

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

March 18, 2022

Number: 11

Trends for the Week Compared to a Week Ago

Slaughter Cows

steady to \$3 higher

Slaughter Bulls

steady

Feeder Steers

steady to \$4 lower

Feeder Heifers

steady to \$3 higher

Feeder Cattle Index: 154.23

Fed Cattle

The 5-area live price on Thursday of \$138.55 was up \$0.27. The dressed price of \$221.85 was up \$1.75.

Corn

May closed at \$7.41 a bushel, down 21 cents since last Friday.

Soybeans

May closed at \$16.68 a bushel, down 8 cents since last Friday.

Wheat

May closed at \$10.63 a bushel, down 43 cents since last Friday.

Cotton

May closed at 126.86 cents per lb., up 5.83 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded steady compared to last week on a live basis. Prices on a live basis primarily ranged from \$138 to \$140 while dressed prices were mainly \$221 to \$222.

The 5-area weighted average prices thru Thursday were \$138.55 live, up \$0.27 compared to last week and \$221.85 dressed, up \$1.75 from a week ago. A year ago, prices were \$114.25 live and \$181.28 dressed.

After a few weeks of softer prices in the live cattle market and uncertainty across many commodity markets, finished cattle prices found some footing. Nearby live cattle futures are attempting to push higher, which bodes well for cattle feeders who continue to face high feed costs and strong expectations for feeder cattle moving through the year. It does appear fed cattle prices will struggle to reach the lofty expectations the futures market had for April during February trade. The April contract traded between \$145 and \$148 for approximately three weeks, but the contract then traded below \$136 the first week of March. These values would appear to set the upper and lower bounds for finished cattle the next six to eight weeks.

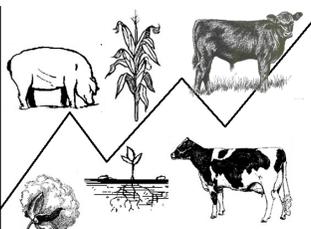
BEEF CUTOUT: At midday Friday, the Choice cutout was \$259.61 up \$2.56 from Thursday and up \$4.53 from a week ago. The Select cutout was \$251.51 up \$0.83 from Thursday and up \$1.29 from last week. The Choice Select spread was \$8.10 compared to \$4.86 a week ago.

If it has not been said enough, is \$250 the new floor price for the composite Choice boxed beef price? Packers will not complain or raise any concerns with this price being a strong support point as it will keep them in positive margins in today's market. The cutout should begin to find support from a seasonal standpoint as retail-

ers, food service and restaurants shift their purchases more toward middle meats heading toward grilling season. The retail price of beef is certainly becoming a concern for consumers as they feel the pinch between high food prices and increasing fuel prices. Food and fuel compete for disposable income as does leisure expenditures such as vacation. Consumers are looking to travel a little more following two years of pandemic reduced travel, and those travel expenditures will be higher because of higher fuel prices. What does this mean for beef purchases? There will be consumers that shift their dollars from food to fuel and leisure. This may come in the form of trading down from middle meats to ground products.

OUTLOOK: Based on Tennessee weekly auction market reports, steer prices this week were steady to \$4 lower compared to a week ago while heifer prices were steady to \$3 higher compared to last week. Slaughter cow prices were steady to \$3 higher while bull prices were mostly steady compared to the previous week. The slaughter cow and slaughter bull markets are hitting full stride through the middle of March. The largest month over month price increase for these two classes of cattle typically occurs moving from January into February, which will most likely still be the case this year. There was an \$8 per hundredweight increase from January to February, which represents more than a 10 percent increase month over month. There is a good chance March prices will clock in \$4 to \$6 higher than February prices. The increase in March will not likely be the end of such increases as the seasonal tendency is for slaughter cow and bull prices to continue increasing through June. There are several factors that influence slaughter cow and bull prices with the primary demand factor being lean

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

grinding beef. Some factors that could influence this market moving through the next several years include consumers trading more grinding beef for value cuts given the extremely elevated price of beef items and the shift in production in Australia to more grain finished beef. Higher beef prices will certainly result in some consumers reducing the quantity of steaks purchased and increase the quantity of ground beef purchased. The shift in Australia production to include more grain finished beef will likely reduce the supply of lean grinding beef, which is a commodity commonly imported to the United States from Australia. A reduction in this supply will increase the price of imports that in turn should increase the price of grinding beef from cows. Not to be undersold, it should also increase the value of 50-50 trimmings from finished cattle.

ASK ANDREW, TN THINK TANK: A question was asked this week about the differences in live cattle futures and feeder cattle futures and what those prices actually represent. The feeder cattle futures price represents an 800 pound Large/Medium frame, #1/#2 muscled steer. For more perspective, feeder cattle futures prices are the expected price of the CME

Feeder Cattle index, which are actual cash sales of steers weighing 700-899 pounds in a 12-state region (TX, OK, KS, MO, IA, NE, SD, ND, WY, MT, CO, NM). Thus, the March feeder cattle contract price should be really close to the CME FC index, which means the futures price and actual cash prices are in line. Live cattle represent steers and heifers ready to be harvested. Thus, cattle who are ready to exit the feedlot and be sent to a slaughter and packing facility. Based on the live cattle contract, the price should represent steers or heifers grading 70% Choice and 30% Select or higher with a Yield Grade 3. Every steer must weigh 1,050-1,500 pounds and heifers weigh 1,050-1,350 pounds based on contract specifications.

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 \$140.50 +1.03; June \$137.28 +1.35; August \$137.80 +1.15; Feeder cattle –March \$157.00 +0.43; April \$162.33 +1.23; May \$167.45 +1.58; August \$180.70 +1.40; May corn closed at \$7.42 down 13 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Managing financial risk for the 2022 crop will be the most important decision producers make this year. So far, 2022 has been positive for grain and oilseed prices. Since the start of the year, harvest futures contracts for soybeans are up \$2.00 (\$12.69 to \$14.69), corn up \$0.98 (\$5.46 to \$6.44), and wheat up \$2.80 (\$7.64 to \$10.44). However, expenses are up dramatically since last year. Fertilizer prices are up 49% to 138%, de-

pending on type. Additionally, availability of crop protection inputs are a concern and prices have been continuously changing throughout the winter/spring planning season. As such, it will be important for producers to continually adjust their cost of production estimates and breakeven prices based on their current circumstances and evolving cost structures.

Crop insurance provides a great base for a risk management plan with projected (pre-planting) prices set at \$7.14 for wheat, \$1.03 for cotton, \$5.90 for corn, and \$14.30 for soybeans. However, substantial price gaps have opened between the projected crop insurance prices and current futures market offerings (corn +54 cents; soybeans +39 cents; cotton +2.34 cents; and wheat +334 cents). Harvest crop insurance prices provide the potential for establishing higher price guarantees, but what if futures markets peak and then retreat into the harvest price determination period? Producers could unnecessarily leave money on the table. Risk management plans are implemented because we do not know what will happen. As such, strategically removing price risk when opportunities are presented should be strongly considered.

There is still bullish support in grain, oilseed, and fiber markets, however a downside correction is overdue, and volatility will continue to persist. Establishing a cash price on some production, at current prices, to offset increased input prices is a prudent measure to manage financial risk. Factoring in local basis and cash market offers for harvest delivery should be fully explored and the risk/reward weighed. However, being too aggressive with the percent of production priced can exchange price risk for production risk or sell producers out of extended bull markets.

	Previous	Current	Change
USD Index	99.10	98.25	-0.85
Crude Oil	109.29	104.76	-4.53
DJIA	33,139	34,575	1,436

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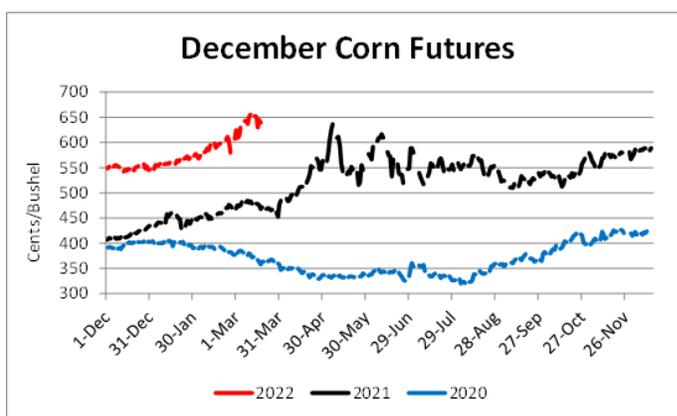
Crop Comments by Dr. Aaron Smith

One source of data to evaluate pricing decisions is options markets (this does not necessarily mean pricing though options, but as a source of market information). Specifically, strike prices relative to premium costs. For examples, a December 2022 corn put option at \$6.50 has a premium of \$0.74 cents or a \$5.76 futures floor (compared to a projected crop insurance price of \$5.90); a July 2022 wheat put option at \$10.50 has a premium of \$1.10 cents or a \$9.40 futures floor (compared to a projected crop insurance price of \$7.14). Elevating the price floor for wheat production may make sense for many producers, whereas for corn the options strategy may not. Options markets provide information on prices and volatility. Desired strategies will vary by producer based on price expectations, cost of production, and marketing tool used, however all producers should look at option markets as a source of information and determine if implementation is worthwhile for your operation.

Corn

Ethanol production for the week ending March 11 was 1.026 million barrels per day, down 2,000 from the previous week. Ethanol stocks were 25.945 million barrels, up 0.674 million compared to last week. Corn net sales reported by exporters for March 4-10, 2022, were down compared to last week with net sales of 72.3 million bushels for the 2021/22 marketing year and 8.0 million bushels for the 2022/23 marketing year. Exports for the same period were down 28% from last week at 50.1 million bushels. Corn export sales and commitments were 82% 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 81%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened or remained unchanged at West, Northwest, West-Central, North-Central, and Mississippi River elevators and barge points. Overall, basis for the week ranged from 30 under to 25 over, with an average of 3 under the May futures at elevators and barge points. May 2022 corn futures closed at \$7.41, down 21 cents since last Friday. For the week, May 2022 corn futures traded between \$7.26 and \$7.67. May/Jul and May/Dec future spreads were -29 and -96 cents. July 2022 corn futures closed at \$7.12, down 16 cents since last Friday.

Corn	May 22	Change	Dec 22	Change
Price	\$7.41	-\$0.21	\$6.45	-\$0.10
Support	\$7.25	\$0.12	\$6.34	\$0.16
Resistance	\$7.62	-\$0.24	\$6.53	-\$0.17
20 Day MA	\$7.24	\$0.25	\$6.26	\$0.12
50 Day MA	\$6.63	\$0.15	\$5.94	\$0.10
100 Day MA	\$6.25	\$0.10	\$5.72	\$0.06
4-Week High	\$7.82	\$0.00	\$6.58	\$0.04
4-Week Low	\$6.55	\$0.20	\$5.77	\$0.00
Technical Trend	Up	=	Up	=



New crop cash prices at elevators and barge points ranged from \$5.94 to \$6.74. December 2022 corn futures closed at \$6.45, down 10 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.50 December 2022 Put Option costing 74 cents establishing a \$5.76 futures floor.

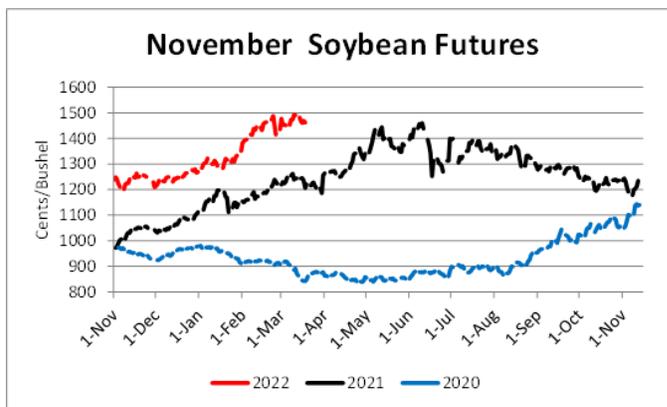
Soybeans

Net sales reported by exporters were down compared to last week with net sales of 46.0 million bushels for the 2021/22 marketing year and 17.5 million bushels for the 2022/23 marketing year. Exports for the same period were down 14% compared to last week at 26.2 million bushels. Soybean export sales and commitments were 94% 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 90%. Across Tennessee, average soybean basis weakened or remained unchanged at West, West-Central, and North-Central elevators and barge points and strengthened at Northwest and Mississippi River elevators and barge points. Basis ranged from 20 under to 34 over, with an average basis of 4 over the May futures contract. May 2022 soybean futures closed at \$16.68, down 8 cents since last Friday. For the week, May 2022 soybean futures traded between \$16.38 and \$16.97. May/Jul and May/Nov future spreads were -23 and -202 cents. May 2022 soybean-to-corn price ratio was 2.25 at the end of the week. July 2022 soybean futures closed at \$16.45, down 6 cents since last Friday.

(Continued on page 4)

Crop Comments by Dr. Aaron Smith

Soybeans	May 22	Change	Nov 22	Change
Price	\$16.68	-\$0.08	\$14.66	-\$0.25
Support	\$16.32	-\$0.10	\$14.42	-\$0.06
Resistance	\$17.07	-\$0.16	\$14.92	-\$0.27
20 Day MA	\$16.58	\$0.21	\$14.64	\$0.06
50 Day MA	\$15.53	\$0.29	\$14.03	\$0.19
100 Day MA	\$14.21	\$0.20	\$13.24	\$0.12
4-Week High	\$17.59	\$0.00	\$15.55	\$0.00
4-Week Low	\$15.79	\$0.33	\$14.03	\$0.00
Technical Trend	Up	=	Up	=

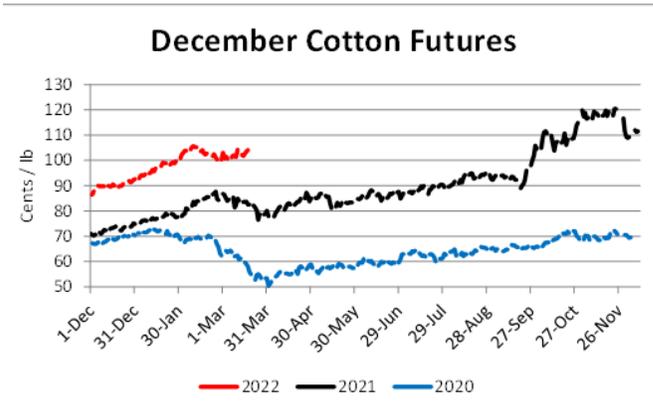


Nov/Dec 2022 soybean-to-corn price ratio was 2.27 at the end of the week. New crop cash soybean prices at elevators and barge points ranged from \$14.33 to \$15.11. November 2022 soybean futures closed at \$14.66, down 25 cents since last Friday. Downside price protection could be achieved by purchasing a \$14.80 November 2022 Put Option which would cost 117 cents and set a \$13.63 futures floor.

Cotton

Net sales reported by exporters were down compared to last week with net sales of 371,400 bales for the 2021/22 marketing year and 49,000 bales for the 2022/23 marketing year. Exports for the same period were down 1% compared to last week at 325,500 bales. Upland cotton export sales were 98% 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 94%. Delta upland cotton spot price quotes for March 17 were 122.86 cents/lb. (41-4-34) and 125.11 cents/lb. (31-3-35). Adjusted world price increased 1.55 cents to 113.26 cents. May 2022 cotton futures closed at 126.86 cents, up 5.83 cents since last Friday. For the week, May 2022 cotton futures traded between 117.05 and 126.86 cents. May/Jul and May/Dec cotton futures spreads were -3.83 cents and -21.62 cents. July 2022 cotton futures closed at 123.03 cents, up 6.24 cents since last Friday.

Cotton	May 22	Change	Dec 22	Change
Price	126.86	5.83	105.24	1.00
Support	120.17	4.64	102.52	1.57
Resistance	130.21	4.38	106.76	0.40
20 Day MA	119.67	0.13	102.05	-0.13
50 Day MA	119.59	0.92	101.02	0.98
100 Day MA	114.52	0.80	95.93	0.66
4-Week High	126.86	1.73	105.40	0.15
4-Week Low	115.37	0.00	98.88	0.00
Technical Trend	Up	+	Up	=



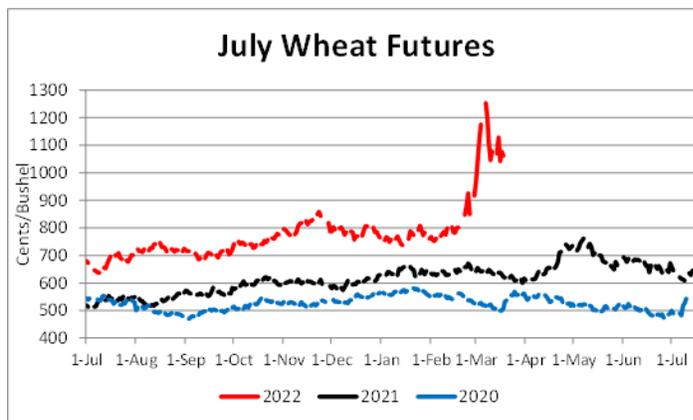
December 2022 cotton futures closed at 105.24 cents, up 1 cent since last Friday. Downside price protection could be obtained by purchasing a 106 cent December 2022 Put Option costing 11.76 cents establishing a 94.24 cent futures floor.

Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 5.4 million bushels for the 2021/22 marketing year and 12.0 million bushels for the 2022/23 marketing year. Exports for the same period were down 35% from last week at 9.2 million bushels. Wheat export sales were 87% 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 97%. Wheat cash prices at elevators and barge points ranged from \$9.46 to \$10.74. May 2022 wheat futures closed at \$10.63, down 43 cents since last Friday. May 2022 wheat futures traded between \$10.31 and \$11.60 this week. May wheat-to-corn price ratio was 1.43. May/Jul and May/Sep future spreads were -19 and -58 cents.

Crop Comments by Dr. Aaron Smith

Wheat	May 22	Change	Jul 22	Change
Price	\$10.63	-\$0.43	\$10.44	-\$0.33
Support	\$10.24	\$0.36	\$10.05	\$0.44
Resistance	\$11.25	-\$1.45	\$11.05	-\$0.66
20 Day MA	\$10.55	\$0.75	\$10.28	\$0.70
50 Day MA	\$8.90	\$0.33	\$8.75	\$0.31
100 Day MA	\$8.47	\$0.17	\$8.34	\$0.16
4-Week High	\$13.63	\$0.00	\$12.78	\$0.00
4-Week Low	\$8.10	\$0.31	\$8.07	\$0.32
Technical Trend	Up	=	Up	=



New crop wheat cash prices at elevators and barge points ranged from \$8.95 to \$10.63. July 2022 wheat futures closed at \$10.44, down 33 cents since last Friday. Downside price protection could be obtained by purchasing a \$10.50 July 2022 Put Option costing 110 cents establishing a \$9.40 futures floor. September 2022 wheat futures closed at \$10.05, down 39 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>

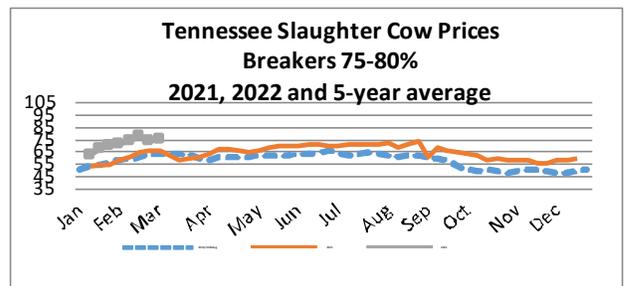
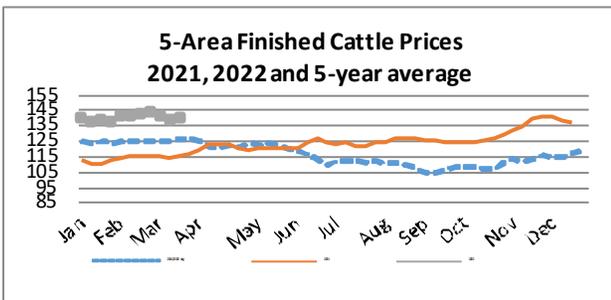
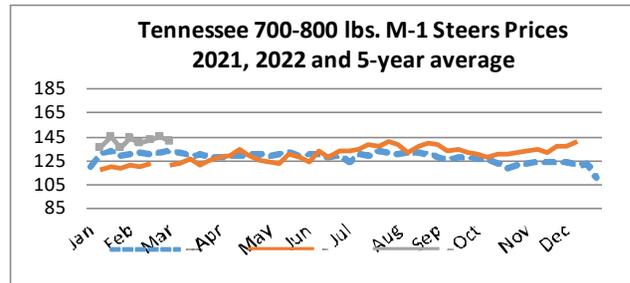
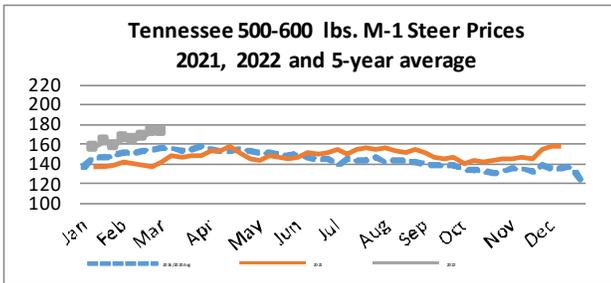
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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 11, 2022---Thursday, March 17, 2022

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	16.59	16.54	16.42	16.33	16.53
North Central	16.81	16.66	16.39	16.29	6.49
West Central	16.76	16.71	16.59	16.49	16.69
West	17.10	17.04	16.92	16.83	17.02
Mississippi River	16.97	16.92	16.80	16.71	16.90
Yellow Corn					
Northwest	7.42	7.28	7.37	7.09	7.33
North Central	7.38	7.23	7.33	7.05	7.25
West Central	7.63	7.48	7.58	7.30	7.55
West	7.88	7.73	7.83	7.55	7.80
Mississippi River	7.74	7.60	7.70	7.41	7.65
Wheat					
Northwest					
North Central	9.57	9.46	10.74	9.89	10.18
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	122.03-124.28	119.77-122.02	119.60-121.85	120.80-123.05	122.86-125.11



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 14, 2022

	This Week		Weighted Average	Last Week's	Year Ago
	Low	High		Weighted Average	Weighted Average
-----\$/cwt-----					
Steers: Medium/Large Frame #1-2					
300-400 lbs.	172.50	220.00	195.74	203.12	169.77
400-500 lbs.	160.00	197.50	186.25	186.12	162.26
500-600 lbs.	154.00	187.00	169.47	171.11	146.04
600-700 lbs.	131.00	170.00	156.67	154.15	133.64
700-800 lbs.	125.00	157.50	141.73	144.22	126.38
Steers: Small Frame #1-2					
300-400 lbs.	155.00	191.00	180.61	171.77	147.50
400-500 lbs.	165.00	175.00	170.09	165.18	137.34
500-600 lbs.	---	---	---	---	126.63
600-700 lbs.	---	---	---	---	116.12
Steers: Medium/Large Frame #3					
300-400 lbs.	150.00	190.00	178.14	175.57	153.88
400-500 lbs.	140.00	185.00	170.44	159.55	144.81
500-600 lbs.	142.00	173.00	157.28	155.87	133.89
600-700 lbs.	130.00	145.00	137.43	137.23	125.17
700-800 lbs.	127.50	137.00	132.93	---	112.53
Holstein Steers					
300-400 lbs.	112.50	112.50	112.50	---	---
500-600 lbs.	---	---	---	---	---
700-800 lbs.	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	72.00	88.00	80.62	76.76	58.15
Boners 80-85%	68.00	89.00	77.97	75.03	58.67
Lean 85-90%	49.00	79.00	63.84	64.94	49.14
Bulls YG 1	91.00	118.50	105.76	100.84	85.10
Heifers: Medium/Large Frame #1-2					
300-400 lbs.	141.00	172.00	157.71	163.57	138.11
400-500 lbs.	129.00	162.50	152.84	154.67	134.09
500-600 lbs.	124.00	157.50	144.82	145.44	125.06
600-700 lbs.	125.00	143.00	135.91	135.36	116.90
Heifers: Small Frame #1-2					
300-400 lbs.	140.00	147.50	143.75	144.17	116.15
400-500 lbs.	137.50	145.00	141.77	136.02	121.46
500-600 lbs.	---	---	---	130.34	112.92
600-700 lbs.	125.00	125.00	125.00	123.74	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs.	130.00	161.00	147.09	144.52	127.70
400-500 lbs.	123.00	152.50	142.85	141.88	125.07
500-600 lbs.	112.00	145.00	134.11	132.34	115.85
600-700 lbs.	120.00	130.00	125.31	125.75	105.84

Cattle Receipts

This week:4,958

Week ago:6,311

Year ago:11,220

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

Graded Sales, Video Board Sales, Video Sales & Loads

East Tennessee Livestock Center Graded Feeder Cattle Sale-Sweetwater, TN

3/11/22

Total Receipts: 659

For complete report:

https://www.ams.usda.gov/mnreports/ams_2073.pdf

Browning Livestock Market Video/Internet Auction-Lafayette, TN

3/16/22

Total Receipts: 360

For complete report:

https://www.ams.usda.gov/mnreports/ams_3467.pdf

East Tennessee Livestock Video Sale-Sweetwater, TN

3/16/22

1 load out of 125 steers from BQA certified producer; Est weight 875 lbs.; 95% L&M-1s and 5% L&M-2s; medium flesh; 100% BLK/BWF; \$147.25

Hardin County Stockyard Video Auction-Savannah, TN

3/16/22

Total Receipts: 126

For complete report:

https://www.ams.usda.gov/mnreports/ams_3509.pdf

Graded Goat & Sheep Sales

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 3/14/22

Total Receipts:

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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