

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

February 11, 2022

Number: 6

Trends for the Week Compared to a Week Ago

Slaughter Cows

\$2 to \$4 higher

Slaughter Bulls

\$2 to \$3 higher

Feeder Steers

\$3 to \$5 higher

Feeder Heifers

\$4 to \$6 higher

Feeder Cattle Index: 162.73

Fed Cattle

The 5-area live price on Thursday of \$140.35 was up \$0.47.

The dressed price of \$224.04 was up \$2.25.

Corn

March closed at \$6.51 a bushel, up 31 cents since last Friday.

Soybeans

March closed at \$15.83 a bushel, up 30 cents since last Friday.

Wheat

March closed at \$7.97 a bushel, up 34 cents since last Friday.

Cotton

March closed at 125.28 cents per lb, down 1.46 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$1 higher compared to last week on a live basis. Prices on a live basis primarily ranged from \$140 to \$142 while dressed prices were mainly \$223 to \$225.

The 5-area weighted average prices thru Thursday were \$140.35 live, up \$0.47 compared to last week and \$224.04 dressed, up \$2.25 from a week ago. A year ago, prices were \$113.78 live and \$180.07 dressed.

The strength in finished cattle prices is being supported by the leverage cattle feeders have gained since the beginning of the year. Market participants can clearly see that supply of cattle moving through the next year will be reduced relative to the previous few years. This expectation has put packers on notice as they compete for cattle and as new slaughter facilities are expected to come on line. There continue to be labor concerns at the packer level, but many packers are evaluating and looking to implement measures to reduce the need for labor. These measures come with their own set of challenges, but the need for fewer laborers should alleviate a few of the concerns along the beef supply chain.

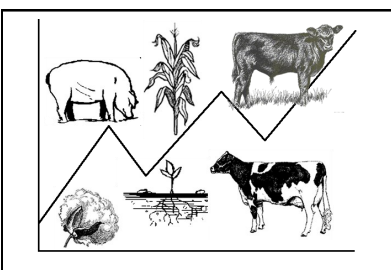
BEEF CUTOUT: At midday Friday, the Choice cutout was \$274.72 down \$0.10 from Thursday and down \$5.14 from a week ago. The Select cutout was \$267.84 down \$1.11 from Thursday and down \$8.18 from last week. The Choice Select spread was \$6.88 compared to \$3.84 a week ago.

Cattle producers regularly comment on cattle prices not reflecting retail beef prices. This is a topic of much discussion as most retail meat prices remain elevated compared to a year ago. The retail price of Choice beef logged in just below \$7.63 per pound for January while the all fresh retail price of beef was nearly \$7.28 per pound

for January. These are not record prices, but the all fresh beef price is nearly \$1 per pound higher than January 2021 while the Choice beef price is \$1.22 per pound higher than the same period in 2021. Beef is not alone in that the retail price of pork is \$4.75, which is an increase of \$0.63 compared to a year ago. Inflation is one factor at play in high retail meat prices, but the most prominent factor is that retailers were paying large sums at a wholesale level to acquire beef and pork. This means retailers are attempting to achieve a profitable margin, while the packing sector gained handsomely the past year to 18 months. Producers should not fear as some of those profits are expected to be passed down the next couple of years.

OUTLOOK: Based on Tennessee weekly auction market reports, steer prices this week were \$3 to \$5 higher compared to a week ago while heifer prices were \$4 to \$6 higher compared to last week. Slaughter cow prices were \$2 to \$4 higher while bull prices were \$2 to \$3 higher compared to the previous week. Cattle producers and traders appear to be extremely optimistic as it relates to cattle prices. Feeder cattle futures gained strength moving through the week, which resulted in calf and feeder cattle prices strengthening at auction markets as the week progressed. In other words, calf and feeder cattle prices appeared to increase from Monday through Thursday, but next week could be just the opposite. The only concern at this point continues to be input prices. The question to answer is how expensive it is going to be to feed cattle in 2022. Animals can either be fed with purchased feed or with pasture and hay, which is dependent on fertilizer. It is clear purchased feed remains elevated near \$270 per ton while a unit of nitrogen is likely to cost \$1. The failure to apply fertilizer will likely result in

(Continued on page 2)



Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

reduced hay and pasture yields. The decision becomes to purchase feed, purchase fertilizer, reduce the stocking rate, or overgraze pastures. The one factor that may provide an out is the slaughter cow market. Slaughter cow prices are strong and continue to increase, which means this may be a good year for producers to market older cows, poor temperament cows, and low producing cows. The salvage value and reduced pressure on pasture from marketing these animals may prove to be extremely valuable. Looking into the next few months, calf and slaughter cow prices are expected to continue increasing as will feeder cattle prices. There is no way to know if prices will reach or exceed levels being predicted by the futures market, but the futures market is offering some hedging opportunities for those interested.

ASK ANDREW, TN THINK TANK: I have been to a few meetings this week where several questions have been asked concerning production, marketing, and a few other aspects of the business. I would like to talk in generality toward a specific discussion, because some of my thoughts from this discussion pertain to the cattle industry, many businesses, and

several aspects of life. Avoiding the specific discussion, one of my main thoughts is that it is often necessary to be intentional. When there is a stated goal of any sort, it takes being intentional to achieve that goal. This leads to the second thought, which is the thought that being intentional requires effort and achieving a goal requires work. It can be difficult to navigate cattle markets as they are constantly in flux and can be influenced by external factors, which can deter a person from putting forth the additional effort and work that is necessary, especially when it is related to cooperative and innovative endeavors. However, my encouragement to producers is to work to achieve goals and be thankful for any assistance offered by others.

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 \$141.88 -0.48; April \$146.18 -0.70; June \$141.13 -0.48; Feeder cattle – March \$166.23 -0.50; April \$170.70 -1.05; May \$174.75 -1.13; August \$184.70 -0.35; March corn closed at \$6.51 up 9 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Limited changes were made to the domestic supply and demand balance sheets with soybean crush up 25 million bushels, cotton exports down 250,000 bales, and wheat total use down 20 million bushels. However, major revisions were again made to South American production. Brazil's corn and soybean production were projected 39 and 184 million bushels lower, compared to last month. Argentina and Paraguay soybean production was projected 55 and 81 million bushels lower. The drought in South America has clearly adversely affected production, but the full impact is unlikely to be realized for several months. US prices and exports will continue to be supported by lower South American production.

The recent acceleration in soybean prices has been remarkable. In the last ten trading days, November 22 soybeans have had daily changes of +15 ½, +15, +7 ¾, +3, +3, +20 ¼, -3, +24 ½, -5 ½, and +12 cents. An increase of 92 ½ cents in two weeks. The recent dramatic increase has accentuated the change in the 2022 harvest soybean-to-corn price ratio over the past three months. On December 1st, the 2022 harvest price ratio was 2.21 (\$12.14/\$5.48) on Friday, February 11 it closed at 2.43 (\$14.44/\$5.94). Both commodities have experienced substantial price gains – corn \$0.46 and soybeans \$2.30, but soybeans have clearly outpaced corn price increases. This dramatic increase in soybean prices relative to corn will undoubtedly have an influence on planted acres, however there is still time between now and planting for the price relationship to change. Combining the price advantage and projected lower input cost per planted acre, could increase projected soybean planted acreage from 1-2 million acres compared to December estimates.

Projected crop insurance prices as of February 11 were corn \$5.79; cotton \$1.04; and soybeans \$14.07. Projected prices will be finalized on February 28.

	Previous	Current	Change
USD Index	95.43	96.01	0.58
Crude Oil	92.21	93.41	1.2
DJIA	35,172	34,767	-405

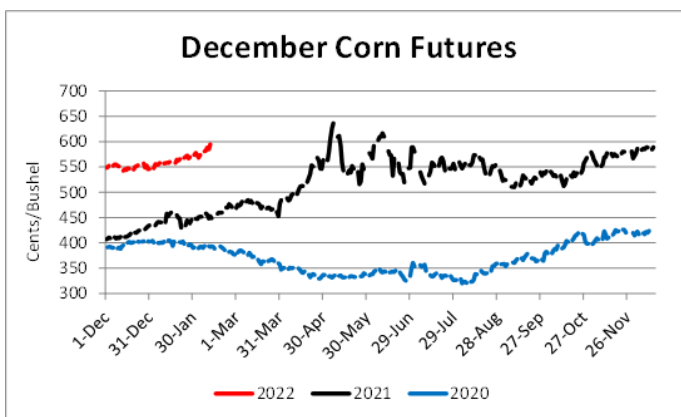
(Continued on page 3)

Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending February 4 was 0.994 million barrels per day, down 47,000 from the previous week. Ethanol stocks were 24.799 million barrels, down 1.055 million compared to last week. Corn net sales reported by exporters for January 28 to February 3, 2022, were down compared to last week with net sales of 23.2 million bushels for the 2021/22 marketing year. Exports for the same period were down 2% from last week at 45.2 million bushels. Corn export sales and commitments were 74% 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 69%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at Northwest, West-Central, North-Central, and Mississippi River elevators and barge points and weakened at West elevators and barge points. Overall, basis for the week ranged from 5 under to 36 over, with an average of 15 over the March futures at elevators and barge points. March 2022 corn futures closed at \$6.51, up 31 cents since last Friday. For the week, March 2022 corn futures traded between \$6.24 and \$6.62. Mar/May and Mar/Dec future spreads were -1 and -57 cents. May 2022 corn futures closed at \$6.50, up 29 cents since last Friday.

Corn	Mar 22	Change	Dec 22	Change
Price	\$6.51	\$0.31	\$5.94	\$0.21
Support	\$6.28	\$0.25	\$5.74	\$0.14
Resistance	\$6.68	\$0.37	\$6.06	\$0.28
20 Day MA	\$6.24	\$0.11	\$5.72	\$0.07
50 Day MA	\$6.06	\$0.06	\$5.59	\$0.03
100 Day MA	\$5.82	\$0.05	\$5.48	\$0.04
4-Week High	\$6.62	\$0.20	\$5.98	\$0.18
4-Week Low	\$5.85	\$0.00	\$5.49	\$0.01
Technical Trend	Up	=	Up	=



New crop cash prices at elevators and barge points ranged from \$5.46 to \$5.97. December 2022 corn futures closed at \$5.94, up 21 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.00 December 2022 Put Option costing 61 cents establishing a \$5.39 futures floor.

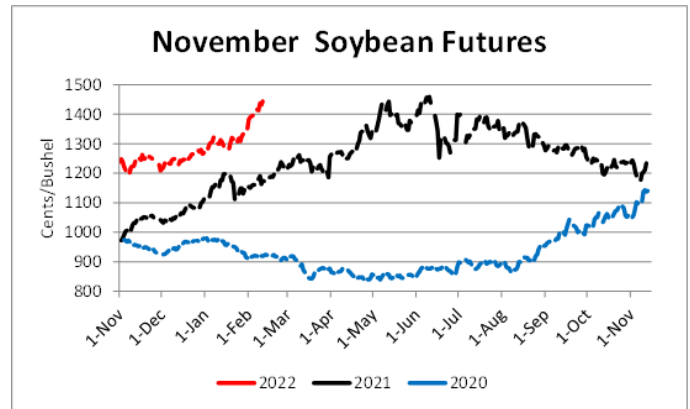
Soybeans

Net sales reported by exporters were up compared to last week with net sales of 58.7 million bushels for the 2021/22 marketing year and 32.9 million bushels for the 2022/23 marketing year. Exports for the same period were down 2% compared to last week at 47.8 million bushels. Soybean export sales and commitments were 84% 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 81%. 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 10 under to 40 over, with an average basis of 13 over the March futures contract. March 2022 soybean futures closed at \$15.83, up 30 cents since last Friday. For the week, March 2022 soybean futures traded between \$15.59 and \$16.33. Mar/May and Mar/Nov future spreads were 3 and -139 cents. March 2022 soybean-to-corn price ratio was 2.43 at the end of the week. May 2022 soybean futures closed at \$15.86, up 29 cents since last Friday.

(Continued on page 4)

Crop Comments by Dr. Aaron Smith

Soybeans	Mar 22	Change	Nov 22	Change
Price	\$15.83	\$0.30	\$14.44	\$0.49
Support	\$15.49	\$0.36	\$14.11	\$0.43
Resistance	\$16.11	\$0.36	\$14.74	\$0.63
20 Day MA	\$14.84	\$0.47	\$13.61	\$0.30
50 Day MA	\$13.89	\$0.33	\$13.04	\$0.20
100 Day MA	\$13.23	\$0.14	\$12.61	-\$0.01
4-Week High	\$16.33	\$0.69	\$14.69	\$0.69
4-Week Low	\$13.49	\$0.00	\$12.76	\$0.00
Technical Trend	Up	=	Up	=

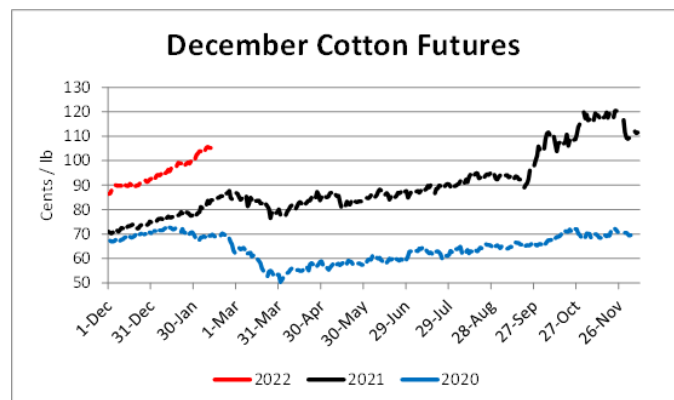


Nov/Dec 2022 soybean-to-corn price ratio was 2.43 at the end of the week. New crop cash soybean prices at elevators and barge points ranged from \$13.90 to \$14.63. November 2022 soybean futures closed at \$14.44, up 49 cents since last Friday. Downside price protection could be achieved by purchasing a \$14.60 November 2022 Put Option which would cost 118 cents and set a \$13.42 futures floor.

Cotton

Net sales reported by exporters were up compared to last week with net sales of 185,200 bales for the 2021/22 marketing year and 96,100 bales for the 2022/23 marketing year. Exports for the same period were down 1% compared to last week at 299,700 bales. Upland cotton export sales were 88% 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 83%. Delta upland cotton spot price quotes for February 10 were 125.41 cents/lb (41-4-34) and 127.66 cents/lb (31-3-35). Adjusted world price increased 1.5 cents to 117.6 cents. March 2022 cotton futures closed at 125.28 cents, down 1.46 cents since last Friday. For the week, March 2022 cotton futures traded between 124.92 and 127.37 cents. Mar/May and Mar/Dec cotton futures spreads were -2.37 cents and -20.09 cents. May 2022 cotton futures closed at 122.91 cents, down 1.08 cents since last Friday.

Cotton	Mar 22	Change	Dec 22	Change
Price	125.28	-1.46	105.19	1.38
Support	124.38	-0.05	104.17	2.56
Resistance	127.90	-1.39	106.05	1.00
20 Day MA	124.14	2.44	101.33	2.46
50 Day MA	115.87	1.60	95.44	1.63
100 Day MA	112.07	1.76	92.39	1.18
4-Week High	129.37	0.00	106.36	2.36
4-Week Low	115.70	1.10	94.75	1.49
Technical Trend	Up	=	Up	=



December 2022 cotton futures closed at 105.19 cents, up 1.38 cents since last Friday. Downside price protection could be obtained by purchasing a 106 cent December 2022 Put Option costing 10.15 cents establishing a 95.85 cent futures floor.

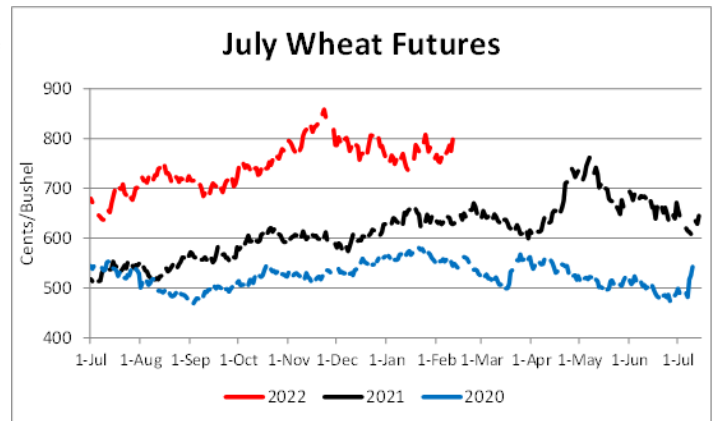
Wheat

Wheat net sales reported by exporters were down compared to last week with net sales of 3.1 million bushels for the 2021/22 marketing year and 1.8 million bushels for the 2022/23 marketing year. Exports for the same period were down 1% from last week at 14.0 million bushels. Wheat export sales were 80% 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 87%. Wheat cash prices at elevators and barge points ranged from \$8.03 to \$8.20. March 2022 wheat futures closed at \$7.97, up 34 cents since last Friday. March 2022 wheat futures traded between \$7.54 and \$8.06 this week. March wheat-to-corn price ratio was 1.22. Mar/May and Mar/Jul future

Crop Comments by Dr. Aaron Smith

spreads were 7 and 1 cents. May 2022 wheat futures closed at \$8.04, up 34 cents since last Friday. May wheat-to-corn futures price ratio was 1.24.

Wheat	Mar 22	Change	Jul 22	Change
Price	\$7.97	\$0.34	\$7.98	\$0.37
Support	\$7.48	\$0.16	\$7.53	\$0.18
Resistance	\$8.31	\$0.56	\$8.29	\$0.63
20 Day MA	\$7.77	\$0.05	\$7.74	\$0.06
50 Day MA	\$7.79	-\$0.04	\$7.76	-\$0.03
100 Day MA	\$7.79	\$0.03	\$7.73	\$0.04
4-Week High	\$8.31	\$0.00	\$8.17	\$0.00
4-Week Low	\$7.37	\$0.02	\$7.36	\$0.00
Technical Trend	Up	=	Up	=



New crop wheat cash prices at elevators and barge points ranged from \$7.39 to \$7.96. July 2022 wheat futures closed at \$7.98, up 37 cents since last Friday. Downside price protection could be obtained by purchasing an \$8.00 July 2022 Put Option costing 67 cents establishing a \$7.33 futures floor.

Additional Information:

Links for data presented:

U.S. Export Sales - <https://apps.fas.usda.gov/export-sales/esrd1.html>

USDA FAS: Weekly Export Performance Indicator – <https://apps.fas.usda.gov/esrquery/esrpi.aspx>

EIA: Weekly ethanol Plant Production - https://www.eia.gov/dnav/pet/pet_pnp_wprode_s1_w.htm

EIA: Weekly Supply Estimates - https://www.eia.gov/dnav/pet/pet_sum_sndw_a_EPOOXE_sae_mdbl_w.htm

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

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

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

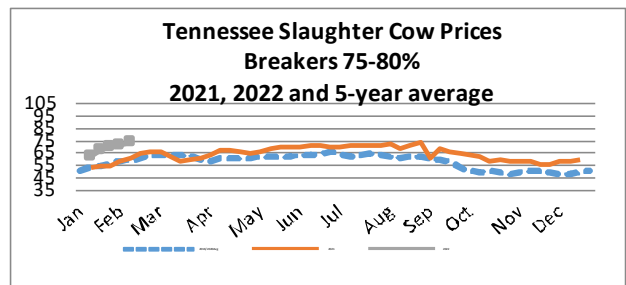
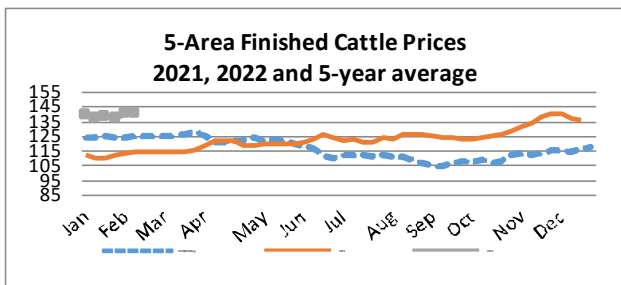
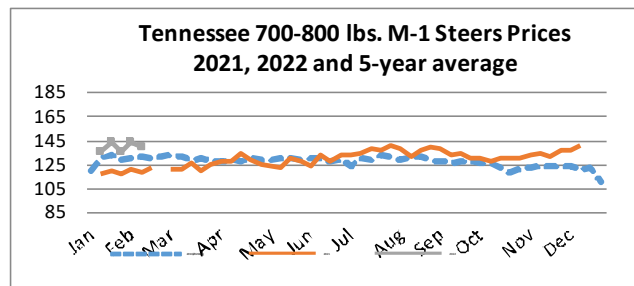
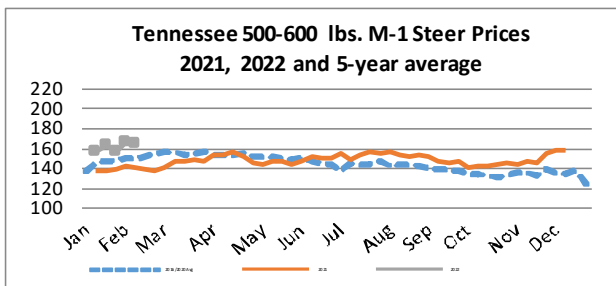
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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

Prices Paid to Farmers by Elevators

Friday, February 4, 2022---Thursday, February 10, 2022

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	15.44	15.72	15.59	15.85	15.64
North Central	15.49	15.77	15.64	15.90	15.69
West Central	15.64	15.92	16.79	16.05	15.84
West	15.94	16.22	16.09	16.35	16.14
Mississippi River	15.82	16.13	15.99	16.26	16.05
Yellow Corn					
Northwest	6.22	6.37	6.34	6.48	6.43
North Central	6.11	6.30	6.27	6.42	6.37
West Central	6.45	6.59	6.56	6.71	6.66
West	6.57	6.71	6.66	6.80	6.75
Mississippi River	6.43	6.58	6.53	6.71	7.65
Wheat					
Northwest					
North Central	7.98	8.04	8.14	8.20	8.07
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	126.49-128.74	125.32-127.57	126.90-129.15	126.18-128.43	125.41-127.66



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, February 7, 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	160.00	212.50	190.27	192.33	171.70
400-500 lbs	155.00	201.00	176.36	179.84	155.09
500-600 lbs	142.00	179.00	163.62	165.30	139.96
600-700 lbs	129.00	163.50	148.17	150.39	129.13
700-800 lbs	127.00	148.00	139.69	142.90	118.82
Steers: Small Frame #1-2					
300-400 lbs	---	---	---	148.18	146.52
400-500 lbs	---	---	---	149.75	143.96
500-600 lbs	---	---	---	---	130.00
600-700 lbs	---	---	---	---	112.33
Steers: Medium/Large Frame #3					
300-400 lbs	157.50	192.50	168.39	161.92	153.67
400-500 lbs	138.00	177.50	160.51	158.84	145.01
500-600 lbs	134.00	160.00	146.30	147.64	128.51
600-700 lbs	124.00	140.00	131.35	134.68	118.77
700-800 lbs	123.00	123.00	123.00	131.21	112.60
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	77.00
Slaughter Cows & Bulls					
Breakers 75-80%	62.00	83.00	73.30	69.96	60.74
Boners 80-85%	60.00	85.00	71.39	67.10	59.84
Lean 85-90%	47.00	74.00	61.48	57.89	49.18
Bulls YG 1	85.00	108.50	96.93	91.50	85.14
Heifers: Medium/Large Frame #1-2					
300-400 lbs	125.00	164.00	150.16	151.75	136.35
400-500 lbs	125.00	155.50	145.17	144.35	131.18
500-600 lbs	120.00	150.00	136.56	139.30	122.19
600-700 lbs	110.00	139.00	130.21	131.80	114.00
Heifers: Small Frame #1-2					
300-400 lbs	115.00	127.50	120.66	129.97	120.94
400-500 lbs	120.00	146.00	132.38	132.50	113.34
500-600 lbs	109.00	128.00	117.77	121.51	105.96
600-700 lbs	---	---	---	---	103.00
Heifers: Medium/Large Frame #2-3					
300-400 lbs	125.00	150.00	137.81	138.73	127.13
400-500 lbs	120.00	140.00	131.89	134.27	122.73
500-600 lbs	115.00	137.00	128.39	125.68	116.07
600-700 lbs	115.00	130.00	121.13	122.74	97.62

Cattle Receipts

This week:7,888

Week ago:7,257

Year ago:5,043

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

Graded Sales, Video Board Sales, Video Sales & Loads

Graded Goat & Sheep Sales

Dickson Regional Livestock Center-Dickson, TN

2/7/22

65 Steers, 730 lbs., M&L 1&2, 64-Black 1-ChX, 5 Flesh,
\$160.00

71 Heifers, 734 lbs., M&L 1&2, 48-Black 12-ChX 11-Red, 5
Flesh, \$144.75

East Tennessee Livestock Center Video Sale-Sweetwater, TN

2/9/22

1 load out of 65 home-raised steers from BQA certified producer; Est. weight 850 lbs.; 95% L&M-1s and 5% L&M-2s; medium flesh; 100% Black/BWF; \$156.00

2 loads out of 140 steers from BQA certified producer;
Est. weight 855 lbs.; 95% L&M-1s and 5% L&M-2s; medium
flesh; 100% Black/BWF; \$158.25

Department of Agricultural and Resource Economics

314 Morgan Hall • 2621 Morgan Circle • arec.tennessee.edu

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

1-800-342-8206

Real. Life. Solutions.

