

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

January 7, 2022

Number: 1

Trends for the Week Compared to a Week Ago

Slaughter Cows

Slaughter Bulls

No

Feeder Steers

Trends

Today

Feeder Heifers

Feeder Cattle Index: 162.28

Fed Cattle

The 5-area live price on Thursday of \$138.58 was down \$1.14. The dressed price of \$219.99 was down \$0.90.

Corn

March closed at \$6.06 a bushel, up 13 cents since last Friday.

Soybeans

March closed at \$14.10 a bushel, up 71 cents since last Friday.

Wheat

March closed at \$7.58 a bushel, down 12 cents since last Friday.

Cotton

March closed at 115.12 cents per lb., up 2.52 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$1 lower compared to last week on a live basis. Prices on a live basis primarily ranged from \$138 to \$139 while dressed prices were mainly \$219 to \$220.

The 5-area weighted average prices thru Thursday were \$138.58 live, down \$1.14 compared to last week and \$219.99 dressed, down \$0.90 from a week ago. A year ago, prices were \$111.48 live and \$176.02 dressed.

Finished cattle prices remain strong in the first week of trade for 2022, and are trading with a positive basis relative to February live cattle futures. A positive basis is good for cattle feeders as they are enjoying profitable prices and any of those who hedged cattle may be able to collect a little on the futures market as well. The downside to this story is that prices are expected to soften for finished cattle over the next few weeks based on the futures market. Softer prices the next few weeks may or may not be realized as prices are not expected to move much one direction or the other. Prices will probably not see much action until the spring when prices seasonally strengthen in April and May.

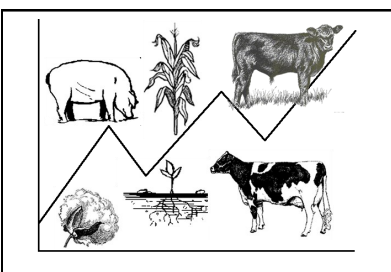
BEEF CUTOFF: At midday Friday, the Choice cutout was \$271.31 up \$2.75 from Thursday and up \$6.25 from a week ago. The Select cutout was \$262.65 up \$2.01 from Thursday and up \$4.76 from last week. The Choice Select spread was \$8.66 compared to \$7.17 a week ago.

Based on weekly data, federally inspected beef production in 2021 was about 3 percent higher than 2020. With increased beef production and higher wholesale and retail beef prices, it is fairly easy to conclude that beef demand has strengthened over the past year, which is really saying something considering the increase in beef demand from 2019 to 2020. Whether the increase in beef demand can be

attributed to coronavirus or not would take some statistical work, but the increase in beef demand does coincide with the start of the pandemic. It appears one of the worst health challenges in recent memory has been a good thing for moving beef products. The shutdown of restaurants led to an increase in at home consumption of food and less travel. Thus, consumers had more disposable income for food with the reduction in travel expenses and food consumed away from home. As restaurants and travel have slowly opened, it appears consumers have maintained purchasing beef items for at home consumption with their recently acquired cooking talents.

OUTLOOK: Week to week trends were not able to be established this week due to most markets being closed the past two weeks in observance of the Christmas and New Year holidays. Additionally, feeder cattle and slaughter cattle marketings were relatively light this week in Tennessee due to multiple snow events that moved across the region from Sunday through Thursday. These snow events prevented producers from being able to get trucks and trailers in pastures as well as making it difficult to travel many of the roadways, which means livestock auction markets will likely be busy for the second week of January. Despite these challenges, a few cattle were traded through the weekly auction markets. Given the light test, 525 pound steer prices appear to be heading toward the \$165 per hundredweight mark while 575 pound steer prices are not far behind and near \$160 per hundredweight. These prices are certainly higher than the last week of trade in December, which bodes well for higher prices moving through the next 90 to 120 days. The higher prices on a light test are not a surprise given the strength feeder

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Livestock Comments by Dr. Andrew Griffith

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cattle futures displayed the last few weeks. The only hiccup in feeder cattle futures occurred this week when corn futures expressed some interest in increasing. Similar to the feeder cattle market, the slaughter cow market is showing signs of strength and gaining momentum. Both slaughter cattle and lightweight calf prices would typically be expected to seasonally increase as the market approaches spring calving and the spring stocker grazing season, which seems certain to occur. However, the price increase is shaping up to be stronger than the seasonal tendency. Lightweight calf prices could easily push as high as \$180 per hundredweight by the end of March and early April while slaughter cow prices may push the \$75 per hundredweight price mark.

ASK ANDREW, TN THINK TANK: Similar to auction markets, it appears cattle producers took a break from submitting questions, or it could simply be that I have not been out in the public working with producers the past couple of weeks. In lieu of answering a recent question, I would like to address a question I hear from many producers, which is why did my cattle not achieve the price level reported in the USDA reports. There are several reasons for this, and I cannot provide an exhaustive list. However, most of the time the reason

cattle receive a lower price relative to what is reported is because the animals appear to have a defect, have inferior physical characteristics, are higher risk, and are not the type of cattle buyers are looking for. Additionally, and not having the intent of hurting feelings, some cattle are just poor quality cattle. This discussion could branch off in several directions and address more specifics, but the advice here is if cattle are not achieving the desired prices or comparable prices to others then talk to auction market management and buyers to see what needs to change.

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 –February \$137.33 - 0.03; April \$142.05 -0.40; June \$137.70 +0.13; Feeder cattle – January \$162.10 -0.48; March \$166.68 -0.60; April \$170.88 - 0.20; May \$173.25 -0.18; March corn closed at \$6.07 up 3 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

2022 brings drastically different prices than one year ago for many row crops. At the start of January, December corn closed at \$5.47 ½, up 26% compared to last year; November soybeans closed at \$12.83 ¾, up 14.5% compared to last year; December cotton closed at 92.95, up 23.3% compared to last year; and July wheat closed at \$7.55, up 20% compared to last year. High commodity prices are positive for farmers; however, input prices and availability continue to challenge producers planning the 2022 crop. Fertilizer prices are double or triple last year's prices and availability of crop protection products are providing planning issues and creating headaches for producers and ag retailers alike. Even if high prices hold, producer profitability is projected to be lower than 2021.

High commodity prices and increased input costs project thin margins for 2022. This will necessitate the need for producers to manage risk. One key to managing risk will be avoiding the 2021 crop price trap. As decision makers we typically look at the recent past for guidance in future decisions. However, when we look at the range of outcomes for 2021, those producers that priced the majority of their crop post-harvest had greater returns than producers that priced early or priced incrementally throughout the growing season. Does this mean that marketing and risk management plans failed in 2021? No. Risk management does not result in the best-case scenario, it eliminates the severity of the potential downside loss.

So, looking to 2022 producers need to block out 2021's price rise through the production season when designing a marketing strategy. Could prices be higher than current offerings when 2022 harvest begins? Sure, but they could also be substantially lower, and producers will have more at risk. Production costs are 20-35% higher, depending on the commodity. Producers need to look at risk management strategies that fill in risk gaps. For example, between now and the crop insurance price determination period producers with no marketing have no price coverage. Does it make sense to bridge that risk using options or another tool? If a producer has purchased fertilizer at \$1,000+/ton the answer is likely yes. How risk is managed in 2022 will be the

	Previous	Current	Change
USD Index	95.59	95.74	0.14
Crude Oil	75.21	79.11	3.9
DJIA	36,321	36,351	30

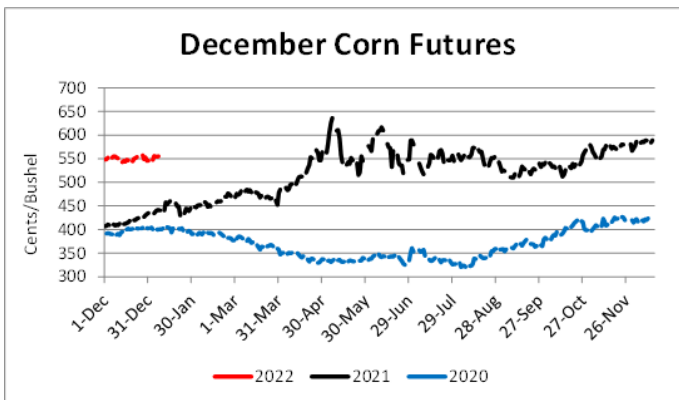
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single most important factor for producers this growing season. There is a lot on the line, given high commodity prices and high investment in inputs. Using risk management tools is essential for 2022.

Corn

Ethanol production for the week ending December 31 was 1.048 million barrels per day, down 11,000 from the previous week. Ethanol stocks were 21.359 million barrels, up 0.683 million compared to last week. Corn net sales reported by exporters for December 24-30, 2021, were down compared to last week with net sales of 10.1 million bushels for the 2021/22 marketing year. Exports for the same period were up 7% from last week at 38.8 million bushels. Corn export sales and commitments were 65% 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 58%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at West, Northwest, West-Central, North-Central, and Mississippi River elevators and barge points. Overall, basis for the week ranged from 15 under to 31 over, with an average of 14 over the March futures at elevators and barge points. March 2022 corn futures closed at \$6.06, up 13 cents since last Friday. For the week, March 2022 corn futures traded between \$5.84 and \$6.11. Mar/May and Mar/Dec future spreads were 1 and -49 cents. May 2022 corn futures closed at \$6.07, up 12 cents since last Friday.

Corn	Mar 22	Change	Dec 22	Change
Price	\$6.06	\$0.13	\$5.57	\$0.11
Support	\$5.92	\$0.00	\$5.46	\$0.01
Resistance	\$6.11	\$0.00	\$5.62	\$0.04
20 Day MA	\$5.97	\$0.10	\$5.49	-\$0.01
50 Day MA	\$5.86	\$0.12	\$5.50	\$0.04
100 Day MA	\$5.63	\$0.03	\$5.32	\$0.03
4-Week High	\$6.17	\$0.11	\$5.59	-\$0.06
4-Week Low	\$5.81	\$0.19	\$5.39	\$0.00
Technical Trend	Up	=	Up	+



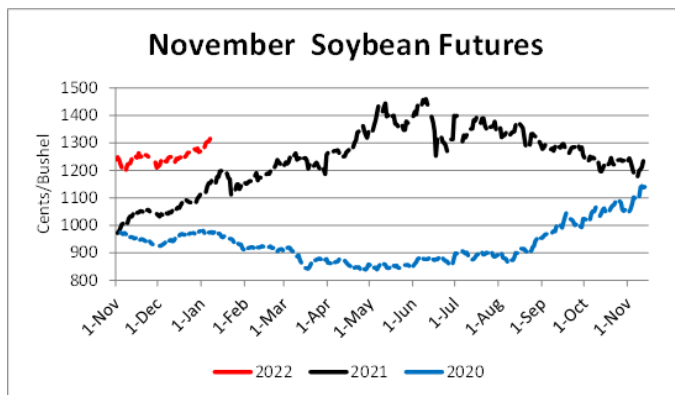
New crop cash prices at elevators and barge points ranged from \$5.12 to \$5.72. December 2022 corn futures closed at \$5.57, up 11 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.60 December 2022 Put Option costing 54 cents establishing a \$5.06 futures floor.

Soybeans

Net sales reported by exporters were down compared to last week with net sales of 14.1 million bushels for the 2021/22 marketing year – a marketing year low-- and 2.5 million bushels for the 2022/23 marketing year. Exports for the same period were up 1% compared to last week at 64.0 million bushels. Soybean export sales and commitments were 75% 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 77%. Across Tennessee, average soybean basis strengthened or remained unchanged at West, Northwest, West-Central, North-Central, and Mississippi River elevators and barge points. Basis ranged from 20 under to 33 over, with an average basis of 10 over the March futures contract. March 2022 soybean futures closed at \$14.10, up 71 cents since last Friday. For the week, March 2022 soybean futures traded between \$13.42 and \$14.15. Mar/May and Mar/Nov future spreads were 8 and -89 cents. March 2022 soybean-to-corn price ratio was 2.33 at the end of the week. May 2022 soybean futures closed at \$14.18, up 69 cents since last Friday.

Crop Comments by Dr. Aaron Smith

Soybeans	Mar 22	Change	Nov 22	Change
Price	\$14.10	\$0.71	\$13.21	\$0.52
Support	\$13.61	\$0.63	\$12.89	\$0.43
Resistance	\$14.39	\$0.82	\$13.38	\$0.63
20 Day MA	\$13.31	\$0.58	\$12.68	\$0.29
50 Day MA	\$12.86	\$0.26	\$12.48	\$0.11
100 Day MA	\$12.84	\$0.03	\$12.47	\$0.03
4-Week High	\$14.15	\$0.73	\$13.22	\$0.53
4-Week Low	\$12.43	\$0.20	\$12.24	\$0.20
Technical Trend	Up	=	Up	=

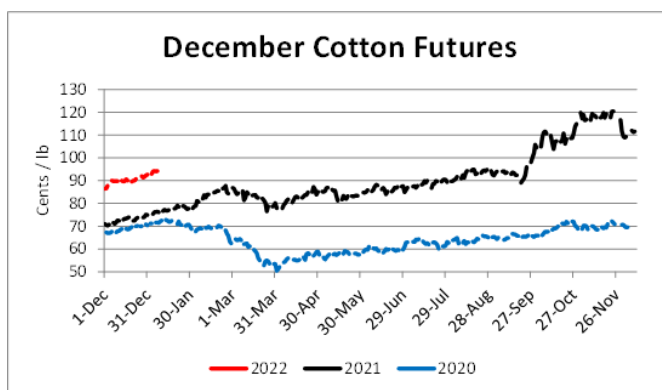


Nov/Dec 2022 soybean-to-corn price ratio was 2.37 at the end of the week. New crop cash soybean prices at elevators and barge points ranged from \$12.57 to \$13.24. November 2022 soybean futures closed at \$13.21, up 52 cents since last Friday. Downside price protection could be achieved by purchasing a \$13.40 November 2022 Put Option which would cost 107 cents and set a \$12.33 futures floor.

Cotton

Net sales reported by exporters were down compared to last week with net sales of 143,200 bales for the 2021/22 marketing year and 44,000 bales for the 2022/23 marketing year. Exports for the same period were down 35% compared to last week at 104,900 bales. Upland cotton export sales were 72% 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 75%. Delta upland cotton spot price quotes for January 6 were 114.22 cents/lb. (41-4-34) and 116.47 cents/lb. (31-3-35). Adjusted world price increased 4.73 cents to 103.85 cents. March 2022 cotton futures closed at 115.12 cents, up 2.52 cents since last Friday. For the week, March 2022 cotton futures traded between 112.76 and 117.68 cents. Mar/May and Mar/Dec cotton futures spreads were -2.24 cents and -20.6 cents. May 2022 cotton futures closed at 112.88 cents, up 2.4 cents since last Friday.

Cotton	Mar 22	Change	Dec 22	Change
Price	115.12	2.52	94.52	1.87
Support	113.62	5.93	93.01	3.57
Resistance	116.68	6.51	94.98	3.14
20 Day MA	110.53	3.49	91.47	2.16
50 Day MA	111.44	1.52	91.00	0.58
100 Day MA	104.76	2.20	88.17	1.04
4-Week High	117.23	0.99	94.60	2.40
4-Week Low	104.27	1.77	88.09	3.04
Technical Trend	Up	=	Up	=



December 2022 cotton futures closed at 94.52 cents, up 1.87 cents since last Friday. Downside price protection could be obtained by purchasing a 95 cent December 2022 Put Option costing 9.64 cents establishing a 85.36 cent futures floor.

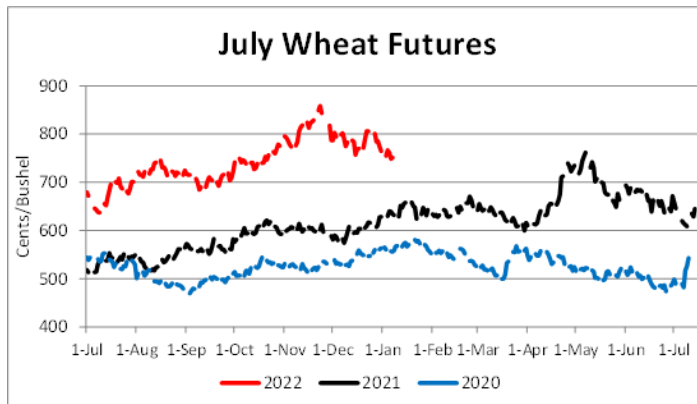
Wheat

Wheat net sales reported by exporters were down compared to last week with net sales of 1.8 million bushels for the 2021/22 marketing year – a marketing year low -- and 0.09 million bushels for the 2022/23 marketing year. Exports for the same period were down 37% from last week at 7.7 million bushels. Wheat export sales were 70% 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 80%. Wheat cash prices at elevators and barge points ranged from \$7.76 to \$8.00. March 2022 wheat futures closed at \$7.58, down 12 cents since last Friday. March 2022 wheat futures traded between \$7.35 and \$7.82 this week. March wheat-to-corn price ratio was 1.25. Mar/

Crop Comments by Dr. Aaron Smith

May and Mar/Jul future spreads were 2 and -1 cents. May 2022 wheat futures closed at \$7.60, down 14 cents since last Friday. May wheat-to-corn futures price ratio was 1.25.

Wheat	Mar 22	Change	Jul 22	Change
Price	\$7.58	-\$0.12	\$7.57	-\$0.07
Support	\$7.26	-\$0.56	\$7.28	-\$0.46
Resistance	\$7.76	-\$0.56	\$7.73	-\$0.51
20 Day MA	\$7.79	-\$0.16	\$7.76	-\$0.14
50 Day MA	\$7.98	\$0.02	\$7.93	\$0.04
100 Day MA	\$7.68	\$0.01	\$7.58	\$0.04
4-Week High	\$8.24	-\$0.50	\$8.13	-\$0.50
4-Week Low	\$7.35	-\$0.16	\$7.36	-\$0.16
Technical Trend	Down	-	Down	-



New crop wheat cash prices at elevators and barge points ranged from \$7.17 to \$7.71. July 2022 wheat futures closed at \$7.57, down 7 cents since last Friday. Downside price protection could be obtained by purchasing a \$7.60 July 2022 Put Option costing 62 cents establishing a \$6.98 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>

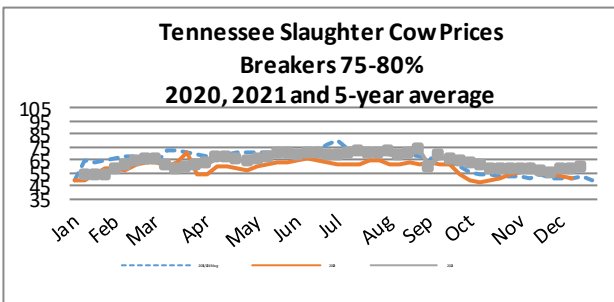
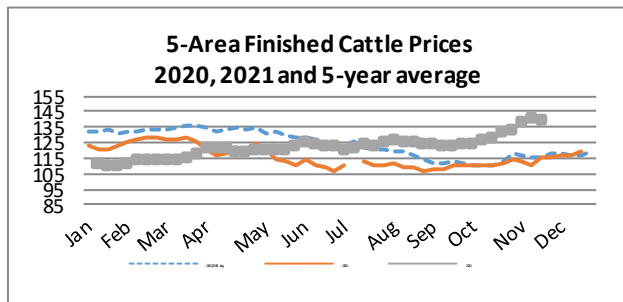
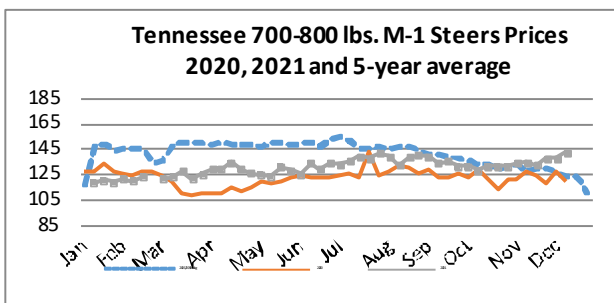
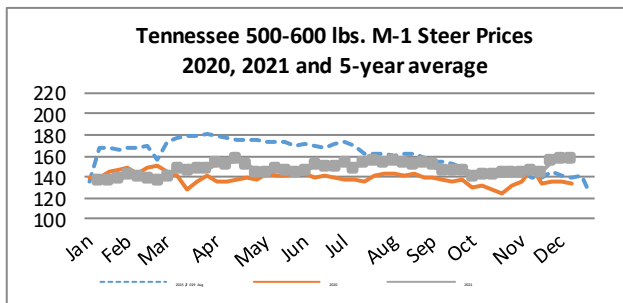
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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 31, 2021---Thursday, January 6, 2022

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest		13.36	13.70	13.75	13.67
North Central		13.36	13.90	13.95	13.87
West Central		13.59	14.00	14.05	13.97
West		13.76	14.15	14.25	14.20
Mississippi River		13.67	13.97	14.15	14.13
Yellow Corn					
Northwest		5.91	6.11	6.05	6.06
North Central		5.74	5.95	5.87	5.89
West Central		6.12	6.40	6.32	6.34
West		6.07	6.32	6.27	6.34
Mississippi River		6.04	6.26	6.24	6.28
Wheat					
Northwest					
North Central		7.83	8.00	7.91	7.76
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	112.35-114.60	112.98-115.23	115.89-118.14	115.78-118.03	114.22-116.47



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>

Graded Sales, Video Board Sales, Video Sales & Loads

Dickson Regional Livestock Center-Dickson, TN

1/3/22

121 Steers, 857 lbs., M&L 1&2, 100% Black/BWF, 4-5 Flesh, \$159.25

60 Steers, 858 lbs., M&L 1&2, 38-Black/BWF 22-Red/RWF & ChX, 4-5 Flesh, \$155.00

Browning Livestock Market-Lafayette, TN

1/5/22

1 load of 60 steers; weighing 835 lbs.; \$156.00

East Tennessee Livestock Center Video Sale-Sweetwater, TN

1/5/22

2 loads out of 155 steers from BQA certified producer; Est. weight 865 lbs.; 95% L&M-1s and 5% L&M-2s; medium flesh; 100% Black/BWF; \$159.75

1 load out of 76 steers from BQA certified producer; Est. weight 935 lbs.; 100% L&M-1s; medium flesh; 100% Black/BWF; \$153.00

Hardin County Stockyard-Savannah, TN

1/5/22

59 Steers, 798 lbs., M&L 1&2, 53-Black/BWF 6-ChX, 5 Flesh, \$155.50

Lower Middle Tennessee Cattlemen's Association-Video Board Sale-Columbia, TN

Weighted Average Report for 1/7/22

For complete report:

https://www.ams.usda.gov/mnreports/ams_3340.pdf

Graded Goat & Sheep Sales

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 12/27/21

Total Receipts:

For complete report:

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

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

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