Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

March 11, 2022
Number: 10

Trends for the Week Compared to a Week Ago

Slaughter Cows

$2 to $4 higher

Slaughter Bulls

$3 higher

Feeder Steers

$2 to $3 lower

Feeder Heifers

$2 to $5 lower

Feeder Cattle Index: 153.06

Fed Cattle

The 5-area live price on Thursday of $138.28 was down $2.48. The dressed price of $220.10 was down $4.52.

Corn

May closed at $7.62 a bushel, up 8 cents since last Friday.

Soybeans

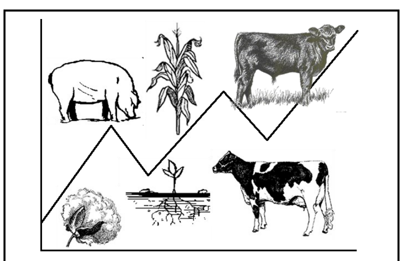
May closed at $16.76 a bushel, up 16 cents since last Friday.

Wheat

May closed at $11.06 a bushel, down 103 cents since last Friday.

Cotton

May closed at 121.03 cents per lb, up 4.61 cents since last Friday.



Livestock Comments *by Dr. Andrew P. Griffith*

FED CATTLE: Fed cattle traded $2 to $3 lower compared to last week on a live basis. Prices on a live basis primarily ranged from $137 to $139 while dressed prices were mainly $219 to $221.

The 5-area weighted average prices thru Thursday were $138.28 live, down $2.48 compared to last week and $220.10 dressed, down $4.52 from a week ago. A year ago, prices were $113.59 live and $179.31 dressed.

Fed cattle prices continued their decline this week as the wholesale beef price decreased and as political uncertainty across the world continues to take center stage. Cattle feeders should be experiencing strong profit margins with cattle coming off feed in today's market, but the budget for placing cattle on feed is changing. A month ago, cattle feeders were faced with strengthening feeder cattle prices and what now seems like relatively low feed prices. However, the sudden increase in feed grain prices has resulted in higher feed cost expectations, which has resulted in bidding lower prices for cattle to be placed in the near term. The market cannot be outguessed at this point, but there may be a wildly different closeouts amongst cattle feeders in coming months.

BEEF CUTOUT: At midday Friday, the Choice cutout was $255.08 up $1.14 from Thursday and down $4.69 from a week ago. The Select cutout was $250.22 up $2.85 from Thursday and up $2.27 from last week. The Choice Select spread was $4.86 compared to $7.02 a week ago.

Monthly retail meat prices for February were recently released by USDA. The retail price of beef remains elevated with the Choice retail beef price coming in near $7.62 per pound, which is a marginal decline from January and $1.20 per pound higher than one year ago. It may seem counterintuitive that retail prices remain elevated as wholesale prices have been declining, but retailers are much slower to react to price changes than the wholesale level. Thus, many retailers are in the profit taking mode in today's market, because margins were extremely thin as the wholesale price of beef increased. Similar to retail beef prices, the February retail price for pork and composite broiler remain elevated at $4.77 and $2.27 per pound, respectively. As meat prices change, the price relative to competing meats is important to consumers. Beef prices in February were 1.53 times the pork price and 3.21 times the composite broiler price, which are both very much in line with relative prices from 2015 through 2021 of 1.54 for pork price and 3.11 for the composite broiler price.

OUTLOOK: Based on Tennessee weekly auction market reports, steer prices this week were $2 to $3 lower compared to a week ago while heifer prices $2 to $5 lower compared to last week. Slaughter cow prices were $2 to $4 higher while bull prices were mostly $3 higher compared to the previous week. Commodity markets are in complete confusion. Since the beginning of the Russia and Ukraine crisis, the general market tendency has been higher feed grain prices and lower livestock prices. Nearby corn futures have traded as much as $1 per bushel higher since the Russia's first attack on Ukraine. Similarly, wheat got a shot in the arm and traded as much as $5 per bushel higher, but are now only trading $1.50 per bushel more than when Russia made the first move. The feeder cattle market has been moving in the opposite direction, which would be expected given the higher feed grain prices. Nearby feeder cattle futures have declined more than $10 per hundredweight during the same time period, which has taken a mildly profitable group of cattle

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Livestock Comments *by Dr. Andrew Griffith*

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and made it difficult to breakeven in some instances. The issue is not just the magnitude of cattle prices but the further increase of input prices. The same time feeder cattle and calf prices have been declining, feed price, fuel price, and fertilizer price have continued to increase. Again, what was looking to be a mildly profitably year for cow-calf producers is quickly turning into a year of losses if the current trend continues. The current situation points towards the need of price risk management in every operation. The price risk management strategy includes managing cattle prices, but it may also include managing input purchase prices in some manner. There is no way of knowing when markets will "normalize" or if the market will move back to pre-Russia/Ukraine levels. What is known is that much of the country remains in drought, which will be another curve in the road. Hopefully, the GPS is calculating alternate routes.

ASK ANDREW, TN THINK TANK: In a recent discussion with a veterinarian, the topic of metaphylaxis was broached. Metaphylaxis is the treatment of a group of cattle with no evidence of disease that may be in close contact with animals with disease. This is a practice that typically reduces morbidity rates and mortality rates in high risk cattle. However, there are unintended consequences with such practices. The discussion then moved to learning how to segregate cattle and managing groupings to reduce some of these same risks. It was a great conversation that resulted in my reading some research articles and learning several things. The point is that cattle business owners can never stop learning. This business is constantly changing as it relates to every aspect of the business, and it is important to stay on the front end of the information train. Information and learning have to be paired with other information to make wise and informed decisions, because one piece of information can lead to unintended consequences.

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 –April $137.30 +1.40; June $132.95 +0.50; August $135.08 +0.43; Feeder cattle –March $153.28 +1.63; April $157.98 +1.73; May $163.73 +1.93; August $177.08 +1.40; March corn closed at $7.65 up 8 cents from Thursday.

Crop Comments *by Dr. Aaron Smith*

Overview

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

	Previous	Current	Change
USD Index	98.59	99.10	0.51
Crude Oil	115.28	109.29	-5.99
DJIA	33,431	33,139	-292

Markets are trying to find where values should be. There continues to be a large amount of uncertainty regarding commodity prices, due to the Ukraine-Russia conflict and political responses by external nations. Futures markets have been very volatile, and are likely to continue to be volatile, as traders try to determine value between commodities and across time. Relative values and values at different points in time are influenced by many factors simultaneously.

Futures markets provide price discovery for commodities. The process involves determining value between commodities (for example soybean-to-corn price ratio) and commodity value over time (for example wheat value by contract month). The challenge for traders is digesting new information and determining short run and long run implications for commodities and the global economy. Information is translated into a price expectation and entered into the marketplace. Because there is so much uncertainty the "educated guesses" as to the outcomes of information very tremendously and consequently there is a wide range of potential outcomes. This drives price volatility as competing price expectations are expressed in futures markets.

Many producers facing extreme volatility may choose to take a wait and see approach until markets stabilize, and that may be the correct strategy based on their current sales and the risk management program for the farm. Crop insurance provides an excellent starting point to build a price risk management plan. However, volatility does provide opportunity and can be used to strengthen an existing risk management plan. For example, as at March 11, July wheat was trading at $10.77 ($3.63 above the fall crop insurance price of $7.14). A $10.80 July put option can be purchased for $1.29 establishing a $9.51 futures price floor. This strategy provides downside protection while leaving the upside open. It is worth considering if this type of strategy is right for your operation. Option premiums are expensive, but when the wheat crop was planted last fall would you have taken $9.51 futures floor? That should result in very profitable outcomes for most producers.

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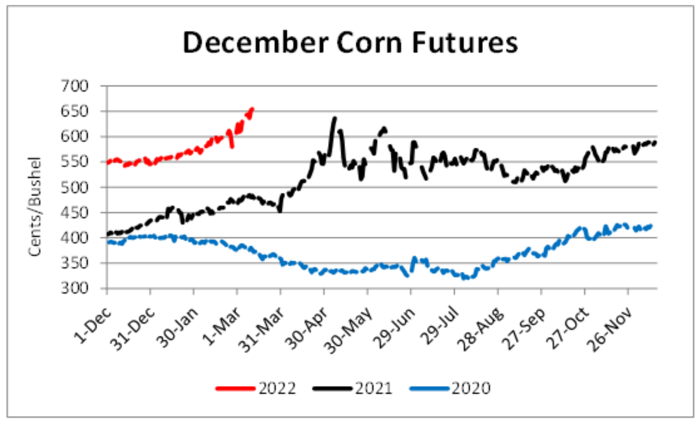
Crop Comments *by Dr. Aaron Smith*

Corn

Ethanol production for the week ending March 4 was 1.028 million barrels per day, up 31,000 from the previous week. Ethanol stocks were 25.271 million barrels, up 0.338 million compared to last week. Corn net sales reported by exporters for February 25-March 3, 2022, were up compared to last week with net sales of 84.4 million bushels for the 2021/22 marketing year –a marketing year high-- and 0.9 million bushels for the 2022/23 marketing year. Exports for the same period were up 14% from last week at 69.4 million bushels. Corn export sales and commitments were 79% 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 78%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened at Mississippi River elevators and barge points and weakened at West, Northwest, West-Central, and North-Central elevators and barge points. Overall, basis for the week ranged from 20 under to 25 over, with an average of 1 under the May futures at elevators and barge points. May 2022 corn futures closed at $7.62, up 8 cents since last Friday. For the week, May 2022 corn futures traded between $7.28 and $7.80. May/Jul and May/Dec future spreads were -34 and -107 cents. July 2022 corn futures closed at $7.28, up 7 cents since last Friday.

Corn	May 22	Change	Dec 22	Change
Price	$7.62	$0.08	$6.55	$0.26
Support	$7.13	$0.08	$6.18	$0.24
Resistance	$7.86	$0.05	$6.70	$0.28
20 Day MA	$6.99	$0.29	$6.14	$0.16
50 Day MA	$6.48	$0.14	$5.84	$0.09
100 Day MA	$6.15	$0.11	$5.66	$0.06
4-Week High	$7.82	$0.00	$6.54	$0.07
4-Week Low	$6.35	$0.09	$5.77	$0.01
Technical Trend	Up	=	Up	=



New crop cash prices at elevators and barge points ranged from $6.01 to $6.77. December 2022 corn futures closed at $6.55, up 26 cents since last Friday. Downside price protection could be obtained by purchasing a $6.60 December 2022 Put Option costing 75 cents establishing a $5.85 futures floor.

Soybeans

Net sales reported by exporters were up compared to last week with net sales of 81.0 million bushels for the 2021/22 marketing year and 32.9 million bushes for the 2022/23 marketing year. Exports for the same period were up 11% compared to last week at 30.7 million bushels. Soybean export sales and commitments were 92% 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 88%. Across Tennessee, average soybean basis weakened or remained unchanged at West, Northwest, West-Central, North-Central, Mississippi River elevators and barge points. Basis ranged from 22 under to 34 over, with an average basis of 9 over the May futures contract. May 2022 soybean futures closed at $16.76, up 16 cents since last Friday. For the week, May 2022 soybean futures traded between $16.49 and $17.34. May/Jul and May/Nov future spreads were -25 and -185 cents. May 2022 soybean-to-corn price ratio was 2.20 at the end of the week. July 2022 soybean futures closed at $16.51, up 18 cents since last Friday.

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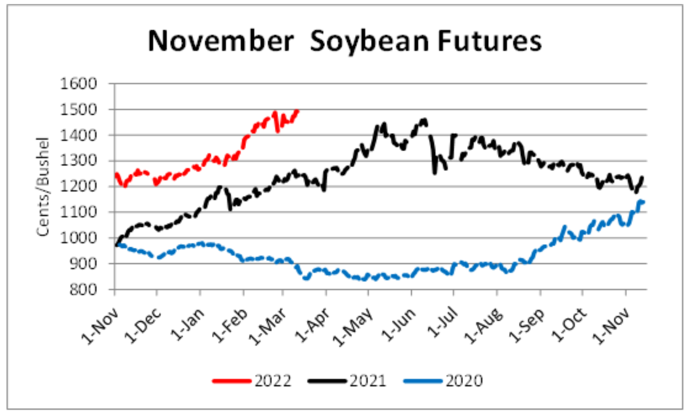
Crop Comments *by Dr. Aaron Smith*

Soybeans	May 22	Change	Nov 22	Change
Price	$16.76	$0.16	$14.91	$0.41
Support	$16.42	$0.35	$14.48	$0.50
Resistance	$17.23	$0.08	$15.19	$0.26
20 Day MA	$16.37	$0.25	$14.58	$0.14
50 Day MA	$15.24	$0.31	$13.84	$0.20
100 Day MA	$14.01	$0.22	$13.12	$0.13
4-Week High	$17.59	$0.00	$15.55	$0.00
4-Week Low	$15.46	$0.00	$14.03	$0.03
Technical Trend	Up	=	Up	=

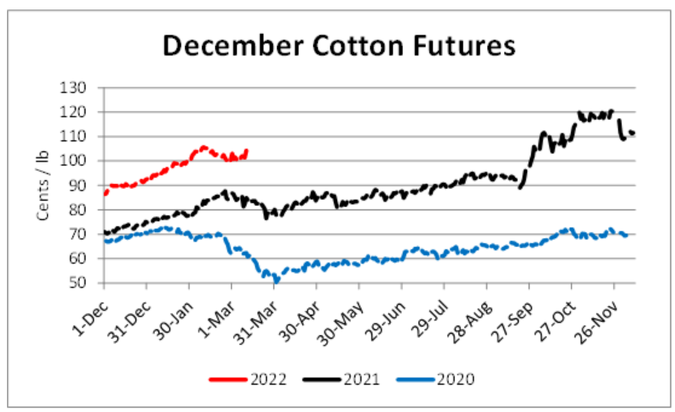


Nov/Dec 2022 soybean-to-corn price ratio was 2.28 at the end of the week. New crop cash soybean prices at elevators and barge points ranged from $14.26 to $15.22. November 2022 soybean futures closed at $14.91, up 41 cents since last Friday. Downside price protection could be achieved by purchasing a $15.00 November 2022 Put Option which would cost 129 cents and set a $13.71 futures floor.

Cotton

Net sales reported by exporters were up compared to last week with net sales of 416,800 bales for the 2021/22 marketing year and 68,200 bales for the 2022/23 marketing year. Exports for the same period were down 9% compared to last week at 321,300 bales. Upland cotton export sales were 96% 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 92%. Delta upland cotton spot price quotes for March 10 were 117.86 cents/lb (41-4-34) and 120.11 cents/lb (31-3-35). Adjusted world price decreased 1 cent to 111.71 cents. May 2022 cotton futures closed at 121.03 cents, up 4.61 cents since last Friday. For the week, May 2022 cotton futures traded between 115.37 and 121.73 cents. May/Jul and May/Dec cotton futures spreads were -4.24 cents and -16.79 cents. July 2022 cotton futures closed at 116.79 cents, up 3.68 cents since last Friday.

Cotton	May 22	Change	Dec 22	Change
Price	121.03	4.61	104.24	3.59
Support	115.53	1.96	100.95	2.54
Resistance	125.83	4.26	106.36	3.01
20 Day MA	119.54	-1.39	102.18	-0.69
50 Day MA	118.67	0.96	100.04	1.10
100 Day MA	113.72	0.74	95.27	0.62
4-Week High	125.13	0.00	105.25	-1.11
4-Week Low	115.37	-0.49	98.88	0.00
Technical Trend	Down	=	Down	=



December 2022 cotton futures closed at 104.24 cents, up 3.59 cents since last Friday. Downside price protection could be obtained by purchasing a 105 cent December 2022 Put Option costing 11.85 cents establishing a 93.15 cent futures floor.

Wheat

Wheat net sales reported by exporters were down compared to last week with net sales of 13.0 million bushels for the 2021/22 marketing year and 2.3 million bushels for the 2022/23 marketing year. Exports for the same period were up 5% from last week at 14.1 million bushels. Wheat export sales were 86% 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 96%. Wheat cash prices at elevators and barge points ranged from $9.37 to $11.44. May 2022 wheat futures closed at $11.06, down 103 cents since last Friday. May 2022 wheat futures traded between $10.43 and $13.63 this week. May wheat-to-corn price ratio was 1.45. May/Jul and May/Sep future spreads were -29 and -62 cents.

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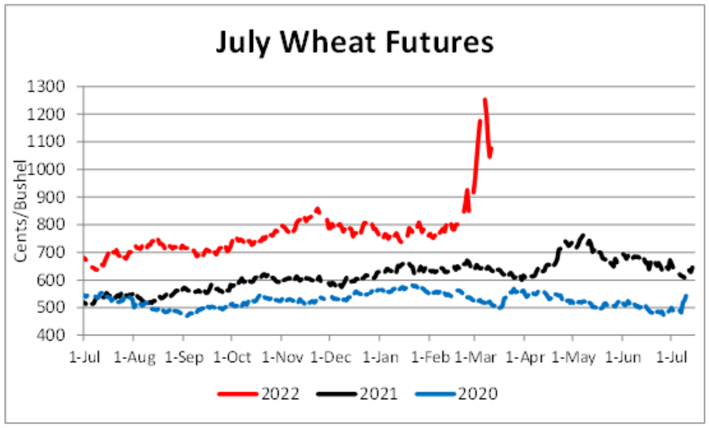
Crop Comments *by Dr. Aaron Smith*

Wheat	May 22	Change	Jul 22	Change
Price	$11.06	-$1.03	$10.77	-$0.98
Support	$9.88	$0.94	$9.61	-$1.14
Resistance	$12.70	-$0.78	$11.71	-$0.70
20 Day MA	$9.80	$1.03	$9.58	$0.91
50 Day MA	$8.57	$0.39	$8.44	$0.34
100 Day MA	$8.30	$0.22	$8.18	$0.20
4-Week High	$13.63	$1.54	$12.78	$0.70
4-Week Low	$7.79	$0.18	$7.75	$0.19
Technical Trend	Up	=	Up	=



New crop wheat cash prices at elevators and barge points ranged from $8.70 to $11.52. July 2022 wheat futures closed at $10.77, down 98 cents since last Friday. Downside price protection could be obtained by purchasing a $10.80 July 2022 Put Option costing 129 cents establishing a $9.51 futures floor. September 2022 wheat futures closed at $10.44, down 19 cents since last Friday.

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

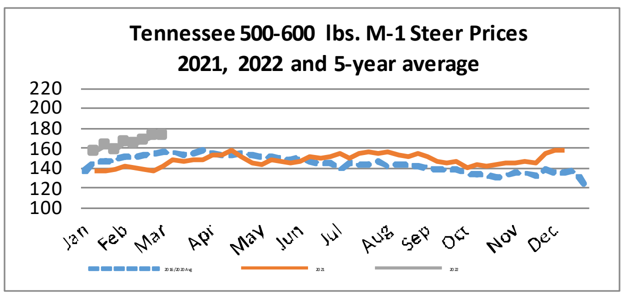
Tennessee Crop Progress - https://www.nass.usda.gov/Statistics_by_State/Tennessee/Publications/Crop_Progress_&_Condition/

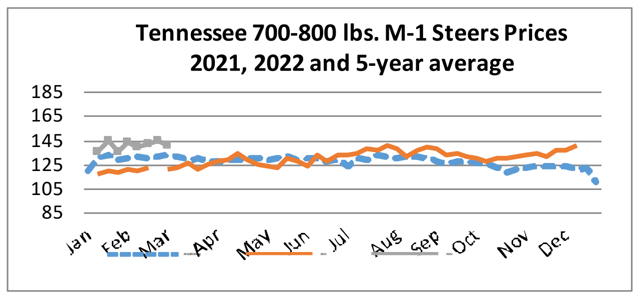
U.S. Crop Progress - http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1048

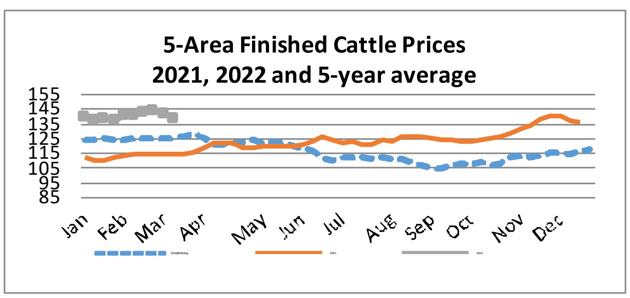
USDA AMS: Market News - https://www.ams.usda.gov/market-news/search-market-news

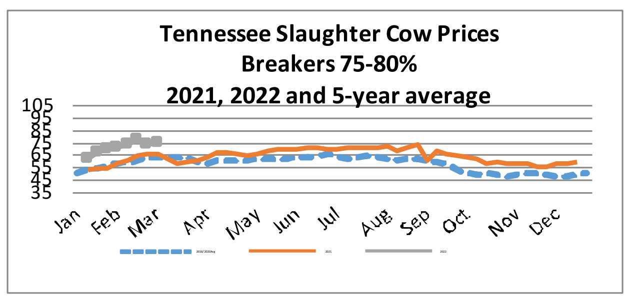
If you would like further information or clarification on topics discussed in the crop comments section or would like to be added to our free email list please contact me at aaron.smith@utk.edu.

Prices Paid to Farmers by Elevators					
	Friday, March 4, 2022---Thursday, March 10, 2022				
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	--------------------------------------$/bushel--				
Northwest	16.46	16.42	16.68	16.53	16.68
North Central	16.66	16.65	16.95	16.77	16.91
West Central	16.66	16.60	16.90	16.72	16.86
West	17.03	16.90	17.20	17.05	17.20
Mississippi River	16.87	16.83	17.12	16.97	17.09
Yellow Corn					
Northwest	7.53	7.32	7.34	7.14	7.36
North Central	7.39	7.36	7.38	7.13	7.36
West Central	7.69	7.56	7.53	7.33	7.56
West	7.98	7.73	7.76	7.56	7.81
Mississippi River	7.59	7.61	7.61	7.47	7.66
Wheat					
Northwest					
North Central	10.59	11.44	11.37	10.52	9.37
West					
Mississippi River					
Cotton	--------------------------------------$/pound--				
Memphis	117.42-119.67	117.94-120.19	118.97-121.22	118.47-120.72	117.86-120.11









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, March 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	181.00	224.00	203.12	199.60	170.88
400-500 lbs	155.00	204.00	186.12	186.94	168.08
500-600 lbs	145.00	198.00	171.11	171.77	147.35
600-700 lbs	135.00	178.00	154.15	154.61	133.51
700-800 lbs	130.00	156.00	144.22	140.20	121.46
Steers: Small Frame #1-2					
300-400 lbs	152.50	195.00	171.77	175.92	154.20
400-500 lbs	147.50	180.00	165.18	174.07	137.09
500-600 lbs	---	---	---	---	123.99
600-700 lbs	---	---	---	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	150.00	204.00	175.57	175.63	151.06
400-500 lbs	137.50	180.00	159.55	172.21	139.14
500-600 lbs	135.00	174.00	155.87	155.06	130.51
600-700 lbs	130.00	148.00	137.23	141.07	119.84
700-800 lbs	---	---	---	132.07	111.30
Holstein Steers					
300-400 lbs	---	---	---	---	78.63
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	65.00	86.00	76.76	74.74	61.61
Boners 80-85%	60.00	88.50	75.03	71.55	62.33
Lean 85-90%	51.00	78.00	64.94	60.13	52.37
Bulls YG 1	84.00	118.00	100.84	97.74	91.27
Heifers: Medium/Large Frame #1-2					
300-400 lbs	142.00	180.00	163.57	160.42	140.06
400-500 lbs	138.00	170.00	154.67	152.82	137.19
500-600 lbs	129.00	156.50	145.44	143.97	127.36
600-700 lbs	113.00	145.00	135.36	133.64	114.86
Heifers: Small Frame #1-2					
300-400 lbs	135.00	150.00	144.17	145.67	---
400-500 lbs	126.00	145.00	136.02	141.59	115.00
500-600 lbs	119.00	139.00	130.34	127.50	116.04
600-700 lbs	122.50	125.00	123.74	---	108.26
Heifers: Medium/Large Frame #2-3					
300-400 lbs	127.50	161.00	144.52	145.65	128.77
400-500 lbs	127.50	152.50	141.88	142.39	122.67
500-600 lbs	119.00	143.00	132.34	134.85	114.15
600-700 lbs	115.00	130.00	125.75	123.74	106.19

Cattle Receipts

This week:6,311 Week ago:5,536 Year ago:9,715

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

Graded Sales, Video Board Sales, Video Sales & Loads

East Tennessee Cattle Alliance Preconditioned Graded Feeder Sale-Greeneville, TN
3/10/22
Total Receipts: 435
For complete report:
https://www.ams.usda.gov/mnreports/ams_2075.pdf

Graded Goat & Sheep Sales