

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

April 30, 2021

Number: 17

Trends for the Week Compared to a Week Ago

Slaughter Cows

steady to \$4 lower

Slaughter Bulls

steady to \$2 lower

Feeder Steers

\$4 to \$8 lower

Feeder Heifers

\$3 to \$8 lower

Feeder Cattle Index: 133.87

Fed Cattle

The 5-area live price on Thursday of \$118.89 was down \$2.47. The dressed price of \$190.41 was down \$1.70.

Corn

May closed at \$7.40 a bushel, up 85 cents since last Friday.

Soybeans

May closed at \$15.71 a bushel, up 32 cents since last Friday.

Wheat

May closed at \$7.42 a bushel, up 32 cents since last Friday.

Cotton

May closed at 87.43 cents per lb, down 0.08 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$2 lower compared to last week on a live basis. Prices on a live basis were primarily \$118 to \$120 while dressed prices were mostly \$189 to \$191.

The 5-area weighted average prices thru Thursday were \$118.89 live, down \$2.47 compared to last week and \$190.41 dressed, down \$1.70 from a week ago. A year ago, prices were \$95.92 live and \$154.50 dressed.

Slaughter levels have increased year over year, beef demand is strong, and packers have more cattle available to them than they want to process. This means the packer maintains leverage over cattle feeders despite the market moving into a period of stronger beef demand or at least strong anticipated demand. This time of year, fewer cattle are typically coming off feed and carcass weights are at their lowest point for the year. Carcass weights have declined the past few months, but carcass weights are 20 to 30 pounds heavier than the five year average and heavier than last year. Slaughter levels are manageable, but they are expected to increase given the quantity of cattle on feed. There will be lower prices to come in the finished cattle market.

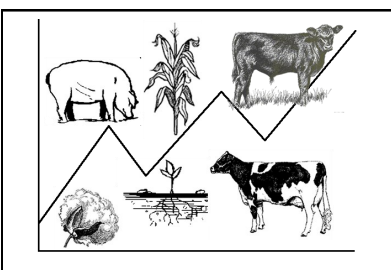
BEEF CUTOUT: At midday Friday, the Choice cutout was \$296.37 up \$2.61 from Thursday and up \$13.05 from a week ago. The Select cutout was \$283.67 up \$3.88 from Thursday and up \$11.26 from last week. The Choice Select spread was \$12.70 compared to \$10.91 a week ago.

In six weeks, the Choice boxed beef cutout value has increased over \$66 per hundred-weight which is an average weekly increase of about \$11. Said another way, Choice boxed beef prices have increased nearly 29 percent in a month and a half. Is this demand driven or supply control? The beef production update provided last

week would say the price increase is demand driven, but at what point do consumers shift to other meats. One would have to presume higher beef prices will push other meat prices higher as well as providing support for plant based protein alternatives. A cattle producer would generally praise higher beef prices, but the higher beef prices have yet to trickle down to cattle producers at any stage of production. Part of the surge in prices is greater demand from restaurants and food service as the economy begins to reopen while another part of the surge is grocery stores making purchases for the Memorial week-end holiday starting in four weeks. Prices should begin to soften for beef, but that should not greatly influence cattle prices in the near term.

OUTLOOK: Based on Tennessee weekly auction market data, steer prices were \$4 to \$8 lower compared to last week while heifer prices were \$3 to \$8 lower compared to a week ago. Slaughter cow prices were steady to \$4 lower while bull prices were steady to \$2 lower compared to the previous week. Calf and feeder cattle markets contained considerable optimism until two weeks ago and that optimism has been completely removed with two consecutive weeks of sharply lower cattle prices at auction markets across the nation. The primary driver of lower feeder cattle prices is the increase in corn and other feedstuff prices. Fed cattle prices have softened, but they are not the leader in driving feeder cattle prices lower. Nor will they be the leader in a resurgence in feeder cattle prices. For feeder cattle prices to recapture a large majority of the price decline, corn prices will have to decline. The failure of the calf and feeder cattle market to demonstrate a clear sign of higher prices has resulted in more beef cows and heifers entering the slaughter mix. Based

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Livestock Comments by Dr. Andrew Griffith

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on weekly data and using year over year comparisons without the time period when COVID19 severely reduced slaughter levels, beef cow slaughter the first quarter of 2021 is 2.2 percent greater than it was in 2020. Similarly, heifer slaughter the first quarter of 2021 is nearly 0.8 percent greater than the same time period in 2021. However, slaughter does not provide a clear picture on what is currently happening. Based on the April 1 Cattle on Feed report, the quantity of heifers on feed as of April 1, 2021 was 6.5 percent greater than 2020 while the number of steers on feed was only 4.6 percent greater than a year ago. This is providing some indication that the industry is not growing the beef cattle herd. One reason for this is the relatively low calf and feeder cattle prices, but drought in the Western states is also a driving factor in that region.

ASK ANDREW, TN THINK TANK: Last week there was a request for a program to assist in calculating daily feed cost by commodity and total cost per head per day when loads of feedstuffs are being purchased regularly. This was not a small undertaking, but we were able to develop an Excel based tool that we are currently testing to work out any mistakes that may be within the tool. If there is anyone who would like to test it then please reach out to me. After the tool is tested, it

will be finalized and posted to the Agricultural and Resource Economics decision tools webpage (<https://arec.tennessee.edu/extension/decision-aid-tools/>). This tool may be useful for anyone blending their own feeds where several inputs are included. Staying on the idea of decision and management tools, we are always open to attempting to develop tools that assist livestock producers in making decisions and improving management and record keeping. Please reach out to us with ideas of tools that would benefit livestock producers in decision making.

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 –June \$116.58 +0.53; August \$118.63 +1.23; October \$122.90 +1.35; Feeder cattle – May \$133.60 -2.25; August \$146.75 -3.13; September \$149.28 -2.35; October \$151.30 -1.53; May corn closed at \$7.40 up 38 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

Corn and wheat were up; and cotton and soybeans were mixed for the week.

April saw large gains for harvest futures contracts for corn, soybeans, wheat, and cotton. December corn opened April at \$4.83 ½ and closed at \$5.62, up 78 ½ cents; November soybeans opened at \$12.68 and closed at \$13.41 ¾, up 73 ¾ cents; July wheat opened at \$6.20 and closed at \$7.34 ¾, up \$1.14 ¾; and December cotton opened at 80 cents and closed at 85.06, up 5.06 cents. The dramatic increase in prices can be attributed to reduced/limited ending stocks, drought concerns -- domestically and in South America, strong export sales, and domestic demand. The dramatic price increases will likely bring additional volatility over the next couple of months as markets attempt to decipher potential drought impacts and strength of demand. Overall the outlook remains bullish for corn, soybean, wheat, and cotton prices. Producers may want to consider taking additional downside price risk off the table by using marketing tools like out-of-the-money put options. This will allow producers to continue to participate in price rallies, but set a floor well above crop insurance prices.

Planting spring crops is progressing, but several regions have drought conditions that could affect production. The most severe drought affected areas (excluding parts of the West) include: Texas - 86.5% abnormally dry or worse (25% in extreme or exceptional drought); North Dakota – 100% abnormally dry or worse (82.7% in extreme drought); and Colorado – 98.8% abnormally dry or worse (32.1% in extreme or exceptional drought). According to the US Drought Monitor, moderate to severe drought has been expanding in Iowa, Minnesota, Wisconsin, Michigan, Illinois, Indiana, and Ohio. The expanding drought could cause prices to continue their upward trajectory.

CME group completed their bi-annual review of daily price limits for grain and oilseed futures traded on the Chicago Board of Trade. Daily limits will be expanded for corn – 25 cents to 40 cents; soybeans – 70 cents to \$1.00; and wheat - 40 cents to 45 cents. Expanded limits (the day after a limit move is made) will now be 60 cents for corn; \$1.50 for soybeans; and 70 cents for wheat. The new daily price limits will be effective May 2, 2021.

	Previous	Current	Change
USD Index	90.80	91.24	0.44
Crude Oil	62.14	63.52	1.38
DJIA	34,043	33,867	-176

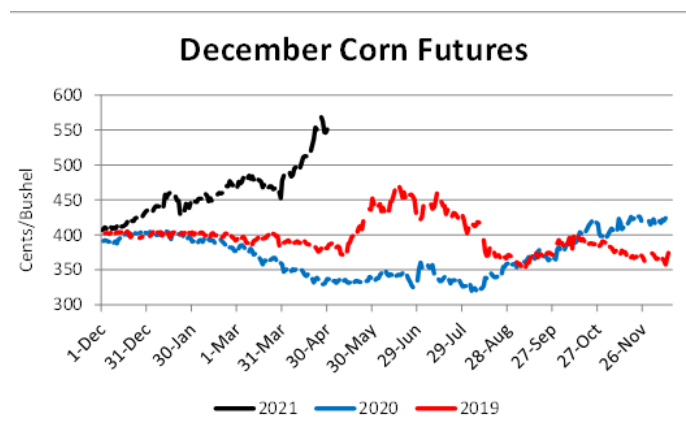
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Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending April 23 was 0.945 million barrels per day, up 4,000 from the previous week. Ethanol stocks were 19.736 million barrels, down 0.711 million barrels compared to last week. Corn net sales reported by exporters for April 16-22, 2021 were up compared to last week with net sales of 20.5 million bushels for the 2020/21 marketing year and 21.8 million bushels for the 2021/22 marketing year. Exports for the same time period were up 19% from last week at 75.4 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 88%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened or remained unchanged at West, Mississippi River, North-Central, West-Central, and Northwest elevators and barge points. Overall, basis for the week ranged from 17 under to 36 over, with an average of 8 over the May futures at elevators and barge points. May 2021 corn futures closed at \$7.40, up 85 cents since last Friday. For the week, May 2021 corn futures traded between \$6.61 and \$7.46. May/Jul and May/Dec future spreads were -67 and -177 cents. July 2021 corn futures closed at \$6.73, up 41 cents since last Friday.

Corn	May 21	Change	Dec 21	Change
Price	\$7.40	\$0.85	\$5.63	\$0.13
Support	\$6.72	\$0.42	\$5.33	-\$0.05
Resistance	\$7.19	\$0.48	\$5.56	-\$0.03
20 Day MA	\$6.18	\$0.37	\$5.22	\$0.22
50 Day MA	\$5.76	\$0.16	\$4.93	\$0.11
100 Day MA	\$5.37	\$0.14	\$4.65	\$0.08
4-Week High	\$7.40	\$0.82	\$5.93	\$0.36
4-Week Low	\$5.36	\$0.03	\$4.49	\$0.00
Technical Trend	Up	=	Up	=



Nationally, this week's Crop Progress report estimated corn planted at 17% compared to 8% last week, 24% last year, and a 5-year average of 20%; and corn emerged at 3% compared to 2% last week, 3% last year, and a 5-year average of 4%. In Tennessee, corn planted was estimated at 48% compared to 26% last week, 33% last year, and a 5-year average of 44%; and corn emerged at 18% compared to 5% last week, 12% last year, and a 5-year average of 15%. In Tennessee, new crop cash corn prices at elevators and barge points ranged from \$5.36 to \$5.92. December 2021 corn futures closed at \$5.63, up 13 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.70 December 2021 Put Option costing 66 cents establishing a \$5.04 futures floor.

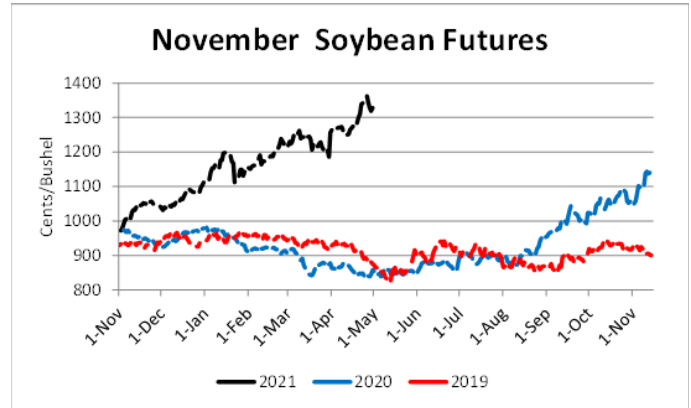
Soybeans

Net sales reported by exporters were up compared to last week with net sales of 10.7 million bushels for the 2020/21 marketing year and 16.1 million bushels for the 2021/22 marketing year. Exports for the same period were up 50% compared to last week at 12.5 million bushels. 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 93%. Across Tennessee, average soybean basis strengthened or remained unchanged at West, West-Central, North-Central, and Mississippi River, and weakened at Northwest elevators and barge points. Basis ranged from 19 under to 30 over the May futures contract. Average basis at the end of the week was 11 over the May futures contract. May 2021 soybean futures closed at \$15.71, up 32 cents since last Friday. For the week, May 2021 soybean futures traded between \$15.24 and \$16.08. May/Jul and May/Nov future spreads were -37 and -232 cents. May 2021 soybean-to-corn price ratio was 2.12 at the end of the week. July 2021 soybean futures closed at \$15.34, up 18 cents since last Friday.

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Crop Comments by Dr. Aaron Smith

Soybeans	May 21	Change	Nov 21	Change
Price	\$15.71	\$0.32	\$13.39	-\$0.02
Support	\$15.15	\$0.09	\$13.04	-\$0.11
Resistance	\$15.87	\$0.21	\$13.46	-\$0.12
20 Day MA	\$14.68	\$0.39	\$12.96	\$0.29
50 Day MA	\$14.34	\$0.18	\$12.55	\$0.15
100 Day MA	\$13.75	\$0.20	\$11.93	\$0.15
4-Week High	\$16.08	\$0.59	\$13.84	\$0.38
4-Week Low	\$13.64	\$0.00	\$11.84	\$0.00
Technical Trend	Up	=	Up	=

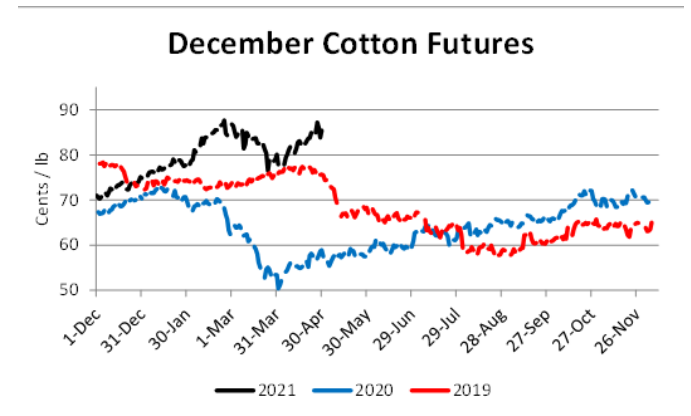


Nationally, this week's Crop Progress report estimated soybeans planted at 8% compared to 3% last week, 7% last year, and a 5-year average of 5%. In Tennessee, soybeans planted were estimated at 8% compared to 2% last week, 7% last year, and a 5-year average of 4%. In Tennessee, new crop cash soybean prices at elevators and barge points ranged from \$13.12 to \$13.87. November 2021 soybean futures closed at \$13.39, down 2 cents since last Friday. Downside price protection could be achieved by purchasing a \$13.40 November 2021 Put Option which would cost 88 cents and set a \$12.52 futures floor. Nov/Dec 2021 soybean-to-corn price ratio was 2.38 at the end of the week.

Cotton

Net sales reported by exporters were down compared to last week with net sales of 77,100 bales for the 2020/21 marketing year and 16,300 bales for the 2021/22 marketing year. Exports for the same time period were up 4% compared to last week at 341,900 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 102%. Delta upland cotton spot price quotes for April 29 were 84.29 cents/lb (41-4-34) and 86.54 cents/lb (31-3-35). Adjusted world price increased 3.22 cents to 73.71 cents. May 2021 cotton futures closed at 87.43, down 0.08 cents since last Friday. For the week, May 2021 cotton futures traded between 85.89 and 90.07 cents. May/Jul and May/Dec cotton futures spreads were 0.65 cents and -2.37 cents. July 2021 cotton futures closed at 88.08 cents, down 0.72 cents since last Friday.

Cotton	May 21	Change	Dec 21	Change
Price	87.43	-0.08	85.06	0.13
Support	84.32	0.84	81.26	-1.74
Resistance	89.04	-0.70	87.84	1.52
20 Day MA	83.97	1.99	82.78	1.65
50 Day MA	85.33	-0.13	82.94	0.09
100 Day MA	83.12	0.77	80.00	0.74
4-Week High	90.07	2.34	87.43	2.07
4-Week Low	77.65	0.53	77.27	1.93
Technical Trend	Up	=	Up	=



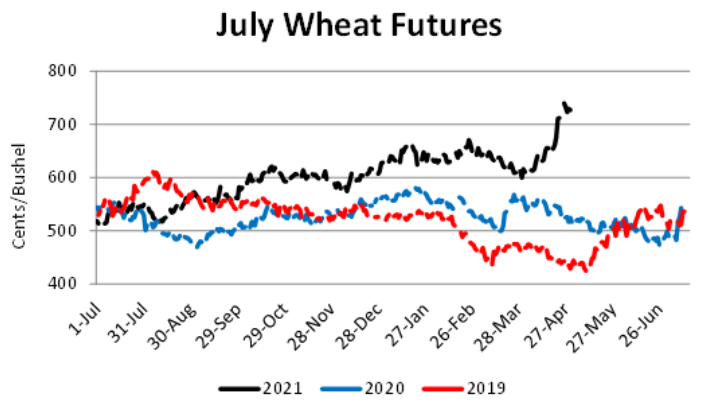
Nationally, this week's Crop Progress report estimated cotton planted at 12% compared to 11% last week, 13% last year, and a 5-year average of 11%. In Tennessee, cotton planted was estimated at 1% compared to 0% last week, 2% last year, and a 5-year average of 2%. December 2021 cotton futures closed at 85.06 cents, up 0.13 cents since last Friday. Downside price protection could be obtained by purchasing an 86 cent December 2021 Put Option costing 8.44 cents establishing a 77.56 cent futures floor.

Crop Comments by Dr. Aaron Smith

Wheat

Wheat net sales reported by exporters were down compared to last week with net sales of 8.2 million bushels for the 2020/21 marketing year and net sales of 8.7 million bushels for the 2021/22 marketing year. Exports for the same time period were down 2% from last week at 20.2 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 104%. In Tennessee, spot wheat prices ranged from \$7.29 to \$7.75. May 2021 wheat futures closed at \$7.42, up 32 cents since last Friday. May 2021 wheat futures traded between \$7.12 and \$7.73 this week. May wheat-to-corn price ratio was 1.01. May/Jul and May/Sep future spreads were -8 and -10 cents.

Wheat	May 21	Change	Jul 21	Change
Price	\$7.42	\$0.32	\$7.34	\$0.22
Support	\$7.03	\$0.09	\$7.06	\$0.11
Resistance	\$7.55	\$0.33	\$7.45	\$0.22
20 Day MA	\$6.70	\$0.31	\$6.70	\$0.30
50 Day MA	\$6.53	\$0.08	\$6.48	\$0.09
100 Day MA	\$6.45	\$0.07	\$6.37	\$0.07
4-Week High	\$7.73	\$0.59	\$7.69	\$0.54
4-Week Low	\$5.93	\$0.00	\$5.92	\$0.00
Technical Trend	Up	=	Up	=



Nationally, the Crop Progress report estimated winter wheat condition at 49% good-to-excellent and 19% poor to very poor; winter wheat headed at 17% compared to 10% last week, 20% last year, and a 5-year average of 23%; spring wheat planted at 28% compared to 19% last week, 13% last year, and a 5-year average of 19%; and spring wheat emerged at 7% compared to 4% last year and a 5-year average of 5%. In Tennessee, winter wheat condition was estimated at 74% good-to-excellent and 3% poor to very poor; winter wheat headed at 33% compared to 10% last week, 53% last year, and a 5-year average of 41%; and winter wheat jointing at 88% compared to 79% last week, 94% last year, and a 5-year average of 92%. In Tennessee, new crop wheat cash contracts ranged from \$7.06 to \$7.64. July wheat-to-corn futures price ratio was 1.09. July 2021 wheat futures closed at \$7.34, up 22 cents since last Friday. Downside price protection could be obtained by purchasing a \$7.35 July 2021 Put Option costing 44 cents establishing a \$6.91 futures floor. September 2021 wheat futures closed at \$7.32, up 20 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_mdbl_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>

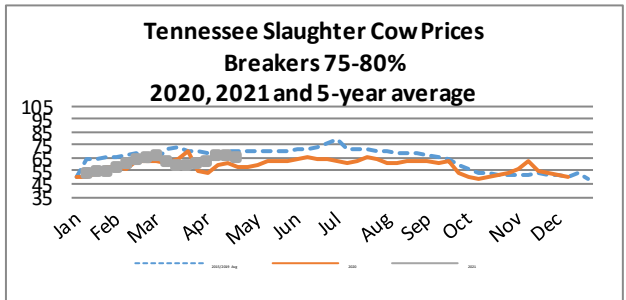
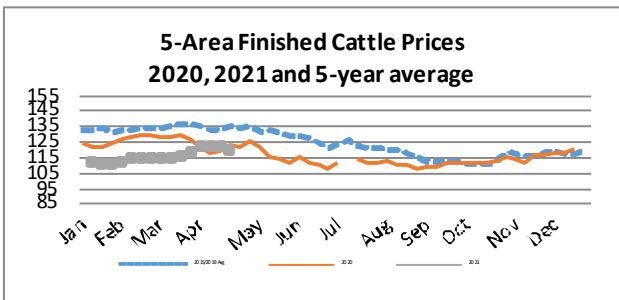
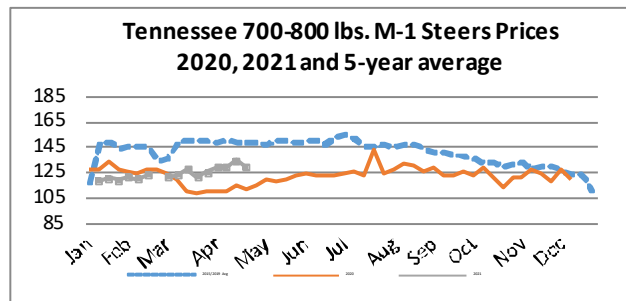
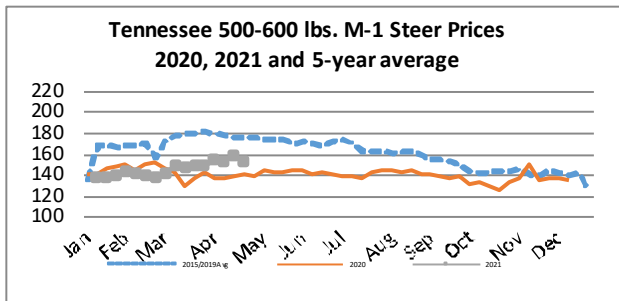
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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 23, 2021---Thursday, April 29, 2021

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	15.42	15.72	15.52	15.38	15.25
North Central	15.40	15.69	15.50	15.58	15.47
West Central	15.40	15.69	15.50	15.41	15.42
West	15.69	15.98	15.79	15.87	15.72
Mississippi River	15.65	15.99	15.79	15.87	15.69
Yellow Corn					
Northwest	6.80	7.05	7.18	6.78	6.85
North Central	6.71	6.96	7.11	6.94	6.98
West Central	6.79	7.04	7.19	7.04	6.98
West	6.92	7.17	7.32	7.22	7.38
Mississippi River	6.85	7.10	7.23	7.10	7.17
Wheat					
Northwest					
North Central	7.45	7.75	7.69	7.60	7.29
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	86.55-88.80	86.97-89.22	89.17-91.42	87.27-89.52	84.29-86.54



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 26, 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	149.00	201.00	172.51	180.19	163.51
400-500 lbs	145.00	183.00	163.07	168.78	155.09
500-600 lbs	131.00	170.00	151.81	156.77	138.44
600-700 lbs	120.00	148.00	136.48	142.67	123.50
700-800 lbs	112.00	136.50	128.34	133.59	112.95
Steers: Small Frame #1-2					
300-400 lbs	140.00	160.00	152.62	155.43	134.80
400-500 lbs	137.50	155.00	143.68	148.82	123.44
500-600 lbs	130.00	142.50	136.67	123.38	---
600-700 lbs	---	---	---	126.00	---
Steers: Medium/Large Frame #3					
300-400 lbs	140.00	188.00	160.08	165.51	142.57
400-500 lbs	131.00	163.00	151.80	152.78	140.31
500-600 lbs	126.00	150.00	140.09	143.80	123.03
600-700 lbs	111.00	143.00	130.75	127.32	113.58
700-800 lbs	107.00	128.00	119.01	118.50	99.02
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	103.50	104.00	103.62	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	56.00	74.00	64.98	66.87	60.69
Boners 80-85%	55.00	72.00	63.44	65.27	60.11
Lean 85-90%	44.00	64.50	55.56	57.19	50.81
Bulls YG 1	77.00	98.00	87.86	91.67	0.00
Heifers: Medium/Large Frame #1-2					
300-400 lbs	130.00	169.00	146.76	150.48	134.18
400-500 lbs	128.00	158.00	140.93	143.94	126.76
500-600 lbs	117.00	151.00	131.30	135.31	119.27
600-700 lbs	104.00	131.00	118.47	123.18	106.68
Heifers: Small Frame #1-2					
300-400 lbs	132.50	137.50	134.11	139.89	108.78
400-500 lbs	124.00	125.00	124.68	131.04	---
500-600 lbs	70.00	70.00	70.00	---	103.96
600-700 lbs	108.00	110.00	108.97	97.00	---
Heifers: Medium/Large Frame #3					
300-400 lbs	121.00	150.00	140.74	143.64	124.54
400-500 lbs	120.00	148.00	132.74	140.07	114.01
500-600 lbs	107.50	138.00	123.51	127.93	106.97
600-700 lbs	103.00	125.00	111.84	116.71	97.85

Cattle Receipts

This week:8,156

Week ago:7,337

Year ago:5,415

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

Graded Sales, Video Board Sales, Video Sales & Loads

Graded Sheep & Goat Sale

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 4/26/21

Total Receipts:

For complete report:

https://www.ams.usda.gov/mnreports/ams_2081.pdf

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

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