

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

April 16, 2021

Number: 15

Trends for the Week Compared to a Week Ago

Slaughter Cows

\$1 to \$3 higher

Slaughter Bulls

steady to \$2 higher

Feeder Steers

steady to \$3 higher

Feeder Heifers

steady to \$4 higher

Feeder Cattle Index: 142.30

Fed Cattle

The 5-area live price on Thursday of \$121.93 was up \$0.06. The dressed price of \$195.63 was up \$0.42.

Corn

May closed at \$5.85 a bushel, up 8 cents since last Friday.

Soybeans

May closed at \$14.33 a bushel, up 30 cents since last Friday.

Wheat

May closed at \$6.52 a bushel, up 14 cents since last Friday.

Cotton

May closed at 83.71 cents per lb, up 1.31 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 \$121 to \$122 while dressed prices were mostly \$195 to \$196.

The 5-area weighted average prices thru Thursday were \$121.93 live, up \$0.06 compared to last week and \$195.63 dressed, up \$0.42 from a week ago. A year ago, prices were \$96.77 live and \$154.33 dressed.

Roller coasters were once enjoyed by millions of people. Then coronavirus came to town and seemingly shutdown all the theme parks and their associated rides. However, Dollywood, Holiday World, Cedar Point, and Six Flags all donated their roller coasters to the cattle market and they have been well greased ever since. The April live cattle contract traded just over \$119 on the last day of 2020. The price declined \$2 in two weeks before prices reversed and made more than an \$8 run over the next month. The contract then spent the next month losing \$7 of the previous gain only to recapture \$6 the following three weeks and closing over \$124. The market has since lost more than \$2 this week. And some people say roller coasters are not fun!

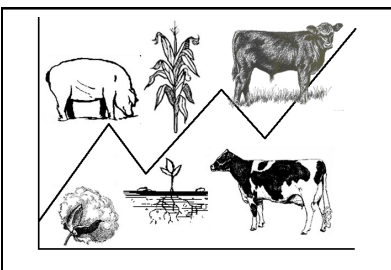
BEEF CUTOUT: At midday Friday, the Choice cutout was \$276.94 up \$0.32 from Thursday and up \$5.11 from a week ago. The Select cutout was \$269.13 up \$0.70 from Thursday and up \$4.58 from last week. The Choice Select spread was \$7.81 compared to \$7.28 a week ago.

It will be nearly impossible to rival the apex of last year's boxed beef prices. In the midst of the coronavirus pandemic, the weekly average Comprehensive boxed beef price peaked near \$422 per hundredweight in the middle of May with negotiated trade reaching higher levels. Excluding that specific run of prices in 2020, the

current week's price is the highest Choice boxed beef price on record since the supply induced high prices in 2014 and 2015. Without having the final data for the current week, this week could turn out to be a record high price barring only the run up in prices in 2020. It is clear that consumers have a strong demand for beef and the international market has been a champion in supporting beef prices. However, the continued upside potential seems rather small. In reality, beef appears to be overvalued, but how can a person speak against an actual cash market? The strong beef prices are most likely being supported by uncertainty in the cattle markets as it relates to heifer retention and production.

OUTLOOK: Based on Tennessee weekly auction market data, steer prices were steady to \$3 higher compared to last week while heifer prices were steady to \$4 higher compared to a week ago. Slaughter cow prices were \$1 to \$3 higher while bull prices were steady to \$2 higher compared to the previous week. Local auction market results are a tale of a divided week. Early week auction prices appeared to be stronger than prices from the previous week while middle of the week and end of the week auction prices were softer than the previous week. The softness in prices from the middle of the week moving forward is largely due to the softness in the futures market. The April feeder cattle contract price has declined \$7 per hundredweight since Thursday of last week. Despite the decline in futures on Friday and Monday, Monday and Tuesday auction market prices were still fairly optimistic. However, by the time Wednesday rolled around, optimism had been lost and there even appears to be some bearish undertone in the market. The softening in feeder cattle futures prices is not unex-

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Livestock Comments by Dr. Andrew Griffith

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pected. Actually, it was very much expected. The unexpected part was futures moving as high as they did in such a short time period while corn prices were also escalating. This does not mean the futures market cannot revisit the contract highs they have already established, but it is also not the most likely scenario. The price of calves and feeder cattle are expected to be stronger than last year and they are already doing that. The price level the futures market is pricing into the cash market is still a favorable price for making money in the cattle business, but the opportunity to capitalize on an extremely bullish market may have already been missed by those who did not take advantage of the offerings. This is why being an active marketer is vital to profitability. Producers are encouraged to keep their eyes on the market and take advantage of profitable prices.

ASK ANDREW, TN THINK TANK: This is in anticipation of a question that is typically asked as hay season starts. What is hay worth? Many producers sell hay by the bale in the Southeastern United States. The bales may be as small as 4x5 roll or as large as a 5x6 roll, or the bale could be anything from a small square bale to several different sizes of large square bales and all may have different densities. Instead of talking

about a price per bale, it is better to talk about a price per ton. The ultimate value of hay should be determined by its quality. However, many times the quality determination is a visual determination compared to an actual nutrient analysis. Given the variability in packaging, attempting to determine a price per ton is the best route to follow. In Tennessee, mixed grass hay of average quality will typically average between \$70 and \$90 per ton. The final price of such hay is dependent on supply and time of year purchased (demand). The price of hay will generally be lower during harvest than during the time period it is in high demand.

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 \$120.85 -0.75; June \$119.18 -0.48; August \$119.15 -0.55; Feeder cattle –April \$139.63 -0.43; May \$143.73 -0.70; August \$154.55 -1.05; September \$156.20 -0.83; May corn closed at \$5.86 down 4 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Drought concerns and tightening supplies continue to propel harvest corn futures higher. Dry conditions combined with late planting are currently influencing Brazil's projected second crop corn production. The second crop in Brazil is normally harvested July through September and competes with the US for export markets. There are also concerns with drought in the US, particularly in the Northern and Southern plains, where the latest US drought monitor estimates 100% of North Dakota is Abnormally Dry and 75% is in Extreme Drought; and in Texas 91% is Abnormally Dry and 24% is in Extreme Drought. It is still early in the production year, but moisture is lacking in several key corn producing states. Due to drought concerns and very strong export sales and shipments, December corn has gained 30 cents from March 31 to April 15.

Like corn, soybean futures have also gained since the end of March. New crop futures are now within 25 cents of \$13/bu and could go higher without greater acres planted this spring/summer or greater than trend line national average yields. US stocks are functionally out, estimated at 120 million bushels by the USDA. With limited US stocks remaining, it is very likely the US will import a small amount soybeans this summer to aid in meeting domestic crush needs.

Half, 18 of the past 36 trading days have seen cotton harvest futures move triple digits (up or down). The December contract peaked on February 25 at 89.28 cents, fell to a three month low on March 26 of 75.34 cents, and rebounded to close April 16 at 82.53 cents. Substantial movements over a short period. While the Southern Plains drought remains an important factor, a lot of the volatility has been due to export expectations – particularly with China. Trade relations with China are likely to remain uncertain as conversations with the new US administration occur, so volatility should continue to be expected. That being said, there are more bullish factors influencing cotton than bearish in today's market.

	Previous	Current	Change
USD Index	92.16	91.55	-0.61
Crude Oil	59.32	63.15	3.83
DJIA	33,801	34,207	407

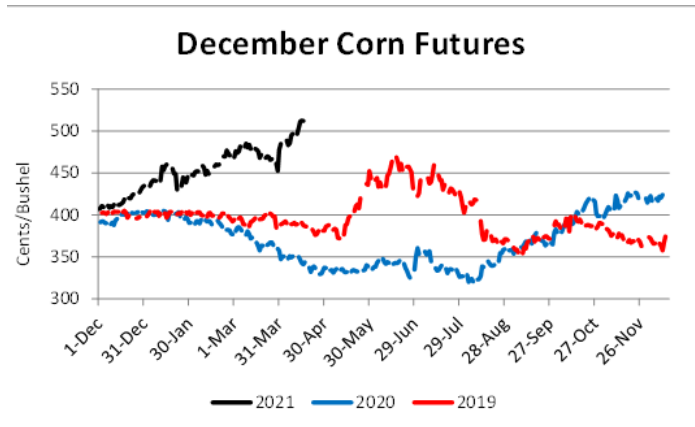
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Although the current outlook is bullish, producers should consider marketing strategies to take risk off the table. Put and Call options can be used to remove some downside risk while allowing for producers to still participate in futures market rallies. Working with a qualified professional is advisable when developing and implementing marketing strategies.

Corn

Ethanol production for the week ending April 2 was 0.941 million barrels per day, down 34,000 barrels from the previous week. Ethanol stocks were 20.518 million barrels, down 0.124 million barrels compared to last week. Corn net sales reported by exporters for April 2-8, 2021 were down compared to last week with net sales of 12.9 million bushels for the 2020/21 marketing year and 2.1 million bushels for the 2021/22 marketing year. Exports for the same time period were down 12% from last week at 71.5 million bushels. Corn export sales and commitments were 98% 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 84%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened at West and Mississippi River, and strengthened or remained unchanged at North-Central, West-Central, and Northwest elevators and barge points. Overall, basis for the week ranged from 15 over to 36 over, with an average of 27 over the May futures at elevators and barge points. May 2021 corn futures closed at \$5.85, up 8 cents since last Friday. For the week, May 2021 corn futures traded between \$5.65 and \$6.01. May/Jul and May/Dec future spreads were -12 and -73 cents. July 2021 corn futures closed at \$5.73, up 11 cents since last Friday.

Corn	May 21	Change	Dec 21	Change
Price	\$5.85	\$0.08	\$5.12	\$0.16
Support	\$5.79	\$0.16	\$5.04	\$0.16
Resistance	\$6.06	\$0.04	\$5.21	\$0.14
20 Day MA	\$5.63	\$0.07	\$4.83	\$0.07
50 Day MA	\$5.52	\$0.03	\$4.74	\$0.05
100 Day MA	\$5.13	\$0.06	\$4.51	\$0.04
4-Week High	\$6.01	\$0.06	\$5.17	\$0.14
4-Week Low	\$5.33	\$0.01	\$4.49	\$0.00
Technical Trend	Up	=	Up	=



In Tennessee, new crop cash corn prices at elevators and barge points ranged from \$4.86 to \$5.33. December 2021 corn futures closed at \$5.12, up 16 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.20 December 2021 Put Option costing 52 cents establishing a \$4.68 futures floor.

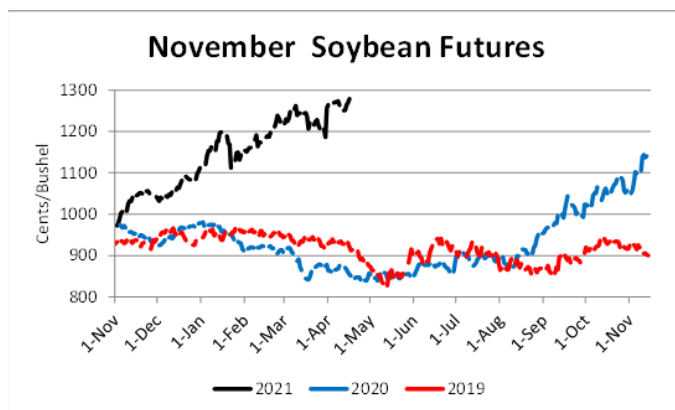
Soybeans

Net sales reported by exporters were down compared to last week with net sales of 3.3 million bushels for the 2020/21 marketing year and 9.8 million bushels for the 2021/22 marketing year. Exports for the same period were up 20% compared to last week at 15.2 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 91%. Across Tennessee, average soybean basis weakened or remained unchanged at West, West-Central, North-Central, and Northwest, and strengthened at 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 13 over the May futures contract. May 2021 soybean futures closed at \$14.33, up 30 cents since last Friday. For the week, May 2021 soybean futures traded between \$13.87 and \$14.37. May/Jul and May/Nov future spreads were -11 and -159 cents. May 2021 soybean-to-corn price ratio was 2.45 at the end of the week. July 2021 soybean futures closed at \$14.22, up 24 cents since last Friday.

(Continued on page 4)

Crop Comments by Dr. Aaron Smith

Soybeans	May 21	Change	Nov 21	Change
Price	\$14.33	\$0.30	\$12.74	\$0.11
Support	\$14.09	\$0.20	\$12.58	\$0.06
Resistance	\$14.49	\$0.24	\$12.89	\$0.08
20 Day MA	\$14.09	-\$0.02	\$12.43	\$0.05
50 Day MA	\$14.03	\$0.03	\$12.24	\$0.08
100 Day MA	\$13.39	\$0.09	\$11.65	\$0.09
4-Week High	\$14.56	\$0.00	\$12.85	\$0.00
4-Week Low	\$13.64	\$0.00	\$11.84	\$0.00
Technical Trend	Up	+	Up	=

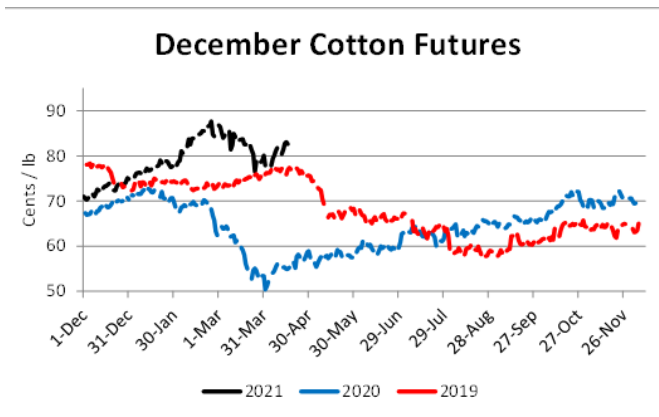


In Tennessee, new crop cash soybean prices at elevators and barge points ranged from \$12.46 to \$12.97. November 2021 soybean futures closed at \$12.74, up 11 cents since last Friday. Downside price protection could be achieved by purchasing a \$12.80 November 2021 Put Option which would cost 74 cents and set a \$12.06 futures floor. Nov/Dec 2021 soybean-to-corn price ratio was 2.49 at the end of the week.

Cotton

Net sales reported by exporters were down compared to last week with net sales of 122,300 bales for the 2020/21 marketing year and 22,800 bales for the 2021/22 marketing year. Exports for the same time period were down 26% compared to last week at 313,200 bales. Upland cotton export sales were 103% 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 99%. Delta upland cotton spot price quotes for April 15 were 82.77 cents/lb (41-4-34) and 85.02 cents/lb (31-3-35). Adjusted world price increased 3.24 cents to 68.16 cents. May 2021 cotton futures closed at 83.71, up 1.31 cents since last Friday. For the week, May 2021 cotton futures traded between 79.84 and 85.23 cents. May/Jul and May/Dec cotton futures spreads were 1.32 cents and -1.18 cents. July 2021 cotton futures closed at 85.03 cents, up 1.29 cents since last Friday.

Cotton	May 21	Change	Dec 21	Change
Price	83.71	1.31	82.53	0.75
Support	82.62	2.41	81.44	1.11
Resistance	85.64	1.11	84.12	1.39
20 Day MA	81.47	-0.91	80.39	-0.37
50 Day MA	85.56	0.12	82.69	0.39
100 Day MA	81.80	0.53	78.63	0.61
4-Week High	87.54	-1.02	84.50	-0.50
4-Week Low	77.12	0.00	75.34	0.00
Technical Trend	Up	+	Up	+



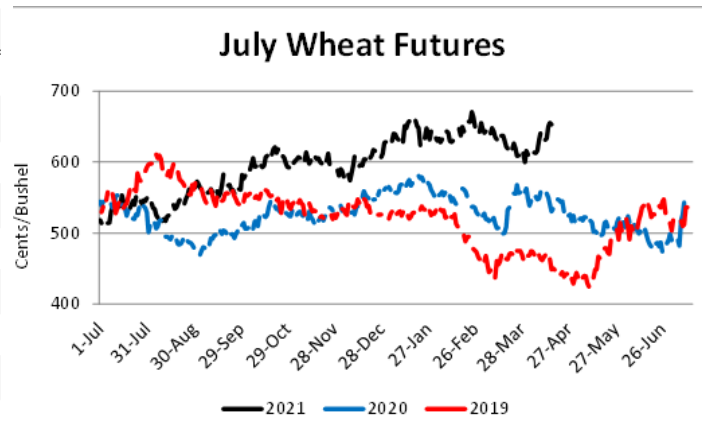
December 2021 cotton futures closed at 82.53 cents, up 0.75 cents since last Friday. Downside price protection could be obtained by purchasing an 83 cent December 2021 Put Option costing 6.91 cents establishing a 76.09 cent futures floor.

Wheat

Wheat net sales reported by exporters were down compared to last week with net sales cancellations of 2.1 million bushels for the 2020/21 marketing year and net sales of 10.1 million bushels for the 2021/22 marketing year. Exports for the same time period were down 26% from last week at 17.2 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 102%. In Tennessee, spot wheat prices ranged from \$6.63 to \$6.89. May 2021 wheat futures closed at \$6.52, up 14 cents since last Friday. May 2021 wheat futures traded between \$6.23 and \$6.59 this week. May wheat-to-corn price ratio was 1.11. May/Jul and May/Sep future spreads were 3 and 4 cents.

Crop Comments by Dr. Aaron Smith

Wheat	May 21	Change	Jul 21	Change
Price	\$6.52	\$0.14	\$6.55	\$0.15
Support	\$6.42	\$0.24	\$6.43	\$0.25
Resistance	\$6.65	\$0.09	\$6.66	\$0.10
20 Day MA	\$6.25	\$0.00	\$6.23	-\$0.02
50 Day MA	\$6.42	\$0.00	\$6.34	-\$0.08
100 Day MA	\$6.34	\$0.02	\$6.26	-\$0.06
4-Week High	\$6.59	\$0.10	\$6.60	\$0.11
4-Week Low	\$5.93	\$0.00	\$5.92	-\$0.01
Technical Trend	Up	+	Up	+



In Tennessee, new crop wheat cash contracts ranged from \$6.18 to \$6.80. July 2021 wheat futures closed at \$6.55, up 15 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.60 July 2021 Put Option costing 36 cents establishing a \$6.24 futures floor. September 2021 wheat futures closed at \$6.56, up 15 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/

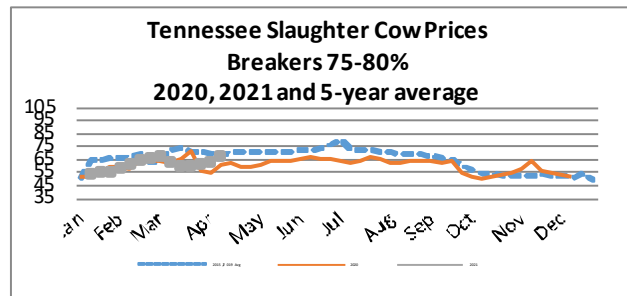
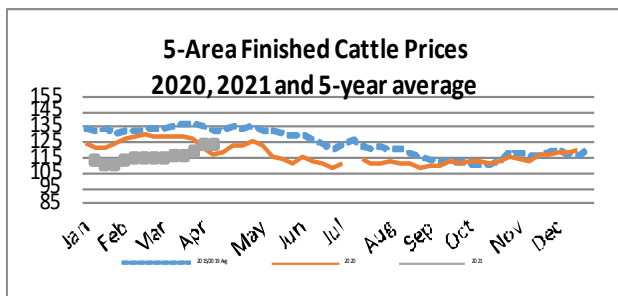
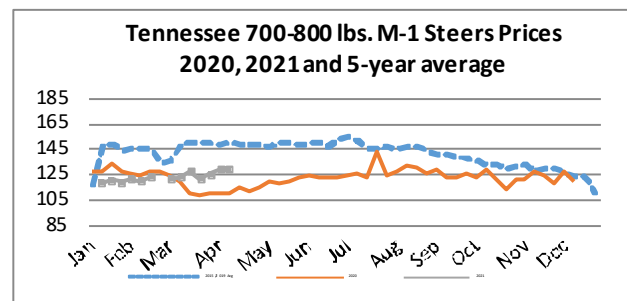
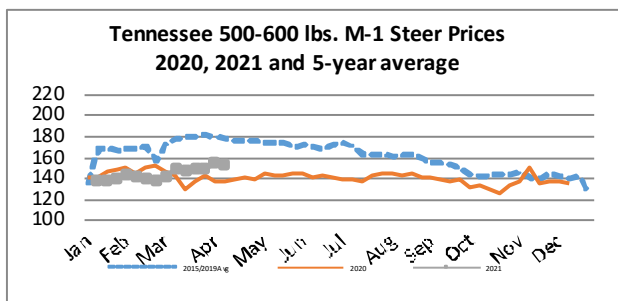
[Crop Progress & Condition/](#)

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 9, 2021---Thursday, April 15, 2021					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	14.08	13.87	13.92	14.13	14.21
North Central	14.03	13.82	13.90	14.10	14.18
West Central	14.03	13.82	13.90	14.10	14.18
West	14.30	14.09	14.16	14.37	14.45
Mississippi River	14.23	14.03	14.11	14.31	14.39
Yellow Corn					
Northwest	6.00	5.92	6.04	6.18	6.14
North Central	5.92	5.84	5.95	6.09	6.05
West Central	6.00	5.92	6.03	6.17	6.13
West	6.14	6.06	6.16	6.30	6.26
Mississippi River	6.10	6.01	6.12	6.25	6.21
Wheat					
Northwest					
North Central	6.74	6.63	6.65	6.83	6.89
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	80.15-82.40	77.89-80.14	79.57-81.82	81.95-84.20	82.77-85.02



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 12, 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	160.00	202.00	180.04	177.05	156.73
400-500 lbs	153.50	185.00	168.41	168.64	150.95
500-600 lbs	130.00	165.00	152.28	152.97	135.84
600-700 lbs	123.00	147.00	139.23	139.97	124.19
700-800 lbs	119.00	145.00	128.00	127.60	108.55
Steers: Small Frame #1-2					
300-400 lbs	137.50	170.00	158.67	153.33	135.07
400-500 lbs	142.00	167.50	157.55	151.24	118.63
500-600 lbs	130.00	141.00	135.17	137.36	---
600-700 lbs	120.00	---	120.00	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	140.00	179.00	158.27	159.75	139.35
400-500 lbs	147.50	173.00	158.33	152.66	130.93
500-600 lbs	122.00	150.00	140.47	139.66	118.93
600-700 lbs	118.00	136.00	127.45	127.05	100.41
700-800 lbs	105.00	126.00	119.02	---	101.31
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	95.00	107.00	100.45	---	---
700-800 lbs	---	---	---	74.50	---
Slaughter Cows & Bulls					
Breakers 75-80%	60.00	73.00	66.55	62.31	53.57
Boners 80-85%	56.50	75.00	66.11	61.36	53.85
Lean 85-90%	47.00	67.50	57.41	51.20	45.14
Bulls YG 1	82.00	101.00	92.23	88.33	77.67
Heifers: Medium/Large Frame #1-2					
300-400 lbs	132.00	163.00	148.32	146.11	128.55
400-500 lbs	130.00	156.00	141.71	143.41	123.32
500-600 lbs	115.00	150.00	132.09	133.58	114.32
600-700 lbs	110.00	137.00	121.29	118.03	99.21
Heifers: Small Frame #1-2					
300-400 lbs	122.50	156.00	139.99	134.50	122.22
400-500 lbs	128.00	134.00	129.83	130.28	---
500-600 lbs	125.00	125.00	125.00	119.93	---
600-700 lbs	108.00	123.00	113.75	96.45	---
Heifers: Medium/Large Frame #3					
300-400 lbs	120.00	150.00	137.71	135.90	122.17
400-500 lbs	120.00	146.00	133.69	132.26	112.20
500-600 lbs	105.50	132.50	121.22	119.92	102.23
600-700 lbs	90.00	121.00	109.74	105.75	102.46

Cattle Receipts

This week:9,293

Week ago:6,159

Year ago:4,883

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 Feeder Cattle Sale-Sweetwater, TN

Weighted Average Report for 04/9/2021

Total Receipts: 505

For complete report:

https://www.ams.usda.gov/mnreports/ams_2073.pdf

Graded Sheep & Goat Sale

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 4/12/21

Total Receipts: 945

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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