

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

March 25, 2022

Number: 12

Trends for the Week Compared to a Week Ago

Slaughter Cows

steady

Slaughter Bulls

steady to \$2 higher

Feeder Steers

steady to \$5 higher

Feeder Heifers

steady to \$3 higher

Feeder Cattle Index: 154.69

Fed Cattle

The 5-area live price on Thursday of \$138.96 was up \$0.41. The dressed price of \$221.45 was down \$0.40.

Corn

May closed at \$7.54 a bushel, up 13 cents since last Friday.

Soybeans

May closed at \$17.10 a bushel, up 42 cents since last Friday.

Wheat

May closed at \$11.02 a bushel, up 39 cents since last Friday.

Cotton

May closed at 135.9 cents per lb, up 9.04 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 \$138.96 live, up \$0.41 compared to last week and \$221.45 dressed, down \$0.40 from a week ago. A year ago, prices were \$115.54 live and \$184.87 dressed.

Expectations are nothing more than a wisp of smoke on a windy day if no action was taken when the expectation existed. The April live cattle contract spent the better part of 3.5 months trading over \$140 with much of that time trading over \$142 and as high as \$148. Hitting the high is not common, but there was ample opportunity to price cattle higher than today's price. It would have been tough to lock in a price in the low \$140s given the bullishness in the market the first two months of the year, but it now appears to have been a wise decision. There continues to be bullishness in the live cattle market, but traders have pushed that bullishness to the fourth quarter of the year and the first four or five months of 2023.

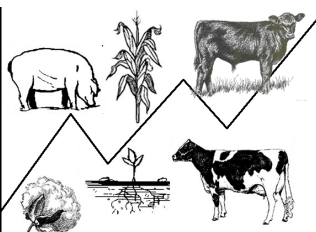
BEEF CUTOUT: At midday Friday, the Choice cutout was \$262.09 down \$0.32 from Thursday and up \$2.58 from a week ago. The Select cutout was \$251.04 down \$1.55 from Thursday and down \$0.47 from last week. The Choice Select spread was \$8.10 compared to \$11.05 a week ago.

At the end of February, the quantity of beef in cold storage totaled 532.5 million pounds. The February total marks the highest quantity of beef in cold storage since December 2020 and is the second largest quantity dating back to January 2017. It is fairly common to see a large quantity of beef in cold storage from No-

vember through February, but typically the quantity declines in February relative to January, which is not the case this year. Is this a sign that consumers are slowing down when it comes to beef purchases? Are other things competing for disposable income? The answer to both questions is most likely "yes." Consumers were willing to pay more for beef prior to inflation taking over most markets and when travel was limited. However, consumers are shifting some of their dollars back into traveling while also facing higher prices for most all goods. What this likely translates too is that the retail price of beef will have to decline significantly to garner much attention from consumers who have decided to spend their dollars elsewhere.

OUTLOOK: Based on Tennessee weekly auction market reports, steer prices this week were steady to \$5 higher compared to a week ago while heifer prices were steady to \$3 higher compared to last week. Slaughter cow prices were steady while bull prices were steady to \$2 higher compared to the previous week. The seasonal trend appears to be the factor supporting cattle prices as grass cattle become a hot commodity. Feeder cattle futures have been steady at best and actually should be called softer compared to last week. However, as grass continues to green and become more abundant, lightweight cattle buyers have become more active participants in the market. The question at hand has to do with if and how cattle buyers may adjust the quantity of animals purchased relative to previous years to place on grass. Will producers purchase fewer cattle with higher commodity feed prices and fertilizer prices? Producers who are not willing to pay for feed and producers who do not fertilize as much this year may make the decision to purchase fewer animals to stretch the

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

grass a little deeper into the year. Others may stick with the status quo and not change a thing. Both scenarios will require adjustments and a finely sharpened pencil. Though the calf market has underperformed relative to first of the year expectations, it has done well considering the market challenges. The feeder cattle market on the other hand still has a long row to hoe if it has any chance coming close to beginning of the year expectations. The summer and fall feeder cattle futures markets continue to exhibit strong expectations, but the current expectations do not compare to the pre-Russia and Ukraine crisis expectations. Historically speaking, the cash market has no problem increasing \$20 to \$30 per hundred-weight from March through August, but the set of circumstances ahead of the market this year may make it more challenging.

The March cattle on feed report for feedlots with a 1000 head or more capacity indicated cattle and calves on feed as of March 1, 2022 totaled 12.16 million head, up 1.3% compared to a year ago, with the pre-report estimate average expecting an increase of 1.1%. February placements in feedlots totaled 1.85 million head, up 9.3% from a year ago with the pre-report estimate average expecting placements up 6.3%. February marketing's totaled 1.83 million head up 4.9% from 2021 with pre-report estimates expecting a 4.3% increase in marketings. Placements on feed by weight: under 700 pounds up 8.7%, 700 to 899 pounds up 10.4%, 900 pounds and over up 5.6%.

ASK ANDREW, TN THINK TANK: : A couple of weeks ago, a question concerning hay ground rent was asked. In essence, the question was what is the appropriate way to value such ground from either the owner's or renter's perspective? A good place to start is with the USDA Cash Rents survey information. Depending on the specific piece of land, an owner can lease the ground for row crops, hay, or pasture or choose to do nothing with it. Ground that can be row cropped generally has a higher value than hay and pasture, but if an owner does not want the land to be cropped then they should expect a lower lease rate. From the standpoint of a person renting the land, it is important to have a grasp on cost of production and compare that to what it would cost to purchase hay of similar quality. After accounting for input costs including fertilizer, herbicides, and actual hay harvest expenses, what is the difference in purchasing hay and producing it on the rented ground? That difference provides the maximum that could be paid.

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 \$140.48 +0.80; June \$137.38 +0.43; August \$138.13 +0.43; Feeder cattle –March \$156.43 -0.35; April \$161.58 -1.15; May \$165.33 -1.18; August \$178.45 -1.15; May corn closed at \$7.54 up 6 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Cotton futures prices jumped this week, gaining between 6.5 and 9.32 cents for the week, depending on the futures contract. May futures closed Friday up 5 cents indicating a strong likelihood of additional price gains early next week. After a January 31 to March 17 price lull, where cotton prices moved sideways between 115 and 125, nearby futures have broken to the upside. Increased energy prices, competition for planted acres, strong global demand, low global exportable supplies, and US Southern Plains drought concerns have propelled cotton prices higher. The December cotton contract closed on Friday at 111.74 cents.

Last year the U.S. (Tennessee) planted acreage was estimated at: 93.4 million acres of corn (1.02 million); 11.2 million acres of cotton (0.275 million); and 87.2 million acres of soybeans (1.55 million). 2022 USDA projections, from the outlook forum, were 92 million acres of corn, 88 million acres of soybeans, and 12.7 million acres of cotton. Next week, USDA will release the Projected Plantings report indicating estimated acres based on farmer surveys. While the report will be closely monitored it may have a muted impact on markets, due to uncertainty.

This year is one of the most difficult years to project national and state planted acreage. Maintaining rotations is the best course of action for producers this year, if possible, as rotation provides long term benefits for fertility, weed, pest, and disease control, soil health, and long-term capital investments. However, we will likely see small amounts of acreage continue to move between commodities based on price swings, fertilizer costs, and chemical availability. Additionally, weather will play a deciding factor in total acres planted this spring. While the vast majority of intended planted acreage is set, the bottom line is estimates are highly uncertain and likely to change as this challenging year continues.

	Previous	Current	Change
USD Index	98.25	98.81	0.56
Crude Oil	104.76	113.52	8.76
DJIA	34,575	34,794	219

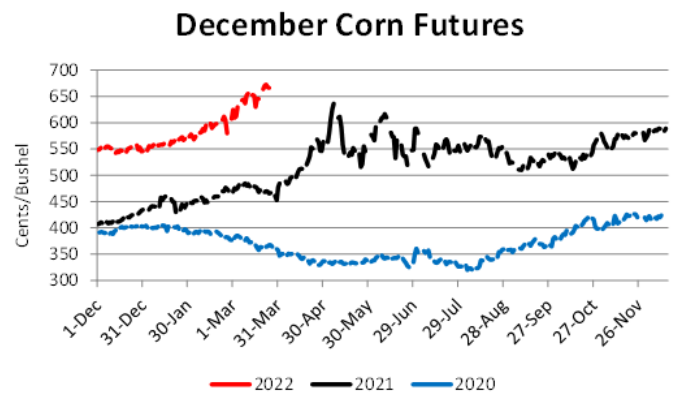
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Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending March 18 was 1.042 million barrels per day, up 16,000 from the previous week. Ethanol stocks were 26.148 million barrels, up 0.203 million compared to last week. Corn net sales reported by exporters for March 11-17, 2022, were down compared to last week with net sales of 38.6 million bushels for the 2021/22 marketing year and 0.2 million bushels for the 2022/23 marketing year. Exports for the same period were up 17% from last week at 58.7 million bushels. Corn export sales and commitments were 83% 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 84%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened or remained unchanged at West, Northwest, West-Central, and Mississippi River elevators and barge points and weakened at North-Central elevators and barge points. Overall, basis for the week ranged from 35 under to 27 over, with an average of 3 under the May futures at elevators and barge points. May 2022 corn futures closed at \$7.54, up 13 cents since last Friday. For the week, May 2022 corn futures traded between \$7.42 and \$7.70. May/Jul and May/Dec future spreads were -20 and -85 cents. July 2022 corn futures closed at \$7.34, up 22 cents since last Friday.

Corn	May 22	Change	Dec 22	Change
Price	\$7.54	\$0.13	\$6.69	\$0.24
Support	\$7.34	\$0.09	\$6.57	\$0.23
Resistance	\$7.69	\$0.07	\$6.82	\$0.29
20 Day MA	\$7.44	\$0.20	\$6.43	\$0.17
50 Day MA	\$6.78	\$0.15	\$6.05	\$0.11
100 Day MA	\$6.34	\$0.09	\$5.78	\$0.06
4-Week High	\$7.82	\$0.00	\$6.80	\$0.22
4-Week Low	\$6.73	\$0.18	\$6.57	\$0.80
Technical Trend	Up	=	Up	=



New crop cash prices at elevators and barge points ranged from \$6.29 to \$6.92. December 2022 corn futures closed at \$6.69, up 24 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.70 December 2022 Put Option costing 79 cents establishing a \$5.91 futures floor.

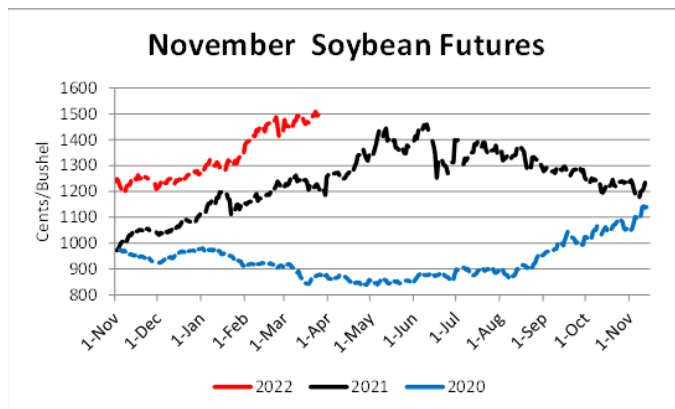
Soybeans

Net sales reported by exporters were down compared to last week with net sales of 15.1 million bushels for the 2021/22 marketing year and net sales cancellations of 0.5 million bushels for the 2022/23 marketing year. Exports for the same period were down 23% compared to last week at 20.2 million bushels. Soybean export sales and commitments were 95% 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 91%. Across Tennessee, average soybean basis weakened or remained unchanged at Northwest, West, West-Central, North-Central, and Mississippi River elevators and barge points. Basis ranged from 20 under to 34 over, with an average basis of 6 over the May futures contract. May 2022 soybean futures closed at \$17.10, up 42 cents since last Friday. For the week, May 2022 soybean futures traded between \$16.66 and \$17.36. May/Jul and May/Nov future spreads were -22 and -214 cents. May 2022 soybean-to-corn price ratio was 2.27 at the end of the week. July 2022 soybean futures closed at \$16.88, up 43 cents since last Friday.

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Crop Comments by Dr. Aaron Smith

Soybeans	May 22	Change	Nov 22	Change
Price	\$17.10	\$0.42	\$14.96	\$0.30
Support	\$16.76	\$0.44	\$14.77	\$0.35
Resistance	\$17.41	\$0.34	\$15.22	\$0.30
20 Day MA	\$16.76	\$0.18	\$14.74	\$0.10
50 Day MA	\$15.84	\$0.31	\$14.22	\$0.19
100 Day MA	\$14.43	\$0.22	\$13.37	\$0.13
4-Week High	\$17.36	-\$0.23	\$15.20	-\$0.35
4-Week Low	\$16.13	\$0.34	\$14.20	\$0.17
Technical Trend	Up	=	Up	=

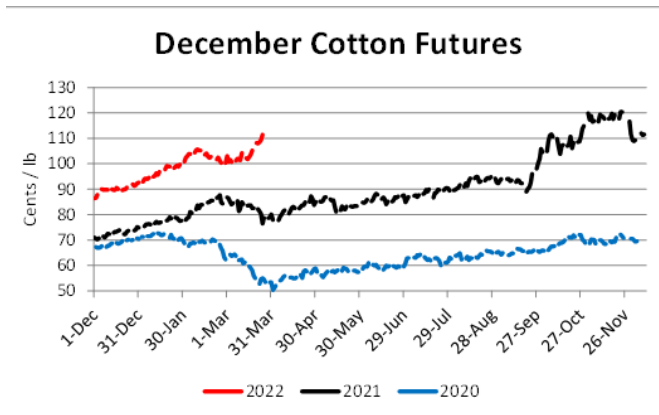


Nov/Dec 2022 soybean-to-corn price ratio was 2.24 at the end of the week. New crop cash soybean prices at elevators and barge points ranged from \$14.63 to \$15.37. November 2022 soybean futures closed at \$14.96, up 30 cents since last Friday. Downside price protection could be achieved by purchasing a \$15.00 November 2022 Put Option which would cost 117 cents and set a \$13.83 futures floor.

Cotton

Net sales reported by exporters were down compared to last week with net sales of 307,500 bales for the 2021/22 marketing year and 67,400 bales for the 2022/23 marketing year. Exports for the same period were up 36% compared to last week at 442,700 bales – a marketing year high. Upland cotton export sales were 100% 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 96%. Delta upland cotton spot price quotes for March 24 were 131.9 cents/lb (41-4-34) and 134.15 cents/lb (31-3-35). Adjusted world price increased 8.81 cents to 122.07 cents. May 2022 cotton futures closed at 135.9 cents, up 9.04 cents since last Friday. For the week, May 2022 cotton futures traded between 127.1 and 135.9 cents. May/Jul and May/Dec cotton futures spreads were -3.55 cents and -24.16 cents. July 2022 cotton futures closed at 132.35 cents, up 9.32 cents since last Friday.

Cotton	May 22	Change	Dec 22	Change
Price	135.90	9.04	111.74	6.50
Support	128.37	8.20	106.70	4.18
Resistance	136.17	5.96	112.27	5.51
20 Day MA	122.48	2.81	103.90	1.85
50 Day MA	121.38	1.79	102.43	1.41
100 Day MA	115.62	1.10	96.83	0.90
4-Week High	135.90	9.04	112.27	6.87
4-Week Low	115.37	0.00	99.17	0.29
Technical Trend	Up	=	Up	=



December 2022 cotton futures closed at 111.74 cents, up 6.5 cent since last Friday. Downside price protection could be obtained by purchasing a 112 cent December 2022 Put Option costing 12.68 cents establishing a 99.32 cent futures floor.

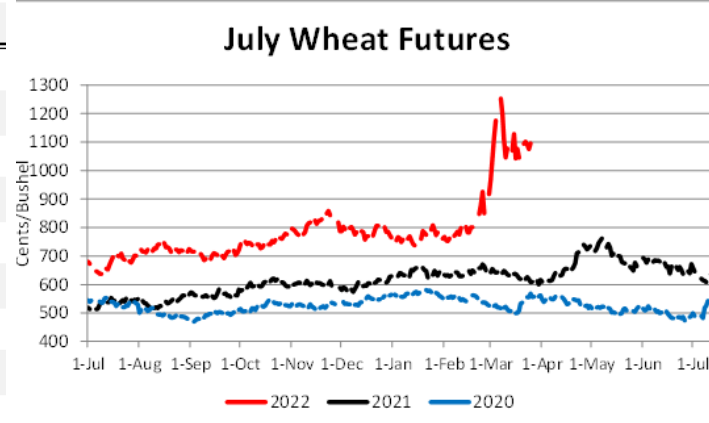
Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 5.7 million bushels for the 2021/22 marketing year and 13.5 million bushels for the 2022/23 marketing year. Exports for the same period were up 47% from last week at 13.5 million bushels. Wheat export sales were 88% 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 99%. Wheat cash prices at elevators and barge points ranged from \$10.05 to \$10.40. May 2022 wheat futures closed at \$11.02, up 39 cents since last Friday. May 2022 wheat

Crop Comments by Dr. Aaron Smith

futures traded between \$10.61 and \$11.69 this week. May wheat-to-corn price ratio was 1.46. May/Jul and May/Sep future spreads were -10 and -33 cents.

Wheat	May 22	Change	Jul 22	Change
Price	\$11.02	\$0.39	\$10.92	\$0.48
Support	\$10.59	\$0.35	\$10.47	\$0.42
Resistance	\$11.28	\$0.03	\$11.14	\$0.09
20 Day MA	\$11.15	\$0.60	\$10.85	\$0.57
50 Day MA	\$9.24	\$0.34	\$9.08	\$0.33
100 Day MA	\$8.63	\$0.16	\$8.50	\$0.16
4-Week High	\$13.63	\$0.00	\$12.78	\$0.00
4-Week Low	\$8.85	\$0.75	\$8.79	\$0.72
Technical Trend	Up	=	Up	=



New crop wheat cash prices at elevators and barge points ranged from \$9.74 to \$10.56. July 2022 wheat futures closed at \$10.92, up 48 cents since last Friday. Downside price protection could be obtained by purchasing an \$11.00 July 2022 Put Option costing 120 cents establishing a \$9.80 futures floor. September 2022 wheat futures closed at \$10.69, up 64 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_mbb1_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/

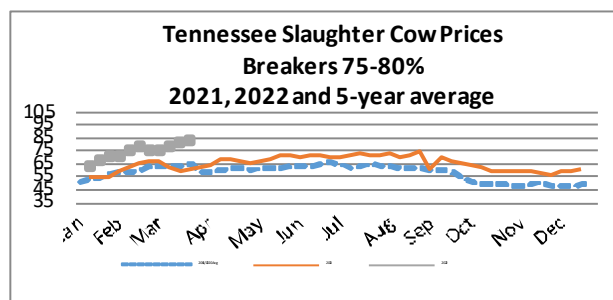
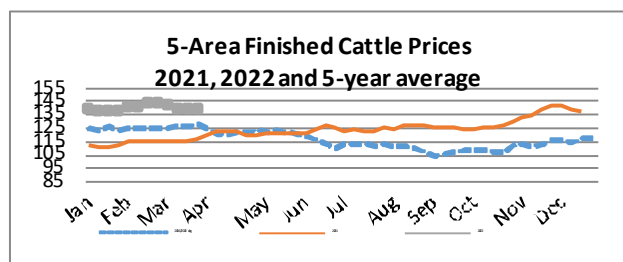
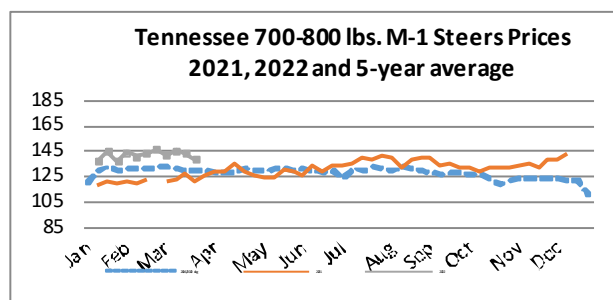
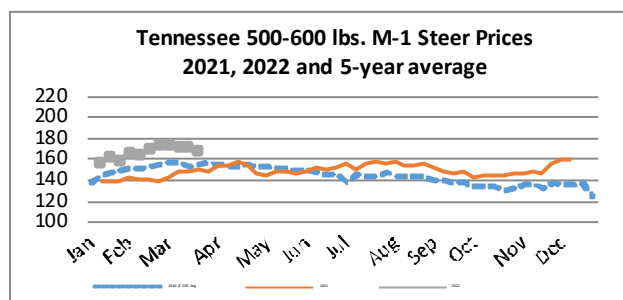
[Crop Progress & Condition/](#)

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 18, 2022---Thursday, March 24, 2022					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	16.52	16.77	16.83	17.04	16.87
North Central	16.48	16.71	16.77	16.99	16.81
West Central					
West	17.02	17.25	17.30	17.52	17.34
Mississippi River	16.89	17.12	17.19	17.42	17.24
Yellow Corn					
Northwest	7.22	7.37	7.36	7.41	7.32
North Central	7.12	7.21	7.18	7.23	7.13
West Central	7.42	7.56	7.53	7.58	7.48
West	7.67	7.81	7.80	7.83	7.73
Mississippi River	7.49	7.63	7.63	7.67	7.58
Wheat					
Northwest					
North Central	9.84	10.39	10.38	10.26	10.06
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	127.86-130.11	131.01-133.26	131.04-133.29	131.03-133.28	131.90-134.15



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 21, 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.	165.00	215.00	186.30	195.74	172.58
400-500 lbs.	158.00	197.00	179.45	186.25	165.00
500-600 lbs.	140.00	185.00	167.43	169.47	148.63
600-700 lbs.	139.00	168.00	152.86	156.67	136.21
700-800 lbs.	120.00	159.00	137.49	141.73	120.05
Steers: Small Frame #1-2					
300-400 lbs.	---	---	---	180.61	148.86
400-500 lbs.	---	---	---	170.09	141.26
500-600 lbs.	---	---	---	---	120.00
600-700 lbs.	---	---	---	---	124.31
Steers: Medium/Large Frame #3					
300-400 lbs.	135.00	187.50	164.36	178.14	152.88
400-500 lbs.	130.00	182.50	168.26	170.44	146.27
500-600 lbs.	129.00	167.50	154.32	157.28	132.98
600-700 lbs.	120.00	147.00	131.82	137.43	119.91
700-800 lbs.	110.00	139.00	123.01	132.93	114.10
Holstein Steers					
300-400 lbs.	---	---	---	112.50	---
500-600 lbs.	---	---	---	---	---
700-800 lbs.	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	67.00	90.00	81.54	80.62	58.91
Boners 80-85%	70.00	92.00	81.22	77.97	58.03
Lean 85-90%	53.00	77.00	67.69	63.84	48.40
Bulls YG 1	95.00	120.00	108.59	105.76	84.14
Heifers: Medium/Large Frame #1-2					
300-400 lbs.	130.00	177.50	159.16	157.71	142.38
400-500 lbs.	130.00	173.00	154.93	152.84	136.83
500-600 lbs.	128.00	160.00	146.55	144.82	126.33
600-700 lbs.	115.00	148.00	132.78	135.91	117.61
Heifers: Small Frame #1-2					
300-400 lbs.	115.00	147.50	136.93	143.75	129.68
400-500 lbs.	117.50	152.50	136.38	141.77	121.19
500-600 lbs.	---	---	---	---	113.12
600-700 lbs.	---	---	---	125.00	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs.	125.00	167.50	146.97	147.09	130.77
400-500 lbs.	120.00	152.00	141.78	142.85	125.77
500-600 lbs.	117.50	145.00	133.31	134.11	117.95
600-700 lbs.	110.00	132.50	121.74	125.31	106.48

Cattle Receipts

This week:6,428

Week ago:4,958

Year ago:7,729

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

Graded Sales, Video Board Sales, Video Sales & Loads

Graded Goat & Sheep Sales

East Tennessee Livestock Center Graded Holstein Steer Sale-Sweetwater, TN

3/18/22

Total Receipts: 527

For complete report:

https://www.ams.usda.gov/mnreports/ams_2072.pdf

Dickson Regional Livestock Center-Dickson, TN

3/22/22

173 Steers, 941 lbs., M&L 1, 100% Black/BWF, 5 Flesh,
\$137.00

55 Steers, 913 lbs., M&L 1&2, 100% Black/BWF, 5 Flesh,
\$138.50

East Tennessee Livestock Video Sale-Sweetwater, TN

3/23/22

1 load out of 70 steers from BQA certified producer; Est
weight 800 lbs.; 90% L&M-1s and 10% L&M-2s; medium
flesh; 100% BLK/BWF; \$153.25

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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