.

### Soybeans

March closed at \$14.16 a bushel, up 42 cents since last Friday.

### Wheat

March closed at \$6.75 a bushel, up 37 cents since last Friday.

### Cotton

March closed at 80.7 cents per lb, up 0.93 cents since last Friday.

## Livestock Comments by Dr. Andrew P. Griffith

**FED CATTLE:** Fed cattle traded \$3 lower compared to last week on a live basis. Prices on a live basis were primarily \$108 to \$110 while dressed prices were mainly \$172 to \$174.

The 5-area weighted average prices thru Thursday were \$109.52 live, down \$1.96 compared to last week and \$173.06 dressed, down \$2.96 from a week ago. A year ago, prices were \$124.00 live and \$199.07 dressed.

Fed cattle prices took a step back this week while boxed beef prices were finding some footing. It has been clear for nearly ten months that cattle feeders have little to no leverage as packers have willed the market in the direction they desire. The question on many market participants' minds is if the tide will ever shift such that cattle feeders can will their way to higher fed cattle prices. There may be many ways for this to happen, but the most direct would be for fewer cattle in the pipeline. This may be the reality in a few months if the beef cow herd shrank and fewer heifers were retained in 2020. This is not something that will fix itself overnight, but some of the preliminary information points that direction.

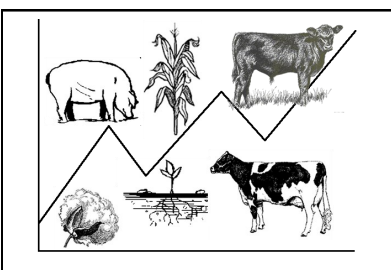
**BEEF CUTOUT:** At midday Friday, the Choice cutout was \$213.62 up \$0.25 from Thursday and up \$7.07 from a week ago. The Select cutout was \$203.15 up \$2.08 from Thursday and up \$6.23 from last week. The Choice Select spread was \$10.47 compared to \$9.63 a week ago.

Wholesale beef prices received a nice bump this week for both Choice and Select grade beef. The strength in the market is being led by the rib and loin primal, which are both more than \$11 per hundredweight higher than last week. The chuck and short plate are also providing some support for the higher price as the chuck is nearly \$7 higher than last week and short plate values have increased

more than \$5. The round primal value is nearly \$2 higher than last week, but that small increase is not much of a driver for higher prices. The brisket and flank primal cuts are essentially unchanged from last week. The strength in the beef market this time of year generally comes from the chuck and the round, but middle meats continue to provide the support in the current market. There is no way to know for certain what is driving middle meats, but it could be related to the pandemic. Discretionary spending is still not back to normal with many consumers being forced to stay near home. Thus, some consumers may be using the extra dollars to eat higher on the hog or the beef in this case.

**OUTLOOK:** Calf prices appeared to be slightly stronger this week compared to last week while feeder cattle prices were softer. Slaughter cow and bull prices were also softer compared to a week ago. Since Christmas, January feeder cattle futures prices have declined \$8 per hundredweight. Similarly, March feeder cattle futures contract prices are approximately \$9 per hundredweight lower while the August contract has only lost \$5 over the same time period. The feeder cattle market has come under serious pressure the past few weeks despite deferred live cattle futures gaining traction and trading higher. A simple analysis of the situation would be that higher corn prices are the culprit for lower feeder cattle prices given the positive movement in deferred live cattle futures. Corn futures prices have increased more than \$1 per bushel since the middle of December. If it is assumed that an animal will consume 50 bushels of corn while in the feedlot then the \$1 increase in price means it will cost \$50 more in feed costs. That increase would essentially mean that a cattle feeder has to pay \$6 per hundredweight less for an 800

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## Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

pound steer if everything else remains the same. However, this simple analysis has not considered corn basis, which appears to be strengthening. Strengthening basis further increases the cost to feed cattle. Feed cost is not the entire story. Looking at expected feedlot profitability at the most basic level for cattle being placed in January, there appears to be about \$50 per head profit in cattle feeding. However, this calculation omits costs associated with mortality and morbidity as well as a few other costs. The point of this is that cattle feeding margins are tight and probably even negative for some feedlots. The feeder cattle market has a lot going against it at this point, but not all optimism has disappeared. Producers should keep their eyes on the market and evaluate potential opportunities.

**ASK ANDREW, TN THINK TANK:** A question was asked this week concerning what the price would be for a certain weight class of cattle a few months down the road. Part of the question focused on how to “predict” prices. There is some information that can be used to make a prediction of what prices will be at a certain time. The key to predicting prices is starting with where prices are today and then using historical price tendencies such as seasonality of prices to determine the direction prices are expected to move and the magnitude of that move. Futures prices can then be used along with his-

torical basis values to estimate what prices will be for live cattle or feeder cattle. After these two things are done, the person attempting to predict prices can consider the basic supply and demand factors for beef and cattle to fine tune the prediction. Predicting prices is more useful for price risk management than long-term planning. The only guarantee in a prediction is that it will be wrong unless the prediction is a range, and that will probably be wrong too.

Please send questions and comments to [agriff14@utk.edu](mailto: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 \$112.78 +0.70; April \$118.20 +0.98; June \$116.28 +1.33; Feeder cattle –January \$134.58 +1.98; March \$135.83 +2.45; April \$138.30 +2.30; May \$140.25 +2.08; March corn closed at \$5.32 down 3 cents from Thursday.

## Crop Comments by Dr. Aaron Smith

### Overview

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

Prices received another boost this week when the USDA released its monthly supply and demand estimates. The report indicated reduced domestic and global stocks. Corn (10.7%) and soybean (3%) stocks-to-use ratios are now estimated at the lowest level since the 2013/14 marketing year. The tight ending stocks will continue to support old crop prices and contribute to volatility. New crop prices were pulled higher with December corn at \$4.60, November soybeans at \$12.00, and December cotton at 77 cents. Current prices are providing producers with pre-planting pricing opportunities not seen since 2014.

Highlights of the USDA report were:

**Corn:** U.S. average yield was decreased 3.8 bu/acre to 172 bu/acre. The yield revision caused 2020 production to decreased 325 million bushels. Ethanol use was decreased 100 million bushels as ethanol production remains below pre-COVID levels. Feed use was decreased 50 million. U.S. corn ending stocks for the 2020/21 marketing year were estimated at 1.552 billion, down 150 million bushels and foreign ending stocks were estimated at 9.622 billion, down 52 million.

**Soybeans:** U.S. production was reduced 35 million bushels due to a 0.5 bu/acre reduction in national average yield to 50.2 bu/acre. Exports were increased 30 million bushels causing ending stocks to be decreased to 140 million bushels, down 35 million bushels compared to last month.

**Cotton:** Estimated U.S. cotton production was decreased 1 million bales to 14.95 million. Exports were increased 250,000 and domestic cotton use was decreased 150,000 bales. U.S. cotton ending stocks are now estimated at 4.6 million bales, down 1.1 million bales compared to the November estimate.

	Previous	Current	Change
USD Index	90.08	90.72	0.64
Crude Oil	52.19	52.31	0.12
DJIA	31,047	30,913	-134

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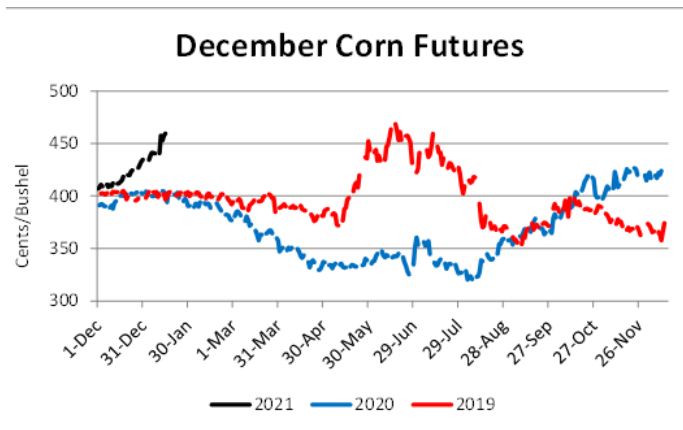
## Crop Comments by Dr. Aaron Smith

Wheat: Feed use was increased 25 million bushels causing estimated ending stocks to decrease 26 million bushels to 836 million bushels. Foreign wheat stocks ending stocks were decreased 97 million bushels but remain at near record levels (10.671 billion bushels).

### Corn

Ethanol production for the week ending January 8 was 0.941 million barrels per day, up 6,000 barrels from the previous week. Ethanol stocks were 23.692 million barrels, up 0.408 million barrels compared to last week. Corn net sales reported by exporters for January 1-7 were up compared to last week with net sales of 56.6 million bushels for the 2020/21 marketing year. Exports for the same time period were up 43% from last week at 57.6 million bushels. Corn export sales and commitments were 70% 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 54%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at Northwest, North-Central, West-Central, and West and weakened at Mississippi River elevators and barge points. Overall, basis for the week ranged from 5 over to 46 over, with an average of 26 over the March futures at elevators and barge points. March 2021 corn futures closed at \$5.31, up 35 cents since last Friday. For the week, March 2021 corn futures traded between \$4.89 and \$5.41. Mar/May and Mar/Dec future spreads were 3 and -71 cents. May 2021 corn futures closed at \$5.34, up 37 cents since last Friday.

Corn	Mar 21	Change	Dec 21	Change
Price	\$5.31	\$0.35	\$4.60	\$0.20
Support	\$5.05	\$0.16	\$4.40	\$0.04
Resistance	\$5.47	\$0.44	\$4.67	\$0.22
20 Day MA	\$4.79	\$0.24	\$4.35	\$0.10
50 Day MA	\$4.46	\$0.12	\$4.18	\$0.07
100 Day MA	\$4.17	\$0.08	\$4.03	\$0.03
4-Week High	\$5.41	\$1.39	\$4.65	\$0.21
4-Week Low	\$4.23	\$0.05	\$4.10	\$0.03
Technical Trend	Up	=	Up	=



December 2021 corn futures closed at \$4.60, up 20 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.70 December 2021 Put Option costing 52 cents establishing a \$4.18 futures floor.

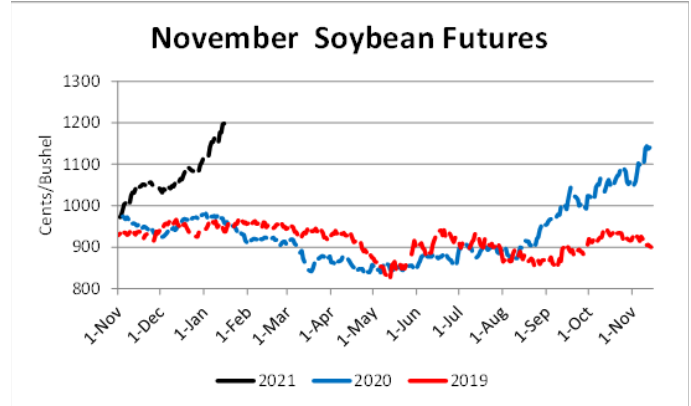
### Soybeans

Net sales reported by exporters were up compared to last week with net sales of 33.4 million bushels for the 2020/21 marketing year and 12.0 million bushels for the 2021/22 marketing year. Exports for the same period were up 10% compared to last week at 75.0 million bushels. Soybean export sales and commitments were 92% 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 74%. Across Tennessee, average soybean basis strengthened or remained unchanged at West-Central, Mississippi River, West, North-Central, and Northwest elevators and barge points. Basis ranged from 3 under to 42 over the March futures contract. Average basis at the end of the week was 27 over the March futures contract. March 2021 soybean futures closed at \$14.16, up 42 cents since last Friday. For the week, March 2021 soybean futures traded between \$13.54 and \$14.36. Mar/May and Mar/Nov future spreads were -2 and -219 cents. May 2021 soybean futures closed at \$14.14, up 43 cents since last Friday. March 2021 soybean-to-corn price ratio was 2.67 at the end of the week.

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## Crop Comments by Dr. Aaron Smith

Soybeans	Mar 21	Change	Nov 21	Change
Price	\$14.16	\$0.42	\$11.97	\$0.36
Support	\$13.90	\$0.58	\$11.53	\$0.16
Resistance	\$14.55	\$0.48	\$12.15	\$0.34
20 Day MA	\$13.20	\$0.58	\$11.26	\$0.31
50 Day MA	\$12.23	\$0.36	\$10.74	\$0.21
100 Day MA	\$11.18	\$0.24	\$10.18	\$0.13
4-Week High	\$14.36	\$0.50	\$12.03	\$0.34
4-Week Low	\$11.84	\$0.34	\$10.59	\$0.20
Technical Trend	Up	=	Up	=

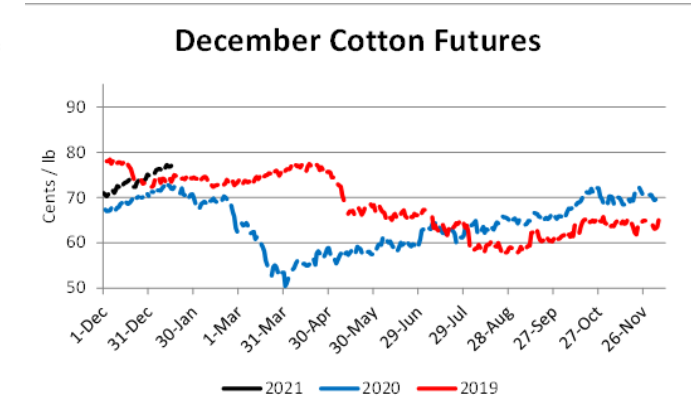


November 2021 soybean futures closed at \$11.97, up 36 cents since last Friday. Downside price protection could be achieved by purchasing a \$12.00 November 2021 Put Option which would cost 209 cents and set an \$11.11 futures floor. Nov/Dec 2021 soybean-to-corn price ratio was 2.60 at the end of the week.

### Cotton

Net sales reported by exporters were up compared to last week with net sales of 326,000 bales for the 2020/21 marketing year and 50,300 bales for the 2021/22 marketing year. Exports for the same time period were up 2% compared to last week at 274,600 bales. Upland cotton export sales were 84% 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 74%. Delta upland cotton spot price quotes for January 14 were 79.15 cents/lb (41-4-34) and 81.40 cents/lb (31-3-35). Adjusted World Price (AWP) increased 0.98 cents to 66.23 cents. March 2021 cotton futures closed at 80.7, up 0.93 cents since last Friday. For the week, March 2021 cotton futures traded between 78.65 and 82.08 cents. Mar/May and Mar/Dec cotton futures spreads were 0.92 cents and -3.68 cents. May 2021 cotton futures closed at 81.62 cents, up 1.07 cents since last Friday.

Cotton	Mar 21	Change	Dec 21	Change
Price	80.70	0.93	77.02	0.83
Support	80.08	1.02	76.21	0.57
Resistance	81.74	1.00	77.53	0.41
20 Day MA	78.48	1.54	75.09	1.00
50 Day MA	74.80	1.05	72.50	0.79
100 Day MA	71.42	0.79	69.84	0.63
4-Week High	82.08	1.15	77.45	0.56
4-Week Low	74.28	2.42	72.15	1.25
Technical Trend	Up	=	Up	=



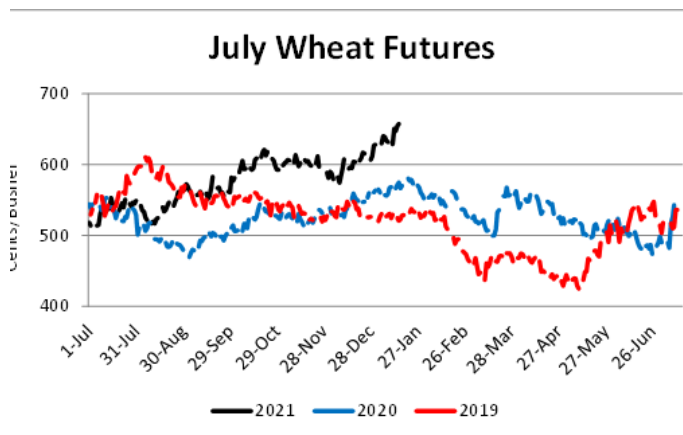
December 2021 cotton futures closed at 77.02 cents, up 0.83 cents since last Friday. Downside price protection could be obtained by purchasing a 78 cent December 2021 Put Option costing 6.53 cents establishing a 71.47 cent futures floor.

## Crop Comments by Dr. Aaron Smith

### Wheat

Wheat net sales reported by exporters were down compared to last week with net sales of 8.2 million bushels for the 2020/21 marketing year and 0.4 million bushels for 2021/22 marketing year. Exports for the same time period were down 14% from last week at 13.2 million bushels. Wheat export sales were 79% 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 81%. March 2021 wheat futures closed at \$6.75, up 37 cents since last Friday. March 2021 wheat futures traded between \$6.28 and \$6.93 this week. March wheat-to-corn price ratio was 1.27. Mar/May and Mar/Jul future spreads were 1 and -18 cents. May 2021 wheat futures closed at \$6.76, up 36 cents since last Friday.

Wheat	Mar 21	Change	Jul 21	Change
Price	\$6.75	\$0.37	\$6.57	\$0.26
Support	\$6.45	\$0.20	\$6.37	\$0.19
Resistance	\$6.85	\$0.29	\$6.80	\$0.35
20 Day MA	\$6.37	\$0.15	\$6.27	\$0.13
50 Day MA	\$6.13	\$0.05	\$6.09	\$0.05
100 Day MA	\$5.98	\$0.07	\$5.95	\$0.06
4-Week High	\$6.93	\$0.29	\$6.70	\$0.24
4-Week Low	\$5.89	\$0.22	\$5.88	\$0.17
Technical Trend	Up	=	Up	=



In Tennessee, new crop wheat cash contracts ranged from \$6.42 to \$6.69. July 2021 wheat futures closed at \$6.57, up 26 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.60 July 2021 Put Option costing 56 cents establishing a \$6.04 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](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](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/](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>

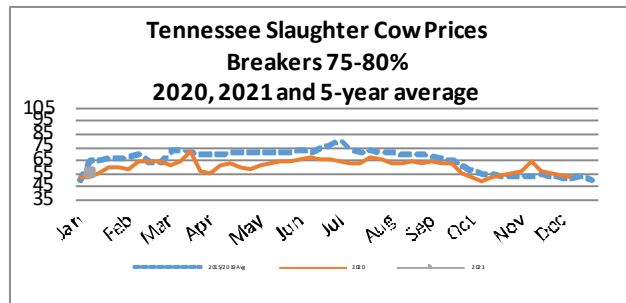
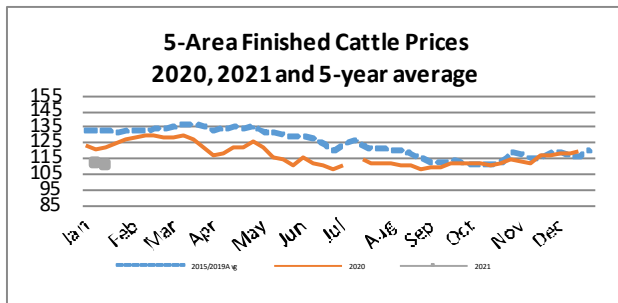
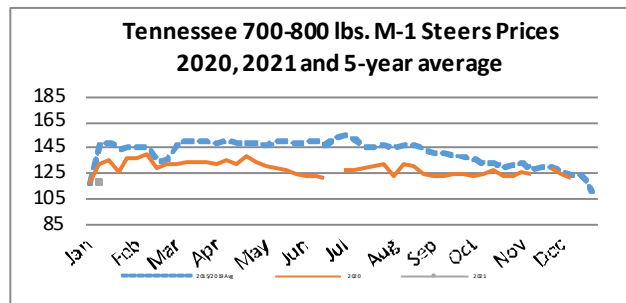
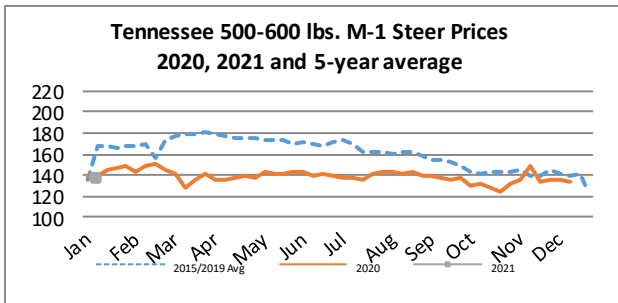
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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](mailto:aaron.smith@utk.edu).

**Prices Paid to Farmers by Elevators**

Friday, January 8, 2021---Thursday, January 14, 2021

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
<b>No. 2 Yellow Soybeans</b>	-----\$/bushel-----				
Northwest	13.77	13.76	14.23	14.11	14.36
North Central	13.95	13.93	14.38	14.26	14.51
West Central	13.93	13.91	14.46	14.34	14.59
West	14.12	14.11	14.60	14.47	14.72
Mississippi River	14.14	14.12	14.58	14.45	14.70
<b>Yellow Corn</b>					
Northwest	5.10	5.07	5.32	5.40	5.49
North Central	5.01	4.97	5.22	5.30	5.39
West Central	5.13	5.09	5.49	5.57	5.66
West	5.40	5.36	5.63	5.70	5.75
Mississippi River	5.38	5.35	5.59	5.66	5.73
<b>Wheat</b>					
Northwest					
North Central					
West					
Mississippi River					
<b>Cotton</b>	-----\$/pound-----				
Memphis	77.27-79.52	77.93-80.18	79.20-81.45	78.92-81.17	79.15-81.40



**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, January 11, 2021**

	This Week			Last Week's	Year Ago
	Low	High	Weighted Average	Weighted Average	Weighted Average
-----\$/cwt-----					
<b>Steers: Medium/Large Frame #1-2</b>					
300-400 lbs	141.00	185.00	161.09	---	---
400-500 lbs	134.00	171.00	151.14	---	---
500-600 lbs	120.00	152.00	137.27	---	---
600-700 lbs	115.00	135.00	126.58	---	---
700-800 lbs	106.00	124.00	116.97	---	---
<b>Steers: Small Frame #1-2</b>					
300-400 lbs	129.00	152.50	141.60	---	---
400-500 lbs	122.50	140.00	130.87	---	---
500-600 lbs	111.00	125.00	119.92	---	---
600-700 lbs	107.00	121.00	113.65	---	---
<b>Steers: Medium/Large Frame #3</b>					
300-400 lbs	129.00	173.00	150.24	---	---
400-500 lbs	127.00	152.50	137.89	---	---
500-600 lbs	108.00	137.00	125.32	---	---
600-700 lbs	110.00	125.00	118.39	---	---
700-800 lbs	97.50	104.00	100.54	---	---
<b>Holstein Steers</b>					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
<b>Slaughter Cows &amp; Bulls</b>					
Breakers 75-80%	47.00	60.00	52.69	---	---
Boners 80-85%	46.00	61.00	52.01	---	---
Lean 85-90%	36.00	55.00	43.22	---	---
Bulls YG 1	73.00	84.00	78.51	---	---
<b>Heifers: Medium/Large Frame #1-2</b>					
300-400 lbs	114.00	149.00	132.42	---	---
400-500 lbs	110.00	136.00	125.85	---	---
500-600 lbs	104.00	128.00	117.45	---	---
600-700 lbs	100.00	119.00	111.21	---	---
<b>Heifers: Small Frame #1-2</b>					
300-400 lbs	115.00	122.50	119.15	---	---
400-500 lbs	113.00	119.00	116.84	---	---
500-600 lbs	100.00	110.00	106.36	---	---
600-700 lbs	---	---	---	---	---
<b>Heifers: Medium/Large Frame #3</b>					
300-400 lbs	110.00	135.00	124.06	---	---
400-500 lbs	108.00	128.00	117.26	---	---
500-600 lbs	101.00	116.00	108.49	---	---
600-700 lbs	91.00	108.00	98.73	---	---

**Cattle Receipts**

This week:5,702

Week ago:

Year ago:9,330

Link to report: [https://www.ams.usda.gov/mnreports/ams\\_2063.pdf](https://www.ams.usda.gov/mnreports/ams_2063.pdf)

## Graded Sales, Video Board Sales, Video Sales & Loads

### Lower Middle Tennessee Cattlemen's Association-Video Board Sale

#### Columbia, TN

Weighted Average Report for 01/09/2021

Total Receipts: 1,516

For complete report:

[https://www.ams.usda.gov/mnreports/ams\\_3340.pdf](https://www.ams.usda.gov/mnreports/ams_3340.pdf)

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

Weighted Average Report for 01/14/2021

Total Receipts: 711

For complete report:

[https://www.ams.usda.gov/mnreports/ams\\_2075.pdf](https://www.ams.usda.gov/mnreports/ams_2075.pdf)

### Farmers Livestock Market Feeder Cattle Video Board Sale Greeneville, TN

Weighted Average Report for 01/14/2021

Total Receipts: 65

For complete report:

[https://www.ams.usda.gov/mnreports/ams\\_2241.pdf](https://www.ams.usda.gov/mnreports/ams_2241.pdf)

### Warren County Livestock Graded Feeder Sale McMinnville, TN

Weighted Average Report for 01/06/2021

Total Receipts: 1,156

For complete report:

[https://www.ams.usda.gov/mnreports/ams\\_2079.pdf](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 1/11/21

Total Receipts: 869

For complete report: [https://www.ams.usda.gov/mnreports/ams\\_2081.pdf](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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