

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

April 23, 2021

Number: 16

Trends for the Week Compared to a Week Ago

Slaughter Cows

\$2 to \$3 lower

Slaughter Bulls

\$2 to \$5 lower

Feeder Steers

\$3 to \$6 lower

Feeder Heifers

steady to \$3 lower

Feeder Cattle Index: NA

Fed Cattle

The 5-area live price on Thursday of \$121.36 was down \$0.57. The dressed price of \$192.11 was down \$3.52.

Corn

May closed at \$6.55 a bushel, up 70 cents since last Friday.

Soybeans

May closed at \$15.39 a bushel, up 106 cents since last Friday.

Wheat

May closed at \$7.10 a bushel, up 58 cents since last Friday.

Cotton

May closed at 87.51 cents per lb, up 3.8 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded steady to \$1 lower compared to last week on a live basis. Prices on a live basis were primarily \$120 to \$122 while dressed prices were mostly \$191 to \$193.

The 5-area weighted average prices thru Thursday were \$121.36 live, down \$0.57 compared to last week and \$192.11 dressed, down \$3.52 from a week ago. A year ago, prices were \$96.95 live and \$154.27 dressed.

Precipitous is the word that comes to mind as it relates to finished cattle markets and live cattle futures contracts, because that is the type of price decline that has taken place this week. Seasonal beef demand is strengthening, which is sending beef prices higher, but cattle feeders are watching fed cattle prices decline as packers have an ample supply of cattle to hang on the rail. This is one challenge that must be navigated with a non-storable product such as cattle. The primary method the beef industry navigates this situation is by keeping cattle on grass longer. However, cattle cannot be kept indefinitely. The supply of market ready cattle will likely have to wane before cattle feeders gain much leverage.

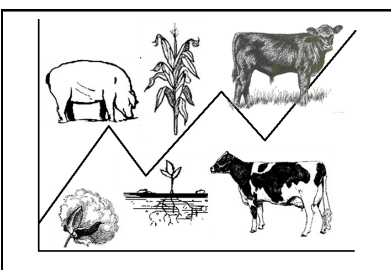
BEEF CUTOUT: At midday Friday, the Choice cutout was \$283.32 up \$1.01 from Thursday and up \$6.38 from a week ago. The Select cutout was \$272.41 down \$1.28 from Thursday and up \$3.28 from last week. The Choice Select spread was \$10.91 compared to \$7.81 a week ago.

Total beef production year-to-date is about 8 billion pounds, which is nearly a 3.6 percent increase in production year-over-year and a 6.9 percent increase over 2019. Similarly, exports of beef muscle cuts year-to-date are approximately 4.1 percent greater than the same period last year. It has been clear that domestic production of beef has been strong as has been domestic and international demand

for U.S. beef throughout the pandemic. The question to answer now is how demand for beef will change as the economy and consumers attempt to transition back to lifestyles prior to the pandemic. Many consumers have not been able to travel, which means a large portion of their disposable income could be shifted to eating experiences. However, as consumers begin to travel more and restaurants open to larger capacities, it is not known how disposable income expenditures will shift. It is likely domestic demand may soften as disposable income shifts, but international demand may pick up the slack as exports remain strong and more strength is evident in China.

OUTLOOK: Based on Tennessee weekly auction market data, steer prices were \$3 to \$6 lower compared to last week while heifer prices were steady to \$3 lower compared to a week ago. Slaughter cow prices were \$2 to \$3 lower while bull prices were \$2 to \$5 lower compared to the previous week. Whiplash is a serious condition in the cattle markets this week as prices for all classes of cattle were thrown into reverse while the vehicle was still moving forward. There is no doubt that many in the industry thought feeder cattle had been overvalued in the futures market based on expected feed prices and live cattle prices. However, it took corn prices making another run this week for feeder cattle futures to tumble. Corn prices have increased \$1 per bushel in less than three weeks with more than half of that increase occurring this week. The quick rise in corn prices resulted in the April feeder cattle contract price decreasing more than \$12 per hundredweight the past two weeks while the August contract has declined similarly. There is no way to know if the market will recover or how much it will recover if it does. Traders tend to overreact in one direction and then the other,

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Livestock Comments by Dr. Andrew Griffith

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which may be the case in today's market. However, that means nothing to the cattle producer who needs to market cattle in the near term other than it influences the price received. How can a person stress enough the importance of managing price risk? One can hope the market rebounds over the next few days and weeks, but the likelihood of the market moving back to previous highs is slim. For a significant rebound, feed prices will have to decline considerably while demand for finished cattle and beef will have to increase. The market has shown its ability to be frustrating the past several weeks, but it offered sellers a long window of marketing opportunity. The market is now going to offer buyers an opportunity to secure inventory at a lower price.

The April cattle on feed report for feedlots with a 1000 head or more capacity indicated cattle and calves on feed as of April 1, 2021 totaled 11.90 million head, up 5.3% compared to a year ago, with the pre-report estimate average expecting an increase of 6.1%. March placements in feedlots totaled 2.00 million head, up 28.3% from a year ago with the pre-report estimate average expecting placements up 33.8%. March marketing's totaled 2.04 million head up 1.5% from 2020 with pre-report estimates expecting a 1.1% increase in marketings. Placements on feed by weight: under 700 pounds up 37.7%, 700 to 899 pounds up 27.1%, 900 pounds and over up 9.3%.

ASK ANDREW, TN THINK TANK: There was a question this week about all the different methods that have been proposed to achieve adequate negotiated trade and true price discovery in the finished cattle market. There has been proposed legislation as well as efforts by NCBA that is a voluntary framework, but NCBA's voluntary framework could lead to them pushing for a policy framework if packers and cattle feeders do not meet minimum thresholds. For those interested in the specifics, this information can be found from several sources online. However, it is important for interested parties to understand that any type of mandate or policy will increase costs to the industry directly in two ways. The first way is that it will increase transaction costs between packers and feedlots as they will be forced to negotiate prices each and every week. This does have a cost. The second cost will be in enforcing the mandate and regulations. There is always a cost associated with the enforcement of mandates, and it could get expensive.

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 \$117.85 -0.48; June \$115.73 -0.13; August \$116.85 +0.13; Feeder cattle –April \$133.85 +1.60; May \$137.68 +0.65; August \$149.90 +1.53; September \$152.05 +1.65; May corn closed at \$6.56 up 5 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Grain and oilseed prices went vertical this week with new contract highs set for corn, soybeans, and wheat. To say prices have been on a bullish tear would be to understate the recent price advance. On April 1, December corn closed at \$4.84 $\frac{1}{2}$, on April 22 the contract closed at \$5.53 $\frac{1}{4}$, a 68 $\frac{3}{4}$ cent move or +14.2% in 14 trading days! November soybeans had a similar move, closing April 1 at \$12.63 $\frac{3}{4}$ and April 22 at \$13.38 $\frac{3}{4}$, up 75 cents or +5.9%. July wheat moved from \$6.10 $\frac{1}{2}$ to \$7.10 $\frac{1}{2}$, up 100 cents +16.4%. The sustained rally in grain and oilseed futures and high rates of return have attracted additional investment money. This is evident when looking at the CFTC's commitment of traders (COT) report. For example, managed money is 397,231 contracts long corn, the largest long position since 400,627 contracts in 2011. The increased interest in grains and oilseeds has pushed prices higher (and may continue to do so), however eventually those positions will need to be exited and this could create a rapid decline. It should be pointed out that this influx of money did not create the bullish price trend, but it has potentially amplified it. Long term price direction will continue to move due to supply and demand factors, but managed money flows have the potential to amplify swings up or down and increase volatility. Producers have the very difficult task of deciding how to manage their price risk and when to pull the trigger and price additional production.

December cotton has quietly reversed the recent down trend and gained 8.41 (75.34 to 83.75) in four weeks. Prices now look poised to return to the 86 cent level and may even run up to 90 cents, if some bullish drought news or continued tightening of domestic stocks or planted acreage is indicated by USDA in future WASDE and Acreage reports.

Corn

Ethanol production for the week ending April 16 was 0.941 million barrels per day, unchanged from the previous week. Ethanol stocks were 20.447 million barrels, down 0.071 million barrels compared to last week. Corn net sales reported by exporters for April 9-15, 2021 were up compared to last week with net sales of 15.3 million bushels for the 2020/21 marketing year and 1.2

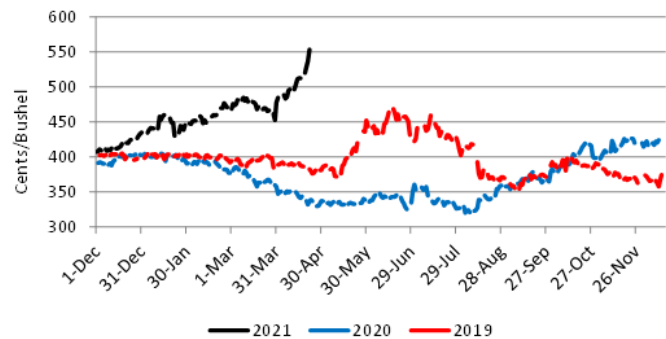
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Crop Comments by Dr. Aaron Smith

million bushels for the 2021/22 marketing year. Exports for the same time period were down 12% from last week at 63.2 million bushels. Corn export sales and commitments were 99% 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 85%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at West, Mississippi River, 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 26 over the May futures at elevators and barge points. May 2021 corn futures closed at \$6.55, up 70 cents since last Friday. For the week, May 2021 corn futures traded between \$5.88 and \$6.58. May/Jul and May/Dec future spreads were -23 and -105 cents. July 2021 corn futures closed at \$6.323, up 59 cents since last Friday.

Corn	May 21	Change	Dec 21	Change
Price	\$6.55	\$0.70	\$5.50	\$0.38
Support	\$6.30	\$0.51	\$5.38	\$0.34
Resistance	\$6.71	\$0.65	\$5.59	\$0.38
20 Day MA	\$5.81	\$0.18	\$5.00	\$0.17
50 Day MA	\$5.60	\$0.08	\$4.82	\$0.08
100 Day MA	\$5.23	\$0.10	\$4.57	\$0.06
4-Week High	\$6.58	\$0.57	\$5.57	\$0.40
4-Week Low	\$5.33	\$0.00	\$4.49	\$0.00
Technical Trend	Up	=	Up	=

December Corn Futures



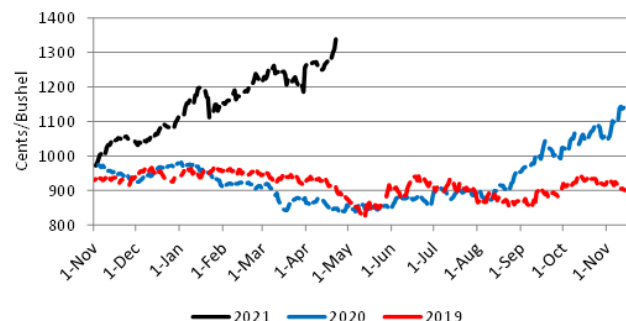
Nationally, this week's Crop Progress report estimated corn planted at 8% compared to 4% last week, 6% last year, and a 5-year average of 8%; and corn emerged at 2% compared to 1% last year and a 5-year average of 1%. In Tennessee, corn planted was estimated at 26% compared to 11% last week, 21% last year, and a 5-year average of 26%; and corn emerged at 5% compared to 3% last year and a 5-year average of 3%. In Tennessee, new crop cash corn prices at elevators and barge points ranged from \$5.10 to \$5.77. December 2021 corn futures closed at \$5.50, up 38 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.60 December 2021 Put Option costing 64 cents establishing a \$4.96 futures floor.

Soybeans

Net sales reported by exporters were up compared to last week with net sales of 2.4 million bushels for the 2020/21 marketing year and 11.6 million bushels for the 2021/22 marketing year. Exports for the same period were down 45% compared to last week at 8.3 million bushels – a marketing year low. 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 92%. 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 14 over the May futures contract. May 2021 soybean futures closed at \$15.39, up 106 cents since last Friday. For the week, May 2021 soybean futures traded between \$14.34 and \$15.49. May/Jul and May/Nov future spreads were -23 and -198 cents. May 2021 soybean-to-corn price ratio was 2.35 at the end of the week. July 2021 soybean futures closed at \$15.16, up 94 cents since last Friday.

Soybeans	May 21	Change	Nov 21	Change
Price	\$15.39	\$1.06	\$13.41	\$0.67
Support	\$15.06	\$0.97	\$13.15	\$0.57
Resistance	\$15.66	\$1.17	\$13.58	\$0.69
20 Day MA	\$14.29	\$0.20	\$12.67	\$0.24
50 Day MA	\$14.16	\$0.13	\$12.40	\$0.16
100 Day MA	\$13.55	\$0.16	\$11.78	\$0.13
4-Week High	\$15.49	\$0.93	\$13.46	\$0.61
4-Week Low	\$13.64	\$0.00	\$11.84	\$0.00
Technical Trend	Up	=	Up	=

November Soybean Futures



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Crop Comments by Dr. Aaron Smith

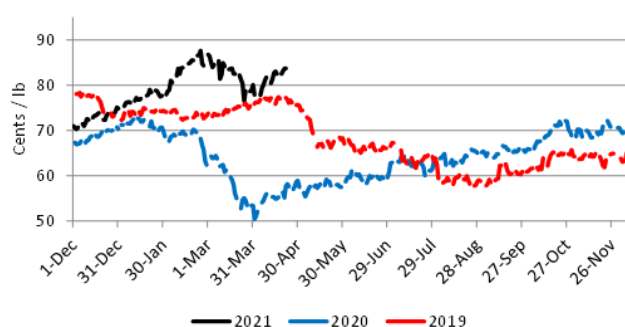
Nationally, this week's Crop Progress report estimated soybeans planted at 3% compared to 2% last year and a 5-year average of 2%. In Tennessee, soybeans planted were estimated at 2% compared to 2% last year and a 5-year average of 1%. In Tennessee, new crop cash soybean prices at elevators and barge points ranged from \$12.80 to \$13.63. November 2021 soybean futures closed at \$13.41, up 67 cents since last Friday. Downside price protection could be achieved by purchasing a \$13.60 November 2021 Put Option which would cost 105 cents and set a \$12.55 futures floor. Nov/Dec 2021 soybean-to-corn price ratio was 2.44 at the end of the week.

Cotton

Net sales reported by exporters were up compared to last week with net sales of 103,100 bales for the 2020/21 marketing year and 42,800 bales for the 2021/22 marketing year. Exports for the same time period were up 5% compared to last week at 329,000 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 101%. Delta upland cotton spot price quotes for April 22 were 83.80 cents/lb (41-4-34) and 86.05 cents/lb (31-3-35). Adjusted world price increased 2.33 cents to 70.49 cents. May 2021 cotton futures closed at 87.51, up 3.8 cents since last Friday. For the week, May 2021 cotton futures traded between 83.12 and 87.73 cents. May/Jul and May/Dec cotton futures spreads were 1.29 cents and -2.58 cents. July 2021 cotton futures closed at 88.8 cents, up 3.77 cents since last Friday.

Cotton	May 21	Change	Dec 21	Change
Price	87.51	3.80	84.93	2.40
Support	83.48	0.86	83.00	1.56
Resistance	89.74	4.10	86.32	2.20
20 Day MA	81.98	0.51	81.13	0.74
50 Day MA	85.46	-0.10	82.85	0.16
100 Day MA	82.35	0.55	79.26	0.63
4-Week High	87.73	0.19	85.36	0.86
4-Week Low	77.12	0.00	75.34	0.00
Technical Trend	Up	=	Up	=

December Cotton Futures



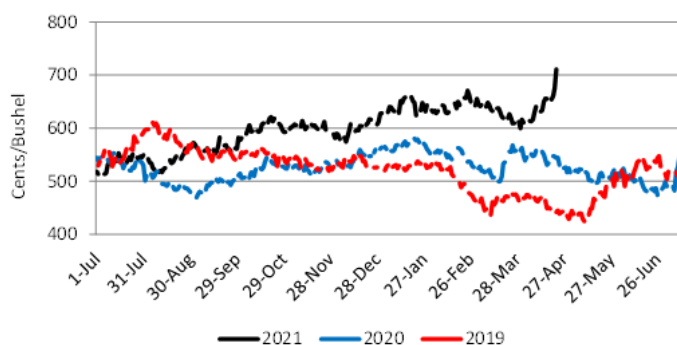
Nationally, this week's Crop Progress report estimated cotton planted at 11% compared to 8% last week, 11% last year, and a 5-year average of 9%. December 2021 cotton futures closed at 84.93 cents, up 2.4 cents since last Friday. Downside price protection could be obtained by purchasing an 85 cent December 2021 Put Option costing 6.93 cents establishing a 78.07 cent futures floor.

Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 8.8 million bushels for the 2020/21 marketing year and net sales of 13.7 million bushels for the 2021/22 marketing year. Exports for the same time period were up 20% from last week at 20.6 million bushels. Wheat export sales were 96% 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 103%. In Tennessee, spot wheat prices ranged from \$6.87 to \$7.45. May 2021 wheat futures closed at \$7.10, up 58 cents since last Friday. May 2021 wheat futures traded between \$6.50 and \$7.14 this week. May wheat-to-corn price ratio was 1.08. May/Jul and May/Sep future spreads were 2 and 2 cents.

Wheat	May 21	Change	Jul 21	Change
Price	\$7.10	\$0.58	\$7.12	\$0.57
Support	\$6.94	\$0.52	\$6.95	\$0.52
Resistance	\$7.22	\$0.57	\$7.23	\$0.57
20 Day MA	\$6.39	\$0.14	\$6.40	\$0.17
50 Day MA	\$6.45	\$0.03	\$6.39	\$0.05
100 Day MA	\$6.38	\$0.04	\$6.30	\$0.04
4-Week High	\$7.14	\$0.55	\$7.15	\$0.55
4-Week Low	\$5.93	\$0.00	\$5.92	\$0.00
Technical Trend	Up	=	Up	=

July Wheat Futures



Crop Comments by Dr. Aaron Smith

Nationally, the Crop Progress report estimated winter wheat condition at 53% good-to-excellent and 17% poor to very poor; winter wheat headed at 10% compared to 5% last week, 13% last year, and a 5-year average of 14%; and spring wheat planted at 19% compared to 11% last week, compared to 7% last year, and a 5-year average of 12%. In Tennessee, winter wheat condition was estimated at 75% good-to-excellent and 3% poor to very poor; winter wheat headed at 10% compared to 4% last week, 23% last year, and a 5-year average of 18%; and winter wheat jointing at 79% compared to 66% last week, 85% last year, and a 5-year average of 83%. In Tennessee, new crop wheat cash contracts ranged from \$6.42 to \$7.35. July 2021 wheat futures closed at \$7.12, up 57 cents since last Friday. Downside price protection could be obtained by purchasing a \$7.15 July 2021 Put Option costing 46 cents establishing a \$6.69 futures floor. September 2021 wheat futures closed at \$7.12, up 56 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/

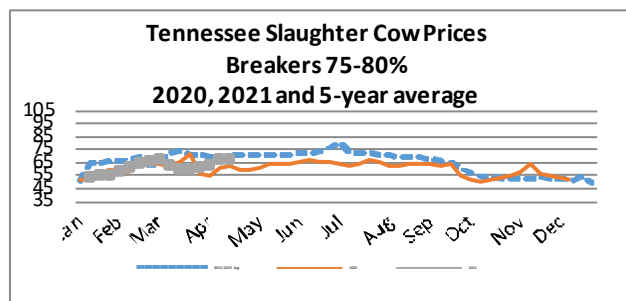
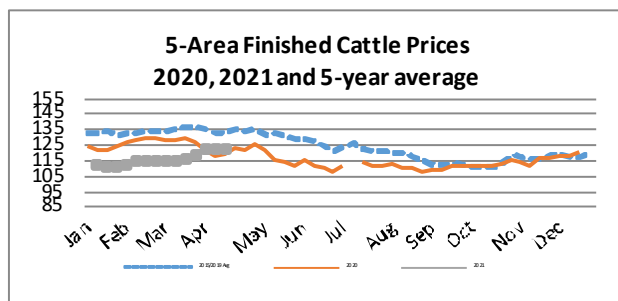
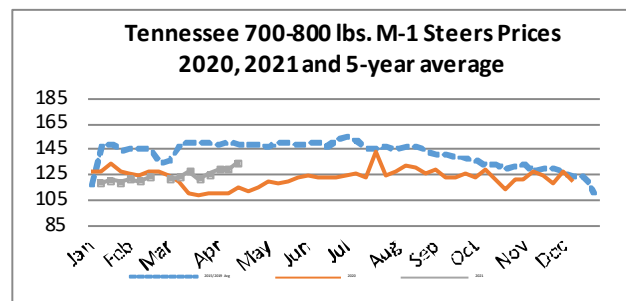
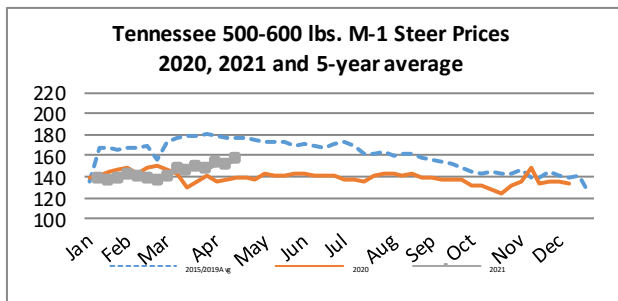
[Crop Progress & Condition/](#)

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, April 16, 2021---Thursday, April 22, 2021					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	14.36	14.52	14.75	15.00	15.36
North Central	14.33	14.50	14.72	14.97	15.33
West Central	14.33	14.50	14.72	14.97	15.33
West	14.60	14.76	14.99	15.24	15.60
Mississippi River	14.55	14.72	14.94	15.20	15.58
Yellow Corn					
Northwest	6.10	6.16	6.31	6.50	6.75
North Central	6.01	6.07	6.22	6.41	6.66
West Central	6.09	6.15	6.30	6.49	6.74
West	6.22	6.28	6.43	6.62	6.87
Mississippi River	6.16	6.22	6.37	6.55	6.81
Wheat					
Northwest					
North Central	6.88	6.87	6.95	7.08	7.45
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	81.46-83.71	82.46-84.71	82.92-85.17	83.98-86.23	83.80-86.05



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 19, 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	155.00	212.50	180.19	180.04	159.05
400-500 lbs	140.00	188.00	168.78	168.41	143.77
500-600 lbs	140.00	169.00	156.77	152.28	136.55
600-700 lbs	126.00	152.00	142.67	139.23	123.60
700-800 lbs	123.00	145.00	133.59	128.00	109.31
Steers: Small Frame #1-2					
300-400 lbs	151.00	160.00	155.43	158.67	---
400-500 lbs	110.00	157.50	148.82	157.55	---
500-600 lbs	110.00	137.50	123.38	135.17	---
600-700 lbs	126.00	---	126.00	120.00	---
Steers: Medium/Large Frame #3					
300-400 lbs	146.00	183.00	165.51	158.27	135.46
400-500 lbs	131.00	168.00	152.78	158.33	135.23
500-600 lbs	132.50	152.00	143.80	140.47	115.64
600-700 lbs	110.00	143.00	127.32	127.45	111.29
700-800 lbs	110.00	127.00	118.50	119.02	94.89
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	100.45	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	59.00	74.00	66.87	66.55	59.70
Boners 80-85%	57.00	73.00	65.27	66.11	59.71
Lean 85-90%	47.00	67.50	57.19	57.41	49.72
Bulls YG 1	84.00	99.50	91.67	92.23	84.44
Heifers: Medium/Large Frame #1-2					
300-400 lbs	134.00	168.00	150.48	148.32	132.26
400-500 lbs	127.00	162.00	143.94	141.71	124.50
500-600 lbs	116.00	152.00	135.31	132.09	116.49
600-700 lbs	107.00	132.00	123.18	121.29	102.48
Heifers: Small Frame #1-2					
300-400 lbs	135.00	145.00	139.89	139.99	---
400-500 lbs	122.50	139.00	131.04	129.83	---
500-600 lbs	---	---	---	125.00	---
600-700 lbs	97.00	97.00	97.00	113.75	---
Heifers: Medium/Large Frame #3					
300-400 lbs	128.00	158.00	143.64	137.71	123.88
400-500 lbs	120.00	148.00	140.07	133.69	115.17
500-600 lbs	113.00	135.00	127.93	121.22	101.49
600-700 lbs	102.00	125.00	116.71	109.74	90.44

Cattle Receipts

This week: 7,337

Week ago: 9,293

Year ago: 3,766

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

Graded Sales, Video Board Sales, Video Sales & Loads

Graded Sheep & Goat Sale

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

Weighted Average Report for 04/16/2021

Total Receipts: 721

For complete report:

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

East Tennessee Cattle Alliance Preconditioned Graded Feeder Sale-Greeneville, TN

Weighted Average Report for 04/22/2021

Total Receipts: 317

For complete report:

https://www.ams.usda.gov/mnreports/ams_2075.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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