

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

September 10, 2021

Number: 36

Trends for the Week Compared to a Week Ago

Slaughter Cows

steady

Slaughter Bulls

steady

Feeder Steers

steady to \$3 lower

Feeder Heifers

steady to \$5 lower

Feeder Cattle Index: 156.83

Fed Cattle

The 5-area live price on Thursday of \$124.73 was down \$1.00. The dressed price of \$200.81 was down \$0.97.

Corn

December closed at \$5.17 a bushel, down 7 cents since last Friday.

Soybeans

November closed at \$12.86 a bushel, down 6 cents since last Friday.

Wheat

December closed at \$6.88 a bushel, down 38 cents since last Friday.

Cotton

December closed at 93.5 cents per lb, down 0.52 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded mainly \$1 lower compared to last week on a live basis. Prices on a live basis primarily ranged from \$124 to \$126 while dressed price were mainly from \$199 to \$203.

The 5-area weighted average prices thru Thursday were \$124.73 live, down \$1.00 compared to last week and \$200.81 dressed, down \$0.97 from a week ago. A year ago, prices were \$100.86 live and \$160.56 dressed.

It appears the price disparity between the South and the North is beginning to narrow as the market trudges through the end of summer. Many feedlots have restocked with high priced yearlings the past three months, but it is likely they hedged those placed during the summer. Feedlot managers will likely be more selective in their purchases moving into the last quarter of the year, but the alternative is that a few feedlots will take more risk by purchasing some cattle weighing less than 600 pounds. If calf and feeder cattle prices do not moderate, then there will not be as many 600 pound calves placed on feed the next few months. Feedlot operators will need to continue watching margins as prices become more volatile.

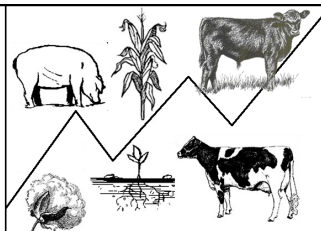
BEEF CUTOUT: At midday Friday, the Choice cutout was \$329.45 down \$3.13 from Thursday and down \$8.24 from a week ago. The Select cutout was \$295.53 down \$0.92 from Thursday and down \$10.63 from last week. The Choice Select spread was \$33.92 compared to \$31.53 a week ago.

Purveyors likely expected a larger week over week decline in boxed beef prices, but beef prices continue to demonstrate their resilience despite summer grilling coming to an end. It is not only a strong domestic market supporting beef prices but an international market that is still hot. U.S. beef and veal trade data for July was released last week with beef and veal

exports totaling 297.3 million pounds, which was 30.2 million pounds more than June and 45.0 million more pounds than July 2020. The beef export market has remained strong despite boxed beef prices being extremely high. The strong demand is a good indicator of how U.S. beef is differentiated from beef produced in many other countries that tends to be a leaner product. On the beef import side of the ticket, beef and veal imports totaled 306.7 million pounds in July, which was 13.7 million pounds less than June and 70.1 million pounds less than July 2020. Just as the international market continues to demand high quality beef from the U.S., domestic consumers continue to demand lean grinding beef.

OUTLOOK: Based on Tennessee weekly auction market data, steer prices were steady to \$3 lower compared to last week while heifer prices were steady to \$5 lower compared to a week ago. Slaughter cow and bull prices were steady compared to the previous week. There was limited information in which to base trends due to the Labor Day holiday. However, based on the markets reported this week, it was clear the calf and feeder cattle markets were softer this week. The cash price decline is to be expected given the nearby feeder cattle futures contract price has declined more than \$7 since the beginning of September. It appears fourth quarter optimism for feeder cattle has waned as the November feeder cattle futures contract price is \$10 lower than its contract high experienced in August. Some producers will view this price decline negatively, but it is to be expected given live cattle expectations moving forward. There are certainly producers who want to receive the same prices they received in 2014 and 2015, but those prices could have been just as detrimental as they were helpful given the depressed prices that were ex-

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Livestock Comments by Dr. Andrew Griffith

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perienced in 2016 and 2017. A slow steady increase in prices will likely mean prices will remain stronger for longer, which will also likely mean a slower decline in prices when the market finally reaches that point. The cattle industry is set up for a bull market the next two to three years. This does not necessarily mean huge price jumps, but it does mean strength in the market. If the futures market has taught producers anything, it is to take advantage of profitable price opportunities when they present themselves. One opportunity that will soon come under pressure is the slaughter cow and bull market. The market has offered cow-calf producers a large window to market these animals, but the window of opportunity will slowly begin to close before reopening in the spring of 2022.

ASK ANDREW, TN THINK TANK: A phone call came in this week with the producer asking if he should precondition his calf crop and put them in a special sale or if he should market the calves straight off the cow. Unfortunately, we got disconnected and I did not get to fully answer the question. However, my response may surprise some. The answer as always is "it depends." Some cow-calf producers are set up to put their cattle through a preconditioning and backgrounding phase while others are not. From the business perspective and profitability standpoint, it does not always pay to precondition calves.

There is the risk of death loss, poor performance, and market prices decreasing. Many livestock producers would say that vaccinating and weaning these calves on the farm is what is best for the cattle, but one could contend that there are a lot of good stocker and backgrounding operations that are good managers of these cattle. The simple fact is that different producers have different strengths and each producer should focus on what they do well.

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 –October \$123.43 - 0.33; December \$128.23 -0.58; February \$132.03 -0.88; Feeder cattle –September \$154.25 -1.50; October \$157.73 -1.53; November \$159.13 -2.10; January \$159.40 -1.88; September corn closed at \$5.03 up 7 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

On Friday the USDA released updated supply and demand estimates for principal row crops. Estimated national average corn yield was increased 1.7 bu/acre to 176.3 bu/acre (Tennessee - 172 bu/acre; down 1 bu/acre). Harvested acres were also projected to increase 600,000 to 85.1 million acres. Increased exports and feed and residual use partially offset the production increase, however projected ending stocks were increased 166 million bushels. The national marketing year average price was revised down 30 cents to \$5.45/bu, \$1.00/bu higher than last year's estimated average.

Soybean yield was estimated at 50.6 bu/acre, up 0.6 bu/acre compared to last month (Tennessee -48 bu/acre; down 1 bu/acre). Harvested acres were decreased 300,000 to 86.4 million acres. US marketing year ending stocks are now projected at 185 million bushels, up 30 million compared to the previous month. The marketing year average price is now projected at \$12.90, down 80 cents compared to the August projection.

National upland cotton yield was projected up 96 lb/acre at 890 lb/acre (Tennessee – up 18 lb/acre at 1,049 lb/acre). Harvested acres were projected to fall 440,000 to 9.92 million acres. We are at the mid-point of the storm season, so a lot can still change with US cotton production in terms of harvested acres, yield, and quality. Increased export sales helped mitigate a portion of the increased production, however US ending stocks were projected to increase 700,000 bales to 3.7 million bales.

The only major revision to the US wheat balance sheet was a decrease in imports of 10 million bushels. Internationally wheat stocks were increased for Canada, Australia, EU, and India, putting downward pressure on prices.

Overall, the report provided bearish revisions to USDA estimates, however the revisions were smaller than many analysts had projected so markets reacted neutral-to slightly positively.

	Previous	Current	Change
USD Index	92.23	92.59	0.36
Crude Oil	69.99	69.82	-0.17
DJIA	35,444	34,739	-705

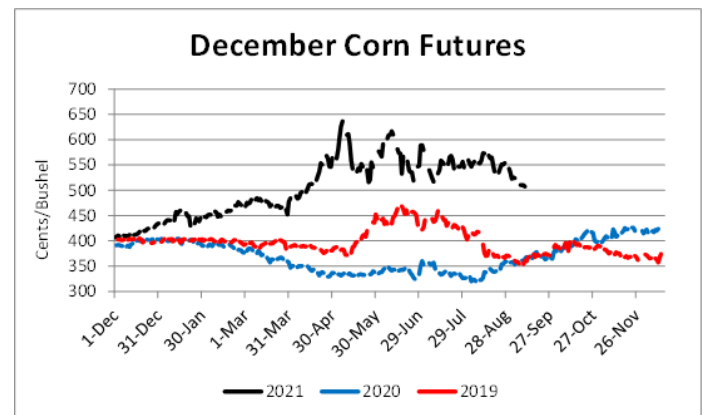
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Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending September 3 was 0.923 million barrels per day, up 18,000 from the previous week. Ethanol stocks were 20.39 million barrels, down 0.720 million compared to last week. Corn net sales reported by exporters for August 27-September 2, 2021, were up compared to last week with net sales of 35.7 million bushels for the 2021/22 marketing year. Exports for the same period were down 20% from last week at 16.7 million bushels. A total of 117.2 million bushels in sales were carried over from the 2020/2021 marketing year, which ended August 31. Total exports for the 2020/21 marketing year were reported at 2.672 billion bushels, up 55% compared to the previous marketing year. Corn export sales and commitments were 35% of the USDA estimated total exports for the 2021/22 marketing year (September 1 to August 31) compared to the previous 5-year average of 25%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened or remained unchanged at Northwest, West, West-Central, and North-Central; and strengthened at Mississippi River elevators and barge points. Overall, basis for the week ranged from 70 under to 40 under, with an average of 50 under the December futures at elevators and barge points at the end of the week. December 2021 corn futures closed at \$5.17, down 7 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.20 December 2021 Put Option costing 25 cents establishing a \$4.95 futures floor. For the week, December 2021 corn futures traded between \$4.97 and \$5.26. Dec/Mar and Dec/May future spreads were 9 and 14 cents. In Tennessee, new crop cash corn prices at elevators and barge points ranged from \$4.50 to \$4.76.

Corn	Dec 21	Change	Mar 22	Change
Price	\$5.17	-\$0.08	\$5.26	-\$0.08
Support	\$5.00	-\$0.12	\$4.96	-\$0.26
Resistance	\$5.22	-\$0.13	\$5.47	\$0.05
20 Day MA	\$5.39	-\$0.11	\$5.47	-\$0.11
50 Day MA	\$5.47	-\$0.03	\$5.54	-\$0.04
100 Day MA	\$5.56	\$0.00	\$5.63	\$0.00
4-Week High	\$5.94	\$0.00	\$5.99	\$0.00
4-Week Low	\$4.97	-\$0.19	\$5.06	-\$0.20
Technical Trend	Down	=	Down	=



Nationally, this week's Crop Progress report estimated corn condition at 59% good-to-excellent and 14% poor-to-very poor; corn dough at 95% compared to 91% last week, 97% last year, and a 5-year average of 94%; corn dented at 74% compared to 59% last week, 77% last year, and a 5-year average of 69%; and corn mature at 21% compared to 9% last week, 23% last year, and a 5-year average 19%. In Tennessee, corn condition was estimated at 75% good-to-excellent and 5% poor-to-very poor; corn dough at 100% compared to 98% last week, 100% last year, and a 5-year average of 99%; corn dented at 91% compared to 80% last week, 86% last year, and a 5-year average of 92%; corn mature at 38% compared to 25% last week, 42% last year, and a 5-year average of 59%; and corn harvested at 7% compared to 1% last week, 4% last year, and a 5-year average of 12%. March 2022 corn futures closed at \$5.26, down 7 cents since last Friday. May 2022 corn futures closed at \$5.31, down 7 cents since last Friday.

Soybeans

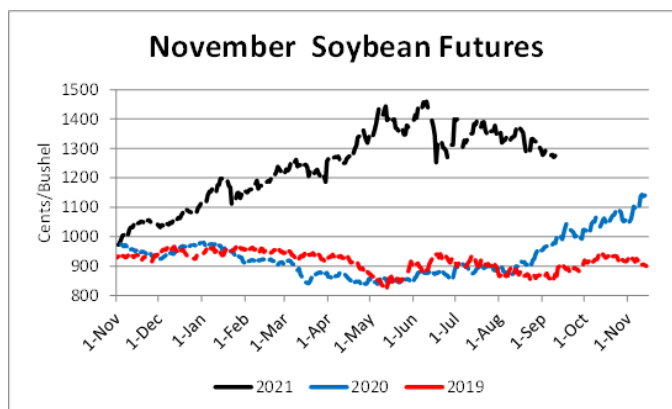
Net sales reported by exporters were down compared to last week with net sales of 54.1 million bushels for the 2021/22 marketing year. Exports for the same period were down 8% compared to last week at 10.9 million bushels. A total of 66.4 million bushels in sales were carried over from the 2020/2021 marketing year, which ended August 3. Total exports for the 2020/21 marketing year were 2.22 billion bushels, up 35% compared to the prior marketing year. Soybean export sales and commitments were 34% of the USDA estimated total annual exports for the 2021/22 marketing year (September 1 to August 31), compared to the previous 5-year average of 36%. Across Tennessee, average soybean basis weakened or remained unchanged at West, Northwest, West-Central, and North-Central; and strengthened at Mississippi River elevators and barge points. Basis ranged from 59 under to 35 under the November futures contract. Average basis at the end of the week was 47 under the November futures contract. November 2021 soybean futures closed at \$12.86, down 6 cents since last Friday. For the week, November 2021 soybean futures traded between \$12.62 and \$13.05. Nov/Jan and Nov/Mar future spreads were 8 and 13 cents. Downside price protection could be achieved by purchasing a \$12.90 November 2021 Put Option which would cost 34 cents

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Crop Comments by Dr. Aaron Smith

and set a \$12.56 futures floor. Nov/Dec 2021 soybean-to-corn price ratio was 2.49 at the end of the week. In Tennessee, new crop cash soybean prices at elevators and barge points ranged from \$12.09 to \$12.45.

Soybeans	Nov 21	Change	Jan 22	Change
Price	\$12.86	\$0.03	\$12.94	\$0.03
Support	\$12.45	-\$0.18	\$12.54	-\$0.19
Resistance	\$13.20	\$0.23	\$13.27	\$0.23
20 Day MA	\$13.11	-\$0.14	\$13.17	-\$0.13
50 Day MA	\$13.36	-\$0.04	\$13.41	-\$0.03
100 Day MA	\$13.53	\$0.00	\$13.55	\$0.00
4-Week High	\$13.79	\$0.00	\$13.83	\$0.00
4-Week Low	\$12.62	-\$0.08	\$12.71	\$0.27
Technical Trend	Down	=	Down	=

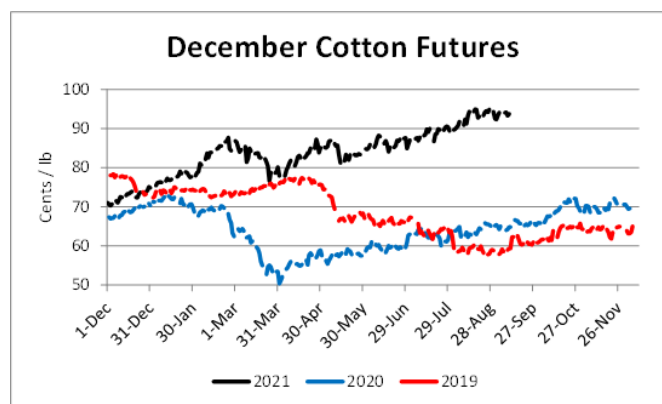


Nationally, this week's Crop Progress report estimated soybean condition at 57% good-to-excellent and 14% poor-to-very poor; soybeans setting pods at 96% compared to 93% last week, 98% last year, and a 5-year average of 96%; and soybeans dropping leaves at 18% compared to 9% last week, 18% last year, and a 5-year average of 15%. In Tennessee, soybean condition was estimated at 72% good-to-excellent and 7% poor-to-very poor; soybeans setting pods at 95% compared to 90% last week, 94% last year, and a 5-year average of 95%; and soybeans dropping leaves at 16% compared to 10% last week, 14% last year, and a 5-year average of 17%. January 2022 soybean futures closed at \$12.94, down 7 cents since last Friday. March 2022 soybean futures closed at \$12.99, down 8 cents since last Friday. March 2022 soybean-to-corn price ratio was 2.47 at the end of the week.

Cotton

Net sales reported by exporters were up compared to last week with net sales 453,000 bales for the 2021/22 marketing year and 19,500 bales for the 2022/23 marketing year. Exports for the same period were down 8% compared to last week at 155,300 bales. Upland cotton export sales were 43% of the USDA estimated total annual exports for the 2021/22 marketing year (August 1 to July 31), compared to the previous 5-year average of 50%. Delta upland cotton spot price quotes for September 9 were 92.81 cents/lb (41-4-34) and 95.06 cents/lb (31-3-35). Adjusted world price increased 0.6 cents to 80.11 cents.

Cotton	Dec 21	Change	Mar 22	Change
Price	93.50	0.21	92.73	0.09
Support	91.11	-0.35	90.60	-0.37
Resistance	95.31	0.63	94.30	0.51
20 Day MA	93.82	0.47	92.96	0.41
50 Day MA	91.16	0.70	90.58	0.66
100 Day MA	88.12	0.55	87.67	0.53
4-Week High	96.71	0.00	95.39	0.00
4-Week Low	91.00	1.97	90.49	1.79
Technical Trend	Down	-	Down	-



Nationally, this week's Crop Progress report estimated cotton condition at 61% good-to-excellent and 7% poor-to-very poor; cotton setting bolls at 94% compared to 86% last week, 96% last year, and a 5-year average of 97%; and cotton bolls opening at 29% compared to 21% last week, 36% last year, and a 5-year average of 34%. In Tennessee, cotton condition was estimated at 63% good-to-excellent and 17% poor-to-very poor; cotton setting bolls at 100% compared to 96% last week, 100% last year, and a 5-year average of 100%; and cotton bolls opening at 7% compared to 5% last week, 14% last year, and a 5-year average of 29%. December 2021 cotton futures closed at 93.5 cents, down 0.52 cents since last Friday. Downside price protection could be obtained by purchasing a 94 cent December 2021 Put Option costing 4.68 cents establishing an 89.32 cent futures floor. For the week, December 2021 cotton futures traded between 92.01 and 95.17 cents. Dec/Mar and Dec/May cotton futures spreads

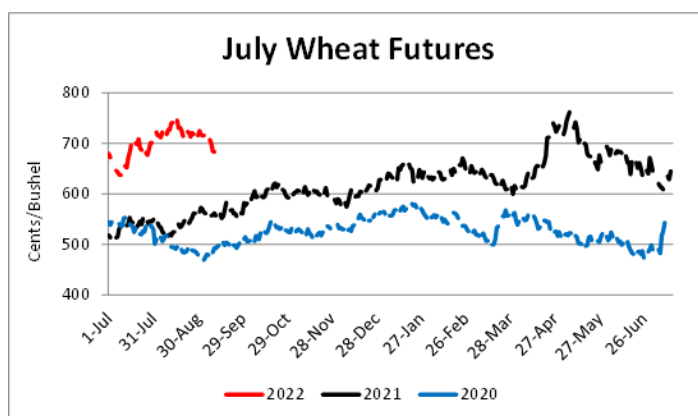
Crop Comments by Dr. Aaron Smith

were -0.77 cents and -1.19 cents. March 2022 cotton futures closed at 92.73 cents, down 0.53 cents since last Friday. May 2022 cotton futures closed at 92.31 cents, down 0.36 cents since last Friday.

Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 14.3 million bushels for the 2021/22 marketing year. Exports for the same period were down 7% from last week at 14.3 million bushels. Wheat export sales were 42% of the USDA estimated total annual exports for the 2021/22 marketing year (June 1 to May 31), compared to the previous 5-year average of 48%. Nationally, the Crop Progress report estimated spring wheat harvested at 95% compared to 88% last week, 80% last year, and a 5-year average of 83%; and winter wheat planted at 5% compared to 5% last year and a 5-year average of 3%. In Tennessee, winter wheat planted was estimated at 1%. In Tennessee, spot wheat prices at elevators and barge points ranged from \$6.12 to \$6.80. December 2021 wheat futures closed at \$6.88, down 38 cents since last Friday. December 2021 wheat futures traded between \$6.77 and \$7.33 this week. December wheat-to-corn price ratio was 1.33. Sep/Dec and Sep/Jul future spreads were 11 and 1 cents. March 2022 wheat futures closed at \$6.99, down 38 cents since last Friday. December wheat-to-corn futures price ratio was 1.33.

Wheat	Dec 21	Change	Jul 22	Change
Price	\$6.88	-\$0.29	\$6.89	-\$0.26
Support	\$6.68	-\$0.30	\$6.72	-\$0.32
Resistance	\$7.05	-\$0.25	\$7.02	-\$0.22
20 Day MA	\$7.29	-\$0.09	\$7.17	-\$0.07
50 Day MA	\$7.08	\$0.04	\$7.01	\$0.04
100 Day MA	\$7.02	\$0.02	\$6.89	\$0.03
4-Week High	\$7.86	\$0.00	\$7.48	\$0.00
4-Week Low	\$6.77	-\$0.28	\$6.78	-\$0.29
Technical Trend	Down	=	Down	=



New crop wheat cash prices at elevators and barge points ranged from \$6.51 to \$6.80. July 2022 wheat futures closed at \$6.89, down 26 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.90 July 2022 Put Option costing 54 cents establishing a \$6.36 futures floor.

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/

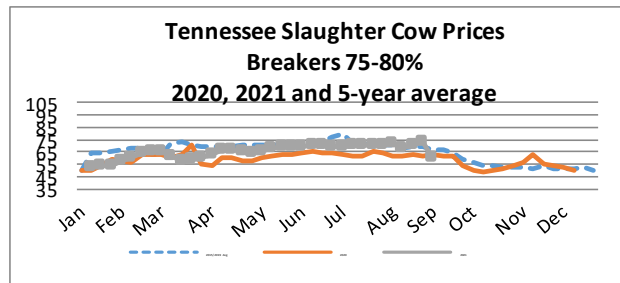
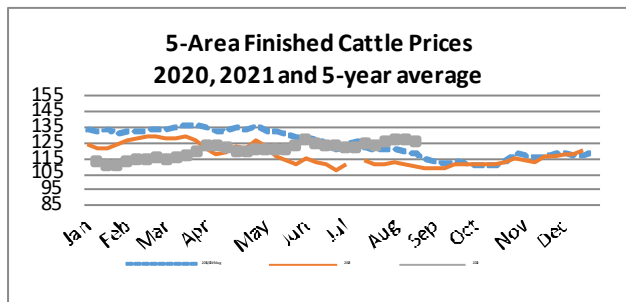
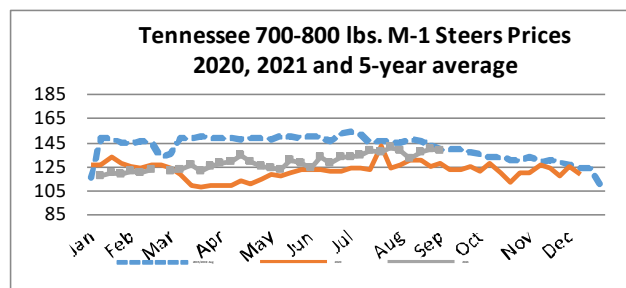
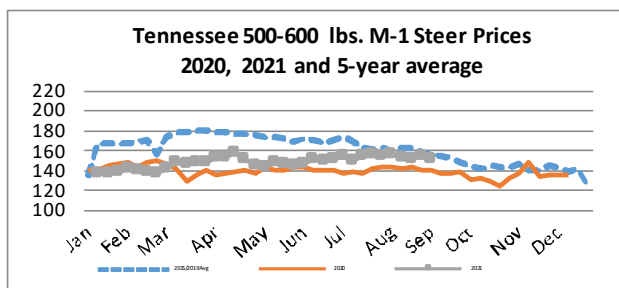
[Crop Progress & Condition/](#)

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, September 3, 2021---Thursday, September 9, 2021					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	12.36		12.18	12.21	12.12
North Central	12.57		12.42	12.45	12.26
West Central					
West	12.57		12.42	12.45	12.36
Mississippi River	12.38		12.24	12.27	12.21
Yellow Corn					
Northwest	4.84		4.71	4.68	4.70
North Central	4.89		4.66	4.65	4.65
West Central	4.78		4.61	4.53	4.51
West	4.77		4.56	4.55	4.55
Mississippi River	4.54		4.41	4.41	4.58
Wheat					
Northwest					
North Central	6.86		6.80	6.70	6.52
West					
Mississippi River	6.31		6.38	6.19	6.12
Cotton	-----\$/pound-----				
Memphis	93.87-96.12		93.66-95.91	93.45-95.70	92.81-95.06



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 Tuesday, September 7, 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	156.00	187.50	172.61	172.79	159.57
400-500 lbs	146.00	175.00	160.53	163.16	149.00
500-600 lbs	125.00	165.00	151.20	153.56	140.02
600-700 lbs	130.00	155.00	145.94	144.80	133.50
700-800 lbs	113.00	146.00	138.13	138.74	125.22
Steers: Small Frame #1-2					
300-400 lbs	---	---	---	145.15	131.16
400-500 lbs	141.00	155.00	151.64	---	128.05
500-600 lbs	---	---	---	122.17	110.54
600-700 lbs	---	---	---	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	135.00	166.00	153.08	156.58	138.94
400-500 lbs	119.00	155.00	140.58	151.60	130.83
500-600 lbs	118.00	150.00	130.59	138.41	126.80
600-700 lbs	120.00	137.00	126.72	132.77	122.75
700-800 lbs	110.00	130.00	117.49	118.63	115.36
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	81.39	97.95
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	50.00	66.00	59.76	72.77	61.94
Boners 80-85%	---	---	---	69.31	61.31
Lean 85-90%	---	---	---	58.97	52.53
Bulls YG 1	---	---	---	100.41	88.25
Heifers: Medium/Large Frame #1-2					
300-400 lbs	130.00	158.00	145.06	152.58	131.40
400-500 lbs	122.00	155.00	139.44	143.12	126.17
500-600 lbs	120.00	149.00	135.48	138.44	122.76
600-700 lbs	114.00	135.00	128.86	129.85	118.58
Heifers: Small Frame #1-2					
300-400 lbs	---	---	---	137.50	---
400-500 lbs	120.00	136.00	125.49	116.45	112.57
500-600 lbs	107.50	108.00	107.75	121.00	105.11
600-700 lbs	---	---	---	92.00	---
Heifers: Medium/Large Frame #3					
300-400 lbs	120.00	151.00	132.16	139.98	123.07
400-500 lbs	120.00	145.00	132.35	126.60	116.62
500-600 lbs	120.00	138.00	127.99	127.07	112.66
600-700 lbs	101.00	124.00	117.85	116.89	104.49

Cattle Receipts

This week:4,245

Week ago:3,125

Year ago:7,526

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