

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

January 29, 2021

Number: 4

Trends for the Week Compared to a Week Ago

Slaughter Cows

steady to \$3 higher

Slaughter Bulls

steady to \$2 higher

Feeder Steers

\$2 to \$5 higher

Feeder Heifers

steady to \$4 higher

Feeder Cattle Index: 135.34

Fed Cattle

The 5-area live price on Thursday of \$111.47 was up \$2.24. The dressed price of \$175.76 was up \$3.17.

Corn

March closed at \$5.47 a bushel, up 47 cents since last Friday.

Soybeans

March closed at \$13.70 a bushel, up 59 cents since last Friday.

Wheat

March closed at \$6.63 a bushel, up 29 cents since last Friday.

Cotton

March closed at 80.64 cents per lb, down 0.92 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$2 higher compared to last week on a live basis. Prices on a live basis were primarily \$110 to \$112 while dressed prices were mainly \$174 to \$176.

The 5-area weighted average prices thru Thursday were \$111.47 live, up \$2.24 compared to last week and \$175.76 dressed, up \$3.17 from a week ago. A year ago, prices were \$122.07 live and \$194.47 dressed.

The finished cattle market did find some support this week with modest gains. The current finished cattle market does not reflect what is going on with beef prices or what is happening with live cattle futures. The cash fed cattle price continues to trade at close to a \$5 discount to February live cattle futures. Thus, the cash price and February live cattle futures will have to converge over the next four weeks. This could mean cash prices moving higher, which would be the hope of cattle feeders. Alternatively, it could mean futures moving lower or some combination of the two. Regardless, cattle feeders desire higher prices, and they are going to need them to continue purchasing feeders and paying for more expensive feed.

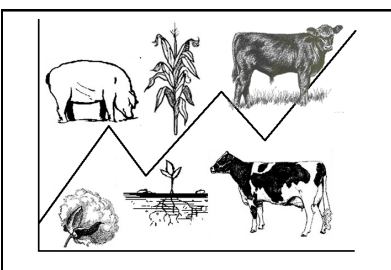
BEEF CUTOUT: At midday Friday, the Choice cutout was \$233.90 up \$1.91 from Thursday and up \$10.85 from a week ago. The Select cutout was \$222.43 up \$1.55 from Thursday and up \$8.91 from last week. The Choice Select spread was \$11.47 compared to \$9.53 a week ago.

Choice boxed beef prices have increased more than \$26 since the first week of the year, and this price increase is being led by some specific cuts. The cuts leading boxed beef prices higher are the short loin, strip loin, and top inside round. These three cuts have all experienced at least a 16 percent price increase since the first week of the year. The second tier leaders have been the chuck clod tender,

chuck roll, brisket, loin strip, top butt, and sirloin. The fact that both middle meats and end cuts are driving the market may be pointing to a shift in what consumers are looking for in the middle of winter. Winter is known for strong roast demand, but it is evident that consumers are still looking for steaks in the current market. This seems to be a trend that is becoming more pronounced year after year. In other words, consumers may be shifting some of their seasonal beef demand habits. With the composite Choice boxed beef price already over \$230, there is a chance that the weekly apex for Choice boxed beef this spring could move as high as \$250.

OUTLOOK: Based on Tennessee livestock auction data, steer prices were \$2 to \$5 higher compared to last week while heifer prices were steady to \$4 higher compared to a week ago. Slaughter cow prices were steady to \$3 higher while slaughter bull prices were steady to \$2 higher compared last week. The local calf market is beginning to show some strength. This strength in the calf market is welcomed by many cow-calf producers looking to move cattle. The increase in prices is not as good for those buying the calves. The current uptick in the market may be the beginning of the grass cattle run in prices that will extend into April. However, the positive price movement for grass cattle in the spring generally does not gain significant traction until the middle or late February. Thus, if this is the beginning of the spring calf run then the current price increase may bode well for a strong spring market in which to market. The issue at hand is if the buyers of these cattle can achieve a profit. There has to be enough margin in the buying and selling of these animals for it to be worth the risk of purchasing these cattle. Feeder cattle futures made a strong run to the up side last week and early this week, and they were able to hold most of

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Livestock Comments by Dr. Andrew Griffith

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those gains through the week. This positive look into the future is probably what allowed stocker and backgrounding operations to pay for these cattle. However, if they falter the next week or two then the calf market is likely to do the same. It will take continued support in the futures market to continue supporting the calf market. The upside potential for 500 to 600 pound steers this spring is around \$155 per hundredweight. The slaughter cow market is something else to keep on the radar. It would not be out of the question for the slaughter cow market to revisit the \$70 per hundredweight price mark in late spring and early summer. This would be a good marketing opportunity for those animals.

ASK ANDREW, TN THINK TANK: The nature of my job and area of “expertise” results in constant questions concerning the cattle markets. When such questions are posed, it is assumed the information will be used to make decisions. Some producers specifically ask for a recommendation of when to market their cattle. My wife does something similar in her medical practice. She provides recommendations for a course of action based on each patient’s medical condition. When providing recommendations, one partially feels responsible for the outcome. Thus, I try to never tell anyone what they should do, but I am willing to provide the information I would use to make a marketing decision and share what I would do.

In today’s age and time, it is not uncommon for people to bring lawsuits against someone who has made recommendations that did not turn out in a person’s favor. Thus, one has to be careful making recommendations of any sort including cattle marketing and healthcare. I recommend this advice be taken to heart, unless someone else is insuring the recommendation!

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 \$115.05 -0.95; April \$121.85 -0.85; June \$117.60 -1.23; Feeder cattle – March \$137.73 -2.08; April \$140.75 -1.93; May \$142.38 -2.00; August \$149.95 -1.93; March corn closed at \$5.47 up 13 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

This week, nearby corn futures set a new high at \$5.53 ¼. Continued strong export sales, particularly to China, fueled the increase. Nearby soybean futures recovered some of the losses from the previous week, but closed 66 cents off the recent contract high. Based on tight ending stocks, strong demand, the delayed South American harvest, and uncertain Brazil and Argentina production there is likely to be continued volatility in corn and soybean markets, but a major nearby futures price decline in the short-term seems unlikely.

December corn and November soybeans have started to move sideways. Corn has traded between \$4.23 and \$4.65 and soybeans between \$10.97 and \$12.03 in January. Harvest futures prices in February will be very important to Tennessee producers as daily closing futures prices will determine projected prices for crop insurance for spring planted crops.

Since January 1, 2014 the December cotton contract has closed above 78 cents on 236 trading days out of 1,837 or 12.8% of the daily closes. Based on current price offerings, 77-78 cents, it is advisable to get 25-50% of 2021 production priced (depends on individual farm circumstances, risk tolerance, and marketing strategy). Exceeding 50% priced prior to planting can result in selling your way out of an extended rally (not being able to continue sales during the growing season due to the risk of pricing more than your projected production).

July wheat futures have closed above \$6.00 16.1% of the time since July 1, 2014 (318 out of 1,971 trading days). Many producers likely priced some production in October when July 2021 wheat futures first breached \$6.00 (which was a prudent risk management decision). Depending on the amount of production priced, producers could consider increasing production up to 50%

	Previous	Current	Change
USD Index	90.24	90.53	0.30
Crude Oil	52.21	52.33	0.12
DJIA	31,051	30,148	-903

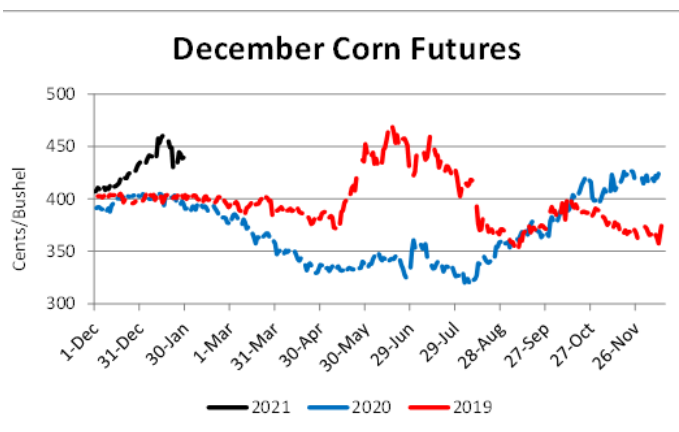
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of projected 2021 production or hold off to determine if any winter losses to production occur in February. Ability to store the crop beyond the harvest interval should be factored into pricing decisions.

Corn

Ethanol production for the week ending January 22 was 0.933 million barrels per day, down 12,000 barrels from the previous week. Ethanol stocks were 23.602 million barrels, down 0.026 million barrels compared to last week. Corn net sales reported by exporters for January 15-21 were up compared to last week with net sales of 72.8 million bushels for the 2020/21 marketing year. Exports for the same time period were up 60% from last week at 55.7 million bushels. Corn export sales and commitments were 75% 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 58%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened at Mississippi River and West-Central and strengthened or remained unchanged at Northwest, North-Central, and West elevators and barge points. Overall, basis for the week ranged from 5 over to 39 over, with an average of 23 over the March futures at elevators and barge points. March 2021 corn futures closed at \$5.47, up 47 cents since last Friday. For the week, March 2021 corn futures traded between \$4.92 and \$5.53. Mar/May and Mar/Dec future spreads were 0 and -102 cents. May 2021 corn futures closed at \$5.47, up 44 cents since last Friday.

Corn	Mar 21	Change	Dec 21	Change
Price	\$5.47	\$0.47	\$4.45	\$0.15
Support	\$5.16	\$0.32	\$4.29	\$0.14
Resistance	\$5.59	\$0.28	\$4.53	-\$0.01
20 Day MA	\$5.13	\$0.18	\$4.44	\$0.03
50 Day MA	\$4.65	\$0.11	\$4.26	\$0.04
100 Day MA	\$4.31	\$0.08	\$4.09	\$0.03
4-Week High	\$5.53	\$0.12	\$4.65	\$0.00
4-Week Low	\$4.62	\$0.21	\$4.23	\$0.06
Technical Trend	Up	=	Down	-



December 2021 corn futures closed at \$4.45, up 15 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.50 December 2021 Put Option costing 47 cents establishing a \$4.03 futures floor.

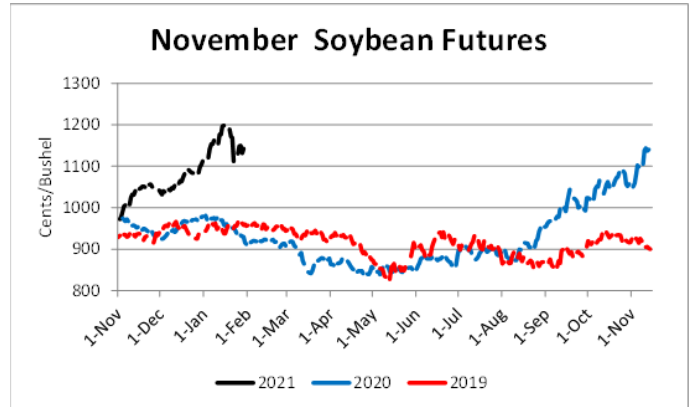
Soybeans

Net sales reported by exporters were down compared to last week with net sales of 17.1 million bushels for the 2020/21 marketing year and 57.5 million bushels for the 2021/22 marketing year. Exports for the same period were down 8% compared to last week at 80.6 million bushels. Soybean export sales and commitments were 95% 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 76%. Across Tennessee, average soybean basis weakened or remained unchanged at West-Central, Mississippi River, West, North-Central, and Northwest elevators and barge points. Basis ranged from 5 under to 33 over the March futures contract. Average basis at the end of the week was 18 over the March futures contract. March 2021 soybean futures closed at \$13.70, up 59 cents since last Friday. For the week, March 2021 soybean futures traded between \$12.98 and \$13.94. Mar/May and Mar/Nov future spreads were -3 and -227 cents. May 2021 soybean futures closed at \$13.67, up 56 cents since last Friday. March 2021 soybean-to-corn price ratio was 2.50 at the end of the week.

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Crop Comments by Dr. Aaron Smith

Soybeans	Mar 21	Change	Nov 21	Change
Price	\$13.70	\$0.59	\$11.43	\$0.31
Support	\$13.17	\$0.51	\$11.05	\$0.40
Resistance	\$14.09	\$0.20	\$11.73	-\$0.15
20 Day MA	\$13.67	\$0.21	\$11.54	\$0.12
50 Day MA	\$12.66	\$0.22	\$10.98	\$0.11
100 Day MA	\$11.55	\$0.20	\$10.37	\$0.10
4-Week High	\$14.36	\$0.00	\$12.03	\$0.00
4-Week Low	\$12.80	\$0.38	\$10.91	\$0.16
Technical Trend	Down	-	Down	-

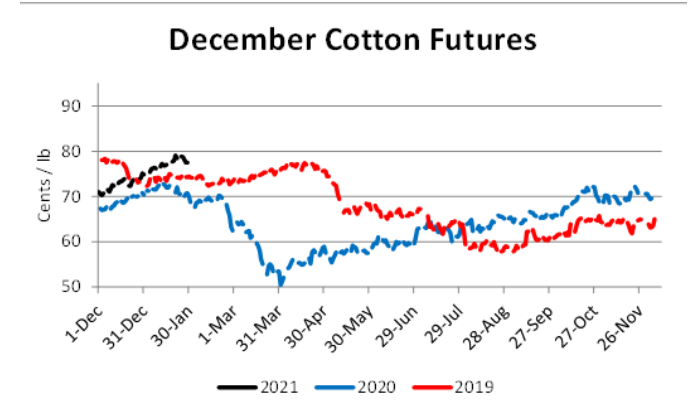


November 2021 soybean futures closed at \$11.43, up 31 cents since last Friday. Downside price protection could be achieved by purchasing an \$11.60 November 2021 Put Option which would cost 94 cents and set a \$10.66 futures floor. Nov/Dec 2021 soybean-to-corn price ratio was 2.57 at the end of the week.

Cotton

Net sales reported by exporters were up compared to last week with net sales of 322,700 bales for the 2020/21 marketing year and 53,600 bales for the 2021/22 marketing year. Exports for the same time period were down 15% compared to last week at 275,300 bales. Upland cotton export sales were 89% 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 77%. Delta upland cotton spot price quotes for January 28 were 77.93 cents/lb (41-4-34) and 80.18 cents/lb (31-3-35). Adjusted World Price (AWP) increased 0.89 cents to 67.59 cents. March 2021 cotton futures closed at 80.64, down 0.92 cents since last Friday. For the week, March 2021 cotton futures traded between 79.75 and 83.47 cents. Mar/May and Mar/Dec cotton futures spreads were 1.2 cents and -2.95 cents. May 2021 cotton futures closed at 81.84 cents, down 0.82 cents since last Friday.

Cotton	Mar 21	Change	Dec 21	Change
Price	80.64	-0.92	77.69	-0.78
Support	79.31	-1.50	76.74	-1.00
Resistance	81.51	-1.42	78.72	-0.68
20 Day MA	80.71	1.09	77.18	1.04
50 Day MA	76.65	1.00	74.07	0.86
100 Day MA	72.80	0.76	70.99	0.63
4-Week High	83.06	0.00	79.20	0.00
4-Week Low	76.90	2.50	74.10	1.95
Technical Trend	Up	=	Up	=



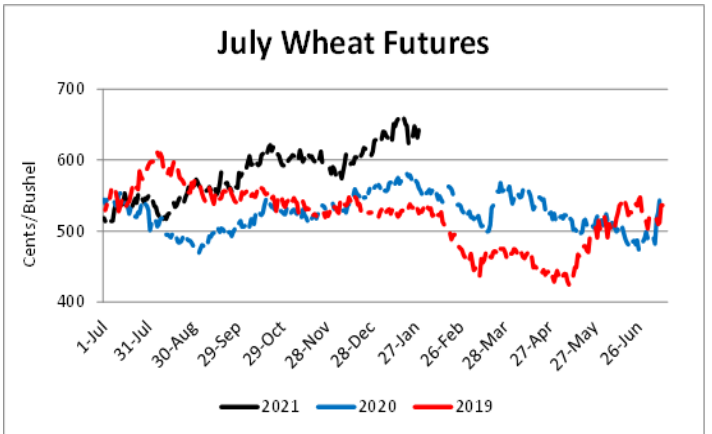
December 2021 cotton futures closed at 77.69 cents, down 0.78 cents since last Friday. Downside price protection could be obtained by purchasing a 78 cent December 2021 Put Option costing 6.14 cents establishing a 71.86 cent futures floor.

Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 14.0 million bushels for the 2020/21 marketing year and 7.9 million bushels for the 2021/22 marketing year. Exports for the same time period were up 92% from last week at 18.6 million bushels. Wheat export sales were 82% 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 84%. March 2021 wheat futures closed at \$6.63, up 29 cents since last Friday. March 2021 wheat futures traded between \$6.24 and \$6.72 this week. March wheat-to-corn price ratio was 1.21. Mar/May and Mar/Jul future spreads were -1 and -20 cents. May 2021 wheat futures closed at \$6.62, down 26 cents since last Friday.

Crop Comments by Dr. Aaron Smith

Wheat	Mar 21	Change	Jul 21	Change
Price	\$6.63	\$0.29	\$6.43	\$0.19
Support	\$6.35	\$0.19	\$6.23	\$0.16
Resistance	\$6.78	\$0.10	\$6.54	\$0.00
20 Day MA	\$6.54	\$0.08	\$6.41	\$0.06
50 Day MA	\$6.22	\$0.05	\$6.16	\$0.04
100 Day MA	\$6.07	\$0.05	\$6.02	\$0.04
4-Week High	\$6.93	\$0.00	\$6.70	\$0.00
4-Week Low	\$6.14	\$0.07	\$6.08	\$0.08
Technical Trend	Up	=	Down	-



In Tennessee, new crop wheat cash contracts ranged from \$6.19 to \$6.83. July 2021 wheat futures closed at \$6.43, up 19 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.50 July 2021 Put Option costing 57 cents establishing a \$5.93 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_mdbl_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>

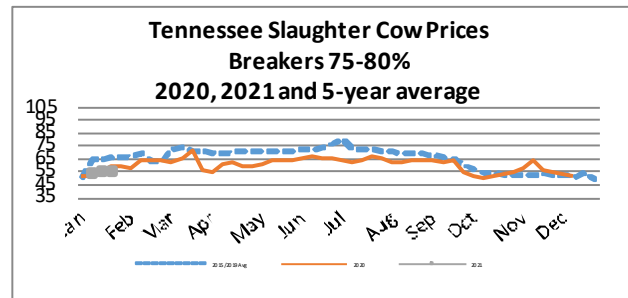
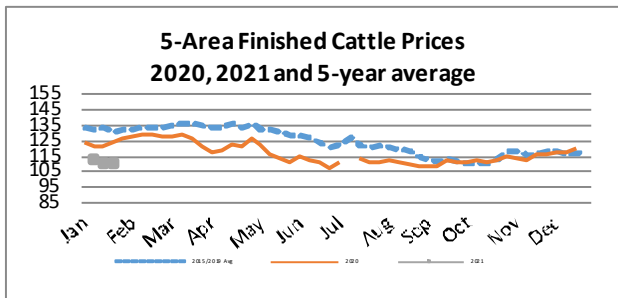
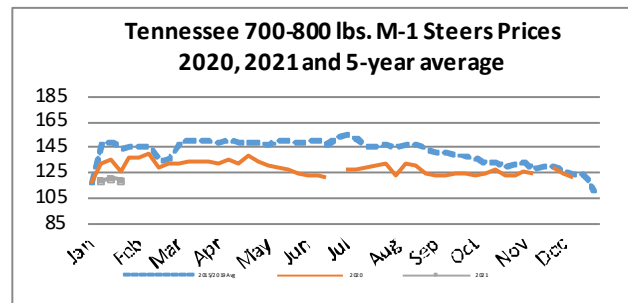
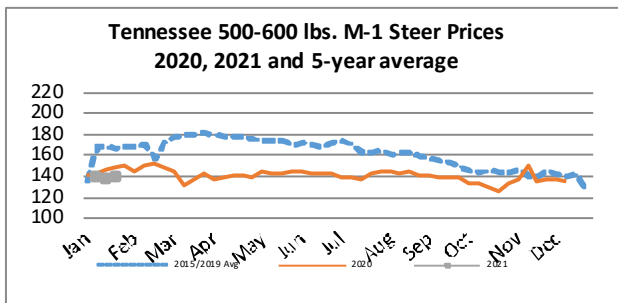
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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, January 22, 2021---Thursday, January 28, 2021

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	13.17	13.49	13.75	13.80	13.58
North Central	13.32	13.59	13.80	13.85	13.63
West Central	13.40	13.64	13.90	13.92	13.70
West	13.45	13.76	14.02	14.05	13.85
Mississippi River	13.47	13.76	13.98	14.02	13.80
Yellow Corn					
Northwest	5.16	5.27	5.47	5.49	5.20
North Central	5.06	5.17	5.37	5.39	5.40
West Central	5.25	5.32	5.52	5.54	5.55
West	5.39	5.50	5.69	5.71	5.74
Mississippi River	5.36	5.47	5.66	5.68	5.69
Wheat					
Northwest					
North Central					6.72
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	79.56-81.81	80.33-82.58	79.71-81.96	78.84-81.09	77.93-80.18



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 25, 2021

	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	149.50	182.00	162.85	160.06	164.52
400-500 lbs	140.00	165.00	153.44	149.81	158.35
500-600 lbs	127.00	151.00	138.01	136.91	144.73
600-700 lbs	118.50	136.00	126.26	123.98	132.16
700-800 lbs	110.00	125.00	117.57	119.34	132.96
Steers: Small Frame #1-2					
300-400 lbs	137.50	165.00	147.82	---	145.36
400-500 lbs	130.00	152.50	145.27	---	153.73
500-600 lbs	120.00	123.00	121.28	---	129.74
600-700 lbs	102.50	111.00	106.82	---	118.79
Steers: Medium/Large Frame #3					
300-400 lbs	115.00	165.00	149.47	144.81	148.67
400-500 lbs	125.00	155.00	141.11	141.57	138.36
500-600 lbs	102.50	139.00	125.82	122.83	129.41
600-700 lbs	110.00	124.00	115.22	115.11	122.69
700-800 lbs	100.00	114.00	107.07	107.70	---
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	0.00
700-800 lbs	72.00	73.50	73.20	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	47.00	65.00	53.66	53.98	53.76
Boners 80-85%	46.00	66.00	52.55	53.01	52.02
Lean 85-90%	36.00	54.00	43.74	46.34	42.94
Bulls YG 1	73.00	92.00	80.72	81.94	73.73
Heifers: Medium/Large Frame #1-2					
300-400 lbs	117.00	148.00	135.18	134.51	135.92
400-500 lbs	115.00	138.00	128.29	123.76	133.05
500-600 lbs	109.00	131.00	120.59	115.68	122.57
600-700 lbs	97.50	123.00	112.54	110.55	116.56
Heifers: Small Frame #1-2					
300-400 lbs	110.00	135.00	123.08	125.00	126.49
400-500 lbs	115.00	124.00	118.23	116.82	119.74
500-600 lbs	100.00	114.00	107.73	100.00	111.22
600-700 lbs	---	---	---	---	98.55
Heifers: Medium/Large Frame #3					
300-400 lbs	114.00	135.00	126.28	121.91	126.15
400-500 lbs	110.00	132.00	121.13	117.00	126.23
500-600 lbs	104.00	123.00	110.67	106.59	114.31
600-700 lbs	92.50	111.00	104.41	96.55	109.96

Cattle Receipts

This week: 8,523

Week ago: 4,833

Year ago: 6,558

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

Graded Sales, Video Board Sales, Video Sales & Loads

Mid-South Livestock Regional Center LLC-Unionville, TN

Weighted Average Report for 01/25/2021

Total Receipts: 975

1 load of heifers, avg. wt. 733 lbs, M&L 1, Black/BWF Red/RWF-ChX, 5-6 Flesh, \$122.25

For complete report:

https://www.ams.usda.gov/mnreports/ams_2069.pdf

Hardin County Stockyard-Savannah, TN

Weighted Average Report for 01/27/2021

Total Receipts: 562

1 load of steers, avg. wt. 842 lbs., M&L 1, Black/BWF Red/RWF-ChX, 5-6 Flesh, \$126.00

For complete report:

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

Graded Sheep & Goat Sale

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 1/25/2021

Total Receipts: 465

For complete report: https://www.ams.usda.gov/mnreports/ams_2081.pdf

Department of Agricultural and Resource Economics

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USDA / Tennessee Department of Agriculture Market News Service <https://www.tn.gov/agriculture/farms/news.html>

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