

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

December 23, 2021

Number: 51

Trends for the Week Compared to a Week Ago

Slaughter Cows

Slaughter Bulls

Feeder Steers

Feeder Heifers

Feeder Cattle Index: 160.28

Fed Cattle

The 5-area live price on Wednesday of \$135.55 was down \$1.62. The dressed price of \$217.30 was down \$1.06.

Corn

March closed at \$6.05 a bushel, up 12 cents since last Friday.

Soybeans

January closed at \$13.32 a bushel, up 47 cents since last Friday.

Wheat

March closed at \$8.14 a bushel, up 39 cents since last Friday.

Cotton

March closed at 109.12 cents per lb, up 1.82 cents since last Friday.

**No
Trends
Today**

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$1 to \$2 lower compared to last week on a live basis. Prices on a live basis primarily ranged from \$135 to \$137 while dressed prices were mainly \$217 to \$219.

The 5-area weighted average prices thru Wednesday were \$135.55 live, down \$1.62 compared to last week and \$217.30 dressed, down \$1.06 from a week ago. A year ago, prices were \$109.03 live and \$171.67 dressed.

Fed cattle prices made a good run to finish the fall months, but they have softened as the market has reached the end of the year. This is not unexpected as most packers will reduce slaughter days by 1 to 1.5 days each of the next two weeks. Simply stated, this meant there were plenty of slaughter ready cattle to meet the needs of reduced slaughter weeks. As slaughter levels ramp back to typical levels in January, finished cattle prices will be supported moving into March and April. The January and February market may continue to be sluggish relative to the late fall heroics, but prices should stay above \$130 and push back to the \$140 mark as demand seasonally strengthens in the spring and summer.

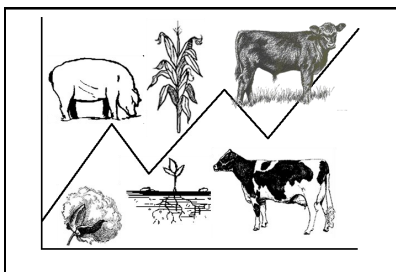
BEEF CUTOUT: At midday Thursday, the Choice cutout was \$263.07 up \$1.21 from Wednesday and down \$0.38 from a week ago. The Select cutout was \$252.89 up \$2.06 from Wednesday and up \$4.31 from last week. The Choice Select spread was \$10.18 compared to \$14.87 a week ago.

Beef prices may be finding support at current price levels, which would sup-

port a thought shared in this column several months ago. The thought was that \$250 appeared to be a strong support point for wholesale Choice beef prices, and that assertion appears to be holding at this juncture. Even Select beef prices have only had a short time below the \$250 price point. Consumers have proven they have a strong demand for beef as beef items continue to fly off the meat counter despite high retail prices. The market is seeing the Choice Select spread narrow as winter begins to set in. The spread is likely to continue narrowing the next six to eight weeks as consumers will be focused on end meats and slow cooker preparation of beef. The expectation moving into the spring and summer is for wholesale prices to push higher, which means retailers will be forced to keep the retail price of beef elevated. There has been considerable conversation concerning consumers' willingness to pay for beef, but there is no reason to suspect consumers will stop buying at this time.

OUTLOOK: Most weekly auction markets were closed this week leading up to Christmas and those that did hold a sale were not reported. Similarly, most markets will be closed next week, which is bookended by Christmas and the New Year holiday. Despite most livestock auction markets being closed, futures traders have continued trading feeder cattle and live cattle on the Chicago Mercantile Exchange. January feeder cattle started the week trading at its lowest price in over a month before finding support and rallying a few dollars higher. The same trend holds for most all of the feeder cattle contracts.

(Continued on page 2)



Livestock Comments *by Dr. Andrew Griffith*

(Continued from page 1)

It is difficult to say for sure what has been pressuring feeder cattle futures, but the most logical reason would be the strengthening corn market. Corn futures have gained approximately 35 cents over the past three weeks, which is sure to be weighing on feeder cattle. However, it is unlikely corn prices can weigh too heavily on feeder cattle as the supply of feeder cattle for the next year is essentially set at this point, and competition for those cattle will be fierce. There are no expectations for feeder cattle supplies to increase as cow herd expansion will be difficult given increasing input prices including fertilizer, fuel, feed, and chemicals. Some producers may even be forced to reduce herd sizes further as they attempt to maintain positive cash flow. The outlook moving into 2022 is for cattle prices to grind higher with seasonal trends in place for most weight classes of cattle. This seems like a bold prediction considering some of the price swings the cattle markets have experienced the past several years. However, the prediction does not seem as bold considering the quantity of support that should be provided by the reduced supply of feeder cattle. Producers should be evaluating price risk management strategies for 2022 in order to determine if profits can be achieved given the current expectations in the market.

The December cattle on feed report for feedlots with a 1000 head or more capacity indicated cattle and calves on feed as of December 1, 2021 totaled 11.99 million head, down 0.4% compared to a year ago, with the pre-report estimate average expecting a decrease of 0.2%. November placements in feedlots totaled 1.90 million head, up 3.6% from a year ago with the pre-report estimate average expecting placements up 3.8%. November marketing's totaled 1.87 million head up 5.3% from 2020 with pre-report estimates expecting a 4.5% decrease in marketing's. Placements on feed by weight: under 700 pounds up 7.1%, 700 to 899 pounds up 0.3%, 900 pounds and over no change.

ASK ANDREW, TN THINK TANK: A producer contacted me this week concerning the marketing aspect of a herd of cattle that were 100 percent infected with a certain disease. The producer already had a marketing plan, but his question revolved around the timing of enacting that plan. This situation got me to thinking about what I would do in a similar situation. First, the decision is dependent on the disease and if it can be treated at an economical cost or if it cannot be treated at all. If it can be treated then my notion is to lean toward treating the animals instead of passing the problem to another person. If the disease cannot be treated effectively, then selling the cattle and disclosing the ailment at the time of selling is appropriate. At the same time, there are diseases that could be transmitted at the sale barn, which may mean the cattle do not need to go to the sale barn but be sold directly off the farm and managed in such a way that they cannot negatively impact other animals. This is a tough situation for any producer, but maintaining integrity is of utmost importance.

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.

THURSDAY'S FUTURES MARKET CLOSING PRICES: Thursday's closing prices were as follows: Live/fed cattle – February \$139.63 +2.25; April \$143.93 +1.80; June \$143.93 +1.25; Feeder cattle – January \$163.45 +1.68; March \$163.75 +1.83; April \$167.38 +1.83; May \$169.90 +1.63; March corn closed at \$6.06 up 3 cents from Wednesday.

Crop Comments by Dr. Aaron Smith

Overview

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

December 2022 corn futures prices currently exceed the 80th percentile. Examining December corn futures prices from December 1 to contract expiration the following year, shows that since 2010, 80% of the time December corn futures were below \$5.53 and 20% of the time were above \$5.53. The 50th percentile (half of the prices above and half below) for December corn futures was \$4.08. December 2022 corn futures traded above \$5.54 on December 23, 2021.

	Previous	Current	Change
USD Index	95.94	96.03	0.09
Crude Oil	72.01	73.65	1.64
DJIA	35,897	36,034	137

November 22 soybean futures prices currently exceed the 75th percentile. Examining November soybean futures prices from December 1 to contract expiration the following year, shows that since 2010, 75% of the time November soybean futures were below \$12.46 and 25% of the time were above \$12.46. The 50th percentile for November soybean futures was \$10.20. November 2022 corn futures traded above \$12.69 on December 23, 2021.

December 2022 cotton futures prices currently exceed the 85th percentile. Examining December cotton futures prices from December 1 to contract expiration the following year, shows that since 2010, 85% of the time December cotton futures were below 90.7 cents and 15% of the time were above 90.7 cents. The 50th percentile for December cotton futures was 74.94. December 2022 cotton futures traded above 91 cents on December 23, 2021.

July 2022 wheat futures prices currently exceed the 90th percentile. Examining July wheat futures prices from July 1 to contract expiration the following year, shows that since 2010, 90% of the time July wheat futures were below \$7.78 and 10% of the time were above \$7.78. The 50th percentile for July wheat futures was \$5.60. July 2022 wheat futures traded above \$8.09 on December 23, 2021.

So, with current futures prices, for the 2022 crop, well above the historic average what should producers do? There is still bullish momentum in prices as we approach 2022. However, now may be a good time to pencil out expected net returns using projected cost of production, farm level yields (APH works well), and current prices. This will assist in determining a strategy to manage risk and develop a marketing plan for the upcoming crop year. Each farm will have different pricing strategies and risk management plans; however, all farms should examine likely financial outcomes and potential risks for the upcoming crop at this time of year.

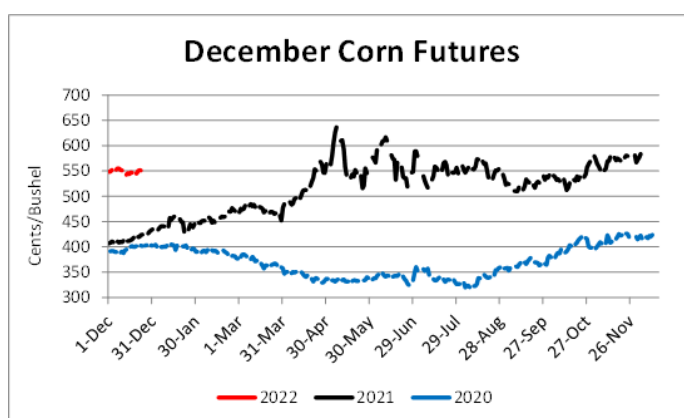
Corn

Ethanol production for the week ending December 17 was 1.051 million barrels per day, down 36,000 from the previous week. Ethanol stocks were 20.705 million barrels, down 0.178 million compared to last week. Corn net sales reported by exporters for December 10-16, 2021, were down compared to last week with net sales of 38.7 million bushels for the 2021/22 marketing year and 5.2 million bushels for the 2022/23 marketing year. Exports for the same period were up 1% from last week at 43.4 million bushels. Corn export sales and commitments were 62% 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 55%. 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 19 over, with an average of 3 over the March futures at elevators and barge points. March 2022 corn futures closed at \$6.05, up 12 cents since last Friday. For the week, March 2022 corn futures traded between \$5.87 and \$6.07.

(Continued on page 4)

Crop Comments by Dr. Aaron Smith

Corn	Mar 22	Change	Dec 22	Change
Price	\$6.05	\$0.12	\$5.53	\$0.07
Support	\$5.92	\$0.11	\$5.45	\$0.05
Resistance	\$6.11	\$0.15	\$5.58	\$0.08
20 Day MA	\$5.87	\$0.03	\$5.50	-\$0.02
50 Day MA	\$5.74	\$0.06	\$5.46	\$0.03
100 Day MA	\$5.60	\$0.02	\$5.29	\$0.03
4-Week High	\$6.06	\$0.10	\$5.65	\$0.00
4-Week Low	\$5.62	\$0.00	\$5.39	\$0.00
Technical Trend	Up	=	Up	+

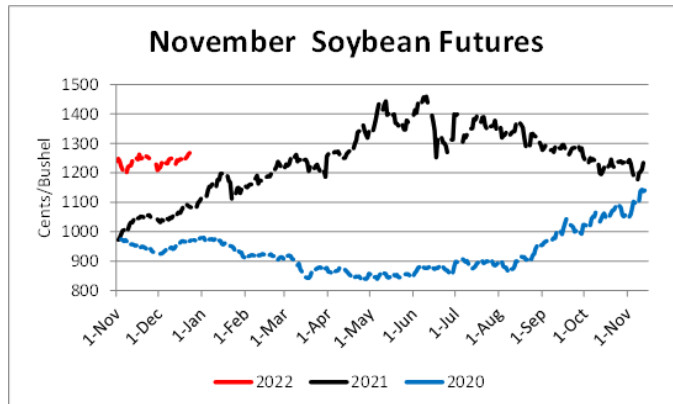


Mar/May and Mar/Dec future spreads were 2 and -52 cents. May 2022 corn futures closed at \$6.07, up 13 cents since last Friday. December 2022 corn futures closed at \$5.53, up 7 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.60 December 2022 Put Option costing 54 cents establishing a \$5.06 futures floor.

Soybeans

Net sales reported by exporters were down compared to last week with net sales of 29.8 million bushels for the 2021/22 marketing year – a marketing year low-- and 0.04 million bushels for the 2022/23 marketing year. Exports for the same period were down 3% compared to last week at 68.1 million bushels. Soybean export sales and commitments were 73% 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 74%. Across Tennessee, average soybean basis weakened or remained unchanged at West, Northwest, West-Central, and North-Central elevators and barge points and strengthened at Mississippi River elevators and barge points. Basis ranged from 13 under to 35 over, with an average basis of 8 over the January futures contract. January 2022 soybean futures closed at \$13.32, up 47 cents since last Friday. For the week, January 2022 soybean futures traded between \$12.78 and \$13.34. Jan/Mar and Jan/Nov future spreads were 8 and -67 cents. March 2022 soybean-to-corn price ratio was 2.21 at the end of the week. March 2022 soybean futures closed at \$13.40, up 52 cents since last Friday.

Soybeans	Jan 22	Change	Nov 22	Change
Price	\$13.32	\$0.47	\$12.65	\$0.19
Support	\$12.93	\$0.43	\$12.46	\$0.17
Resistance	\$13.50	\$0.56	\$12.75	\$0.14
20 Day MA	\$12.67	\$0.10	\$12.39	\$0.01
50 Day MA	\$12.52	\$0.08	\$12.37	\$0.03
100 Day MA	\$12.75	-\$0.03	\$12.44	\$0.00
4-Week High	\$13.34	\$0.45	\$12.69	\$0.01
4-Week Low	\$12.14	\$0.00	\$12.04	\$0.00
Technical Trend	Up	+	Up	=

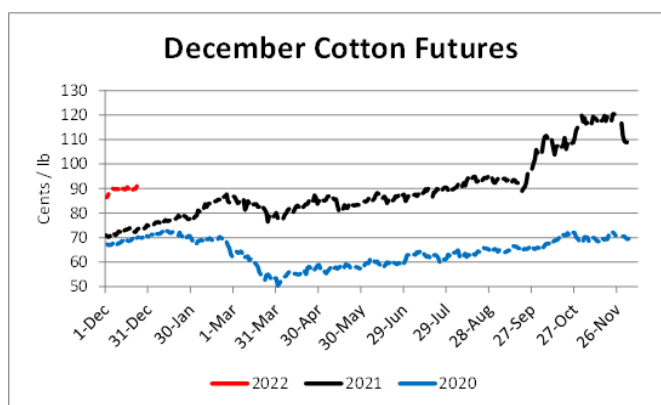


Nov/Dec 2022 soybean-to-corn price ratio was 2.29 at the end of the week. November 2022 soybean futures closed at \$12.65, up 19 cents since last Friday. Downside price protection could be achieved by purchasing a \$12.80 November 2022 Put Option which would cost 91 cents and set an \$11.89 futures floor.

Cotton

Net sales reported by exporters were down compared to last week with net sales of 243,900 bales for the 2021/22 marketing year and 49,400 bales for the 2022/23 marketing year. Exports for the same period were down less than 1% compared to last week at 131,100 bales. Upland cotton export sales were 70% 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 71%. Delta upland cotton spot price quotes for December 22 were 108.58 cents/lb (41-4-34) and 110.83 cents/lb (31-3-35).

Cotton	Mar 22	Change	Dec 22	Change
Price	109.12	1.82	90.71	0.67
Support	107.69	3.15	89.44	0.12
Resistance	110.17	-2.19	91.84	0.50
20 Day MA	107.04	-2.05	89.31	-0.44
50 Day MA	109.92	0.17	90.42	0.11
100 Day MA	102.56	0.90	87.13	0.44
4-Week High	116.24	-2.26	92.20	-0.30
4-Week Low	102.50	0.00	85.05	0.00
Technical Trend	Up	=	Up	=

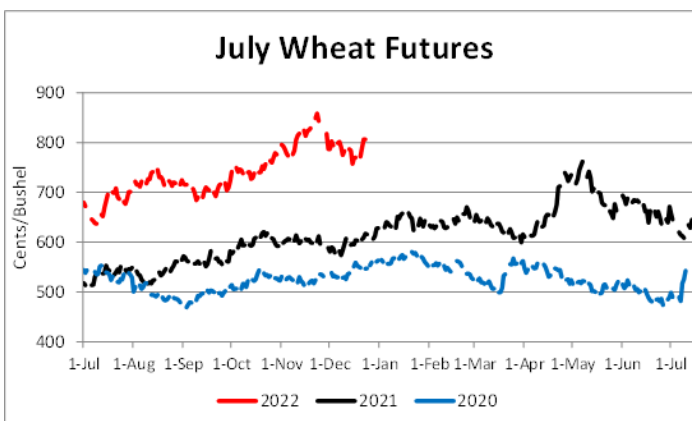


March 2022 cotton futures closed at 109.12 cents, up 1.82 cents since last Friday. For the week, March 2022 cotton futures traded between 104.27 and 109.45 cents. Mar/May and Mar/Dec cotton futures spreads were -2.07 cents and -18.41 cents. May 2022 cotton futures closed at 107.05 cents, up 1.35 cents since last Friday. December 2022 cotton futures closed at 90.71 cents, up 0.67 cents since last Friday. Downside price protection could be obtained by purchasing a 91 cent December 2022 Put Option costing 9.32 cents establishing a 81.68 cent futures floor.

Wheat

Wheat net sales reported by exporters were down compared to last week with net sales of 15.6 million bushels for the 2021/22 marketing year and 1.2 million bushels for the 2022/23 marketing year. Exports for the same period were down 31% from last week at 7.0 million bushels. Wheat export sales were 69% 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 77%. March 2022 wheat futures closed at \$8.14, up 39 cents since last Friday. March 2022 wheat futures traded between \$7.57 and \$8.05 this week. March wheat-to-corn price ratio was 1.35. Mar/May and Mar/Jul future spreads were 4 and -9 cents. May 2022 wheat futures closed at \$8.18, up 40 cents since last Friday. May wheat-to-corn futures price ratio was 1.35.

Wheat	Mar 22	Change	Jul 22	Change
Price	\$8.14	\$0.39	\$8.05	\$0.36
Support	\$7.82	\$0.39	\$7.74	\$0.29
Resistance	\$8.32	\$0.46	\$8.24	\$0.42
20 Day MA	\$7.95	-\$0.13	\$7.90	-\$0.13
50 Day MA	\$7.96	\$0.06	\$7.89	\$0.06
100 Day MA	\$7.67	\$0.04	\$7.54	\$0.04
4-Week High	\$8.74	\$0.00	\$8.63	\$0.00
4-Week Low	\$7.51	\$0.00	\$7.52	\$0.00
Technical Trend	Up	+	Up	+



New crop wheat cash prices at elevators and barge points ranged from \$7.40 to \$8.11. July 2022 wheat futures closed at \$8.05, up 36 cents since last Friday. Downside price protection could be obtained by purchasing an \$8.10 July 2022 Put Option costing 61 cents establishing a \$7.49 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_mbbl_w.htm

Upland Cotton Reports - <https://www.fsa.usda.gov/FSA/epasReports?area=home&subject=ecpa&topic=fta-uc>

Tennessee Crop Progress - https://www.nass.usda.gov/Statistics_by_State/Tennessee/Publications/Crop_Progress_&Condition/

U.S. Crop Progress - <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1048>

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

If you would like further information or clarification on topics discussed in the crop comments section or would like to be added to our free email list please contact me at aaron.smith@utk.edu.

Prices Paid to Farmers by Elevators					
Friday, December 17, 2021---Thursday, December 23, 2021					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	12.72	12.79	12.95	13.15	13.19
North Central	12.95	13.02	13.18	13.39	13.42
West Central	12.78	12.85	13.01	13.22	13.25
West	13.13	13.27	13.38	13.54	13.57
Mississippi River	13.09	13.21	13.36	13.55	13.58
Yellow Corn					
Northwest	5.96	5.94	6.01	6.06	6.09
North Central	5.73	5.71	5.78	5.83	5.86
West Central	6.08	6.06	6.13	6.18	6.21
West	6.11	6.10	6.15	6.13	6.18
Mississippi River	6.05	6.04	6.10	6.11	6.11
Wheat					
Northwest					
North Central					
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	107.05-109.30	105.29-107.54	107.02-109.27	108.58-110.83	108.87-111.12

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 20, 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	160.00	212.50	187.65	181.77	153.20
400-500 lbs	150.00	197.00	173.38	167.41	145.15
500-600 lbs	140.00	177.50	157.29	157.30	134.35
600-700 lbs	119.00	162.50	146.98	146.55	125.93
700-800 lbs	116.00	151.00	140.95	136.31	117.78
Steers: Small Frame #1-2					
300-400 lbs	---	---	---	153.78	---
400-500 lbs	145.00	150.00	147.50	143.23	136.33
500-600 lbs	---	---	---	---	---
600-700 lbs	---	---	---	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	132.00	172.50	150.30	162.66	112.86
400-500 lbs	127.00	165.00	154.94	153.95	114.51
500-600 lbs	123.00	152.50	138.69	141.71	108.91
600-700 lbs	124.00	142.00	132.18	128.31	100.28
700-800 lbs	110.00	136.00	127.73	121.52	86.90
Holstein Steers					
300-400 lbs	102.50	105.00	103.75	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	50.00	70.00	59.55	57.89	50.50
Boners 80-85%	47.00	72.00	57.13	56.01	50.74
Lean 85-90%	34.00	63.00	49.16	48.10	42.50
Bulls YG 1	75.00	96.50	84.29	83.66	75.02
Heifers: Medium/Large Frame #1-2					
300-400 lbs	125.00	165.00	148.02	144.90	129.03
400-500 lbs	127.00	156.00	141.46	139.03	122.85
500-600 lbs	117.00	145.00	136.27	130.22	114.97
600-700 lbs	107.00	140.00	128.27	123.97	114.42
Heifers: Small Frame #1-2					
300-400 lbs	120.00	139.00	131.09	124.36	---
400-500 lbs	108.00	132.50	123.20	123.81	107.01
500-600 lbs	110.00	125.00	117.43	111.67	95.97
600-700 lbs	---	---	---	106.63	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs	120.00	144.00	133.95	134.06	118.86
400-500 lbs	112.00	136.00	124.21	131.70	114.51
500-600 lbs	110.00	131.00	120.89	119.92	108.91
600-700 lbs	103.00	125.00	109.98	115.52	100.28

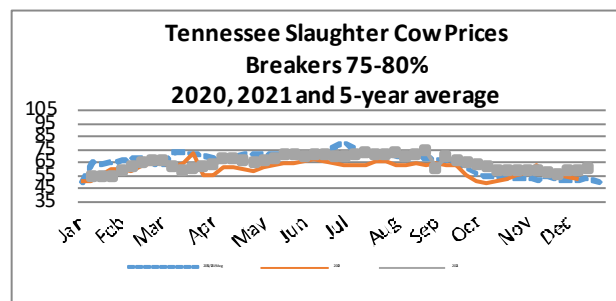
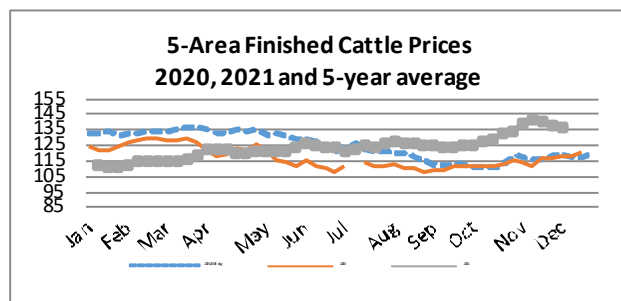
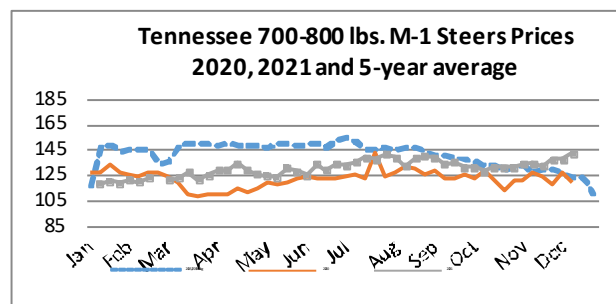
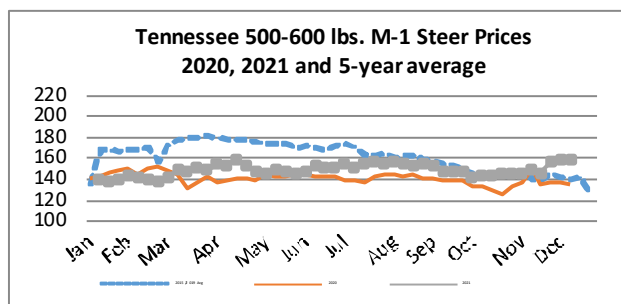
Cattle Receipts

This week: 5,936

Week ago: 7,171

Year ago: 7,069

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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