

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

January 28, 2022

Number: 4

Trends for the Week Compared to a Week Ago

Slaughter Cows

\$1 to \$2 higher

Slaughter Bulls

steady to \$2 higher

Feeder Steers

\$7 to \$10 higher

Feeder Heifers

steady

Feeder Cattle Index: 159.05

Fed Cattle

The 5-area live price on Thursday of \$136.93 was down \$0.46. The dressed price of \$218.00 was up \$0.08.

Corn

March closed at \$6.36 a bushel, up 20 cents since last Friday.

Soybeans

March closed at \$14.70 a bushel, up 56 cents since last Friday.

Wheat

March closed at \$7.86 a bushel, up 6 cents since last Friday.

Cotton

March closed at 123.76 cents per lb, up 3.01 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 \$136 to \$137 while dressed prices were mainly \$217 to \$218.

The 5-area weighted average prices thru Thursday were \$136.93 live, down \$0.46 compared to last week and \$218.00 dressed, up \$0.08 from a week ago. A year ago, prices were \$111.47 live and \$175.76 dressed.

Finished cattle prices are holding their own in the middle of winter with much of the support coming from strong wholesale beef prices. The price of finished cattle should begin to slowly increase as is the seasonal tendency. This statement does not mean there will be a sharp price increase in the next few weeks, but prices should clearly begin to increase. With strong cattle on feed numbers, the price of finished cattle may not meet earlier expectations in the near term, but cattle being placed in feedlots earlier than normal in some regions should support prices later in the year. The market is shaping up to be strong in 2022 with much of the strength coming in the last quarter of the year and heading into 2023.

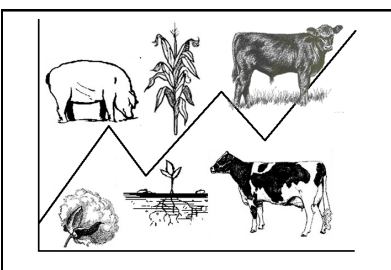
BEEF CUTOUT: At midday Friday, the Choice cutout was \$290.65 up \$1.54 from Thursday and down \$2.07 from a week ago. The Select cutout was \$283.00 up \$3.90 from Thursday and up \$0.33 from last week. The Choice Select spread was \$7.65 compared to \$10.05 a week ago.

The monthly cold storage report, which was released recently for December, showed the quantity of beef in cold storage totaled 503.8 million pounds. That represents the highest quantity of beef in cold storage since February. The December 2021 quantity was 32.1 million pounds less than December 2020 and about 5 million pounds less than the five-year av-

erage for December. The quantity of beef in cold storage will begin to decline in January and the market may see a bigger decline than usual with some of the slowdown in slaughter that occurred the first few weeks of January. With the price of wholesale beef expected to continue increasing, there may be a few buyers that place a few more pounds of beef in cold storage in the next couple of months, but that is not expected to overcome the typical drawdown in stocks. In a couple of months, retailers and food service entities will begin preparing for the late spring and summer grilling season, which could push Choice box prices back toward \$350 and maybe higher.

OUTLOOK: Based on Tennessee weekly auction market reports steer prices this week were \$7 to \$10 higher compared to a week ago while heifer prices were mainly steady compared to last week. Slaughter cow prices were \$1 to \$2 higher while bull prices were steady to \$2 higher compared to the previous week. Demand for grass cattle is strengthening as is represented by a strong run of calves and higher prices. There is no reason to think prices will slow down with warmer weather expected in the coming week and spring temperatures on the horizon. The expectation moving through the next several weeks is that there will be fewer calves available for purchase, which will push calf prices even higher. Much of the strength in the calf market is being supported by strong feeder cattle price expectations for the summer and fall months. This simply means that buyers of cattle should expect to pay more for calves heading into February and March. It had been said in this article previously that 550 pound steer prices could reach \$180 per hundred-weight this spring. At this point, it appears 550 pound steer prices will eclipse the \$180 price level at least one week this

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Livestock Comments by Dr. Andrew Griffith

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spring. If price levels reach expectations this year, this will be the highest prices since record prices in 2014 and 2015. As it relates to yearling cattle, prices are fairly strong currently, but there are greater expectations in the summer and fall months for these cattle. Another market that is expected to explode the next few weeks is the slaughter cow market. Slaughter cow prices tend to see their largest month over month price increase from January to February. As the market heads into February, producers should consider marketing cows that failed to calve the past couple of months and low producing cows, because it may not be worth waiting on higher prices in late spring and the cost incurred of feeding them the next two months.

ASK ANDREW, TN THINK TANK: Am I making money in the cattle business? There was a discussion at a meeting this week concerning the rate of return on the investment in the cattle business. In many cases, the rate of return in farming can be relatively low. Most farming businesses are low margin businesses with high investments, which means there are probably other businesses that have a higher rate of return.

However, as it relates to profitability, many cattle producers do generate more revenue each year than their cash expenses, which results in taxable income. Many cattle producers not only produce cattle to generate income, but it is also a lifestyle choice. This means rate of return on investment is not the only factor that plays into the decision to be a part of the business. It can be difficult to put a value on non-monetary benefits, but each individual places an internal value on those benefits. People do this same thing in most aspects of life. It is good to take the time to reflect on the things a person values in life and why they are valued.

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 \$138.70 +0.88; April \$143.10 +1.48; June \$138.00 +1.30; Feeder cattle –March \$159.63 +0.13; April \$165.30 +0.20; May \$169.93 +0.60; August \$180.10 +0.88; March corn closed at \$6.36 up 11 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Exports will continue to be important for price direction. For the 2021/22 marketing year, the January USDA WASDE report estimates that 16.0% of U.S. corn production, 46.2% of soybean production, 50.1% of wheat production, and 85.1% of cotton production will be exported. Currently, two major global situations are exerting influence on global grain and oilseed prices.

The drought in South America has resulted in increased corn and soybean prices in the U.S. Brazil and Argentina account for 58% of global soybean exports and 40% of global corn exports. The U.S. is the largest exporter of corn, at 30%, and the second largest exporter of soybeans, behind Brazil, at 33% of global exports. Reduced supplies in Brazil and Argentina will shift global demand to U.S. origin and support higher domestic prices.

	Previous	Current	Change
USD Index	95.61	97.28	1.67
Crude Oil	85.1	87.01	1.91
DJIA	34,389	34,498	109

The second situation is the potential conflict between Russia and Ukraine. Russia has increased its share of global wheat exports from less than 10% in the early 2000s to approximately 20% and has been the top global supplier of wheat in recent years. For the 2021/22 marketing year, Ukraine is projected to provide 12% of global exports of wheat and 16% of global exports of corn. Ukraine's share of global corn exports has increased dramatically since 2010. Conflict between the two countries could restrict supplies and disrupt logistics in the region, causing importing countries to seek supplies elsewhere.

These two external influences have propelled markets higher, but also have a likelihood of increasing volatility in U.S. prices. Drought and geopolitical conflict can be unpredictable making the need for price risk management and flexibility in marketing necessary. One strategy that producers should consider is managing price risk through tools, such as options, while not securing a final cash price for the commodity. Volatility presents challenges with downside risk, but also provides opportunities for upside potential. Thus, producers will need to walk a fine line when developing risk management and marketing strategies in 2022.

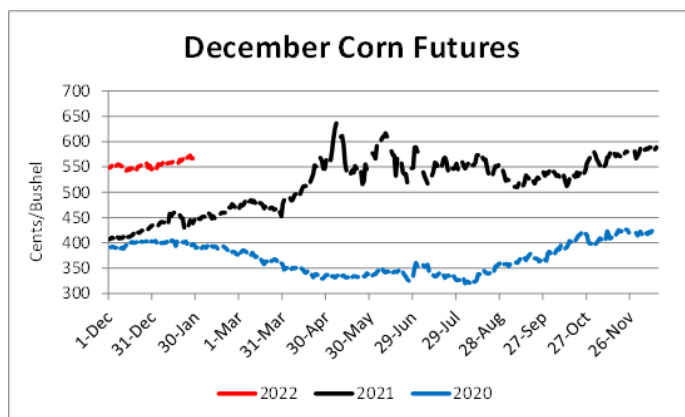
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Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending January 21 was 1.035 million barrels per day, down 18,000 from the previous week. Ethanol stocks were 24.476 million barrels, up 0.884 million compared to last week. Corn net sales reported by exporters for January 14-20, 2022, were up compared to last week with net sales of 55.2 million bushels for the 2021/22 marketing year and 6.5 million bushels for the 2022/23 marketing year. Exports for the same period were up 11% from last week at 56.6 million bushels – a marketing year high. Corn export sales and commitments were 71% 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 63%. 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 43 over, with an average of 17 over the March futures at elevators and barge points. March 2022 corn futures closed at \$6.36, up 20 cents since last Friday. For the week, March 2022 corn futures traded between \$6.09 and \$6.37. Mar/May and Mar/Dec future spreads were -3 and -67 cents. May 2022 corn futures closed at \$6.33, up 19 cents since last Friday.

Corn	Mar 22	Change	Dec 22	Change
Price	\$6.36	\$0.20	\$5.69	\$0.04
Support	\$6.17	\$0.15	\$5.61	\$0.05
Resistance	\$6.46	\$0.28	\$5.75	\$0.07
20 Day MA	\$6.07	\$0.05	\$5.60	\$0.05
50 Day MA	\$5.96	\$0.04	\$5.55	\$0.03
100 Day MA	\$5.72	\$0.05	\$5.40	\$0.03
4-Week High	\$6.37	\$0.19	\$5.74	\$0.08
4-Week Low	\$5.84	\$0.00	\$5.42	\$0.00
Technical Trend	Up	=	Up	=



New crop cash prices at elevators and barge points ranged from \$5.31 to \$5.83. December 2022 corn futures closed at \$5.69, up 4 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.70 December 2022 Put Option costing 53 cents establishing a \$5.17 futures floor.

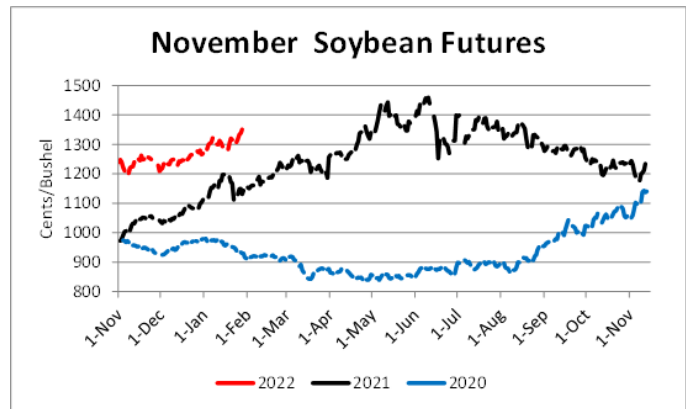
Soybeans

Net sales reported by exporters were up compared to last week with net sales of 37.7 million bushels for the 2021/22 marketing year and 7.5 million bushels for the 2022/23 marketing year. Exports for the same period were down 12% compared to last week at 58.8 million bushels. Soybean export sales and commitments were 79% 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 80%. Across Tennessee, average soybean basis strengthened or remained unchanged at Northwest, West-Central, and Mississippi River elevators and barge points and weakened at West and North-Central elevators and barge points. Basis ranged from 20 under to 35 over, with an average basis of 12 over the March futures contract. March 2022 soybean futures closed at \$14.70, up 56 cents since last Friday. For the week, March 2022 soybean futures traded between \$13.82 and \$14.79. Mar/May and Mar/Nov future spreads were 5 and -1.19 cents. March 2022 soybean-to-corn price ratio was 2.31 at the end of the week. May 2022 soybean futures closed at \$14.75, up 52 cents since last Friday.

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Crop Comments by Dr. Aaron Smith

Soybeans	Mar 22	Change	Nov 22	Change
Price	\$14.70	\$0.56	\$13.51	\$0.35
Support	\$14.26	\$0.54	\$13.21	\$0.32
Resistance	\$15.01	\$0.45	\$13.75	\$0.35
20 Day MA	\$13.97	\$0.19	\$13.08	\$0.14
50 Day MA	\$13.31	\$0.19	\$12.71	\$0.09
100 Day MA	\$12.97	\$0.07	\$12.55	\$0.04
4-Week High	\$14.79	\$0.50	\$13.60	\$0.35
4-Week Low	\$13.34	\$0.25	\$12.62	\$0.10
Technical Trend	Up	=	Up	=

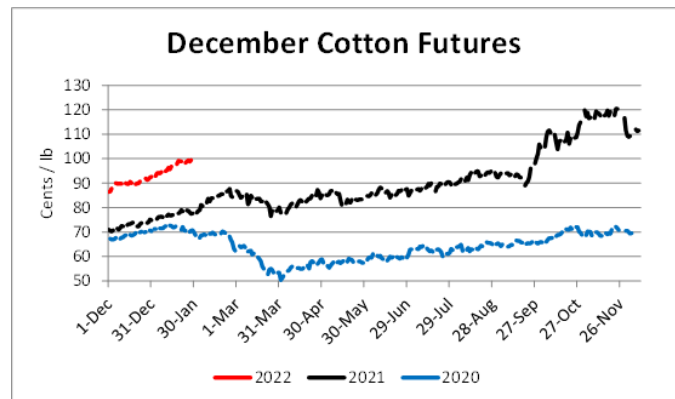


Nov/Dec 2022 soybean-to-corn price ratio was 2.37 at the end of the week. New crop cash soybean prices at elevators and barge points ranged from \$12.57 to \$13.61. November 2022 soybean futures closed at \$13.51, up 35 cents since last Friday. Downside price protection could be achieved by purchasing a \$13.60 November 2022 Put Option which would cost 109 cents and set a \$12.51 futures floor.

Cotton

Net sales reported by exporters were up compared to last week with net sales of 391,300 bales for the 2021/22 marketing year and 106,800 bales for the 2022/23 marketing year. Exports for the same period were down less than 1% compared to last week at 197,900 bales. Upland cotton export sales were 80% 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 80%. Delta upland cotton spot price quotes for January 27 were 121.38 cents/lb (41-4-34) and 123.63 cents/lb (31-3-35). Adjusted world price increased 1.99 cents to 112.43 cents. March 2022 cotton futures closed at 123.76 cents, up 3.01 cents since last Friday. For the week, March 2022 cotton futures traded between 119.2 and 125.6 cents. Mar/May and Mar/Dec cotton futures spreads were -2.92 cents and -24.03 cents. May 2022 cotton futures closed at 120.84 cents, up 2.86 cents since last Friday.

Cotton	Mar 22	Change	Dec 22	Change
Price	123.76	3.01	99.73	0.88
Support	117.53	-1.53	97.51	-0.06
Resistance	128.71	2.79	101.11	1.21
20 Day MA	118.57	2.50	96.57	1.86
50 Day MA	113.16	0.67	92.72	0.74
100 Day MA	108.59	1.46	90.21	0.81
4-Week High	125.60	0.82	100.00	0.60
4-Week Low	110.00	3.43	90.91	1.40
Technical Trend	Up	=	Up	=



December 2022 cotton futures closed at 99.73 cents, up 0.88 cents since last Friday. Downside price protection could be obtained by purchasing a 100 cent December 2022 Put Option costing 9.43 cents establishing a 90.57 cent futures floor.

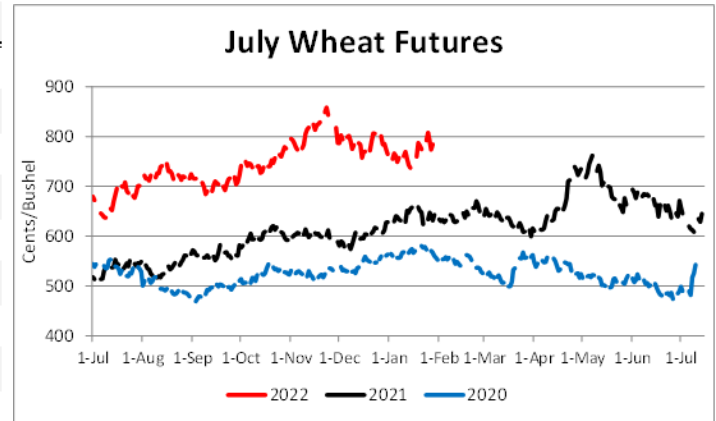
Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 24.9 million bushels for the 2021/22 marketing year and 2.2 million bushels for the 2022/23 marketing year. Exports for the same period were down 8% from last week at 13.3 million bushels. Wheat export sales were 78% 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 84%. Wheat cash prices at elevators and barge points ranged from \$8.07 to \$8.48. March 2022 wheat futures closed at \$7.86, up 6 cents since last Friday. March 2022 wheat futures traded between \$7.74 and \$8.31 this week. March wheat-to-corn price ratio was 1.24. Mar/May and Mar/Jul future

Crop Comments by Dr. Aaron Smith

spreads were 5 and -4 cents. May 2022 wheat futures closed at \$7.82, up 8 cents since last Friday. May wheat-to-corn futures price ratio was 1.25.

Wheat	Mar 22	Change	Jul 22	Change
Price	\$7.86	\$0.06	\$7.82	\$0.08
Support	\$7.66	-\$0.07	\$7.65	-\$0.02
Resistance	\$8.03	-\$0.08	\$7.96	-\$0.03
20 Day MA	\$7.72	\$0.00	\$7.68	\$0.00
50 Day MA	\$7.91	-\$0.03	\$7.86	-\$0.03
100 Day MA	\$7.73	\$0.03	\$7.65	\$0.03
4-Week High	\$8.31	\$0.07	\$8.17	\$0.04
4-Week Low	\$7.35	\$0.00	\$7.36	\$0.00
Technical Trend	Up	=	Up	=



New crop wheat cash prices at elevators and barge points ranged from \$7.42 to \$8.18. July 2022 wheat futures closed at \$7.82, up 8 cents since last Friday. Downside price protection could be obtained by purchasing a \$7.90 July 2022 Put Option costing 64 cents establishing a \$7.26 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/

Crop Progress & Condition/

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

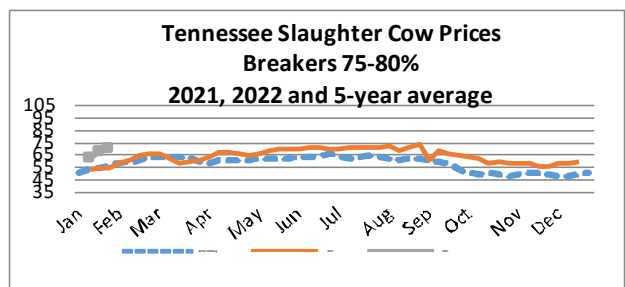
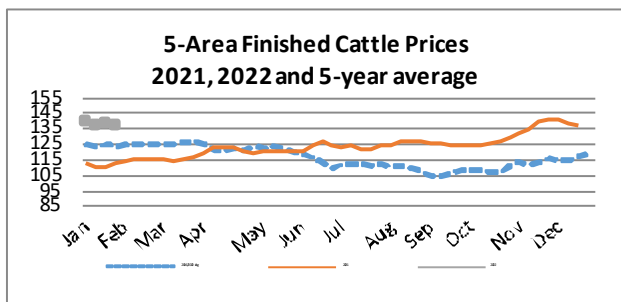
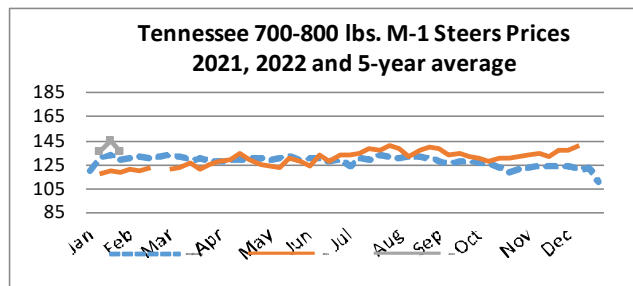
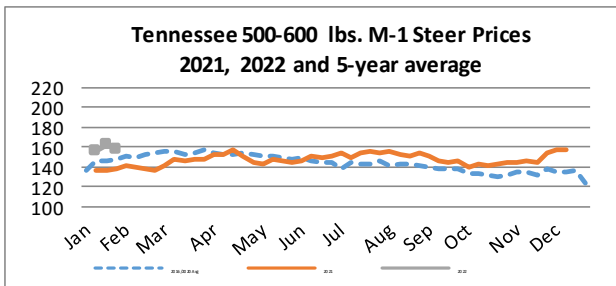
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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, January 21, 2022---Thursday, January 27, 2022

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	13.94	13.83	13.87	14.20	14.28
North Central	14.24	14.03	14.07	14.40	14.48
West Central	14.24	14.13	14.17	14.50	14.58
West	14.54	14.36	14.42	14.75	14.83
Mississippi River	14.42	14.27	14.30	14.72	14.80
Yellow Corn					
Northwest	6.16	6.21	6.20	6.27	6.25
North Central	6.01	6.06	6.05	6.12	6.10
West Central	6.40	6.45	6.44	6.51	6.49
West	6.54	6.61	6.63	6.70	6.68
Mississippi River	6.44	6.53	6.51	6.59	6.60
Wheat					
Northwest					
North Central	8.10	8.31	8.48	8.25	8.07
West					
Mississippi River	8.05	8.29	8.46	8.27	8.12
Cotton	-----\$/pound-----				
Memphis	120.50-122.75	120.13-122.38	120.67-122.92	122.08-124.33	121.38-123.63



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, January 24, 2022

	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.	157.50	200.00	178.63	189.06	162.85
400-500 lbs.	155.00	195.00	177.39	172.55	153.44
500-600 lbs.	134.00	175.00	156.75	161.74	138.01
600-700 lbs.	130.00	157.00	140.71	151.43	126.26
700-800 lbs.	125.00	142.00	135.41	143.75	117.57
Steers: Small Frame #1-2					
300-400 lbs.	---	---	---	153.32	147.82
400-500 lbs.	---	---	---	---	145.27
500-600 lbs.	---	---	---	131.16	121.28
600-700 lbs.	---	---	---	---	106.82
Steers: Medium/Large Frame #3					
300-400 lbs.	132.50	172.50	152.20	158.81	149.47
400-500 lbs.	127.50	150.00	138.77	161.50	141.11
500-600 lbs.	122.50	150.00	137.06	143.18	125.82
600-700 lbs.	115.00	138.00	127.99	133.49	115.22
700-800 lbs.	125.00	127.50	125.83	126.09	107.07
Holstein Steers					
300-400 lbs.	---	---	---	---	---
500-600 lbs.	---	---	---	---	---
700-800 lbs.	---	---	---	---	73.20
Slaughter Cows & Bulls					
Breakers 75-80%	64.00	76.00	69.34	66.12	53.66
Boners 80-85%	57.00	79.00	69.26	63.03	52.55
Lean 85-90%	48.00	71.00	59.70	54.14	43.74
Bulls YG 1	87.00	105.00	98.01	91.75	80.72
Heifers: Medium/Large Frame #1-2					
300-400 lbs.	129.00	156.00	146.11	147.96	135.18
400-500 lbs.	126.00	165.00	140.49	142.02	128.29
500-600 lbs.	117.00	156.00	136.56	135.87	120.59
600-700 lbs.	116.00	142.50	125.81	130.69	112.54
Heifers: Small Frame #1-2					
300-400 lbs.	---	---	---	137.20	123.08
400-500 lbs.	---	---	---	128.88	118.23
500-600 lbs.	---	---	---	119.97	107.73
600-700 lbs.	---	---	---	---	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs.	110.00	143.00	132.46	133.62	126.28
400-500 lbs.	118.00	137.50	128.27	131.55	121.13
500-600 lbs.	125.00	128.00	126.18	122.68	110.67
600-700 lbs.	116.00	125.00	118.96	117.83	104.41

Cattle Receipts

This week:2,777

Week ago:5,626

Year ago:8,523

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

Graded Sales, Video Board Sales, Video Sales & Loads

Hardin County Stockyard-Savannah, TN

1/26/22

1 load of 61 steers; weighing 822 lbs.; M&L 1, 100% Black/
BWF, 5-6 Flesh, \$147.50

Graded Goat & Sheep Sales

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 1/24/22

Total Receipts: 887

For complete report:

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