

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

November 26, 2021

Number: 47

Trends for the Week Compared to a Week Ago

Slaughter Cows

Slaughter Bulls

Feeder Steers

Feeder Heifers

Feeder Cattle Index: 157.48

Fed Cattle

The 5-area live price on Thursday of \$138.13 was up \$5.12. The dressed price of \$215.93 was up \$6.34.

Corn

December closed at \$5.86 a bushel, up 16 cents since last Friday.

Soybeans

January closed at \$12.52 a bushel, down 11 cents since last Friday.

Wheat

December closed at \$8.25 a bushel, up 2 cents since last Friday.

Cotton

December closed at 116.6 cents per lb, down 2.62 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$5 higher compared to last week on a live basis. Prices on a live basis primarily ranged from \$137 to \$139 while dressed prices were mainly \$215 to \$217.

The 5-area weighted average prices thru Thursday were \$138.13 live, up \$5.12 compared to last week and \$215.93 dressed, up \$6.34 from a week ago. A year ago, prices were \$110.17 live and \$173.39 dressed.

The finished cattle market continues to strengthen and this week had some of the biggest gains in many months. The cash market is trading steady with December live cattle futures, which means hedgers may actually be satisfied with their hedged positions since they more than likely worked appropriately. The market continues to have upside potential as packers will continue buying a few more cattle to meet the holiday demand. Many packers will be looking to finish out their holiday orders and contracts before focusing on winter demand. Cattle feeders will look to hold prices and maybe even push prices above the \$140 point. Current prices exceed all expectations up to this point.

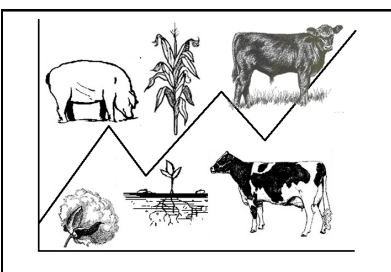
BEEF CUTOUT: At midday Friday, the Choice cutout was \$280.15 up \$1.04 from Thursday and up \$2.09 from a week ago. The Select cutout was \$262.51 down \$0.96 from Thursday and down \$1.80 from last week. The Choice Select spread was \$17.64 compared to \$13.75 a week ago.

The monthly Cold Storage report was released this week with little to no excitement from the meat sector. Total beef in cold storage at the end of October was 477 million pounds. This represented an increase of more than 37 million pounds from the end of September and 23 million pounds less than October 2020. Pork in cold storage at the end of October re-

mained historically low and totaled nearly 440 million pounds compared to 470 million pounds at the end of September. The total of 440 million pounds is 157 million pounds lower than the five year average for October. Total poultry in cold storage at the end of October was 1.06 billion pounds which is 260 million pounds less than October 2020 and the five year average for October. The relatively low quantities of meat and poultry in cold storage are indicative of strong demand and some challenges that persist in the meat and poultry slaughter facilities. However, the poultry and pork sectors could easily increase production moving into 2022 that will bring cold storage back in line with historical tendencies.

OUTLOOK: Trends could not be established this week relative to last week as many auction markets were closed due to the Thanksgiving holiday. However, feeder cattle futures traders were hard at work as January feeder cattle futures increased more than \$6 during the four day trading week. The deferred contract prices increased \$3 to \$4 over the same time period. This strong price increase has resulted in the August through November contracts setting new contract highs for the short window in which they have been trading. The January through May contracts have not reached the prices they experienced during the strong price run at the end of August, but any follow through this next week could easily result in the winter and spring contracts experiencing new high prices. It is impossible to predict what the futures market will do moving forward, but the futures market is providing an opportunity for producers to hedge a profit either through the futures market or through Livestock Risk Protection insurance. Moving into next week, auction prices should be supported by the feeder

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Livestock Comments by Dr. Andrew Griffith

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cattle futures price run. It does not mean prices for each class of cattle will increase \$6 per hundredweight this coming week, but there will certainly be signs of strength in the market heading into December. There should be three strong weeks of cattle prices leading up to the cattle market break that will occur during the Christmas and New Year holidays. However, prices are expected to strengthen moving into January. The number of cattle marketed the next three weeks will depend on a producer's desire to market cattle before the end of the year or after the start of the new year as it can have tax implications. Regardless of the month producers decide to market calves, prices are expected to slowly increase from December through April. The expectation is to see the strongest prices since the spring of 2016.

ASK ANDREW, TN THINK TANK: What can be done to manage around higher input prices for feed, fuel, fertilizer, and chemicals in 2022? This is a loaded question with the answer being dependent on the specific operation. However, it appears cattle prices along with input prices are going to be higher in 2022 compared to 2021, but it is difficult to imagine that cattle prices will outpace inputs enough to improve profitability. Thus, many operations may need to consider

making changes or adjustments in order to support profitability. This may take the form of reducing inputs such as fuel and fertilizer as well as reducing the stocking density on a farm to account for lower expected forage production. Operations that depend heavily on commodity feedstuffs may need to search for alternative sources and feedstuffs to reduced total feed costs, or they may also have to reduce the number of animals produced and depend more heavily on forage. These are broad suggestions, but producers could benefit from running through the budgeting process for different production practices.

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 –December \$138.10 +0.20; February \$141.20 +0.33; April \$143.85 -0.05; Feeder cattle –January \$167.15 +0.23; March \$167.98 +0.08; April \$169.88 +0.08; May \$171.05 -0.03; December corn closed at \$5.87 up 7 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Prices were mixed this shortened trading week. Friday saw a post-Thanksgiving Day sell off in stock markets that bled over into commodities. The DJIA shed 898 points on Friday due to fears of a new COVID-19 variant. December cotton dropped 3.78 cents, January soybeans were down 13 ¾ cents, and December wheat was down 11 ¼ cents. December corn closed up 7 cents for the day but had a wide trading range (\$5.66 ¾ to \$5.88; 21 ¼ cents). Next week will determine if this is a short term over reaction or if follow through selling occurs in stock markets and commodity futures.

The nearby contract for corn and wheat has moved to the March contract and the trend remains up, indicating a short-term likelihood of higher prices. Wheat has been on a very aggressive upward trend since the July 9 low of \$6.26 ¾, setting a new high this week at \$8.74 ¾. The March spring wheat contract closed Friday at \$10.48 ½. March corn has gained 85 cents since the September 10 low of \$5.06 ¾. \$6.00 will be the next key resistance point for March corn futures contract if breached prices could challenge the May 7 high of \$6.40 ½.

January soybeans have maintained the long term down trend -- starting from the high of \$14.79 on June 7. However, prices have shown recent strength moving off the seven-month low of \$11.81 ¼ on November 9 to close the week at \$12.52 ¾. Strong export sales and continued bullish forces in grains have assisted in supporting soybean prices. Soybeans have strong resistance at \$13.00.

March cotton futures opened a gap between 114.49 and 115.15. This break could provide resistance before a resumption of the long-term uptrend can continue. Cotton futures still have a bullish tilt largely due to on call sales favoring higher prices, however recent export sales numbers have not been supportive of higher prices. Reductions in exports (without adjustments to U.S. production) will result in a 1:1 increase in projected ending stocks.

	Previous	Current	Change
USD Index	96.03	96.10	0.07
Crude Oil	76.1	68.15	-7.95
DJIA	35,601	34,899	-702

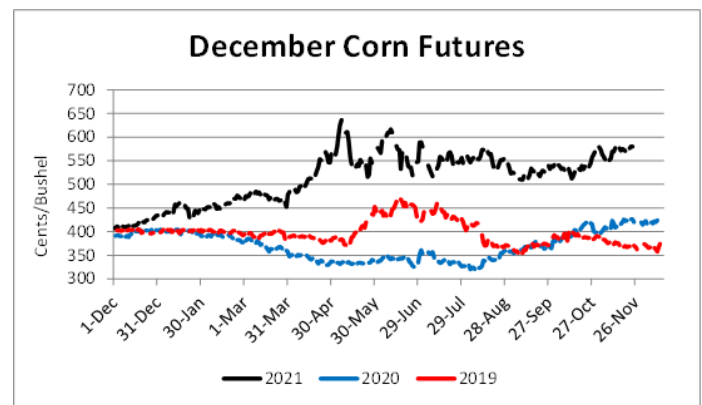
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Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending November 19 was 1.079 million barrels per day, up 19,000 from the previous week. Ethanol stocks were 20.164 million barrels, up 0.083 million compared to last week. Corn net sales reported by exporters for November 12-18, 2021, were up compared to last week with net sales of 56.3 million bushels (a marketing year high) for the 2021/22 marketing year and 3.5 million bushels for the 2022/23 marketing year. Exports for the same period were down 20% from last week at 36.6 million bushels. Corn export sales and commitments were 54% 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 46%. Nationally, this week's Crop Progress report estimated corn harvested at 95% compared to 91% last week, 97% last year, and a 5-year average of 92%. In Tennessee, corn harvested was estimated at 100% compared to 97% last week, 100% last year, and a 5-year average of 100%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened at Northwest; and strengthened or remained unchanged at West, West-Central, North-Central, and Mississippi River elevators and barge points. Overall, basis for the week ranged from 15 over to 35 under, with an average of 4 under the December futures at elevators and barge points. December 2021 corn futures closed at \$5.86, up 16 cents since last Friday. For the week, December 2021 corn futures traded between \$5.66 and \$5.89. In Tennessee, new crop cash corn prices at elevators and barge points ranged from \$5.63 to \$6.11.

Corn	Dec 21	Change	Mar 22	Change
Price	\$5.86	\$0.16	\$5.91	\$0.14
Support	\$5.59	-\$0.04	\$5.64	-\$0.05
Resistance	\$6.01	\$0.22	\$6.06	\$0.21
20 Day MA	\$5.70	\$0.06	\$5.78	\$0.06
50 Day MA	\$5.48	\$0.05	\$5.56	\$0.05
100 Day MA	\$5.46	\$0.01	\$5.54	\$0.01
4-Week High	\$5.89	\$0.03	\$5.96	\$0.03
4-Week Low	\$5.39	\$0.11	\$5.48	\$0.11
Technical Trend	Up	=	Up	=



Dec/Mar and Dec/May future spreads were 5 and -24 cents. March 2022 corn futures closed at \$5.91, up 8 cents since last Friday. May 2022 corn futures closed at \$5.95, up 14 cents since last Friday. December 2022 corn futures closed at \$5.62, up 8 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.70 December 2022 Put Option costing 61 cents establishing a \$5.09 futures floor.

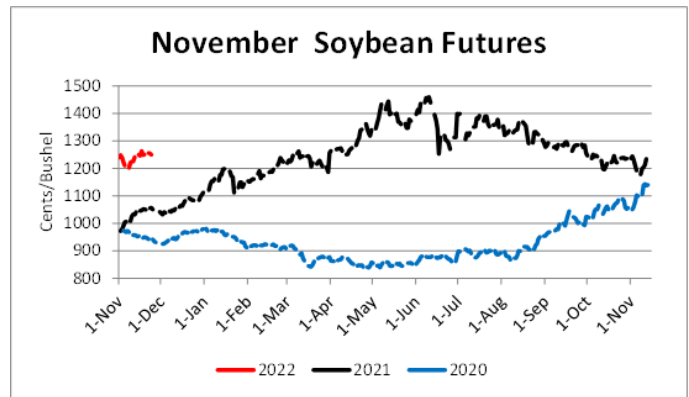
Soybeans

Net sales reported by exporters were up compared to last week with net sales of 57.5 million bushels for the 2021/22 marketing year and 0.2 million bushels for the 2022/23 marketing year. Exports for the same period were down 4% compared to last week at 82.8 million bushels. Soybean export sales and commitments were 65% 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 65%. Nationally, this week's Crop Progress report estimated soybeans harvested at 95% compared to 92% last week, 98% last year, and a 5-year average of 96%. In Tennessee, soybeans harvested were estimated at 85% compared to 77% last week, 86% last year, and a 5-year average of 87%. Across Tennessee, average soybean basis strengthened or remained unchanged at Northwest, West, West-Central, North-Central, and Mississippi River elevators and barge points. Basis ranged from 29 over to 44 under, with an average basis of 3 over the January futures contract, at the end of the week. January 2022 soybean futures closed at \$12.52, down 11 cents since last Friday. For the week, January 2022 soybean futures traded between \$12.40 and \$12.81. Jan/Dec 2021 soybean-to-corn price ratio was 2.14 at the end of the week.

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Crop Comments by Dr. Aaron Smith

Soybeans	Jan 22	Change	Nov 22	Change
Price	\$12.52	-\$0.11	\$12.40	-\$0.10
Support	\$12.35	-\$0.10	\$12.28	-\$0.07
Resistance	\$12.62	-\$0.24	\$12.47	-\$0.15
20 Day MA	\$12.44	\$0.04	\$12.38	\$0.03
50 Day MA	\$12.51	-\$0.02	\$12.39	-\$0.01
100 Day MA	\$12.94	-\$0.03	\$12.47	\$0.00
4-Week High	\$12.89	\$0.00	\$12.68	\$0.00
4-Week Low	\$11.81	\$0.00	\$11.92	\$0.00
Technical Trend	Up	=	Up	=

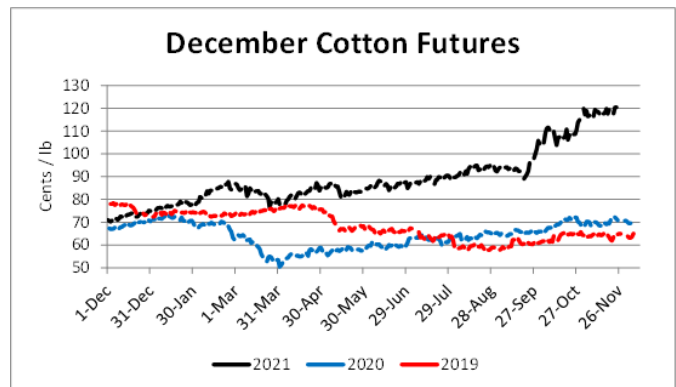


Jan/Mar and Jan/Nov future spreads were 11 and -12 cents. March 2022 soybean-to-corn price ratio was 2.14 at the end of the week. March 2022 soybean futures closed at \$12.63, down 12 cents since last Friday. November 2022 soybean futures closed at \$12.40, down 10 cents since last Friday. Downside price protection could be achieved by purchasing a \$12.60 November 2022 Put Option which would cost 99 cents and set an \$11.61 futures floor.

Cotton

Net sales reported by exporters were up compared to last week with net sales of 196,600 bales for the 2021/22 marketing year and 46,200 for the 2022/23 marketing year. Exports for the same period were up 25% compared to last week at 97,100 bales. Upland cotton export sales were 61% 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 64%. Delta upland cotton spot price quotes for November 26 were 111.53 cents/lb (41-4-34) and 113.78 cents/lb (31-3-35). Adjusted world price increased 0.09 cent to 102.65 cents.

Cotton	Dec 21	Change	Mar 22	Change
Price	116.60	-2.62	111.78	-4.65
Support	113.16	-2.67	108.68	-5.07
Resistance	120.22	-1.77	116.04	-2.29
20 Day MA	118.10	1.67	114.66	1.27
50 Day MA	109.72	2.05	107.22	1.80
100 Day MA	100.68	1.27	99.12	1.12
4-Week High	121.67	0.00	118.50	0.00
4-Week Low	107.66	1.78	105.93	1.95
Technical Trend	Up	=	Up	=



Nationally, this week's Crop Progress report estimated cotton harvested at 75% compared to 65% last week, 76% last year, and a 5-year average of 71%. In Tennessee, cotton harvested was estimated at 83% compared to 72% last week, 88% last year, and a 5-year average of 89%. December 2021 cotton futures closed at 116.6 cents, down 2.62 cents since last Friday. For the week, December 2021 cotton futures traded between 114.97 and 120.78 cents. Dec/Mar and Dec/Dec cotton futures spreads were -4.82 cents and -26.83 cents. March 2022 cotton futures closed at 111.78 cents, down 4.65 cents since last Friday. May 2022 cotton futures closed at 109.93 cents, down 4.85 cents since last Friday. December 2022 cotton futures closed at 89.77 cents, down 2.09 cents since last Friday. Downside price protection could be obtained by purchasing a 90 cent December 2022 Put Option costing 8.69 cents establishing an 81.31 cent futures floor.

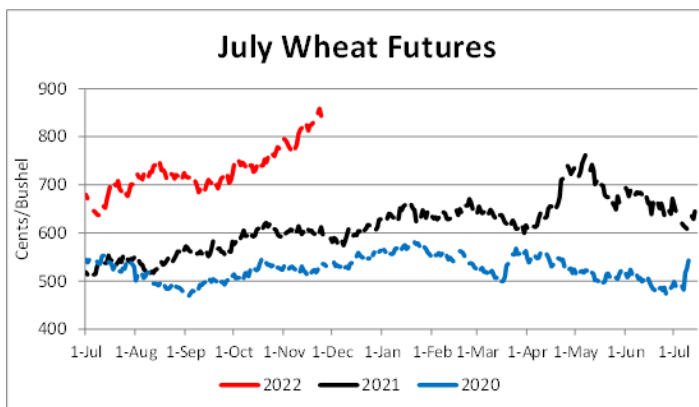
Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 20.9 million bushels for the 2021/22 marketing year. Exports for the same period were down 36% from last week at 7.3 million bushels. Wheat export sales were 62% of the USDA estimated total annual exports for the 2021/22 marketing year (June 1 to May 31), compared to the previous

Crop Comments by Dr. Aaron Smith

5-year average of 69%. December 2021 wheat futures closed at \$8.25, up 2 cents since last Friday. December 2021 wheat futures traded between \$8.10 and \$8.63 this week. December wheat-to-corn price ratio was 1.41. Dec/Mar and Dec/Jul future spreads were 15 and 9 cents. March 2022 wheat futures closed at \$8.40, up 6 cents since last Friday. March wheat-to-corn futures price ratio was 1.42.

Wheat	Dec 21	Change	Jul 22	Change
Price	\$8.25	\$0.02	\$8.34	\$0.06
Support	\$8.01	-\$0.04	\$8.12	\$0.00
Resistance	\$8.42	\$0.03	\$8.48	\$0.06
20 Day MA	\$8.06	\$0.16	\$8.10	\$0.16
50 Day MA	\$7.62	\$0.11	\$7.64	\$0.11
100 Day MA	\$7.37	\$0.07	\$7.34	\$0.07
4-Week High	\$8.63	\$0.20	\$8.63	\$0.23
4-Week Low	\$7.45	\$0.09	\$7.53	\$0.13
Technical Trend	Up	=	Up	=



Nationally, the Crop Progress report estimated winter wheat condition at 44% good-to-excellent and 22% poor-to-very poor; winter wheat planted at 96% compared to 94% last week, 98% last year, and a 5-year average of 97%; and winter wheat emerged at 86% compared to 81% last week, 88% last year, and a 5-year average of 87%. In Tennessee, winter wheat condition was estimated at 89% good-to-excellent and 2% poor-to-very poor; winter wheat planted at 90% compared to 82% last week, 90% last year, and a 5-year average of 86%; and winter wheat emerged at 72% compared to 63% last week, 77% last year, and a 5-year average of 69%. New crop wheat cash prices at elevators and barge points ranged from \$7.99 to \$8.63. July 2022 wheat futures closed at \$8.34, up 6 cents since last Friday. Downside price protection could be obtained by purchasing an \$8.40 July 2022 Put Option costing 71 cents establishing a \$7.69 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_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.

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, November 22, 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	151.00	192.50	168.56	166.09	170.19
400-500 lbs	138.00	174.00	156.80	157.57	164.21
500-600 lbs	129.00	162.50	144.65	146.79	148.16
600-700 lbs	123.00	148.00	137.13	136.43	134.84
700-800 lbs	121.00	141.00	131.40	133.60	125.91
Steers: Small Frame #1-2					
300-400 lbs	132.50	160.00	145.96	---	147.47
400-500 lbs	125.00	150.00	134.83	132.50	151.20
500-600 lbs	115.00	140.00	133.77	116.25	---
600-700 lbs	110.00	122.00	116.05	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	140.00	167.50	151.48	146.30	153.93
400-500 lbs	121.00	155.00	141.96	141.72	152.58
500-600 lbs	105.00	145.00	130.55	130.14	137.00
600-700 lbs	107.00	140.00	127.87	117.94	125.91
700-800 lbs	105.00	120.00	111.77	119.76	118.89
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	49.00	64.50	55.45	55.69	62.23
Boners 80-85%	45.00	61.00	54.15	54.82	73.33
Lean 85-90%	36.00	56.00	44.60	46.56	50.35
Bulls YG 1	70.00	93.50	80.54	80.81	84.19
Heifers: Medium/Large Frame #1-2					
300-400 lbs	119.00	151.00	132.03	133.12	140.37
400-500 lbs	112.00	143.00	129.64	129.36	135.04
500-600 lbs	109.00	137.50	123.98	123.61	127.84
600-700 lbs	105.00	130.00	119.08	118.92	118.03
Heifers: Small Frame #1-2					
300-400 lbs	100.00	130.00	117.81	116.40	131.79
400-500 lbs	101.00	122.00	113.35	115.31	119.86
500-600 lbs	106.00	125.00	112.44	110.37	---
600-700 lbs	108.00	108.00	108.00	---	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs	110.00	140.00	126.76	125.37	132.14
400-500 lbs	105.00	134.00	121.22	120.37	122.50
500-600 lbs	95.00	125.00	115.55	112.32	118.87
600-700 lbs	100.00	120.00	109.15	107.12	107.23

Cattle Receipts

This week: 8,967

Week ago: 8,912

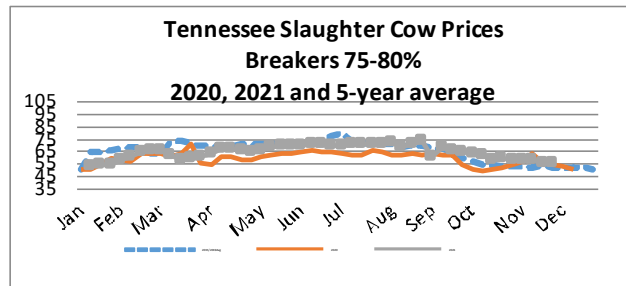
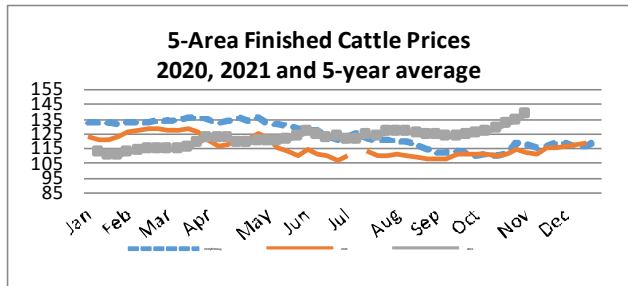
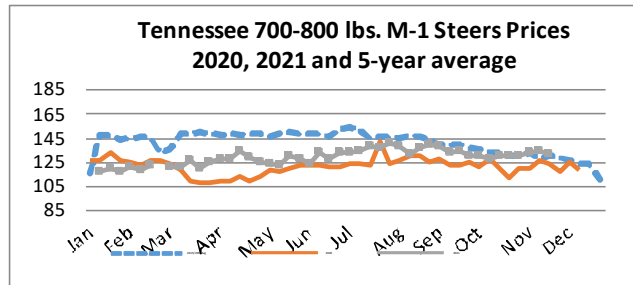
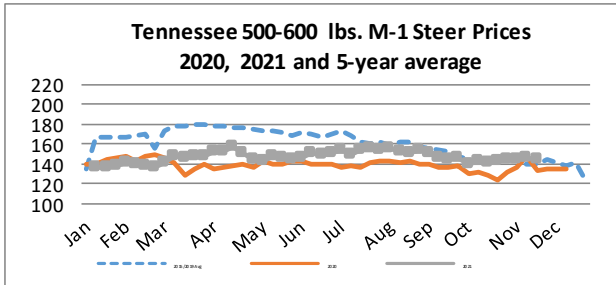
Year ago: 9,551

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

Prices Paid to Farmers by Elevators

Friday, November 19, 2021---Thursday, November 25, 2021

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	12.23	12.31	12.33	12.27	
North Central	12.63	12.74	12.73	12.67	
West Central		12.80	12.79	12.73	
West	12.86	12.97	12.96	12.95	
Mississippi River	12.81	12.90	12.89	12.86	
Yellow Corn					
Northwest	5.61	5.63	5.69	5.69	
North Central	5.36	5.42	5.46	5.45	
West Central		5.70	5.74	5.80	
West	5.85	5.91	5.95	5.95	
Mississippi River	5.77	5.83	5.89	5.92	
Wheat					
Northwest					
North Central					
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	116.18-118.43	115.72-117.97	115.41-117.66	115.53-117.78	



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

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