

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

April 1, 2021

Number: 13

Trends for the Week Compared to a Week Ago

Slaughter Cows

steady to \$3 higher

Slaughter Bulls

steady to \$2 higher

Feeder Steers

steady to \$5 higher

Feeder Heifers

steady to \$7 higher

Feeder Cattle Index: 140.35

Fed Cattle

The 5-area live price on Wednesday of \$117.85 was up \$2.31. The dressed price of \$185.00 was up \$0.13.

Corn

May closed at \$5.59 a bushel, up 7 cents since last Friday.

Soybeans

May closed at \$14.02 a bushel, up 2 cents since last Friday.

Wheat

May closed at \$6.11 a bushel, down 2 cents since last Friday.

Cotton

May closed at 77.95 cents per lb, down 2.43 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$2 to \$3 higher compared to last week on a live basis. Prices on a live basis were primarily \$117 to \$118 while dressed prices were not well established.

The 5-area weighted average prices thru Wednesday were \$117.85 live, up \$2.31 compared to last week and \$185.00 dressed, up \$0.13 from a week ago. A year ago, prices were \$112.07 live and \$178.78 dressed.

Fed cattle trade was slower to develop than expected this week with Easter on the horizon. Cattle feeders are slowly gaining leverage, and packers once again have several extra dollars to play with as beef prices increase. This does not mean packers will go down without a fight, but fed cattle prices will continue to creep higher the next several weeks. Live cattle futures are pricing the June contract at nearly a \$2.50 premium to April and August at a \$1.50 premium. If this price pattern were to materialize, it would be a contra-seasonal price movement for finished cattle. Market participants should keep a close eye on the futures market as the uncertainty in the market could cause prices to shift abruptly.

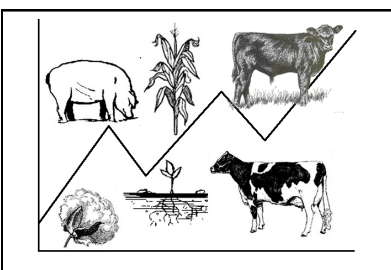
BEEF CUTOUT: At midday Thursday, the Choice cutout was \$249.63 up \$2.51 from Wednesday and up \$11.23 from a week ago. The Select cutout was \$244.73 up \$6.60 from Wednesday and up \$15.64 from last week. The Choice Select spread was \$4.90 compared to \$9.31 a week ago.

It was mentioned last week that the composite Choice boxed beef price could test the \$250 mark this spring. It is beginning to look like that may have been under-shooting the market in that the daily price has nearly reached that mark. The rib and loin primal contain the cuts that will carry the cutout the next few months, and they are beginning to gain momentum. Howev-

er, the brisket and short plate primal are also gaining steam and could provide price support for early spring grilling. The two drivers of higher beef prices are likely restaurants increasing dining capacity and consumers continuing to use discretionary spending on their eating experience since many do not feel comfortable traveling yet. How these factors change as an increasing number of Americans get a coronavirus vaccine will be determined in coming months. Another boost to the beef market will be the return of fans to baseball stadiums. Stadiums may not be filled to capacity, but those who are there will likely be eating hamburgers and beef hotdogs.

OUTLOOK: Based on Tennessee weekly auction market data, steer prices were steady to \$5 higher compared to last week while heifer prices were steady to \$7 higher compared to a week ago. Slaughter cow prices were steady to \$3 higher while bull prices were steady to \$2 higher compared to the previous week. The gains in the cash market have clearly been in the lighter weight cattle. The price for lightweight cattle should be nearing its spring peak. There is certainly room for prices to push higher the next three to four weeks, but the momentum is expected to slow, and prices will turn the other direction as summer nears. The yearling cattle market has started to creep higher with the advent of a strengthening futures market. Summer and fall feeder cattle futures contracts made about \$8 gains in March before being slowed by the March USDA planting intentions and grain stocks reports. Those reports sent corn and soybean prices up the limit on Wednesday and a much more muted reaction on Thursday. The volatility the reports have brought to the grain markets has added volatility to the feeder cattle market. It is very difficult to explain

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

how the expectation of feeder cattle prices can increase when the expectation of feed prices is also increasing. The only logical explanation where both can occur is an extremely strong demand for beef. Otherwise, the explanation has to be that those in the cattle business expect corn and soybean prices to moderate. This is very likely in that the prices being projected for corn and soybeans should pull more acres into production. An increase in acreage should result in increased total production and thus lower prices. At this point, this is all speculation. What is known today is that some extremely favorable prices for selling corn, soybeans, and feeder cattle can be captured today by using the futures market or forward contracting. The alternative to capturing these prices is doing nothing and simply crossing days off the calendar.

ASK ANDREW, TN THINK TANK: “If a person is supposed to learn from their mistakes, why do some people have more than one child?” I apologize for the corny joke. I do not agree with the joke, but it does catch a person’s attention. The point is why do cattle producers continue to fall victim to the same mistakes year after year? This question can hold for many aspects of the business, but I am making this statement from a marketing standpoint. Many cattle producers continue

to fall victim to the cash feeder cattle and live cattle market because of lack of understanding, fear, or greed. There have been several opportunities to hedge a good price for summer and fall marketing of cattle, but many producers have done little to nothing to secure that price and value. An uneducated person should begin reading and asking questions. A person fearful of prices going higher and not capturing that value should consider the probability that the market could go the other direction. For the greedy, “Bulls make money. Bears make money. Pigs get slaughtered.”

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: Thursday’s closing prices were as follows: Live/fed cattle –April \$120.03 -0.95; June \$122.55 -0.35; August \$121.53 -0.45; Feeder cattle –April \$143.88 +0.00; May \$149.23 -0.18; August \$158.00 +0.73; September \$158.63 +0.83; May corn closed at \$5.60 down 5 cents from Wednesday.

Crop Comments by Dr. Aaron Smith

Overview

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

The USDA’s Prospective Plantings report caught markets off guard on March 31 causing limit moves in corn futures--out to July 2022 and soybean futures--out to January 2022. The March 31 futures market price move in harvest corn and soybean contracts of 5.2% (up 25 cents) and 5.6% (up 70 cents) is the equivalent of the DJIA moving 1,800 points in one day. For the report day, cotton futures were up 0.24 -1.18 cents and wheat futures were up 16 cents.

Nationally, corn plantings were projected at 91.144 million acres, soybeans at 87.6 million acres, upland cotton at 11.894 million acres, and all wheat at 46.358 million acres. Prior to the report, market expectations were for 92-94 million acres of corn, 89-92 million acres of soybeans, and 12 million acres of cotton to be planted this spring. The lower projected acreage shocked the market which was already concerned about low ending stocks for corn and soybeans.

While the report relative to expectations was overwhelmingly bullish, I would caution putting too much stock into the projections shown. Weather and planting conditions are largely unknown at this point-in-time and prevented planting acres could move total acres planted 2-5 million acres up or down from the current USDA projections. Current prices will encourage producers to plant even in potentially less than ideal conditions.

Also released on March 31 was the Grain Stocks report, which indicated stocks as at March 1 of 7.70 billion bushels of corn, 1.56 billion bushels of soybeans, and 1.3 billion bushels of wheat. Grain stocks were slightly higher than anticipated, however export sales continue to remain robust indicating continued strong global demand into the summer.

	Previous	Current	Change
USD Index	92.80	92.96	0.16
Crude Oil	60.84	61.35	0.51
DJIA	32,747	33,099	352

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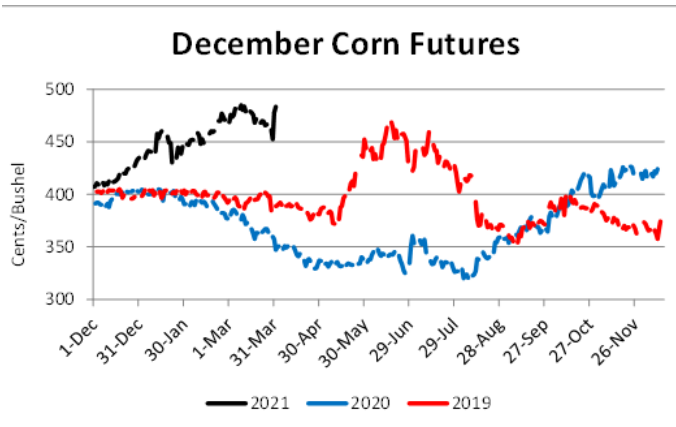
Crop Comments by Dr. Aaron Smith

In Tennessee, the Prospective Plantings report projected corn plantings at 1 million acres, soybeans at 1.7 million, and cotton at 290,000 acres.

Corn

Ethanol production for the week ending March 26 was 0.965 million barrels per day, up 43,000 barrels from the previous week. Ethanol stocks were 21.114 million barrels, down 0.695 million barrels compared to last week. Corn net sales reported by exporters for March 19-25 were down compared to last week with net sales of 31.4 million bushels for the 2020/21 marketing year and 2.4 million bushels for the 2021/22 marketing year. Exports for the same time period were down <1% from last week at 77.9 million bushels. Corn export sales and commitments were 100% 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 80%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at North-Central, West-Central, Northwest, and West, and weakened at Mississippi River elevators and barge points. Overall, basis for the week ranged from 15 over to 40 over, with an average of 28 over the May futures at elevators and barge points. May 2021 corn futures closed at \$5.59, up 7 cents since last Friday. For the week, May 2021 corn futures traded between \$5.33 and \$5.85. May/Jul and May/Dec future spreads were -14 and -75 cents. July 2021 corn futures closed at \$5.45, up 10 cents since last Friday.

Corn	May 21	Change	Dec 21	Change
Price	\$5.59	\$0.07	\$4.84	\$0.18
Support	\$5.38	\$0.03	\$4.73	\$0.11
Resistance	\$5.95	\$0.38	\$4.98	\$0.28
20 Day MA	\$5.48	\$0.03	\$4.73	-\$0.01
50 Day MA	\$5.44	\$0.01	\$4.63	\$0.01
100 Day MA	\$4.98	\$0.05	\$4.42	\$0.03
4-Week High	\$5.85	\$0.26	\$4.93	\$0.08
4-Week Low	\$5.29	\$0.00	\$4.49	-\$0.14
Technical Trend	Up	=	Up	+



In Tennessee, new crop cash corn prices at elevators and barge points ranged from \$4.33 to \$4.98. December 2021 corn futures closed at \$4.84, up 18 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.90 December 2021 Put Option costing 49 cents establishing a \$4.41 futures floor.

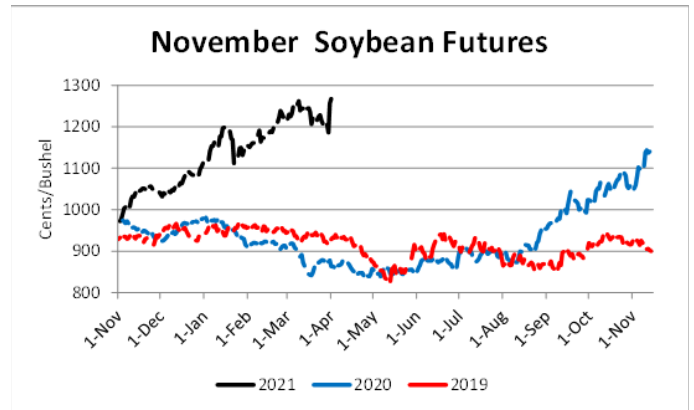
Soybeans

Net sales reported by exporters were up compared to last week with net sales of 3.9 million bushels for the 2020/21 marketing year and 4.8 million bushels for the 2021/22 marketing year. Exports for the same period were down 8% compared to last week at 16.9 million bushels—a marketing year low. Soybean export sales and commitments were 99% 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 89%. Across Tennessee, average soybean basis strengthened or remained unchanged at West, West-Central, North-Central, Northwest, and Mississippi River elevators and barge points. Basis ranged from even to 27 over the May futures contract. Average basis at the end of the week was 12 over the May futures contract. May 2021 soybean futures closed at \$14.02, up 2 cents since last Friday. For the week, May 2021 soybean futures traded between \$13.64 and \$14.56. May/Jul and May/Nov future spreads were -6 and -139 cents. May 2021 soybean-to-corn price ratio was 2.51 at the end of the week. July 2021 soybean futures closed at \$13.96, up 5 cents since last Friday.

(Continued on page 4)

Crop Comments by Dr. Aaron Smith

Soybeans	May 21	Change	Nov 21	Change
Price	\$14.02	\$0.02	\$12.63	\$0.56
Support	\$13.61	-\$0.36	\$12.35	\$0.35
Resistance	\$14.76	\$0.36	\$12.99	\$0.64
20 Day MA	\$14.14	-\$0.02	\$12.32	\$0.01
50 Day MA	\$13.93	\$0.00	\$12.01	\$0.03
100 Day MA	\$13.13	\$0.13	\$11.41	\$0.09
4-Week High	\$14.60	\$0.00	\$12.85	\$0.20
4-Week Low	\$13.64	-\$0.16	\$11.84	-\$0.18
Technical Trend	Down	=	Up	+

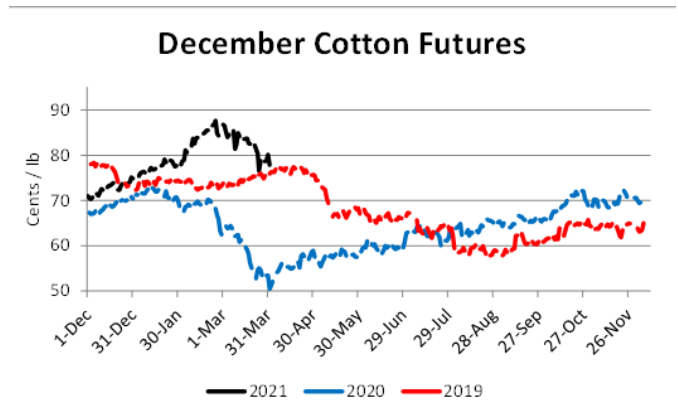


In Tennessee, new crop cash soybean prices at elevators and barge points ranged from \$11.84 to \$12.84. November 2021 soybean futures closed at \$12.63, up 56 cents since last Friday. Downside price protection could be achieved by purchasing a \$12.80 November 2021 Put Option which would cost 88 cents and set an \$11.92 futures floor. Nov/Dec 2021 soybean-to-corn price ratio was 2.61 at the end of the week.

Cotton

Net sales reported by exporters were down compared to last week with net sales of 78,400 bales for the 2020/21 marketing year and 41,400 bales for the 2021/22 marketing year. Exports for the same time period were up 4% compared to last week at 324,700 bales. Upland cotton export sales were 102% 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 97%. Delta upland cotton spot price quotes for March 31 were 78.63 cents/lb (41-4-34) and 80.88 cents/lb (31-3-35). May 2021 cotton futures closed at 77.95, down 2.43 cents since last Friday. For the week, May 2021 cotton futures traded between 77.75 and 81.52 cents. May/Jul and May/Dec cotton futures spreads were 1.32 cents and -0.04 cents. July 2021 cotton futures closed at 79.27 cents, down 2.14 cents since last Friday.

Cotton	May 21	Change	Dec 21	Change
Price	77.95	-2.43	77.91	-0.83
Support	75.30	-0.23	75.74	2.07
Resistance	82.84	-1.43	81.48	-0.51
20 Day MA	84.06	-1.91	81.68	-1.33
50 Day MA	85.72	-0.16	82.16	0.13
100 Day MA	80.86	0.33	77.50	0.39
4-Week High	91.45	-1.35	86.73	-0.56
4-Week Low	77.12	0.00	75.34	0.00
Technical Trend	Down	=	Down	=



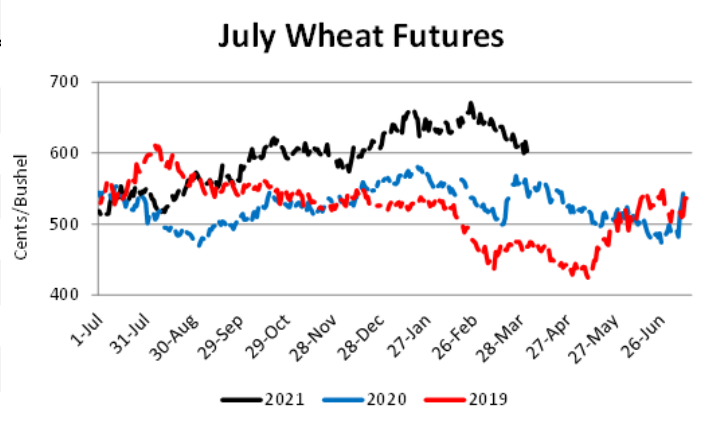
December 2021 cotton futures closed at 77.91 cents, down 0.83 cents since last Friday. Downside price protection could be obtained by purchasing a 78 cent December 2021 Put Option costing 5.25 cents establishing a 72.75 cent futures floor.

Wheat

Wheat net sales reported by exporters were down compared to last week with net sales of 9.2 million bushels for the 2020/21 marketing year and 3.0 million bushels for the 2021/22 marketing year. Exports for the same time period were down 59% from last week at 9.9 million bushels. Wheat export sales were 94% 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 100%. In Tennessee, spot wheat prices ranged from \$6.36 to \$6.53. May 2021 wheat futures closed at \$6.11, down 2 cents since last Friday. May 2021 wheat futures traded between \$5.93 and \$6.31 this week. May wheat-to-corn price ratio was 1.09. May/Jul and May/Sep future spreads were -1 and 1 cent.

Crop Comments by Dr. Aaron Smith

Wheat	May 21	Change	Jul 21	Change
Price	\$6.11	-\$0.02	\$6.10	\$0.01
Support	\$5.88	-\$0.11	\$5.90	-\$0.09
Resistance	\$6.37	\$0.05	\$6.33	\$0.14
20 Day MA	\$6.32	-\$0.08	\$6.25	-\$0.07
50 Day MA	\$6.46	-\$0.05	\$6.35	-\$0.04
100 Day MA	\$6.31	\$0.00	\$6.23	\$0.00
4-Week High	\$6.68	\$0.00	\$6.57	\$0.00
4-Week Low	\$5.93	-\$0.15	\$5.92	-\$0.12
Technical Trend	Down	=	Down	=



In Tennessee, new crop wheat cash contracts ranged from \$5.87 to \$6.52. July 2021 wheat futures closed at \$6.10, up 1 cent since last Friday. Downside price protection could be obtained by purchasing a \$6.15 July 2021 Put Option costing 35 cents establishing a \$5.80 futures floor. September 2021 wheat futures closed at \$6.12, up 2 cents since last Friday.

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/

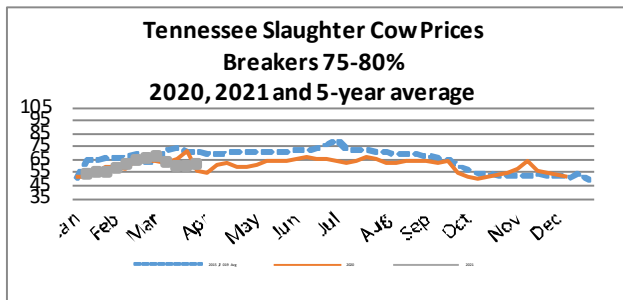
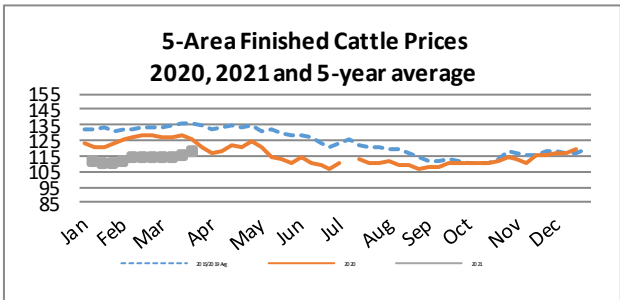
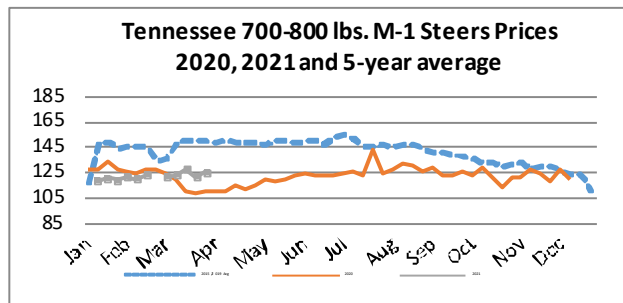
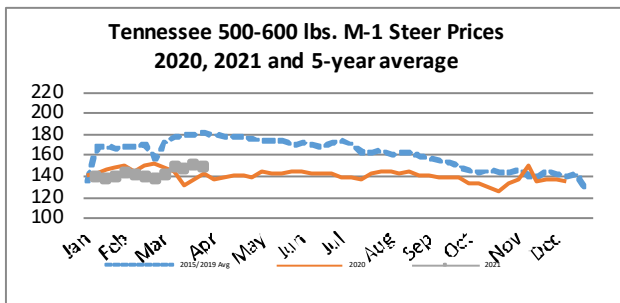
[Crop Progress & Condition/](#)

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, March 26, 2021---Thursday, April 1, 2021					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	14.06	13.98	13.72	14.46	14.15
North Central	14.01	13.93	13.67	14.37	14.02
West Central	14.06	13.98	13.72	14.42	
West	14.27	14.20	13.93	14.63	14.29
Mississippi River	14.21	14.14	13.87	14.59	14.24
Yellow Corn					
Northwest	5.76	5.70	5.63	5.91	5.86
North Central	5.68	5.62	5.54	5.79	5.75
West Central	5.76	5.70	5.62	5.87	
West	5.92	5.86	5.79	6.04	5.97
Mississippi River	5.87	5.81	5.74	5.98	5.93
Wheat					
Northwest					
North Central	6.48	6.52	6.37	6.53	6.46
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	78.13-80.38	78.24-80.49	78.39-80.64	78.63-80.88	75.70-77.95



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, March 29, 2021

	This Week		Weighted Average	Last Week's	Year Ago
	Low	High		Weighted Average	Weighted Average
-----\$/cwt-----					
Steers: Medium/Large Frame #1-2					
300-400 lbs	145.00	192.50	173.76	172.58	155.93
400-500 lbs	141.00	178.00	161.99	165.00	145.00
500-600 lbs	130.00	162.00	147.32	148.63	135.20
600-700 lbs	124.00	148.00	137.04	136.21	122.40
700-800 lbs	110.00	138.00	124.26	120.05	107.70
Steers: Small Frame #1-2					
300-400 lbs	132.00	162.50	148.60	148.86	---
400-500 lbs	132.50	152.50	142.41	141.26	---
500-600 lbs	---	---	---	120.00	---
600-700 lbs	---	---	---	124.31	---
Steers: Medium/Large Frame #3					
300-400 lbs	134.00	180.00	152.10	152.88	138.24
400-500 lbs	120.00	158.00	147.39	146.27	138.03
500-600 lbs	125.00	145.00	138.25	132.98	---
600-700 lbs	110.00	132.00	120.10	119.91	115.20
700-800 lbs	112.00	122.50	116.74	114.10	---
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	52.50	67.00	60.54	58.91	70.58
Boners 80-85%	47.00	72.00	60.18	58.03	70.53
Lean 85-90%	41.00	64.00	51.41	48.40	58.75
Bulls YG 1	78.50	99.00	85.66	84.14	95.47
Heifers: Medium/Large Frame #1-2					
300-400 lbs	125.00	163.00	141.97	142.38	129.73
400-500 lbs	123.00	148.00	137.99	136.83	125.14
500-600 lbs	113.00	143.00	127.92	126.33	112.07
600-700 lbs	104.00	130.00	116.23	117.61	102.21
Heifers: Small Frame #1-2					
300-400 lbs	137.50	142.50	139.92	129.68	---
400-500 lbs	122.50	132.50	127.06	121.19	---
500-600 lbs	---	---	---	113.12	---
600-700 lbs	---	---	---	---	---
Heifers: Medium/Large Frame #3					
300-400 lbs	121.00	140.00	132.32	130.77	126.87
400-500 lbs	116.00	139.00	128.37	125.77	114.27
500-600 lbs	109.00	127.00	117.91	117.95	104.54
600-700 lbs	98.00	116.00	107.89	106.48	---

Cattle Receipts

This week:7,102

Week ago:7,729

Year ago:2,502

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 03/29/2021

Total Receipts: 752

1 load of heifers, avg 467 lbs., \$157.00

For complete report:

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

Browning Livestock Market Video/Internet Auction-Lafayette, TN

Weighted Average Report for 03/31/2021

Total Receipts: 392

1 load of steers, avg 565 lbs., \$156.50

1 load of steers, avg 750 lbs., \$137.50

2 loads of steers, avg 813 lbs., \$133.86

1 load of steers, avg 850 lbs., \$133.50

1 load of steers, avg 1,100 lbs., \$116.00

For complete report:

https://www.ams.usda.gov/mnreports/ams_3467.pdf

Hardin County Stockyard-Savannah, TN

Weighted Average Report for 03/31/2021

Total Receipts: 531

1 load of steers, avg 805 lbs., M&L 1&2, 56-Black/BWF 1-RWF 3-ChX, 5 Flesh, \$136.50

For complete report:

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

Graded Sales, Video Board Sales, Video Sales & Loads

Hodge Livestock Network-April 1, 2021

1 load of heifers; est. wt. 740 lbs. Range 600-800 lbs.; All Black & BWF; 80% #1, 20% #1 ½; Medium to Large; Medium flesh; \$125.00

1 load of steers; est. wt. 850 lbs. Range 800-950 lbs.; Approx. 80% Black & BWF and 15% Char-X and Reds, 1 or 2 good Herefords; 80% #1s and 20% #1 1/2; 80 % Medium to 20% Large; Medium flesh; \$131.00

1 load of steers; est. wt. 850 lbs. Range 700-850 lbs.; Approx. 85% Black & BWF and 15% Char-X and Reds; 80% #1s and 20% #1 1/2; 80 % Medium to 20% Large; Medium flesh; \$129.50

1 load of heifers; est. wt. 750 lbs. Range 600-800 lbs.; Approx. 70% Black & BWF and 20% Char-X, and 10% Reds; 70% #1s and 20% #1 ½, and 10% good #2's; 80 % Medium to 20% Large; Light Medium to Medium flesh; \$120.00

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

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