

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

April 9, 2021

Number: 14

Trends for the Week Compared to a Week Ago

Slaughter Cows

\$3 to \$6 higher

Slaughter Bulls

steady to \$4 higher

Feeder Steers

steady to \$5 higher

Feeder Heifers

steady to \$4 higher

Feeder Cattle Index: 141.26

Fed Cattle

The 5-area live price on Thursday of \$121.87 was up \$4.42.

The dressed price of \$195.21 was up \$6.53.

Corn

May closed at \$5.77 a bushel, up 18 cents since last Friday.

Soybeans

May closed at \$14.03 a bushel, up 1 cent since last Friday.

Wheat

May closed at \$6.38 a bushel, up 27 cents since last Friday.

Cotton

May closed at 82.4 cents per lb, up 4.45 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded mainly \$4 higher compared to last week on a live basis. Prices on a live basis were primarily \$121 to \$122 while dressed prices were mostly \$195 to \$196.

The 5-area weighted average prices thru Thursday were \$121.87 live, up \$4.42 compared to last week and \$195.21 dressed, up \$6.53 from a week ago. A year ago, prices were \$105.00 live and \$168.00 dressed.

Finished cattle prices have been getting the shot in the arm that has been anticipated for a couple of months now. The futures market was slow to price in the spring run in live cattle prices, but once it did, prices have escalated quickly from the cash standpoint. Cattle feeders are more than willing to accept these higher prices, but this does not mean they will not be looking to push prices even higher. From a seasonal standpoint, the market still has time for further price increases. Where the market moves from here will largely depend on who has the leverage in the marketplace, and it is clear cattle feeders are gaining leverage they have not seen in many months. Look for finished cattle prices to gain a few more dollars through April.

BEEF CUTOUT: At midday Friday, the Choice cutout was \$271.83 up \$1.33 from Thursday and up \$22.20 from a week ago. The Select cutout was \$244.73 up \$0.72 from Thursday and up \$19.82 from last week. The Choice Select spread was \$7.28 compared to \$4.90 a week ago.

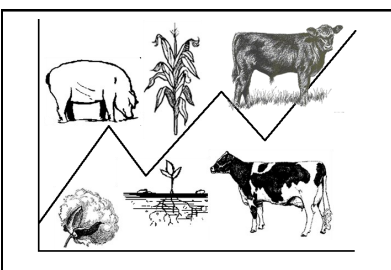
Monthly meat trade data was released this week for February. More than 250 million pounds of beef and veal were exported from the United States in February. This was close to 7 million pounds less than February a year ago, but 51 million pounds more than the five year average for February. South Korea and Japan lead

the way as the top export destinations for beef with Mexico and Canada coming in third and fourth. However, China has started to demand more beef from the United States and rounds out the top five destinations with exports being up 1,020 percent when compared to the first two months of 2020. It will not take much for China to take over fourth place from Canada. If China and Hong Kong are combined then they easily become the number three export destination for United States beef. Exports of beef to China are expected to remain strong as well as exports of pork. China continues to struggle with African Swine Fever as they try to rebuild their pork industry, but until all the issues are resolved, the Chinese people will continue to demand meat imports.

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 \$4 higher compared to a week ago. Slaughter cow prices were \$3 to \$6 higher while bull prices were steady to \$4 higher compared to the previous week. For several weeks, lightweight grass cattle have led the charge to higher prices. These grass cattle continue to lead the way as spring forage is becoming more abundant. The market for 525 pound steers is nearing the target of \$160 per hundredweight that was mentioned in this article a few months ago.

There was a time when reaching the \$160 mark would have appeared to be in jeopardy, but that is no longer the case. There is no guarantee the \$160 price mark will be achieved, but there is also still time for the price level to be exceeded. The factor that can contribute to hitting \$160 is a continued increase in feeder cattle prices. Yearling cattle prices have been slow to take off, but feeder cattle future contract prices have caught fire the past couple of

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

weeks. Not only has the futures market provided optimism, cash feeder cattle prices have begun to increase. Cash yearling cattle prices are expected to continue increasing given current feeder cattle futures. The current futures market price for August is currently pricing 800 pound steers between \$150 and \$156 as a cash price in Tennessee. This would value these animals over \$1,200 per head. It is difficult to know if cash prices can achieve the value that summer and fall feeder cattle futures are pricing today, but it does provide optimism. Shifting to the slaughter cow market, this market has also been slowly creeping higher. Prices will likely continue their slow price improvement the next couple of months, which means prices could reach \$70 per hundredweight. These type prices can result in a strong salvage value for culled breeding stock.

ASK ANDREW, TN THINK TANK: A few producers have recently asked if they should sell calves straight off the cow this spring since prices have increased significantly or if they should background calves and market them during the summer. The answer to this question is highly dependent on how a producer plans to grow these cattle and if the producer is willing to use price risk management tools to secure the future value of the animals. Feed prices have escalated quickly

and are not expected to decline with sustained high corn prices. Thus, a producer who will have to feed a large quantity of purchased feed will have to push the pencil a little harder than the producer who will be using grazed forage to grow animals. The cost of gain with forage will most likely be lower than that of feeding grain and oilseed feeds. Second, producers need to consider value of gain. Feeder cattle futures are strong looking into the summer and fall months, which makes the value of gain look fairly favorable. However, price risk management must be utilized to guarantee the expected value of gain.

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 \$123.43 -0.73; June \$122.58 -2.45; August \$122.40 -1.63; Feeder cattle –April \$144.75 -2.38; May \$149.63 -1.98; August \$159.95 -1.65; September \$160.88 -1.45; May corn closed at \$5.77 down 3 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

The April WASDE report was released on Friday, April 9, 2021. Overall the report provided minor adjustments to global supply and demand, however the report can be considered moderately bullish for wheat, corn, and cotton and slightly bearish for soybeans.

The big change for wheat was a reduction in projected foreign ending stocks of 224 million bushels. This was largely due to wheat being used in livestock rations due to price competitiveness with corn. US export sales of wheat continue to lag USDA projections which may require a reduction in marketing year totals in future WASDE reports.

Corn use remains very strong with US exports leading the way with a 75 million bushel increase over last month. Current US export sales will necessitate USDA increasing corn exports on future supply and demand reports, perhaps getting ending stocks near 1-1.2 billion bushels. Corn feed and residual use and ethanol were also increased 50 and 25 million bushels. Argentina's corn production was reduced 20 million bushels and Brazil's production was left unchanged compared to the March report.

Soybean futures declined after the report was released. US exports were increased by 30 million bushels, but were offset by reductions in domestic crush and seed and residual use. Brazil's estimated production was increased 73 million bushels and China's crush was reduced by 73 million bushels. Although the report failed to meet pre-report expectations for US exports/ending stocks, the long term 2021 outlook for soybean prices remains very positive.

Global cotton stocks were lowered 1.13 million bales and production was decreased 280,000 bales compared to last month. From a price standpoint, the good news is cotton reversed the downward trend and made substantial gains this week. The bad news is that triple digit moves continue to be prevalent in the market. Geo-political concerns between China and the US continue to make

	Previous	Current	Change
USD Index	92.96	92.16	-0.80
Crude Oil	61.35	59.32	-2.03
DJIA	33,099	33,801	702

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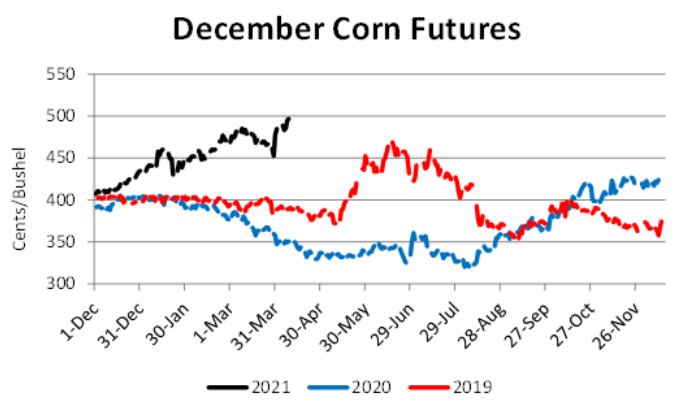
Crop Comments by Dr. Aaron Smith

market demand predictions difficult. On the supply side if drought continues to intensify in the southern plains a return to 85+ cents could occur.

Corn

Ethanol production for the week ending April 2 was 0.975 million barrels per day, up 10,000 barrels from the previous week. Ethanol stocks were 20.642 million barrels, down 0.472 million barrels compared to last week. Corn net sales reported by exporters for March 26-April 1, 2021 were down compared to last week with net sales of 29.8 million bushels for the 2020/21 marketing year and 2.0 million bushels for the 2021/22 marketing year. Exports for the same time period were up 4% from last week at 80.8 million bushels. Corn export sales and commitments were 101% 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 82%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened or remained unchanged at North-Central, West-Central, Northwest, West, and Mississippi River elevators and barge points. Overall, basis for the week ranged from 15 over to 37 over, with an average of 27 over the May futures at elevators and barge points. May 2021 corn futures closed at \$5.77, up 18 cents since last Friday. For the week, May 2021 corn futures traded between \$5.49 and \$5.95. May/Jul and May/Dec future spreads were -15 and -81 cents. July 2021 corn futures closed at \$5.62, up 17 cents since last Friday.

Corn	May 21	Change	Dec 21	Change
Price	\$5.77	\$0.18	\$4.96	\$0.12
Support	\$5.63	\$0.25	\$4.88	\$0.15
Resistance	\$6.02	\$0.07	\$5.07	\$0.09
20 Day MA	\$5.56	\$0.08	\$4.76	\$0.03
50 Day MA	\$5.49	\$0.05	\$4.69	\$0.06
100 Day MA	\$5.07	\$0.09	\$4.47	\$0.05
4-Week High	\$5.95	\$0.10	\$5.03	\$0.10
4-Week Low	\$5.32	\$0.03	\$4.49	\$0.00
Technical Trend	Up	=	Up	=



In Tennessee, new crop cash corn prices at elevators and barge points ranged from \$4.68 to \$5.13. December 2021 corn futures closed at \$4.96, up 12 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.00 December 2021 Put Option costing 46 cents establishing a \$4.54 futures floor.

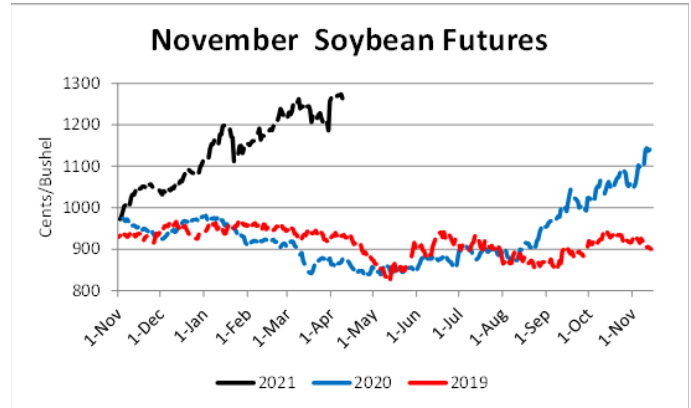
Soybeans

Net sales reported by exporters were up compared to last week with net sales of 3.4 million bushels for the 2020/21-- a marketing year low-- and 12.4 million bushels for the 2021/22 marketing year. Exports for the same period were down 25% compared to last week at 12.7 million bushels -- 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 90%. Across Tennessee, average soybean basis weakened or remained unchanged at West, West-Central, North-Central, Northwest, and Mississippi River elevators and barge points. Basis ranged from even to 26 over the May futures contract. Average basis at the end of the week was 13 over the May futures contract. May 2021 soybean futures closed at \$14.03, up 1 cent since last Friday. For the week, May 2021 soybean futures traded between \$14.00 and \$14.31. May/Jul and May/Nov future spreads were -5 and -140 cents. May 2021 soybean-to-corn price ratio was 2.43 at the end of the week. July 2021 soybean futures closed at \$13.98, up 2 cents since last Friday.

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Crop Comments by Dr. Aaron Smith

Soybeans	May 21	Change	Nov 21	Change
Price	\$14.03	\$0.01	\$12.63	\$0.00
Support	\$13.89	\$0.28	\$12.52	\$0.17
Resistance	\$14.25	-\$0.51	\$12.81	-\$0.18
20 Day MA	\$14.11	-\$0.03	\$12.38	\$0.06
50 Day MA	\$14.00	\$0.07	\$12.16	\$0.15
100 Day MA	\$13.30	\$0.17	\$11.56	\$0.15
4-Week High	\$14.56	-\$0.04	\$12.85	\$0.00
4-Week Low	\$13.64	\$0.00	\$11.84	\$0.00
Technical Trend	Down	=	Up	=

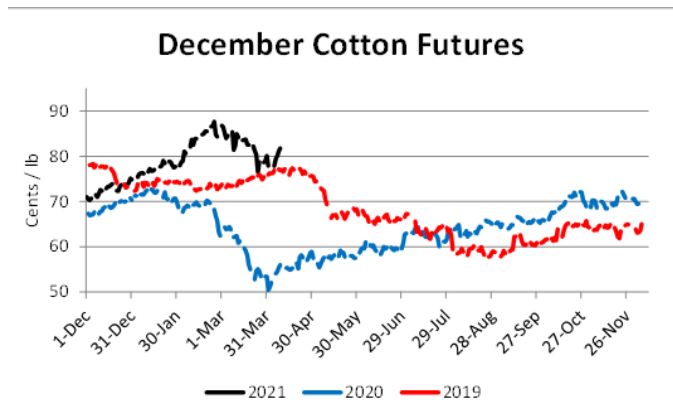


In Tennessee, new crop cash soybean prices at elevators and barge points ranged from \$12.59 to \$13.01. November 2021 soybean futures closed at \$12.63, unchanged since last Friday. Downside price protection could be achieved by purchasing a \$12.80 November 2021 Put Option which would cost 86 cents and set an \$11.94 futures floor. Nov/Dec 2021 soybean-to-corn price ratio was 2.55 at the end of the week.

Cotton

Net sales reported by exporters were up compared to last week with net sales of 269,900 bales for the 2020/21 marketing year and 49,000 bales for the 2021/22 marketing year. Exports for the same time period were up 15% compared to last week at 371,700 bales. Upland cotton export sales were 104% 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 98%. Delta upland cotton spot price quotes for April 8 were 80.15 cents/lb (41-4-34) and 82.40 cents/lb (31-3-35). Adjusted world price decreased 0.67 cents to 64.92 cents. May 2021 cotton futures closed at 82.4, up 4.45 cents since last Friday. For the week, May 2021 cotton futures traded between 77.65 and 83.43 cents. May/Jul and May/Dec cotton futures spreads were 1.34 cents and -0.62 cents. July 2021 cotton futures closed at 83.74 cents, up 4.47 cents since last Friday.

Cotton	May 21	Change	Dec 21	Change
Price	82.40	4.45	81.78	3.87
Support	80.21	4.91	80.33	4.59
Resistance	84.53	1.69	82.73	1.25
20 Day MA	82.38	-1.68	80.76	-0.92
50 Day MA	85.44	-0.28	82.30	0.14
100 Day MA	81.27	0.41	78.02	0.52
4-Week High	88.56	-2.89	85.00	-1.73
4-Week Low	77.12	0.00	75.34	0.00
Technical Trend	Down	=	Down	=



December 2021 cotton futures closed at 81.78 cents, up 3.87 cents since last Friday. Downside price protection could be obtained by purchasing an 82 cent December 2021 Put Option costing 6.93 cents establishing a 75.07 cent futures floor.

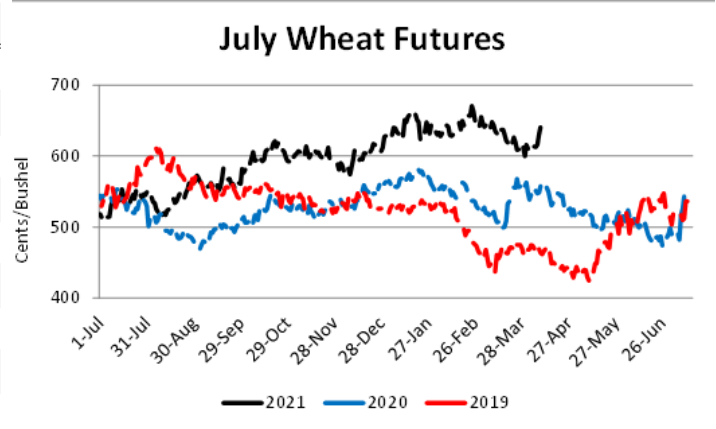
Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 3.0 million bushels for the 2020/21 marketing year – a marketing year low – and 19.5 million bushels for the 2021/22 marketing year. Exports for the same time period were up 23% from last week at 23.3 million bushels. Wheat export sales were 95% 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 101%. In Tennessee,

Crop Comments by Dr. Aaron Smith

spot wheat prices ranged from \$6.50 to \$6.74. May 2021 wheat futures closed at \$6.38, up 27 cents since last Friday. May 2021 wheat futures traded between \$6.07 and \$6.46 this week. May wheat-to-corn price ratio was 1.11. May/Jul and May/Sep future spreads were 2 and 3 cents.

Wheat	May 21	Change	Jul 21	Change
Price	\$6.38	\$0.27	\$6.40	\$0.30
Support	\$6.18	\$0.30	\$6.18	\$0.28
Resistance	\$6.56	\$0.19	\$6.56	\$0.23
20 Day MA	\$6.25	-\$0.07	\$6.25	\$0.00
50 Day MA	\$6.42	-\$0.04	\$6.42	\$0.07
100 Day MA	\$6.32	\$0.01	\$6.32	\$0.09
4-Week High	\$6.49	-\$0.19	\$6.49	-\$0.08
4-Week Low	\$5.93	\$0.00	\$5.93	\$0.01
Technical Trend	Down	=	Up	+



In Tennessee, new crop wheat cash contracts ranged from \$6.00 to \$6.74. July 2021 wheat futures closed at \$6.40, up 30 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.45 July 2021 Put Option costing 15 cents establishing a \$6.30 futures floor. September 2021 wheat futures closed at \$6.41, up 29 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_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>

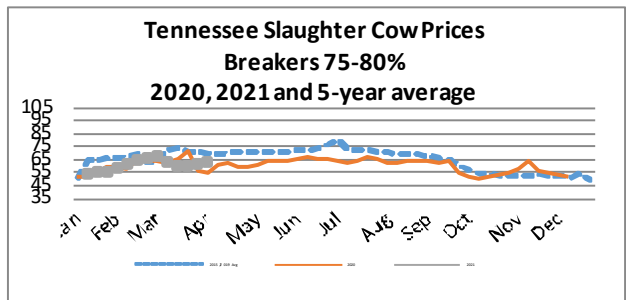
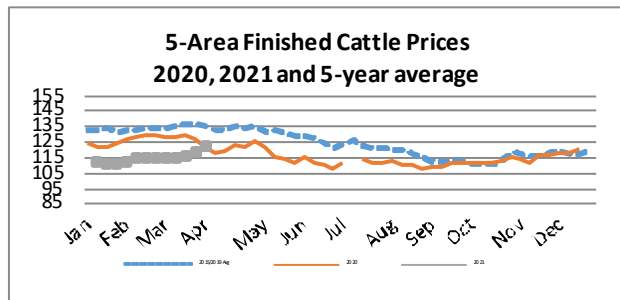
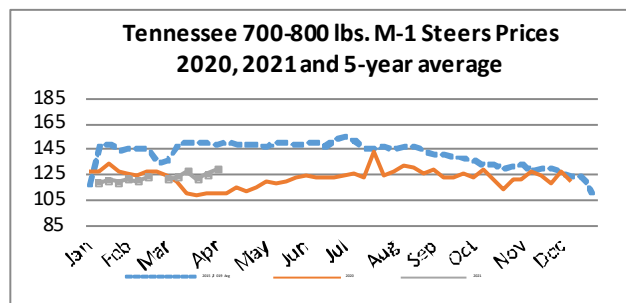
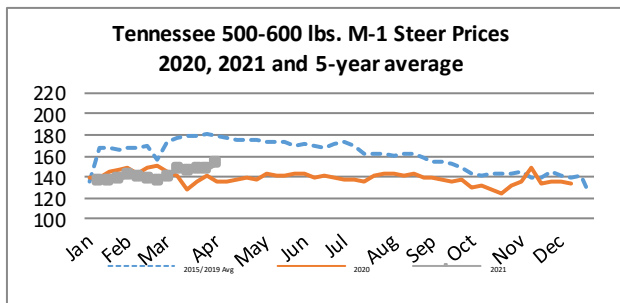
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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, April 2, 2021---Thursday, April 8, 2021

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest		14.18	14.24	14.14	14.20
North Central		14.13	14.19	14.09	14.15
West Central					
West		14.39	14.45	14.35	14.42
Mississippi River		14.34	14.40	14.28	14.35
Yellow Corn					
Northwest		5.76	5.77	5.83	6.02
North Central		5.68	4.69	5.76	5.95
West Central					
West		5.90	5.91	5.97	6.16
Mississippi River		5.86	5.87	5.93	6.13
Wheat					
Northwest					
North Central		6.53	6.51	6.51	6.64
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis		75.63-77.88	76.97-79.22	77.25-79.50	79.16-81.41



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, April 5, 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	154.00	201.00	177.05	173.76	166.17
400-500 lbs	150.00	187.00	168.64	161.99	154.23
500-600 lbs	128.00	166.00	152.97	147.32	140.59
600-700 lbs	125.00	152.00	139.97	137.04	126.06
700-800 lbs	113.00	141.50	127.60	124.26	108.43
Steers: Small Frame #1-2					
300-400 lbs	145.00	160.00	153.33	148.60	---
400-500 lbs	142.50	162.50	151.24	142.41	---
500-600 lbs	128.00	144.00	137.36	---	---
600-700 lbs	---	---	---	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	145.00	184.00	159.75	152.10	151.47
400-500 lbs	140.00	165.00	152.66	147.39	138.54
500-600 lbs	123.00	152.50	139.66	138.25	121.62
600-700 lbs	115.00	135.00	127.05	120.10	117.22
700-800 lbs	---	---	---	116.74	---
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	73.00	75.00	74.50	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	56.00	70.00	62.31	60.54	54.63
Boners 80-85%	54.00	71.00	61.36	60.18	56.9
Lean 85-90%	43.00	66.00	51.20	51.41	47.91
Bulls YG 1	78.00	98.00	88.33	85.66	83.57
Heifers: Medium/Large Frame #1-2					
300-400 lbs	129.00	163.00	146.11	141.97	132.8
400-500 lbs	126.00	156.00	143.41	137.99	127.84
500-600 lbs	119.00	144.00	133.58	127.92	116.99
600-700 lbs	109.00	132.00	118.03	116.23	107.41
Heifers: Small Frame #1-2					
300-400 lbs	127.50	140.00	134.50	139.92	---
400-500 lbs	123.00	135.00	130.28	127.06	117.53
500-600 lbs	112.50	127.50	119.93	---	---
600-700 lbs	90.00	103.00	96.45	---	---
Heifers: Medium/Large Frame #3					
300-400 lbs	117.50	152.50	135.90	132.32	126.96
400-500 lbs	115.00	145.00	132.26	128.37	114.98
500-600 lbs	110.00	132.50	119.92	117.91	110.41
600-700 lbs	96.00	117.85	105.75	107.89	98.83

Cattle Receipts

This week:6,159

Week ago:7,102

Year ago:6,002

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

Lower Middle Tennessee Cattlemen's Association-Video Board Sale-Columbia, TN

Weighted Average Report for 04/2/2021

Total Receipts: 537

2 loads of steers, avg 833 lbs., \$134.78

1 load of steers, avg 860 lbs., \$128.25

2 loads of steers, avg 928 lbs., \$124.88

1 load of steers, avg 965 lbs., \$120.00

1 load of heifers, avg 780 lbs., \$124.50

1 load of heifers, avg 835 lbs., \$123.75

For complete report:

https://www.ams.usda.gov/mnreports/ams_3340.pdf

Browning Livestock Market Video/Internet Auction-Lafayette, TN

Weighted Average Report for 04/7/2021

Total Receipts: 58

1 load of steers, avg 850 lbs., \$129.50

For complete report:

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

Hardin County Stockyard-Savannah, TN

Weighted Average Report for 04/8/2021

Total Receipts: 1,161

1 load of steers, avg 599 lbs., M&L 1&2, Black/BWF Red/RWF ChX, 5-6 Flesh, \$164.00

1 load of steers, avg 819 lbs., M&L 1, Black/BWF ChX, 5-6 Flesh, \$138.00

For complete report:

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

Warren County Livestock Graded Sale-McMinnville, TN

Weighted Average Report for 04/8/2021

Total Receipts: 1,644

For complete report:

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