

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

February 26, 2021

Number: 8

Trends for the Week Compared to a Week Ago

Slaughter Cows

steady to \$3 higher

Slaughter Bulls

steady to \$3 higher

Feeder Steers

steady to \$6 higher

Feeder Heifers

steady to \$6 higher

Feeder Cattle Index: 139.48

Fed Cattle

The 5-area live price on Thursday of \$114.12 was up \$0.01. The dressed price of \$181.69 was up \$0.98.

Corn

March closed at \$5.55 a bushel, up 13 cents since last Friday.

Soybeans

March closed at \$14.05 a bushel, up 28 cents since last Friday.

Wheat

March closed at \$6.55 a bushel, up 5 cents since last Friday.

Cotton

March closed at 87.82 cents per lb, down 1.13 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 \$113 to \$115 while dressed prices were mainly \$181 to \$182.

The 5-area weighted average prices thru Thursday were \$114.12 live, up \$0.01 compared to last week and \$181.69 dressed, up \$0.98 from a week ago. A year ago, prices were \$115.07 live and \$185.45 dressed.

Sometimes there are more questions than answers, and this is one of those times. Why did February live cattle futures trade to \$117 on Thursday when cash prices are trading at a \$3 discount? Why has live cattle basis been so negative in recent history? How is a cattle feeder supposed to manage risk in this environment? The questions could continue, but the point is already made. This is a difficult environment to market finished cattle. Nothing seems to be in tune with normal tendencies. A negative basis of \$2 to \$3 is not unheard of in February, but it is also not that common. Cattle feeders will be hoping for cash and futures prices to converge moving into the April contract as convergence is advantageous to hedging strategies.

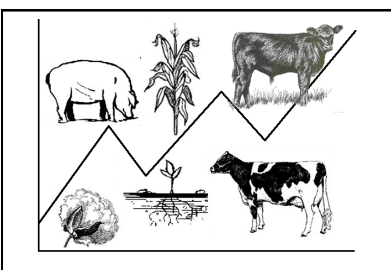
BEEF CUTOUT: At midday Friday, the Choice cutout was \$241.24 up \$0.85 from Thursday and up \$2.03 from a week ago. The Select cutout was \$229.78 up \$0.99 from Thursday and up \$2.33 from last week. The Choice Select spread was \$11.46 compared to \$11.75 a week ago.

Beef in cold storage followed a fairly typical seasonal pattern in 2020 despite the coronavirus pandemic. However, beef in cold storage accelerated more than normal the last quarter of 2020. This resulted in beef in cold storage at the end of January 2021 totaling 519 million pounds, which is the largest quantity of beef in

cold storage at the end of January since 2017. This is not an unmanageable quantity of beef, but it could indicate that beef is slowly backing up in the supply chain. The larger quantity of beef in cold storage runs counterintuitive to higher boxed beef prices the past several weeks, but the fact these are opposing forces may lend more credence to the fact that beef supplies are manageable and should be easy to clear. Alternatively, pork cold storage stocks at the end of January totaled 460 million pounds. This is the lowest quantity of pork in cold storage at the end of January since 1998. Lower pork stocks are being driven by pork exports, and there is no reason to expect this to change in the near term. It should support meat and poultry prices.

OUTLOOK: Trends compared to two weeks ago were difficult to establish due to lingering snow and ice early in the week. However, steer and heifer prices were mainly steady to \$6 higher compared to two weeks ago with the biggest price gains on cattle weighing less than 600 pounds. Slaughter cow and bull prices were steady to \$3 higher. The snow and ice that blanketed the western two-thirds of Tennessee and many other parts of the nation slowed cattle movement last week and had lingering effects for early week auctions this week. Despite the early week slow down, middle of the week and late week auctions experienced fairly strong runs of cattle and strengthening prices. The strengthening prices at the local level are being spurred by two factors at this point. The primary driver of lightweight calf prices is "grass fever". Grass is slowly beginning to green and some marginal growth is evident in fescue pastures while cool season annuals should really take off over the next couple of weeks. The strengthening prices is not based on what grass is available but what is expected to

(Continued on page 2)



Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

be available. Thus, this is just the start of the price run as some producers are attempting to get a few cattle purchased before prices peak. The second driver of prices is the futures market. It is not as if the nearby feeder cattle futures have really made a strong run though they have a positive trend. The strength in feeder cattle futures that are driving calf prices today are the summer and fall contract months. If the summer and fall contract months remain at current levels or push higher then one can expect calf prices to continue to increase over the next six to eight weeks. There does appear to be some disconnect between feeder cattle futures and corn futures, but there is no reason to try to outguess that disconnect. The key is to take advantage of what the market is offering and capitalize on prices in the near term.

ASK ANDREW, TN THINK TANK: Most questions I field have to do with market prices, or they have a profit implication from a production and management standpoint. However, occasionally there are questions that have more to do with morals than actual profitability. To avoid a specific question, many of these questions concern marketing an animal that has a not easily detected blemish such as a persistently infected calf, stag that is not showing bull like features yet, cow

that prolapsed and was repaired, breeding stock with venereal disease, or some other issue. Producers tend to ask what they should do with these animals and how they should market them. I think the answer is clear on what should be done. If a person is asking if they should reveal or hide the fact that an animal has a problem then it is clear to me that it should be disclosed to potential buyers. There is no good excuse for passing on a problem to an unsuspecting buyer. Not only would doing this be morally questionable, it could lead to developing a bad reputation when it comes to marketing cattle.

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 –April \$120.00 -1.68; June \$118.43 -1.08; August \$117.05 -1.10; Feeder cattle –March \$138.68 -1.75; April \$142.58 -2.50; May \$145.08 -2.15; August \$151.95 -2.30; March corn closed at \$5.56 up 1 cent from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Corn (\$4.79), soybeans (\$12.52 $\frac{3}{4}$), wheat (\$6.72 $\frac{3}{4}$), and cotton (89.28 cents) all set harvest contract highs this week. Tight global stocks and export demand for grain, oilseeds, and cotton continue to drive prices higher. China has been the major purchaser of US agricultural products, however demand from other countries has also been robust. While prices may continue the uptrend producers should consider having a price established on some of their estimated 2021 production. Using pricing strategies that allow for producers to participate in additional rallies can be considered. Buying put options establish a futures price floor while leaving the potential for upside gains. Another alternative is selling cash forward or futures contracts and buying call options – this will establish a price and allow gains above the call strike. These risk management strategies come at a premium and/or margin cost, but provide downside protection. For those new to futures and options, working with a broker or grain merchandiser, to develop a strategy is recommended.

Brazil's soybean harvest continues to be 2-3 weeks behind normal pace, limiting exports of soybeans to global purchasers. The cold weather across the southern plains last week has many concerned that winter kill could affect hard red winter wheat production. After setting the December contract high cotton futures dropped 5 cents on Thursday and Friday, closing the week just under 85 cents.

Crop insurance prices are almost finalized. The strong futures prices during February have provided a much higher projected (spring) crop insurance price for Tennessee producers. The projected (spring) crop insurance prices (as at February 25) are: corn - \$4.58 (up \$0.70 compared to last year); soybeans - \$11.85 (up \$2.68); and cotton - \$0.83 (up \$0.15). This is very good news for crop producers as the elevated crop insurance prices will provide increased revenue guarantees compared to recent years. Premiums

	Previous	Current	Change
USD Index	90.35	90.88	0.53
Crude Oil	58.98	61.59	2.61
DJIA	31,495	31,205	-290

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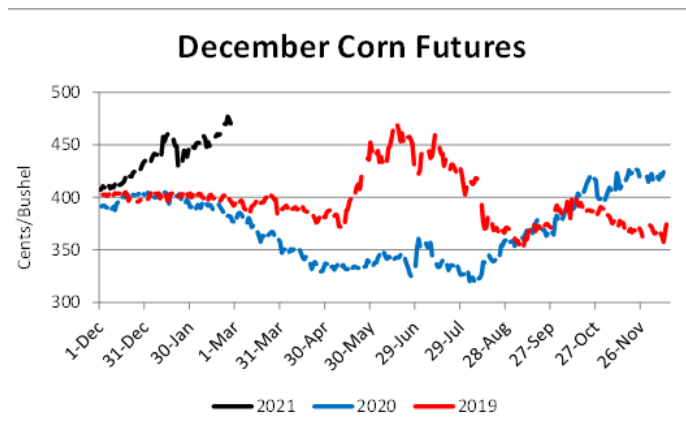
Crop Comments by Dr. Aaron Smith

will be higher for the same buy-up coverage. Producers are encouraged to work closely with their crop insurance provider to examine crop insurance products and weigh coverage and premium tradeoffs before March 15.

Corn

Ethanol production for the week ending February 19 was 0.658 million barrels per day, down 253,000 barrels from the previous week. Ethanol stocks were 22.785 million barrels, down 1.512 million barrels compared to last week. Corn net sales reported by exporters for February 12-18 were down compared to last week with net sales of 17.8 million bushels for the 2020/21 marketing year and 5.7 million bushels for the 2021/22 marketing year. Exports for the same time period were down 14% from last week at 46.9 million bushels. Corn export sales and commitments were 89% 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 68%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened or remained unchanged at Northwest, North-Central, West-Central, West, and Mississippi River elevators and barge points. Overall, basis for the week ranged from 5 over to 41 over, with an average of 23 over the March futures at elevators and barge points. March 2021 corn futures closed at \$5.55, up 13 cents since last Friday. For the week, March 2021 corn futures traded between \$5.42 and \$5.60. Mar/May and Mar/Dec future spreads were -8 and -85 cents. May 2021 corn futures closed at \$5.47, up 6 cents since last Friday.

Corn	Mar 21	Change	Dec 21	Change
Price	\$5.55	\$0.13	\$4.70	\$0.10
Support	\$5.34	\$0.03	\$4.64	\$0.18
Resistance	\$5.70	\$0.09	\$4.83	\$0.13
20 Day MA	\$5.49	\$0.08	\$4.57	\$0.08
50 Day MA	\$5.12	\$0.13	\$4.44	\$0.06
100 Day MA	\$4.64	\$0.09	\$4.22	\$0.04
4-Week High	\$5.74	\$0.00	\$4.79	\$0.13
4-Week Low	\$5.24	\$0.32	\$4.35	\$0.12
Technical Trend	Up	=	Up	=



December 2021 corn futures closed at \$4.70, up 10 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.80 December 2021 Put Option costing 52 cents establishing a \$4.28 futures floor.

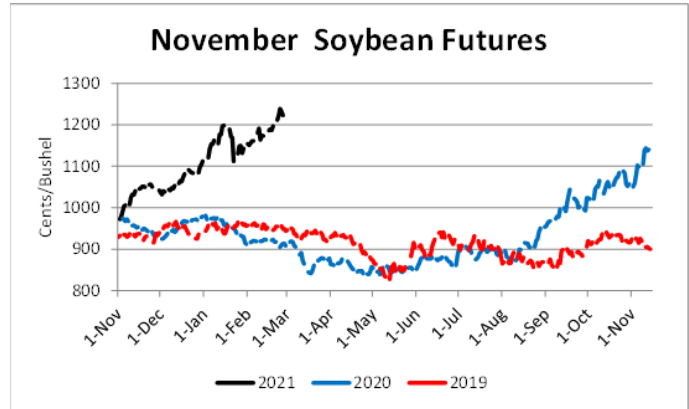
Soybeans

Net sales reported by exporters were down compared to last week with net sales of 6.2 million bushels for the 2020/21 marketing year and 2.6 million bushels for the 2021/22 marketing year. Exports for the same period were up 5% compared to last week at 38.7 million bushels. Soybean export sales and commitments were 98% 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 82%. Across Tennessee, average soybean basis strengthened or remained unchanged at West-Central, North-Central, Northwest, and Mississippi River and weakened at West elevators and barge points. Basis ranged from 2 under to 37 over the March futures contract. Average basis at the end of the week was 19 over the March futures contract. March 2021 soybean futures closed at \$14.05, up 28 cents since last Friday. For the week, March 2021 soybean futures traded between \$13.71 and \$14.43. Mar/May and Mar/Nov future spreads were -1 and -182 cents. May 2021 soybean futures closed at \$14.04, up 24 cents since last Friday. March 2021 soybean-to-corn price ratio was 2.53 at the end of the week.

(Continued on page 4)

Crop Comments by Dr. Aaron Smith

Soybeans	Mar 21	Change	Nov 21	Change
Price	\$14.05	\$0.28	\$12.23	\$0.27
Support	\$13.62	\$0.07	\$11.99	\$0.29
Resistance	\$14.64	\$0.65	\$12.42	\$0.28
20 Day MA	\$13.81	\$0.14	\$11.84	\$0.23
50 Day MA	\$13.46	\$0.25	\$11.51	\$0.18
100 Day MA	\$12.26	\$0.19	\$10.80	\$0.13
4-Week High	\$14.43	\$0.34	\$12.52	\$0.50
4-Week Low	\$13.35	\$0.00	\$11.27	\$0.30
Technical Trend	Up	=	Up	=

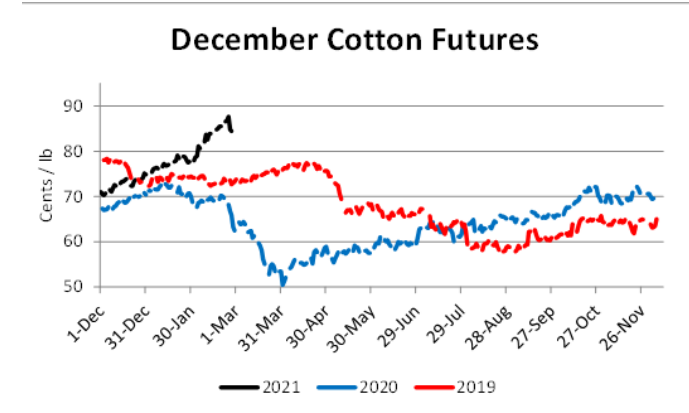


November 2021 soybean futures closed at \$12.23, up 27 cents since last Friday. Downside price protection could be achieved by purchasing a \$12.40 November 2021 Put Option which would cost 100 cents and set an \$11.40 futures floor. Nov/Dec 2021 soybean-to-corn price ratio was 2.60 at the end of the week.

Cotton

Net sales reported by exporters were up compared to last week with net sales of 247,800 bales for the 2020/21 marketing year and 40,700 bales for the 2021/22 marketing year. Exports for the same time period were down 6% compared to last week at 292,400 bales. Upland cotton export sales were 94% 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 86%. Delta upland cotton spot price quotes for February 25 were 86.94 cents/lb (41-4-34) and 89.19 cents/lb (31-3-35). Adjusted World Price (AWP) increased 2.63 cents to 75.76 cents. March 2021 cotton futures closed at 87.82, down 1.13 cents since last Friday. For the week, March 2021 cotton futures traded between 87.81 and 92.95 cents. Mar/May and Mar/Dec cotton futures spreads were 1.01 cents and -3.49 cents. May 2021 cotton futures closed at 88.83 cents, down 1.65 cents since last Friday.

Cotton	Mar 21	Change	Dec 21	Change
Price	87.82	-1.13	84.33	-1.17
Support	87.77	0.27	82.26	-1.88
Resistance	87.91	-2.17	86.04	-0.32
20 Day MA	86.19	2.22	83.07	1.92
50 Day MA	81.92	1.65	78.72	1.39
100 Day MA	76.62	1.19	74.32	1.01
4-Week High	92.95	3.59	89.28	3.60
4-Week Low	79.75	0.00	77.26	0.00
Technical Trend	Up	=	Up	=



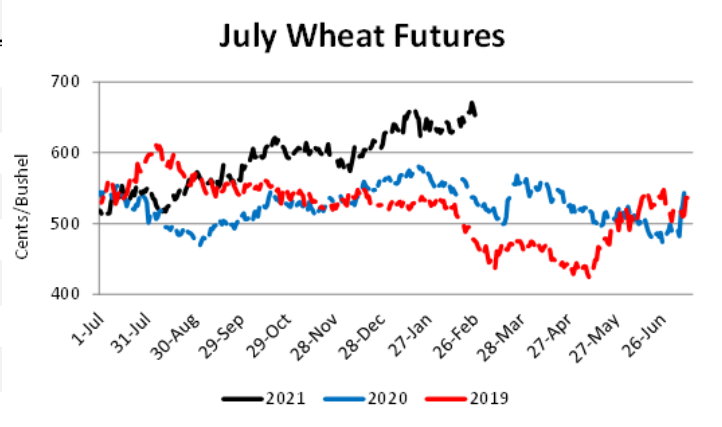
December 2021 cotton futures closed at 84.33 cents, down 1.17 cents since last Friday. Downside price protection could be obtained by purchasing an 85 cent December 2021 Put Option costing 7 cents establishing a 78 cent futures floor.

Wheat

Wheat net sales reported by exporters were down compared to last week with net sales of 6.2 million bushels for the 2020/21 marketing year and 0.5 million bushels for the 2021/22 marketing year. Exports for the same time period were up 4% from last week at 14.4 million bushels. Wheat export sales were 89% 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 92%. In Tennessee, spot wheat prices ranged from \$6.94 to \$7.10. March 2021 wheat futures closed at \$6.55, up 5 cents since last Friday. March 2021 wheat futures traded between \$6.51 and \$6.83 this week. March wheat-to-corn price ratio was 1.18. Mar/May and Mar/Jul future spreads were 5 and -7 cents. May 2021 wheat futures closed at \$6.60, up 5 cents since last Friday.

Crop Comments by Dr. Aaron Smith

Wheat	Mar 21	Change	Jul 21	Change
Price	\$6.55	\$0.05	\$6.50	\$0.07
Support	\$6.45	\$0.09	\$6.39	\$0.08
Resistance	\$6.70	-\$0.06	\$6.67	\$0.06
20 Day MA	\$6.52	\$0.04	\$6.42	\$0.06
50 Day MA	\$6.45	\$0.08	\$6.34	\$0.07
100 Day MA	\$6.24	\$0.05	\$6.17	\$0.05
4-Week High	\$6.83	\$0.07	\$6.72	\$0.11
4-Week Low	\$6.25	\$0.01	\$6.16	\$0.01
Technical Trend	Up	+	Up	=



In Tennessee, new crop wheat cash contracts ranged from \$6.43 to \$7.10. July 2021 wheat futures closed at \$6.50, up 7 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.50 July 2021 Put Option costing 45 cents establishing a \$6.05 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_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>

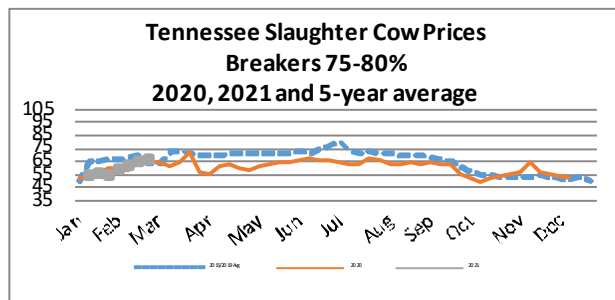
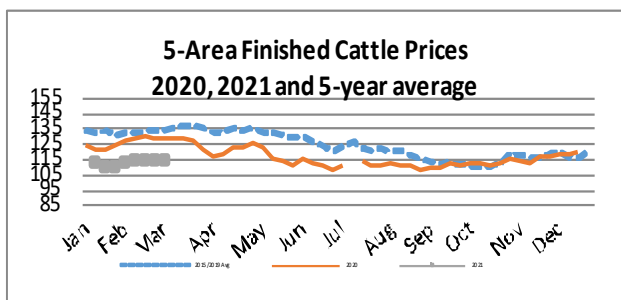
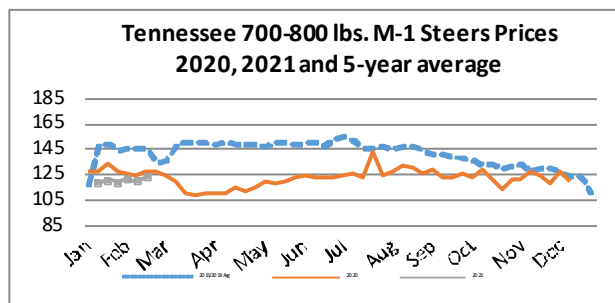
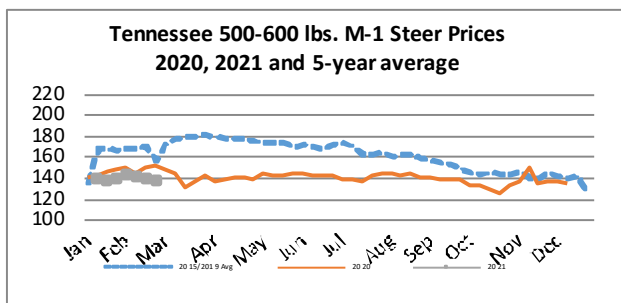
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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, February 19, 2021---Thursday, February 25, 2021

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	13.81	13.87	14.09	14.27	14.09
North Central	13.87	13.94	14.16	14.34	14.16
West Central	13.94	14.01	14.23	14.41	14.25
West	14.14	14.21	14.43	14.57	14.40
Mississippi River	14.07	14.14	14.37	14.54	14.37
Yellow Corn					
Northwest	5.63	5.72	5.74	5.80	5.75
North Central	5.48	5.56	5.59	5.64	5.60
West Central	5.66	5.74	5.77	5.82	5.73
West	5.84	5.92	5.95	5.99	5.92
Mississippi River	5.79	5.87	5.90	5.94	5.87
Wheat					
Northwest					
North Central	6.81	6.94	6.96	7.10	7.02
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	87.73-89.98	89.66-91.91	89.92-92.17	90.94-93.19	86.94-89.19



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, February 22, 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	151.00	169.00	160.14	155.94	170.19
400-500 lbs	127.50	152.00	139.23	155.93	164.21
500-600 lbs	129.00	147.00	136.90	138.79	148.16
600-700 lbs	126.00	135.00	131.66	130.11	134.84
700-800 lbs	---	---	---	121.76	125.91
Steers: Small Frame #1-2					
300-400 lbs	---	---	---	140.03	147.47
400-500 lbs	---	---	---	113.42	151.20
500-600 lbs	---	---	---	130.00	---
600-700 lbs	---	---	---	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	---	---	---	145.05	153.93
400-500 lbs	---	---	---	139.60	152.58
500-600 lbs	---	---	---	124.18	137.00
600-700 lbs	---	---	---	114.05	125.91
700-800 lbs	---	---	---	105.10	118.89
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	60.00	76.00	65.62	63.96	62.23
Boners 80-85%	60.00	74.00	67.24	63.62	72.36
Lean 85-90%	43.00	63.00	56.77	51.22	50.35
Bulls YG 1	80.00	94.50	88.71	87.49	84.19
Heifers: Medium/Large Frame #1-2					
300-400 lbs	119.00	140.00	128.43	133.77	140.37
400-500 lbs	109.00	137.00	120.67	129.40	135.04
500-600 lbs	107.50	127.00	114.89	119.58	127.84
600-700 lbs	97.50	112.00	106.72	114.30	118.03
Heifers: Small Frame #1-2					
300-400 lbs	---	---	---	119.94	131.79
400-500 lbs	---	---	---	122.44	119.86
500-600 lbs	---	---	---	112.00	---
600-700 lbs	---	---	---	96.25	---
Heifers: Medium/Large Frame #3					
300-400 lbs	117.50	127.50	124.79	123.20	132.14
400-500 lbs	---	---	---	119.57	122.50
500-600 lbs	---	---	---	110.88	118.87
600-700 lbs	---	---	---	107.13	107.23

Cattle Receipts

This week: 412

Week ago: 3,110

Year ago: 5,754

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

Graded Sales, Video Board Sales, Video Sales & Loads

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

Weighted Average report for 2/19/2020

Total Receipts: 504

For complete report:

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

Bluegrass Stockyards Livestock Video/Internet Auction- Lexington, KY

Weighted Average report for 2/23/2020

Total receipts: 422

1 load of steers: avg. wt. 670 lb., M&L 1-2, \$141.50

1 load of steers: avg. wt. 735 lb., M&L 1-2, \$132.50

1 load of steers: avg. wt. 785 lb., M&L 1-2, \$129.40

2 loads of heifers: avg. wt. 680 lb., M&L 1-2, \$122.16

1 load of heifers: avg. wt. 790 lb., M&L 1-2, \$121.90

For complete report:

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

East Tennessee Livestock Center Video/Board Sale- Sweetwater, TN

Weighted Average report for 2/24/2020

Total receipts: 59

1 load of steers: avg. wt. 850 lb., M&L 1, \$131.25

For complete report:

https://www.ams.usda.gov/mnreports/ams_2228.pdf

Graded Sheep & Goat Sale

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 2/22/21

Total Receipts: 473

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

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

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