

# Tennessee Market Highlights

UTEXTENSION  
INSTITUTE OF AGRICULTURE  
THE UNIVERSITY OF TENNESSEE

December 10, 2021

Number: 49

## Trends for the Week Compared to a Week Ago

### Slaughter Cows

steady to \$1 higher

### Slaughter Bulls

\$2 to \$3 higher

### Feeder Steers

steady to \$2 higher

### Feeder Heifers

steady to \$3 higher

Feeder Cattle Index: 161.63

### Fed Cattle

The 5-area live price on Thursday of \$139.75 was down \$0.71. The dressed price of \$219.70 was down \$0.26.

### Corn

March closed at \$5.90 a bushel, up 6 cents since last Friday.

### Soybeans

January closed at \$12.67 a bushel, unchanged since last Friday.

### Wheat

March closed at \$7.85 a bushel, down 20 cents since last Friday.

### Cotton

March closed at 106.23 cents per lb, up 2.03 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 primarily ranged from \$138 to \$140 while dressed prices were mainly \$218 to \$220.

The 5-area weighted average prices thru Thursday were \$139.75 live, down \$0.71 compared to last week and \$219.70 dressed, down \$0.26 from a week ago. A year ago, prices were \$106.86 live and \$167.80 dressed.

Finished cattle prices stalled this week, but current price levels are not a bad place to stall. The steady to softer prices this week are likely due to the lower boxed beef prices and a shift in the cuts being purchased. Fed cattle prices are not likely to push higher prior to the end of the year as there will be two consecutive weeks of reduced slaughter and beef production. However, the market is expected to find support in January with more support arriving with the spring and summer grilling season. April live cattle futures is pricing finished cattle near \$142, but there may be more upside potential than what the futures market is expecting if domestic and international demand remain strong.

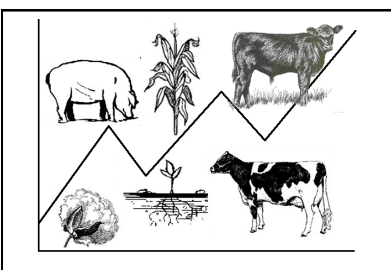
**BEEF CUTOUT:** At midday Friday, the Choice cutout was \$265.97 up \$1.42 from Thursday and down \$7.97 from a week ago. The Select cutout was \$259.61 up \$2.56 from Thursday and down \$5.37 from last week. The Choice Select spread was \$11.73 compared to \$14.33 a week ago.

Boxed beef prices have essentially been on a downhill trend since the end of August when prices peaked for the year. The decline in prices has definitely been noticeable, but it has also been obscured by the sheer magnitude of prices from a historical perspective. As the market has been moving through late November and

early December, there appears to be some seasonal tendencies to the market. The primary seasonal tendency is the softening of Choice beef prices relative to Select beef prices. As the Choice Select spread has narrowed considerably the past several weeks, it would appear beef buyers are attempting to secure some of their winter beef needs to stock shelves for January and February. There may still be one more run on high-quality beef for the holiday season, but the bulk of most product moved will be for post-holiday consumption. As the shift occurs, the Choice Select spread will continue narrowing. At this time, the narrowing will primarily occur in the form of Choice prices declining more quickly than Select prices declining.

**OUTLOOK:** Based on Tennessee weekly auction price averages, steer prices were steady to \$2 higher compared to last week while heifer prices were steady to \$3 higher compared to a week ago. Slaughter cow prices compared to last week were steady to \$1 higher while bull prices were \$2 to \$3 higher. November was a month to behold as it relates to feeder cattle futures contracts. Feeder cattle futures hit the floor at the beginning of November, but they steadily climbed throughout the entire month. For instance, the January 2022 feeder cattle contract price closed at \$152.73 per hundredweight on November 1<sup>st</sup>. The highest close price was \$167.15 on November 26<sup>th</sup> before it finished the month at \$164.85. The \$12 per hundredweight gain in futures through the month of November essentially added \$100 of value to feeder cattle, which would make it appear as if cattle feeders have been passing a few dollars down the line from the higher finished cattle market. However, the CME feeder cattle index, which is actual cash prices, only increased \$6 per

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## Livestock Comments by Dr. Andrew Griffith

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hundredweight over the same time period. Moving into December, the January 2022 contract has been hovering between \$163 and \$166, which is still a strong price for yearling cattle compared to the mid \$130s that were experienced in January 2021. The strength in the yearling market has set the tone for a stronger calf market, which is already present. If the strength in the market persists then producers could witness 550 pound steer prices in excess of \$175 per hundredweight and maybe even \$180. Most auction markets will only have one more week of sales before taking a two week break for Christmas and the New Year. This last week of trade may solidify the expectation of higher prices moving into 2022. However, the past couple of weeks have already provided enough information to give an expectation of higher prices moving into January.

**ASK ANDREW, TN THINK TANK:** No questions directly related to cattle markets or production were asked this week. However, I had the opportunity to visit with several folks in the health care business this week, and one of them was inquiring about what was going on in my life. During this conversation, this gentleman essentially said, if I put as much effort into relationships as I do thinking about cattle production,

those relationships will flourish. I think his reasoning for sharing this wisdom was because he can see how much effort I put into the cattle business and he wanted to remind me that relationships with people are more important than cattle. He also wanted to encourage me to keep my focus on what is most important in this life, and a career generally does not rank number one for most important. I appreciate his reminder and his encouragement. If I put as much effort in people as I do the cattle business, there is no doubt I can have a positive influence on those people. We should probably all evaluate where our strongest efforts lie and where the focus should be.

Please send questions and comments to [agriff14@utk.edu](mailto: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 \$136.85 +0.13; February \$138.08 +0.28; April \$141.88 +0.65; Feeder cattle –January \$164.88 +0.80; March \$165.30 +0.23; April \$168.20 +0.35; May \$170.10 +0.38; December corn closed at \$5.88 no change from Thursday.

## Crop Comments by Dr. Aaron Smith

### Overview

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

There is more risk this year, than typical years, for producers between now and when projected (spring) crop insurance prices are set. Many producers use crop insurance as the base for their risk management program. However, a concern for producers is the approximately three months between now and the end of the crop insurance price determination period (February 28 in Tennessee), during which producers will have no price protection unless they use market-based risk management strategies. Commodity prices have been strong but are showing signs of weakness or at the very least hesitancy before any potential upward move. Additionally, input prices have doubled or tripled compared to last year. Producers that are purchasing inputs before the year end, without pricing or setting a price floor on some of their anticipated 2022 production, have a tremendous amount of financial risk. As such, producers may want to consider mitigating some of the financial risk by establishing a price or price floor for some 2022 production.

If producers are uncomfortable with finalized sales (such as forward contracts), they may want to consider using a simple risk management strategy to bridge the risk, until crop insurance protection is set. This can be accomplished through numerous marketing and risk management strategies. A simple illustration of this is using out-of-the-money put options to secure a price floor. For example, an \$11.60 November 2022 soybean put option can be purchased for 42 cents setting an \$11.18 futures floor. This will provide producers with protection against unforeseen dramatic price declines. Carrying the put option out to mid-March will provide protection until crop insurance coverage is set and allow the producer to exit the option position and recoup part of the premium (should they choose to), as there is at least time value for the option position. This strategy is about risk mitigation, and if used, producers should hope the put is not in-the-money in mid-March (meaning prices are still above the floor price).

	Previous	Current	Change
USD Index	96.08	96.10	0.02
Crude Oil	66.11	71.8	5.69
DJIA	34,313	35,856	1,543

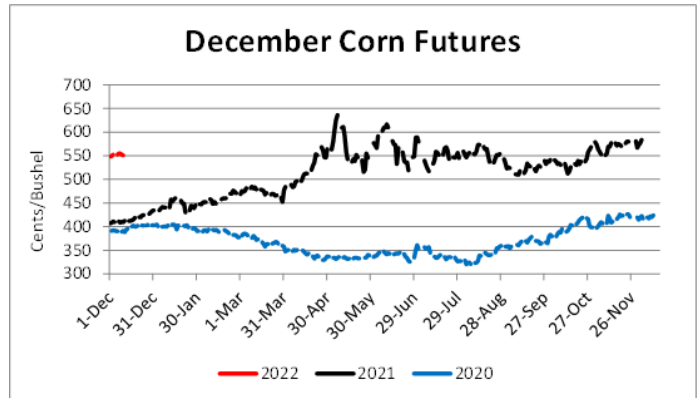
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## Crop Comments by Dr. Aaron Smith

### Corn

Ethanol production for the week ending December 3 was 1.090 million barrels per day, up 55,000 from the previous week. Ethanol stocks were 20.464 million barrels, up 0.163 million compared to last week. Corn net sales reported by exporters for November 26-December 2, 2021, were up compared to last week with net sales of 44.6 million bushels for the 2021/22 marketing year. Exports for the same period were down 4% from last week at 35.6 million bushels. Corn export sales and commitments were 58% 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 50%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened at West and Mississippi River elevators and barge points and strengthened or remained unchanged at Northwest, West-Central, and North-Central elevators and barge points. Overall, basis for the week ranged from 20 under to 30 over, with an average of 7 over the March futures at elevators and barge points. March 2022 corn futures closed at \$5.90, up 6 cents since last Friday. For the week, March 2022 corn futures traded between \$5.75 and \$5.94.

Corn	Mar 22	Change	Dec 22	Change
Price	\$5.90	\$0.06	\$5.51	-\$0.01
Support	\$5.83	\$0.20	\$5.46	\$0.04
Resistance	\$5.97	\$0.08	\$5.55	-\$0.02
20 Day MA	\$5.82	\$0.10	\$5.53	\$0.03
50 Day MA	\$5.65	\$0.12	\$5.42	\$0.04
100 Day MA	\$5.56	\$0.08	\$5.24	\$0.03
4-Week High	\$5.96	\$0.07	\$5.65	\$0.00
4-Week Low	\$5.62	\$0.15	\$5.41	\$0.07
Technical Trend	Up	=	Up	=

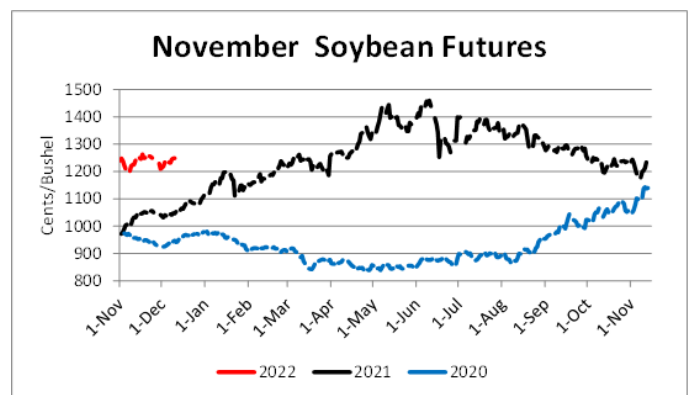


Mar/May and Mar/Dec future spreads were 2 and -39 cents. May 2022 corn futures closed at \$5.92, up 6 cents since last Friday. December 2022 corn futures closed at \$5.51, down 1 cent since last Friday. Downside price protection could be obtained by purchasing a \$5.60 December 2022 Put Option costing 58 cents establishing a \$5.02 futures floor.

### Soybeans

Net sales reported by exporters were up compared to last week with net sales of 60.2 million bushels for the 2021/22 marketing year. Exports for the same period were up 5% compared to last week at 89.4 million bushels. Soybean export sales and commitments were 70% 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 69%. Across Tennessee, average soybean basis weakened or remained unchanged at West, West-Central, North-Central, and Mississippi River elevators and barge points and strengthened at Northwest elevators and barge points. Basis ranged from 23 under to 33 over, with an average basis of 5 over the January futures contract, at the end of the week. January 2022 soybean futures closed at \$12.67, unchanged since last Friday. For the week, January 2022 soybean futures traded between \$12.38 and \$12.76. Jan/Mar and Jan/Nov future spreads were 7 and -19 cents. March 2022 soybean-to-corn price ratio was 2.16 at the end of the week. March 2022 soybean futures closed at \$12.74, up 3 cents since last Friday.

Soybeans	Jan 22	Change	Nov 22	Change
Price	\$12.67	\$0.00	\$12.48	\$0.14
Support	\$12.50	\$0.40	\$12.33	\$0.38
Resistance	\$12.85	\$0.02	\$12.62	\$0.18
20 Day MA	\$12.56	\$0.13	\$12.40	\$0.06
50 Day MA	\$12.43	-\$0.03	\$12.35	-\$0.01
100 Day MA	\$12.82	-\$0.06	\$12.45	-\$0.01
4-Week High	\$12.89	\$0.00	\$12.68	\$0.00
4-Week Low	\$12.12	\$0.31	\$12.04	\$0.12
Technical Trend	Down	=	Down	-



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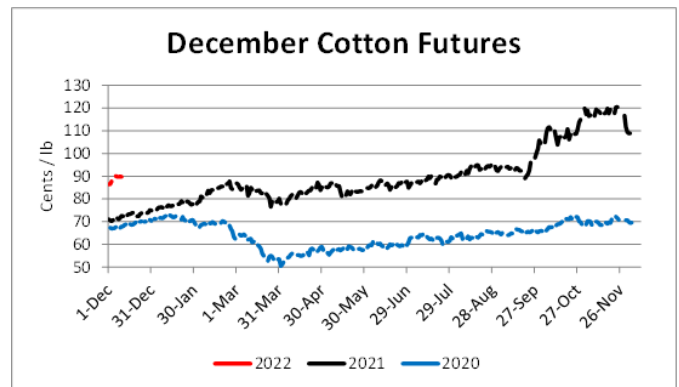
## Crop Comments by Dr. Aaron Smith

Nov/Dec 2022 soybean-to-corn price ratio was 2.26 at the end of the week. November 2022 soybean futures closed at \$12.48, up 14 cents since last Friday. Downside price protection could be achieved by purchasing a \$12.60 November 2022 Put Option which would cost 89 cents and set an \$11.71 futures floor.

### Cotton

Net sales reported by exporters were down compared to last week with net sales of 382,600 bales for the 2021/22 marketing year and 18,100 bales for the 2022/23 marketing year. Exports for the same period were up 61% compared to last week at 114,800 bales. Upland cotton export sales were 66% 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 68%. Delta upland cotton spot price quotes for December 9 were 106.34 cents/lb (41-4-34) and 108.59 cents/lb (31-3-35). Adjusted world price decreased 3.51 cents to 93.55 cents.

Cotton	Mar 22	Change	Dec 22	Change
Price	106.23	2.03	89.75	2.00
Support	104.21	3.17	87.51	1.35
Resistance	108.19	1.57	91.01	2.21
20 Day MA	110.76	-1.98	90.13	-0.35
50 Day MA	109.56	0.76	90.04	0.48
100 Day MA	100.95	0.92	86.32	0.50
4-Week High	118.50	0.00	92.50	-0.10
4-Week Low	102.50	0.00	85.05	0.00
Technical Trend	Down	=	Down	=

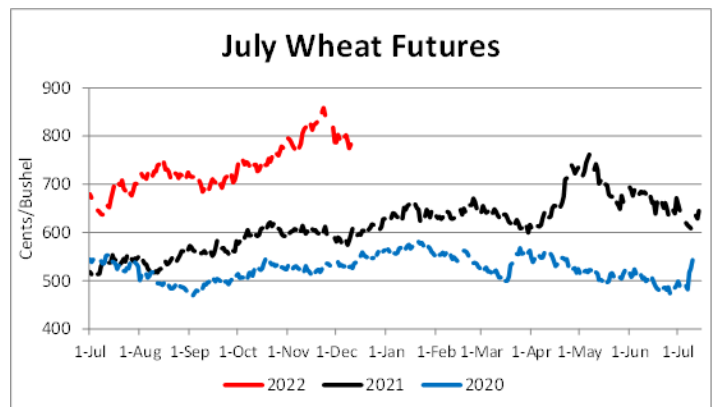


March 2022 cotton futures closed at 106.23 cents, up 2.03 cents since last Friday. For the week, March 2022 cotton futures traded between 105.31 and 107.35 cents. Mar/May and Mar/Dec cotton futures spreads were -1.3 cents and -16.48 cents. May 2022 cotton futures closed at 104.93 cents, up 2.02 cents since last Friday. December 2022 cotton futures closed at 89.75 cents, up 2 cents since last Friday. Downside price protection could be obtained by purchasing a 90 cent December 2022 Put Option costing 9.05 cents establishing a 80.95 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 2021/22 marketing year. Exports for the same period were down 43% from last week at 7.8 million bushels. Wheat export sales were 63% 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 72%. March 2022 wheat futures closed at \$7.85, down 20 cents since last Friday. March 2022 wheat futures traded between \$7.68 and \$8.13 this week. March wheat-to-corn price ratio was 1.33. Mar/May and Mar/Jul future spreads were 5 and -2 cents. May 2022 wheat futures closed at \$7.90, down 19 cents since last Friday. May wheat-to-corn futures price ratio was 1.33.

Wheat	Mar 22	Change	Jul 22	Change
Price	\$7.85	-\$0.20	\$7.83	-\$0.11
Support	\$7.60	-\$0.21	\$7.58	-\$0.21
Resistance	\$8.00	-\$0.33	\$7.97	-\$0.18
20 Day MA	\$8.19	-\$0.01	\$8.12	\$0.00
50 Day MA	\$7.89	\$0.06	\$7.81	\$0.07
100 Day MA	\$7.60	\$0.04	\$7.46	\$0.05
4-Week High	\$8.74	\$0.00	\$8.63	\$0.00
4-Week Low	\$7.68	-\$0.07	\$7.65	-\$0.05
Technical Trend	Down	-	Down	-



## Crop Comments by Dr. Aaron Smith

New crop wheat cash prices at elevators and barge points ranged from \$7.43 to \$8.07. July 2022 wheat futures closed at \$7.83, down 11 cents since last Friday. Downside price protection could be obtained by purchasing a \$7.90 July 2022 Put Option costing 66 cents establishing a \$7.24 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](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](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=fra-uc>

Tennessee Crop Progress - [https://www.nass.usda.gov/Statistics\\_by\\_State/Tennessee/Publications/](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>

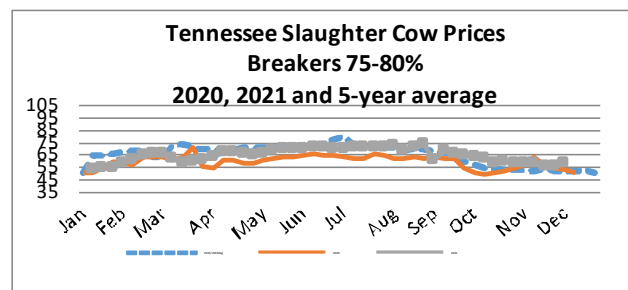
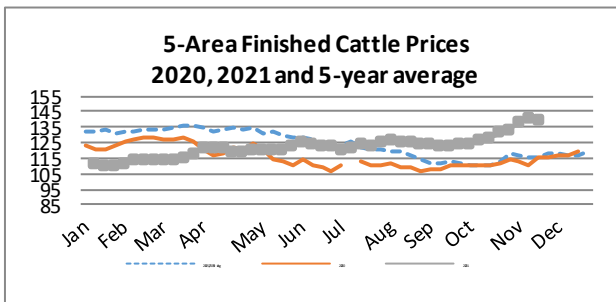
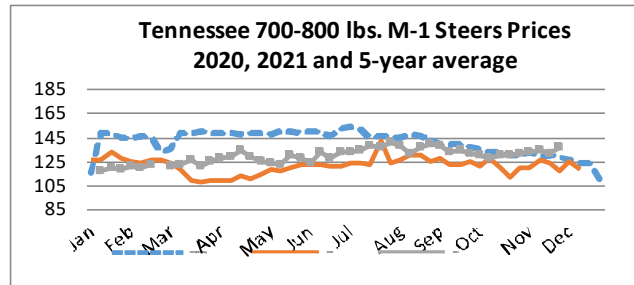
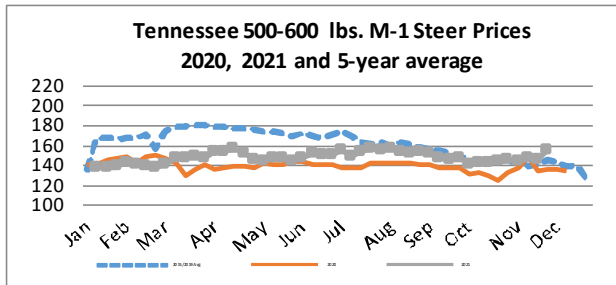
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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](mailto:aaron.smith@utk.edu).

**Prices Paid to Farmers by Elevators**

**Friday, December 3, 2021---Thursday, December 9, 2021**

	<b>Friday Average</b>	<b>Monday Average</b>	<b>Tuesday Average</b>	<b>Wednesday Average</b>	<b>Thursday Average</b>
<b>No. 2 Yellow Soybeans</b>	-----\$/bushel-----				
Northwest	12.41	12.38	12.27	12.38	12.41
North Central	12.77	12.72	12.60	12.71	12.75
West Central	12.82	12.77	12.65	12.54	12.58
West	12.96	12.90	12.83	12.94	12.93
Mississippi River	12.90	12.84	12.74	12.83	12.84
<b>Yellow Corn</b>					
Northwest	5.82	5.81	5.84	5.86	5.91
North Central	5.64	5.64	5.66	5.67	5.72
West Central	5.99	5.99	6.01	6.02	6.07
West	6.12	6.11	6.16	6.16	6.17
Mississippi River	6.06	6.05	6.07	6.06	6.10
<b>Wheat</b>					
Northwest					
North Central					
West					
Mississippi River					
<b>Cotton</b>	-----\$/pound-----				
Memphis	103.95-106.20	106.76-109.01	106.12-108.37	106.47-108.72	106.34-108.59



**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, December 6, 2021**

	This Week			Last Week's	Year Ago
	Low	High	Weighted Average	Weighted Average	Weighted Average
-----\$/cwt-----					
<b>Steers: Medium/Large Frame #1-2</b>					
300-400 lbs.	155.00	212.50	179.91		155.47
400-500 lbs.	140.00	185.00	164.65		145.18
500-600 lbs.	134.00	177.50	154.69		134.85
600-700 lbs.	120.00	153.50	142.60		126.52
700-800 lbs.	125.00	147.50	136.86		117.03
<b>Steers: Small Frame #1-2</b>					
300-400 lbs.	145.00	160.00	152.50		135.01
400-500 lbs.	130.00	136.00	131.64		---
500-600 lbs.	127.50	127.50	127.50		---
600-700 lbs.	119.00	122.00	120.32		---
<b>Steers: Medium/Large Frame #3</b>					
300-400 lbs.	130.00	185.00	161.19		138.11
400-500 lbs.	135.00	160.00	145.51		133.81
500-600 lbs.	113.00	152.50	135.53		121.37
600-700 lbs.	102.50	137.00	123.77		114.10
700-800 lbs.	110.00	132.50	122.56		104.78
<b>Holstein Steers</b>					
300-400 lbs.	---	---	---	<b>Prices were not reported due to the Thanksgiving holiday.</b>	---
500-600 lbs.	---	---	---		---
700-800 lbs.	---	---	---		---
<b>Slaughter Cows &amp; Bulls</b>					
Breakers 75-80%	48.00	65.00	57.54		53.57
Boners 80-85%	47.00	64.00	56.00		51.20
Lean 85-90%	37.00	58.00	48.12		42.07
Bulls YG 1	72.00	96.00	82.96		76.62
<b>Heifers: Medium/Large Frame #1-2</b>					
300-400 lbs.	120.00	161.00	143.15		129.82
400-500 lbs.	120.00	159.00	136.13		124.86
500-600 lbs.	116.00	142.50	129.16		118.40
600-700 lbs.	113.00	135.00	125.93		108.75
<b>Heifers: Small Frame #1-2</b>					
300-400 lbs.	137.50	137.50	137.50		---
400-500 lbs.	116.00	135.00	125.20		113.22
500-600 lbs.	109.00	123.00	116.27		107.47
600-700 lbs.	---	---	---		---
<b>Heifers: Medium/Large Frame #2-3</b>					
300-400 lbs.	120.00	140.00	129.68		118.95
400-500 lbs.	108.00	156.00	129.51		115.70
500-600 lbs.	105.00	130.00	119.71		109.31
600-700 lbs.	93.00	122.50	109.22		98.04

Cattle Receipts

This week:9,693

Week ago:8,967

Year ago:7,230

Link to report: [https://www.ams.usda.gov/mnreports/ams\\_2063.pdf](https://www.ams.usda.gov/mnreports/ams_2063.pdf)

## Graded Sales, Video Board Sales, Video Sales & Loads

## Graded Goat & Sheep Sales

### East Tennessee Livestock Center Video Sale-Sweetwater, TN

12/1/21

1 load out of 90 steers from BQA certified producer; Est. weight 840 lbs.; 95% L&M-1s and 5% L&M-2s; medium flesh; 100% Black/BWF; \$156.50

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

Weighted Average Report for 12/03/2021

For complete report:

[https://www.ams.usda.gov/mnreports/ams\\_2072.pdf](https://www.ams.usda.gov/mnreports/ams_2072.pdf)

### East Tennessee Livestock Center Video Sale-Sweetwater, TN

12/8/21

1 load out of 85 Holstein steers from BQA certified producer; Est. weight 875 lbs; 95% L&M-1s and 5% L&M-2s; medium flesh; \$107.50

### Warren County Livestock Graded Sale-McMinnville, TN

Weighted Average Report for 12/08/2021

For complete report:

[https://www.ams.usda.gov/mnreports/ams\\_2079.pdf](https://www.ams.usda.gov/mnreports/ams_2079.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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