

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

April 29, 2022

Number: 17

Trends for the Week Compared to a Week Ago

Slaughter Cows

steady to \$1 lower

Slaughter Bulls

steady

Feeder Steers

steady to \$3 higher

Feeder Heifers

steady to \$1 lower

Feeder Cattle Index: 156.36

Fed Cattle

The 5-area live price on Thursday of \$143.31 was up \$0.31. The dressed price of \$233.32 was up \$0.42.

Corn

May closed at \$8.18 a bushel, up 25 cents since last Friday.

Soybeans

May closed at \$17.08 a bushel, down 8 cents since last Friday.

Wheat

May closed at \$10.43 a bushel, down 22 cents since last Friday.

Cotton

May closed at 152.33 cents per lb, up 12.87 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded mostly steady compared to last week on a live basis. Prices on a live basis primarily ranged from \$141 to \$144 while dressed prices were mainly \$230 to \$234.

The 5-area weighted average prices thru Thursday were \$143.31 live, up \$0.31 compared to last week and \$233.32 dressed, up \$0.42 from a week ago. A year ago, prices were \$118.89 live and \$190.41 dressed.

There is certainly a dividing line between cattle being marketed in the South and those being marketed in the North. Northern cattle feeders have been reaping the rewards of higher prices while Southern cattle feeders are struggling to catch the train. This is not unexpected in that packers are chasing cattle that will grade to fill the spring and summer grilling season market. There are certainly cattle in the South that will grade, but a higher percentage of cattle in the North will meet the demands of the market. Cattle feeders can expect the price discrepancy between Northern and Southern cattle to persist a while longer based on beef demand. However, the price difference will narrow moving into summer.

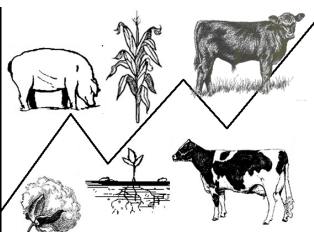
BEEF CUTOUT: At midday Friday, the Choice cutout was \$261.49 down \$1.11 from Thursday and down \$8.30 from a week ago. The Select cutout was \$248.98 down \$2.08 from Thursday and down \$6.05 from last week. The Choice Select spread was \$12.51 compared to \$14.76 a week ago.

Wholesale beef prices are headed in the opposite direction of what one might suspect heading into grilling season. However, extremely strong retail beef prices coupled with increasing beef production may be the culprits forcing wholesale beef prices lower. Federally inspected beef production year to date is 1.4 percent higher

than the same time period one year ago and 11.4 percent greater than the five-year average production. The all fresh retail price of beef in March was \$7.36 per pound, which is \$0.18 per pound less than the high set in October. However, the all fresh retail price of beef had never been over \$7 per pound until May 2020 and only had two such months over \$7 prior to June 2021. The all fresh retail price of beef has exceeded \$7 for ten consecutive months and April is certain to be the eleventh consecutive month. High retail beef prices are certainly putting a strain on consumer disposable income as inflation of most other goods is also competing for disposable income. Everyone has to eat, but they do get a choice.

OUTLOOK: Based on Tennessee weekly auction market reports, steer prices this week were steady to \$3 higher compared to a week ago while heifer prices were steady to \$1 lower compared to last week. Slaughter cow prices were steady to \$1 lower while bull prices were mostly steady compared to the previous week. Dazed, confused, baffled, befuddled, perplexed are all words that describe cattle markets and my understanding of cattle markets. Feeder cattle futures and live cattle futures are currently competing at the world pogo stick championship competition in Chicago. The joke is on traders though because the World Championships of Pogo is not until June, and it is in Pittsburgh this year! Every sector of cattle production continues to deal with extremely elevated input costs while cattle prices continue to decline. On top of that, many regions of the country continue to deal with drought, which is not only impacting pasture production, but also influencing prospects for hay production. As inputs costs increase, cattle prices decrease, and drought persists, this is likely to lead to continued high

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

cow slaughter as cattle producers attempt to maintain cash flow and manage physical resources. Can this trend be reversed in the near term? The answer is likely a resounding “no.” Drought does not dissipate quickly nor do forages make a miraculous comeback in short order. On top of that, the factors leading to increased input prices persist, which means input prices will remain elevated. Thus, the short-term looks rather bleak for cattle producers up and down the supply chain. Alternatively, all of these factors may be setting the market up for a repeat of 2014 and 2015 when the correct conditions present themselves. There will be a great demand for bred females and strong demand for feeder cattle. Now is the time to be preparing for such a market as it will arrive. Showing up late to the game will simply cost money.

ASK ANDREW, TN THINK TANK: Following up on last week’s discussion on price discovery and price transparency, I had an email dialogue this week with a gentleman that feeds cattle. I very much appreciated this dialogue. This gentleman has concern because he has been directly impacted by not receiving very many bids for his cattle. It is clear that there is significant concentration in the packing sector as only four major pack-

ers exist with several regional packers scattered across feeding country. In essence, the major packers can act as an oligopoly whether they are intentionally doing so or not. Very few cattle feeding regions have all four major packers represented. In many cases, most feedlots only have a couple of packers in close enough proximity to actually market cattle to without having a tremendous haul bill. Thus, there is limited competition due solely to the limited number of buyers in a region. Additionally, there are biological limitations in that cattle can only stay on feed so long. What is the solution to this issue? Negotiated cattle trade does not address this issue. What does?

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 –June \$132.65 -1.25; August \$135.28 -1.08; October \$142.48 -0.58; Feeder cattle –May \$156.35 -1.60; August \$168.28 -2.13; September \$171.43 -1.98; October \$174.10 -1.68; May corn closed at \$8.18 up 2 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

New harvest contract highs for corn and cotton were set this week. The last time the December corn contract was this high was 2012. That year the December contract peaked at \$8.38 ¼ on August 21. Where was the December 2012 contract at the end of April? \$5.43 ¼. The contract added nearly \$3.00 between the end of April and the third week in August. Every year is different, and some weather concerns are factored into the current futures price, however if weather conditions are uncooperative over the next four months, we likely have another substantial leg up in this year’s corn market. Weather and the war between Russia and Ukraine will continue to make markets unpredictable and dramatic movements up or down can not be ruled out at this juncture.

	Previous	Current	Change
USD Index	101.21	103.06	1.84
Crude Oil	102.07	104.05	1.98
DJIA	33,811	33,152	-659

December cotton’s new contract high is 126.15 cents (so far). There is still bullish momentum in the market and the drought conditions in the Southern Plains could push the December futures contract to the December 2011 contract high of 142 cents. On the demand side, export shipments of cotton will need to continue at a robust pace to avoid carry-over into the next marketing year. Next marketing year (2022/23) sales are already over 2.8 million running bales compared to 1.67 million last year at this time.

Since the end of February, harvest soybean futures have proceeded more cautiously than corn or cotton. Prices are up 6% from February 28, compared to 22.2% for cotton and 24.3% for corn. Uncertainty regarding how high US planted acreage will be has held back the soybean market. With prices well above \$15.00, and input costs less than corn or cotton, now is a good time to take some of the downside price risk off the table for soybeans.

This year will very likely be the highest harvest price for wheat in Tennessee ever. Currently, cash prices at elevators and barge points are \$10-\$11 bushel. That means that producers with state average yields of 70-75 bu/acre will generate gross revenue of \$700-\$825/acre. Increased input prices will take a bite out of the bottom line, but if harvest weather cooperates this year is shaping up to be very profitable for Tennessee wheat growers.

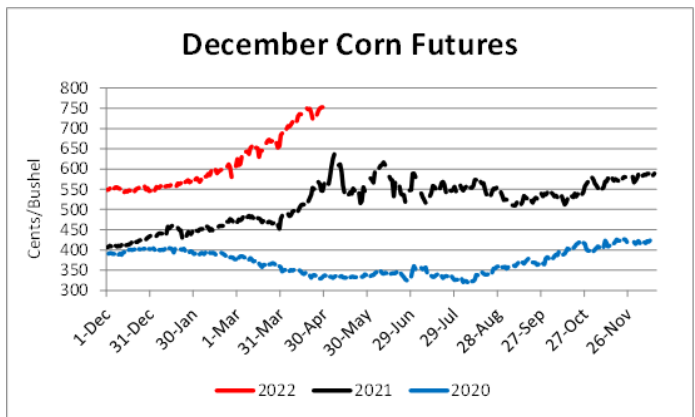
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Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending April 22 was 0.963 million barrels per day, up 16,000 from the previous week. Ethanol stocks were 23.965 million barrels, down 377,000 compared to last week. Corn net sales reported by exporters for April 15-21, 2022, were up compared to last week with net sales of 34.1 million bushels for the 2021/22 marketing year and 33.2 million bushels for the 2022/23 marketing year. Exports for the same period were up 31% from last week at 61.5 million bushels. Corn export sales and commitments were 91% 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 92%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened at North-Central elevators and barge points and strengthened or remained unchanged at West, Northwest, West-Central, and Mississippi River elevators and barge points. Overall, basis for the week ranged from 38 under to 18 over, with an average of 4 under the May futures at elevators and barge points. May 2022 corn futures closed at \$8.18, up 25 cents since last Friday. For the week, May 2022 corn futures traded between \$7.81 and \$8.27. May/Jul and May/Dec future spreads were -5 and -67 cents. July 2022 corn futures closed at \$8.13, up 24 cents since last Friday.

Corn	May 22	Change	Dec 22	Change
Price	\$8.18	\$0.25	\$7.51	\$0.27
Support	\$8.06	\$0.36	\$7.41	\$0.32
Resistance	\$8.32	\$0.14	\$7.61	\$0.10
20 Day MA	\$7.86	\$0.17	\$7.29	\$0.21
50 Day MA	\$7.51	\$0.16	\$6.74	\$0.16
100 Day MA	\$6.81	\$0.12	\$6.18	\$0.10
4-Week High	\$8.27	\$0.08	\$7.57	\$0.02
4-Week Low	\$7.26	\$0.13	\$6.51	\$0.20
Technical Trend	Up	=	Up	=



Nationally, the Crop Progress report estimated corn planted at 7% compared to 4% last week, 16% last year, and a 5-year average of 15%; and corn emerged at 2% compared to 3% last year and a 5-year average of 3%. In Tennessee, corn planted was estimated at 17% compared to 7% last week, 45% last year, and a 5-year average of 37%; and corn emerged at 3% compared to 0% last week, 16% last year, and a 5-year average of 13%. New crop cash prices at elevators and barge points ranged from \$6.99 to \$7.54. December 2022 corn futures closed at \$7.51, up 27 cents since last Friday. Downside price protection could be obtained by purchasing a \$7.60 December 2022 Put Option costing 79 cents establishing a \$6.81 futures floor.

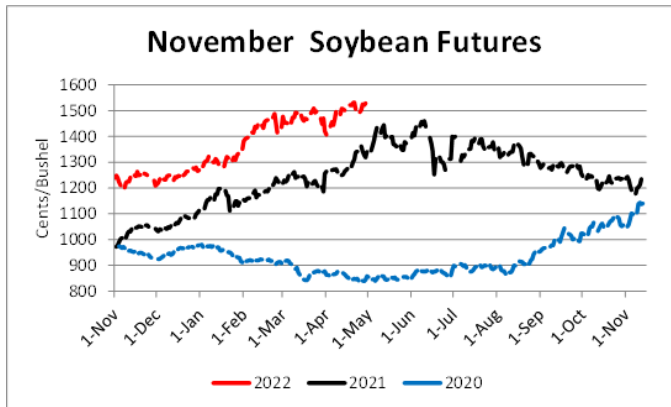
Soybeans

Net sales reported by exporters were down compared to last week with net sales of 17.7 million bushels for the 2021/22 marketing year and 21.3 million bushels for the 2022/23 marketing year. Exports for the same period were down 20% compared to last week at 26.1 million bushels. Soybean export sales and commitments were 100% 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 96%. 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 24 under to 30 over, with an average basis of 12 over the May futures contract. May 2022 soybean futures closed at \$17.08, down 8 cents since last Friday. For the week, May 2022 soybean futures traded between \$16.85 and \$17.36. May/Jul and May/Nov future spreads were -24 and -194 cents. May 2022 soybean-to-corn price ratio was 2.09 at the end of the week. July 2022 soybean futures closed at \$16.84, down 4 cents since last Friday.

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Crop Comments by Dr. Aaron Smith

Soybeans	May 22	Change	Nov 22	Change
Price	\$17.08	-\$0.08	\$15.14	\$0.09
Support	\$16.93	\$0.21	\$14.97	\$0.26
Resistance	\$17.35	-\$0.44	\$15.49	-\$0.09
20 Day MA	\$16.82	\$0.13	\$14.93	\$0.12
50 Day MA	\$16.70	\$0.14	\$14.78	\$0.07
100 Day MA	\$15.42	\$0.23	\$13.97	\$0.14
4-Week High	\$17.57	\$0.00	\$15.41	\$0.00
4-Week Low	\$15.76	\$0.00	\$13.94	\$0.00
Technical Trend	Up	=	Up	=

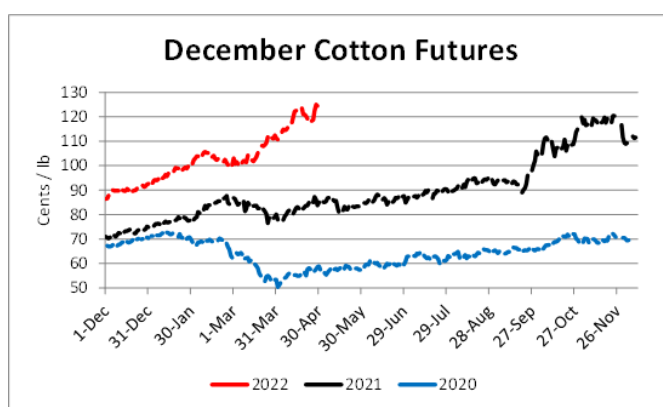


Nationally, the Crop Progress report estimated soybean planted at 3% compared to 1% last week, 7% last year, and a 5-year average of 5%. In Tennessee, soybeans planted were estimated at 3% compared to 1% last week, 7% last year, and a 5-year average of 4%. Nov/Dec 2022 soybean-to-corn price ratio was 2.02 at the end of the week. New crop cash soybean prices at elevators and barge points ranged from \$14.68 to \$15.55. November 2022 soybean futures closed at \$15.14, up 9 cents since last Friday. Downside price protection could be achieved by purchasing a \$15.20 November 2022 Put Option which would cost 98 cents and set a \$14.22 futures floor.

Cotton

Net sales reported by exporters were down compared to last week with net sales of 121,100 bales for the 2021/22 marketing year and 49,500 bales for the 2022/23 marketing year. Exports for the same period were up 5% compared to last week at 386,000 bales. Upland cotton export sales were 104% 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 103%. Delta upland cotton spot price quotes for April 28 were 146.68 cents/lb (41-4-34) and 148.93 cents/lb (31-3-35). Adjusted world price (AWP) was down 2.82 cents at 133.38 cents. May 2022 cotton futures closed at 152.33 cents, up 12.87 cents since last Friday. For the week, May 2022 cotton futures traded between 138.32 and 155.15 cents. May/Jul and May/Dec cotton futures spreads were -6.7 cents and -30.26 cents. July 2022 cotton futures closed at 145.63 cents, up 9.78 cents since last Friday.

Cotton	May 22	Change	Dec 22	Change
Price	152.33	12.87	122.07	2.91
Support	150.45	16.38	118.86	1.73
Resistance	156.09	11.96	127.76	6.43
20 Day MA	140.41	2.41	118.87	2.43
50 Day MA	130.59	2.57	110.25	1.71
100 Day MA	122.56	2.17	103.31	1.69
4-Week High	155.15	9.01	126.15	1.79
4-Week Low	131.58	2.22	110.50	3.00
Technical Trend	Up	=	Up	=



Nationally, the Crop Progress report estimated cotton planted at 12% compared to 10% last week, 12% last year, and a 5-year average of 11%. December 2022 cotton futures closed at 122.07 cents, up 2.91 cents since last Friday. Downside price protection could be obtained by purchasing a 123 cent December 2022 Put Option costing 13.24 cents establishing a 109.76 cent futures floor.

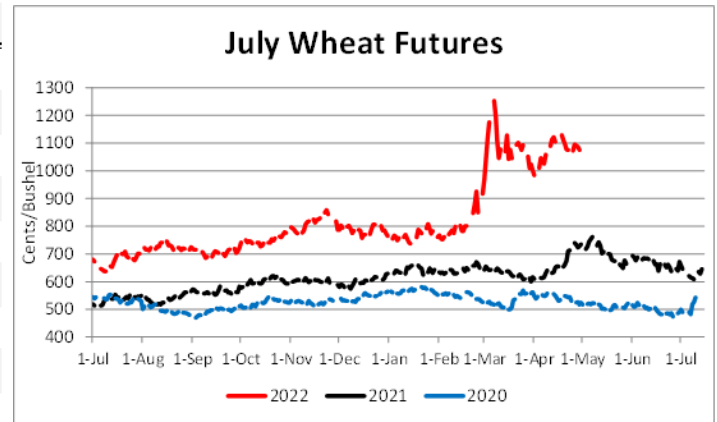
Wheat

Wheat net sales reported by exporters were down compared to last week with net sales of 1.2 million bushels for the 2021/22 marketing year and 4.6 million bushels for the 2022/23 marketing year. Exports for the same period were down 51% from last week at 9.0 million bushels. Wheat export sales were 92% of the USDA estimated total annual exports for the 2021/22 mar-

Crop Comments by Dr. Aaron Smith

keting year (June 1 to May 31), compared to the previous 5-year average of 104%. Wheat cash prices at elevators and barge points ranged from \$10.12 to \$10.46. May 2022 wheat futures closed at \$10.43, down 22 cents since last Friday. May 2022 wheat futures traded between \$10.43 and \$10.96 this week. May wheat-to-corn price ratio was 1.28. May/Jul and May/Sep future spreads were 15 and 12 cents.

Wheat	May 22	Change	Jul 22	Change
Price	\$10.43	-\$0.22	\$10.55	-\$0.20
Support	\$10.16	-\$0.25	\$10.22	-\$0.27
Resistance	\$10.98	\$0.10	\$11.19	\$0.21
20 Day MA	\$10.66	\$0.07	\$10.73	\$0.11
50 Day MA	\$10.57	\$0.27	\$10.47	\$0.29
100 Day MA	\$9.20	\$0.13	\$9.11	\$0.14
4-Week High	\$11.35	-\$0.04	\$11.43	\$0.00
4-Week Low	\$9.82	\$0.10	\$9.82	\$0.15
Technical Trend	Down	-	Up	=



Nationally, the Crop Progress report estimated winter wheat condition at 27% good-to-excellent and 39% poor-to-very poor; winter wheat headed at 11% compared to 7% last week, 16% last year, and a 5-year average of 19%; spring wheat planted at 13% compared to 8% last week, 27% last year, and a 5-year average of 15%; and spring wheat emerged at 2% compared to 7% last year and a 5-year average of 4%. In Tennessee, winter wheat condition was estimated at 62% good-to-excellent and 6% poor-to-very poor; winter wheat jointing at 82% compared to 79% last week, 87% last year, and a 5-year average of 91%; and winter wheat heading at 18% compared to 9% last week, 30% last year, and a 5-year average of 38%. New crop wheat cash prices at elevators and barge points ranged from \$9.94 to \$10.60. July 2022 wheat futures closed at \$10.55, down 20 cents since last Friday. Downside price protection could be obtained by purchasing a \$10.60 July 2022 Put Option costing 64 cents establishing a \$9.96 futures floor. September 2022 wheat futures closed at \$10.53, down 15 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_mdbl_w.htm

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

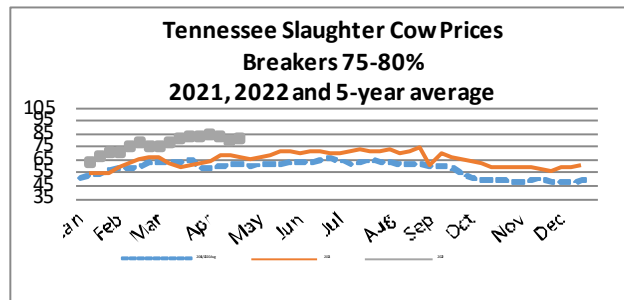
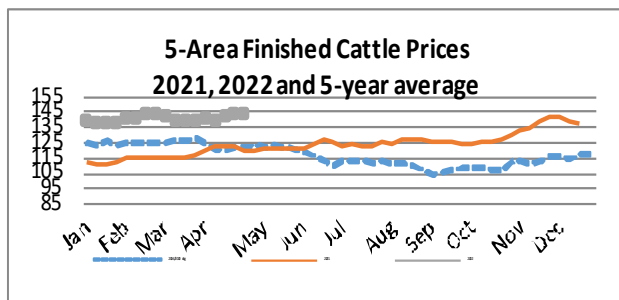
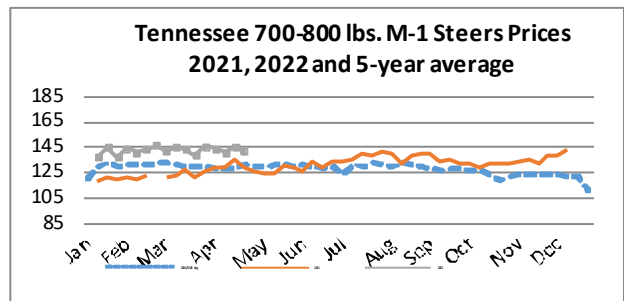
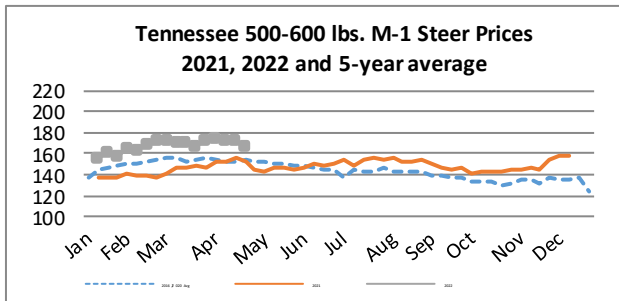
Tennessee Crop Progress - https://www.nass.usda.gov/Statistics_by_State/Tennessee/Publications/Crop_Progress_&_Condition/

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, April 22, 2022---Thursday, April 28, 2022					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	16.97	16.84	16.84	17.02	16.88
North Central					
West Central	17.16	17.04			
West	17.36	17.24	17.35	17.57	17.37
Mississippi River	17.40	17.27	17.29	17.50	17.32
Yellow Corn					
Northwest	7.81	7.88	7.92	8.03	8.04
North Central	7.58	7.65	7.68	7.81	7.79
West Central	7.93	8.00	8.03	8.16	8.19
West	8.08	8.15	8.21	8.33	8.34
Mississippi River	7.96	8.04	8.08	8.20	8.26
Wheat					
Northwest					
North Central	10.16	10.12	10.33	10.30	10.46
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	134.85-137.10	134.41-136.66	134.68-136.93	139.68-141.93	146.68-148.93



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, April 25, 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	175.00	210.00	190.88	190.03	172.51
400-500 lbs	160.00	203.00	178.02	183.06	163.07
500-600 lbs	148.00	182.50	165.75	171.33	151.81
600-700 lbs	137.00	166.00	159.53	155.40	136.48
700-800 lbs	128.00	151.00	141.07	143.48	128.34
Steers: Small Frame #1-2					
300-400 lbs	145.00	187.50	169.74	161.28	152.62
400-500 lbs	155.00	162.50	158.75	157.71	143.68
500-600 lbs	---	---	---	146.50	136.67
600-700 lbs	---	---	---	122.25	---
Steers: Medium/Large Frame #3					
300-400 lbs	152.50	192.50	171.85	169.01	160.08
400-500 lbs	125.00	180.00	168.33	163.48	151.80
500-600 lbs	132.00	162.50	144.91	149.45	140.09
600-700 lbs	124.00	147.00	132.17	139.71	130.75
700-800 lbs	123.00	136.00	124.00	131.27	119.01
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	103.62
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	70.00	90.00	79.58	79.31	64.98
Boners 80-85%	70.00	89.50	79.90	78.92	63.44
Lean 85-90%	50.00	79.50	68.04	67.21	55.56
Bulls YG 1	95.00	122.50	108.66	108.68	87.86
Heifers: Medium/Large Frame #1-2					
300-400 lbs	140.00	175.00	159.93	162.66	146.76
400-500 lbs	140.00	167.00	155.32	156.81	140.93
500-600 lbs	131.00	160.00	146.32	147.08	131.30
600-700 lbs	120.00	146.00	133.20	135.81	118.47
Heifers: Small Frame #1-2					
300-400 lbs	155.00	157.50	156.22	138.75	134.11
400-500 lbs	110.00	147.50	130.95	144.55	124.68
500-600 lbs	127.50	140.00	133.75	126.88	70.00
600-700 lbs	---	---	---	---	108.97
Heifers: Medium/Large Frame #2-3					
300-400 lbs	132.50	157.50	146.29	147.62	140.74
400-500 lbs	128.00	153.00	142.41	147.01	132.74
500-600 lbs	116.00	149.00	131.07	138.54	123.51
600-700 lbs	118.00	131.00	127.26	116.50	111.84

Cattle Receipts

This week:6,875

Week ago:5,965

Year ago:8,156

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

Graded Sales, Video Board Sales, Video Sales & Loads

United Producers Inc Special Graded Feeder and Replacement Cattle Sale-Columbia, TN

4/19/22

Total Receipts: 319

For complete report: https://www.ams.usda.gov/mnreports/ams_3460.pdf

East Tennessee Livestock Center Video Sale-Sweetwater, TN

4/20/22

1 load out of 60 steers from BQA certified producer, est. weight 915 lbs., 95% L&M-1s and 5% L&M-2s, medium flesh, 100% Blk/BWF, \$144.00

1 load out of 65 steers from BQA certified producer, est. weight 875 lbs., 95% L&M-1s and 5% L&M-2s, medium flesh, 100% Blk/BWF, \$148.75

Graded Sales, Video Board Sales, Video Sales & Loads

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 4/25/22

Total Receipts: 1,002

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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