

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

May 20, 2022

Number: 20

Trends for the Week Compared to a Week Ago

Slaughter Cows

\$2 to \$3 higher

Slaughter Bulls

steady to \$3 higher

Feeder Steers

steady to \$3 higher

Feeder Heifers

steady to \$5 lower

Feeder Cattle Index:

Fed Cattle 153.46

The 5-area live price on Thursday of \$140.26 was down \$2.13. The dressed price of \$225.78 was down \$3.22.

Corn

July closed at \$7.78 a bushel, down 3 cents since last Friday.

Soybeans

July closed at \$17.05 a bushel, up 59 cents since last Friday.

Wheat

July closed at \$11.68 a bushel, down 9 cents since last Friday.

Cotton

July closed at 142.27 cents per lb, down 2.93 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$2 lower compared to last week on a live basis. Prices on a live basis primarily ranged from \$138 to \$141 while dressed prices were mainly \$224 to \$226.

The 5-area weighted average prices thru Thursday were \$140.26 live, down \$2.13 compared to last week and \$225.78 dressed, down \$3.22 from a week ago. A year ago, prices were \$119.71 live and \$190.56 dressed.

There remains a clear discrepancy between Southern and Northern cattle prices as Northern cattle are about \$2 per hundredweight higher than Southern cattle. This difference is largely due to the expectation of how the cattle will grade. Despite the difference in regional prices, all cattle feeding regions are expected to see lower prices as the market moves into the summer. There will continue to be an ample supply of cattle for harvest the next few months, but there will soon come a time when market ready supplies will dwindle and packers will have to compete for animals to hang on the rail. How quickly this situation presents itself is not known, but it will be sooner rather than later.

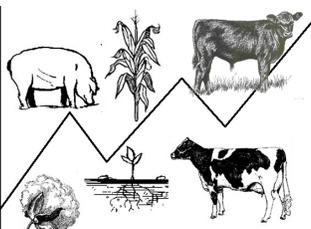
BEEF CUTOUT: At midday Friday, the Choice cutout was \$262.78 up \$1.08 from Thursday and up \$4.35 from a week ago. The Select cutout was \$245.03 down \$1.03 from Thursday and down \$1.19 from last week. The Choice Select spread was \$17.75 compared to \$14.59 a week ago.

Commercial beef production through the first four months of 2022 totaled 9.35 billion pounds, which is an increase of 1.1 percent compared to the same four months one year ago. The majority of this increase is from increased beef cow slaughter. Beef cow slaughter is 15.5 percent higher year to date compared to

2021 and is expected to remain elevated as drought continues to grip the western third of the United States. Increased heifer slaughter is also contributing to increased beef production as slaughter is up 1.7 percent compared to the same weeks in 2021, but the larger contributor is the heavier dressed weight of heifers, which are nearly eight pounds heavier than a year ago. Steer slaughter has decreased year to date compared to last year, but steer dressed weight is running nearly 10 pounds heavier than a year ago. Increased beef production will pressure beef prices in the midst of this high inflationary period. Consumers will be forced to make decisions on discretionary spending that they have not had to make in several years.

OUTLOOK: Based on Tennessee weekly auction market reports, steer prices this week were steady to \$6 lower compared to a week ago while heifer prices were steady to \$5 lower compared to last week. Slaughter cow prices were \$2 to \$3 higher while bull prices were steady to \$3 higher compared to the previous week. The highlight in prices for cow-calf producers is the slaughter cow and bull market. In simple terms, the slaughter cow market is the only market that is really beneficial for cow-calf producers. The price of these animals has outperformed expectations for several months and will likely continue to do so for several more months. On the other side of coin, calf and feeder cattle prices continue to flounder and soften. It is not unexpected for calf prices to soften heading to summer, but prices never achieved their lofty expectations this spring. This same situation is now rolling into the feeder cattle market as feeder cattle prices are underperforming previous expectations and showing no signs of pushing higher at this time. Cattle markets

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

are certainly in a precarious situation as inflation rages out of control for most goods and input costs continue to escalate. However, cattle prices are not experiencing any similar type of price escalation. This leaves cattle producers between a rock and a hard place as they attempt to manage through underperforming markets in hope of higher prices the next few years. In order to avoid complete pessimism, the fundamentals in the cattle market certainly point to higher cattle prices in coming months and years. The breeding herd continues to decline, which means fewer calves this year and in future years. Thus, higher prices should be expected. Additionally, if conditions change in such a manner for cattle producers to begin rebuilding the cattle herd then that will lead to fewer heifers heading to the feedlot, which will also support calf and feeder cattle prices. Timing will be important.

ASK ANDREW, TN THINK TANK: Here are a few questions I have been receiving. What is the value of hay this year? How can I afford to apply fertilizer? What can be done to offset high input prices? It would be ignorant to supply some blanket recommendation to these questions for each and every producer, but a blanket recommendation may be at hand if

rain is not received in the near term. What can a producer afford not to do, and what can a producer afford to do? The answer is different for everyone, but producers will likely have to do some things they are not accustomed to doing. It appears hay and pasture are both in short supply this year, which increases production costs on top of high fertilizer, commercial feed, and fuel prices. With increasing production costs and reduced pasture and hay production, some producers may be forced to sell calves early or even cull cows to ensure adequate feed availability and cash flow. Hopefully, the near term situation will improve in such a manner to bring relief, but producers should be considering their alternatives.

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 \$131.58 +0.08; August \$131.55 -0.48; October \$137.43 -0.58; Feeder cattle –May \$153.40 -0.73; August \$163.93 -1.28; September \$167.00 -0.90; October \$169.58 -0.63; July corn closed at \$7.79 down 5 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

The December corn contract set a new contract high on Monday at \$7.66 $\frac{1}{4}$, before closing down four straight days shedding over 30 cents. Volatility is likely to continue as weather uncertainty in the U.S. and South America, inflation and recession concerns, and dramatic declines in the stock market make for unpredictable price swings. Using options strategies to remove downside price risk is worth considering for those with limited price protection for the 2022 crop.

Soybean outstanding export sales for the 2022/23 marketing year continue to be strong despite high prices. As of May 12, next marketing year sales total 418 million bushels, greater than any of the previous five-years for the same marketing week, and up 62% from last year's outstanding sales of 258 million bushels. The USDA WASDE report projects total exports for the 2022/23 marketing year of 2.2 billion bushels. Having 19% of the marketing year total in outstanding sales, three months before the start of the marketing year, is indicative of strong global demand and supply concerns. For comparison, cotton outstanding export sales for the 2022/23 marketing year are up 67% compared to last year, whereas corn is down 38% and wheat down 23%.

December cotton futures set a new contract high of 133.79 cents on Tuesday, however quickly retreated to 125 cents by Friday. There is still bullish momentum in cotton markets. Unfixed call sales-to-purchases were 10:1 for the July contract and 56% of U.S. cotton area remains in drought with 30% in extreme or exceptional drought. Recession fears, declines in equity markets, and easing of the drought conditions are the primary factors that could trigger a bearish turn in cotton futures.

Since Russia invaded Ukraine on February 24, July wheat futures have traded between \$8.50 and \$12.84, a \$4.34 trading range. For reference, in May 2019, wheat futures traded at \$4.20. It is not just Ukraine-Russia that has contributed to volatility in wheat markets. The drought in the southern plains and potential export restrictions in India have added to the uncertainty.

	Previous	Current	Change
USD Index	104.70	103.28	-1.41
Crude Oil	110.32	113.23	2.91
DJIA	31,956	30,807	-1,149

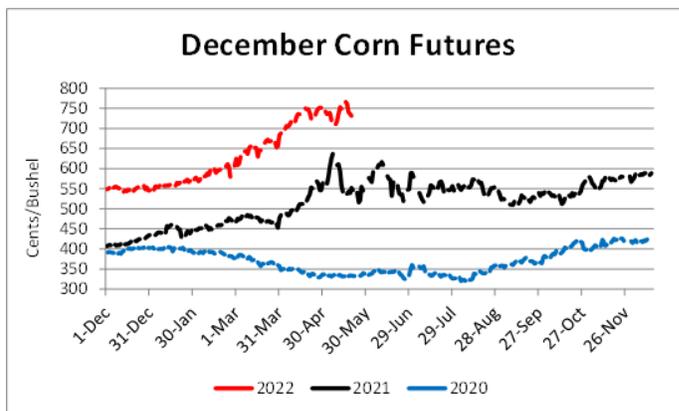
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Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending May 13 was 0.991 million barrels per day, unchanged from the previous week. Ethanol stocks were 23.791 million barrels, down 349,000 compared to last week. Corn net sales reported by exporters for May 6-12, 2022, were up compared to last week with net sales of 17.1 million bushels for the 2021/22 marketing year and 23.2 million bushels for the 2022/23 marketing year. Exports for the same period were down 8% from last week at 54.3 million bushels. Corn export sales and commitments were 93% 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 95%. 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 35 under to 15 over, with an average of 6 under the July futures at elevators and barge points. July 2022 corn futures closed at \$7.78, down 3 cents since last Friday. For the week, July 2022 corn futures traded between \$7.73 and \$8.10. Jul/Sep and Jul/Dec future spreads were -31 and -46 cents.

Corn	Jul 22	Change	Dec 22	Change
Price	\$7.78	-\$0.03	\$7.32	-\$0.16
Support	\$7.65	-\$0.08	\$7.18	-\$0.08
Resistance	\$7.98	-\$0.11	\$7.52	-\$0.16
20 Day MA	\$7.93	-\$0.03	\$7.40	\$0.01
50 Day MA	\$7.65	\$0.07	\$7.10	\$0.10
100 Day MA	\$7.01	\$0.10	\$6.46	\$0.09
4-Week High	\$8.24	\$0.00	\$7.66	\$0.08
4-Week Low	\$7.69	\$0.00	\$7.03	\$0.00
Technical Trend	Down	=	Down	-



Nationally, the Crop Progress report estimated corn planted at 49% compared to 22% last week, 78% last year, and a 5-year average of 67%; and corn emerged at 14% compared to 5% last week, 38% last year, and a 5-year average of 32%. In Tennessee, corn planted was estimated at 84% compared to 64% last week, 84% last year, and a 5-year average of 84%; and corn emerged at 48% compared to 25% last week, 64% last year, and a 5-year average of 65%. September 2022 corn futures closed at \$7.47, down 10 cents since last Friday. New crop cash prices at elevators and barge points ranged from \$7.01 to \$7.77. December 2022 corn futures closed at \$7.32, down 16 cents since last Friday. Downside price protection could be obtained by purchasing a \$7.40 December 2022 Put Option costing 72 cents establishing a \$6.68 futures floor.

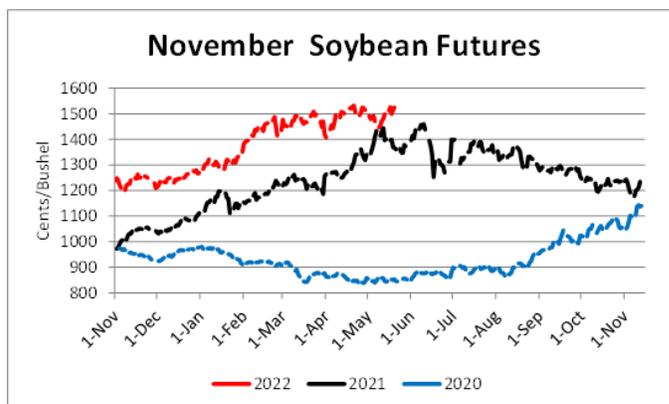
Soybeans

Net sales reported by exporters were up compared to last week with net sales of 27.7 million bushels for the 2021/22 marketing year and 5.5 million bushels for the 2022/23 marketing year. Exports for the same period were up 102% compared to last week at 35.2 million bushels. Soybean export sales and commitments were 102% 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 98%. Across Tennessee, average soybean basis weakened or remained unchanged at West, Northwest, West-Central, North-Central, and Mississippi River elevators and barge points. Basis ranged from even to 40 over, with an average basis of 25 over the July futures contract. July 2022 soybean futures closed at \$17.05, up 59 cents since last Friday. For the week, July 2022 soybean futures traded between \$16.45 and \$17.10. Jul/Aug and Jul/Nov future spreads were -64 and -184 cents. July 2022 soybean-to-corn price ratio was 2.19 at the end of the week. August 2022 soybean futures closed at \$16.41, up 46 cents since last Friday.

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Crop Comments by Dr. Aaron Smith

Soybeans	Jul22	Change	Nov 22	Change
Price	\$17.05	\$0.59	\$15.21	\$0.23
Support	\$16.46	\$0.73	\$14.74	\$0.30
Resistance	\$17.19	\$0.72	\$15.38	\$0.18
20 Day MA	\$16.51	-\$0.06	\$14.95	-\$0.01
50 Day MA	\$16.52	\$0.03	\$14.86	\$0.04
100 Day MA	\$15.83	\$0.16	\$14.33	\$0.12
4-Week High	\$17.34	\$0.00	\$15.41	\$0.00
4-Week Low	\$15.78	\$0.00	\$14.38	\$0.00
Technical Trend	Up	=	Up	=

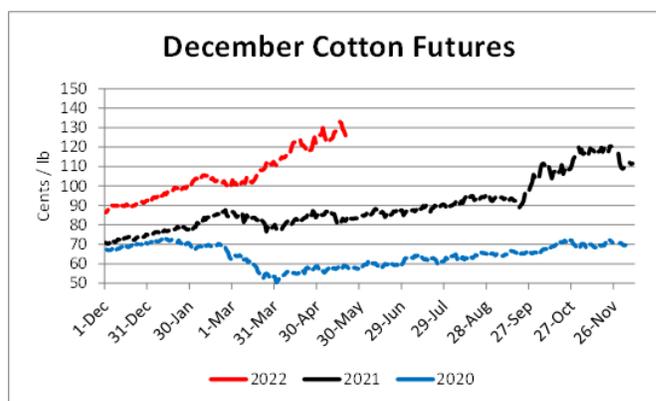


Nationally, the Crop Progress report estimated soybeans planted at 30% compared to 12% last week, 58% last year, and a 5-year average of 39%; and soybeans emerged at 9% compared to 3% last week, 19% last year, and a 5-year average of 12%. In Tennessee, soybeans planted were estimated at 36% compared to 19% last week, 36% last year, and a 5-year average of 28%; and soybeans emerged at 16% compared to 4% last week, 17% last year, and a 5-year average of 10%. Nov/Dec 2022 soybean-to-corn price ratio was 2.08 at the end of the week. New crop cash soybean prices at elevators and barge points ranged from \$14.73 to \$15.56. November 2022 soybean futures closed at \$15.21, up 23 cents since last Friday. Downside price protection could be achieved by purchasing a \$15.40 November 2022 Put Option which would cost 110 cents and set a \$14.30 futures floor.

Cotton

Net sales reported by exporters were up compared to last week with net sales of 110,900 bales for the 2021/22 marketing year and 25,400 bales for the 2022/23 marketing year. Exports for the same period were down 6% compared to last week at 343,200 bales. Upland cotton export sales were 107% 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 107%. Delta upland cotton spot price quotes for May 19 were 146.7 cents/lb (41-4-34) and 148.95 cents/lb (31-3-35). Adjusted world price (AWP) was up 2.42 cents at 143.24 cents. July 2022 cotton futures closed at 142.27 cents, down 2.93 cents since last Friday. For the week, July 2022 cotton futures traded between 141.12 and 151.95 cents. Jul/Dec and Jul/Mar cotton futures spreads were -17.09 cents and -21.43 cents.

Cotton	Jul22	Change	Dec 22	Change
Price	142.27	-2.93	125.18	-2.81
Support	138.15	-2.47	123.81	1.33
Resistance	153.63	3.23	130.81	0.27
20Day MA	145.35	1.98	125.74	2.16
50Day MA	136.56	3.36	117.94	2.81
100 Day MA	126.00	2.11	108.87	1.95
4-Week High	155.95	0.00	133.79	3.88
4-Week Low	132.33	0.00	116.29	0.00
Technical Trend	Down	-	Up	=



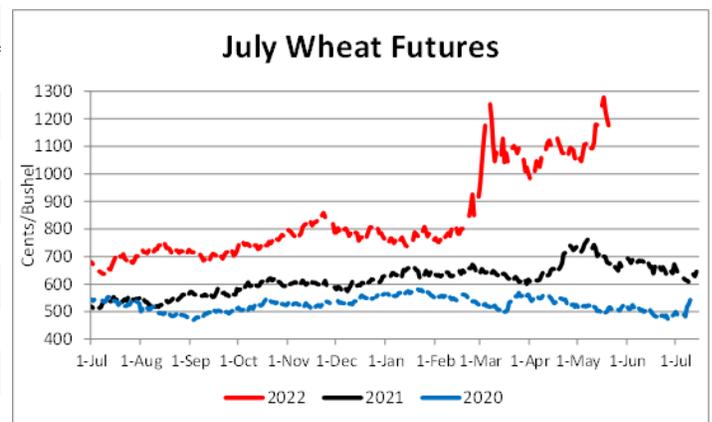
Nationally, the Crop Progress report estimated cotton planted at 37% compared to 24% last week, 36% last year, and a 5-year average of 37%. In Tennessee, cotton planted was estimated at 49%, compared to 13% last week, 21% last year, and a 5-year average of 36%. December 2022 cotton futures closed at 125.18 cents, down 2.81 cents since last Friday. Downside price protection could be obtained by purchasing a 126 cent December 2022 Put Option costing 11.09 cents establishing a 114.91 cent futures floor. March 2023 cotton futures closed at 120.84 cents, down 1.98 cents since last Friday.

Crop Comments by Dr. Aaron Smith

Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 0.3 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 up 44% from last week at 12.7 million bushels. Wheat export sales were 90% 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 106%. Nationally, the Crop Progress report estimated winter wheat condition at 27% good-to-excellent and 41% poor-to-very poor; winter wheat headed at 48% compared to 33% last week, 51% last year, and a 5-year average of 53%; spring wheat planted at 39% compared to 27% last week, 83% last year, and a 5-year average of 67%; and spring wheat emerged at 16% compared to 9% last week, 44% last year, and a 5-year average of 30%. In Tennessee, winter wheat condition was estimated at 59% good-to-excellent and 7% poor-to-very poor; winter wheat jointing at 100% compared to 98% last week; winter wheat heading at 92% compared to 82% last week, 90% last year, and a 5-year average of 94%; and winter wheat coloring at 7%. Wheat cash prices at elevators and barge points ranged from \$11.00 to \$12.38. July 2022 wheat futures closed at \$11.68, down 9 cents since last Friday. July 2022 wheat futures traded between \$11.68 and \$12.84 this week. Downside price protection could be obtained by purchasing an \$11.70 July 2022 Put Option costing 60 cents establishing an \$11.10 futures floor. July wheat-to-corn price ratio was 1.50. Jul/Sep and Jul/Dec future spreads were 6 and 11 cents. New crop wheat cash prices at elevators and barge points ranged from \$11.45 to \$12.42.

Wheat	Jul 22	Change	Sep 22	Change
Price	\$11.68	-\$0.09	\$11.74	-\$0.07
Support	\$11.25	\$0.51	\$11.65	\$0.86
Resistance	\$12.68	\$0.33	\$12.69	\$0.31
20 Day MA	\$11.28	\$0.32	\$11.30	\$0.33
50 Day MA	\$10.92	\$0.07	\$10.82	\$0.16
100 Day MA	\$9.65	\$0.21	\$9.54	\$0.22
4-Week High	\$12.84	\$0.86	\$12.85	\$0.84
4-Week Low	\$10.34	\$0.00	\$10.37	\$0.00
Technical Trend	Up	=	Up	+



September 2022 wheat futures closed at \$11.74, down 7 cents since last Friday. December 2022 wheat futures closed at \$11.79, down 6 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>

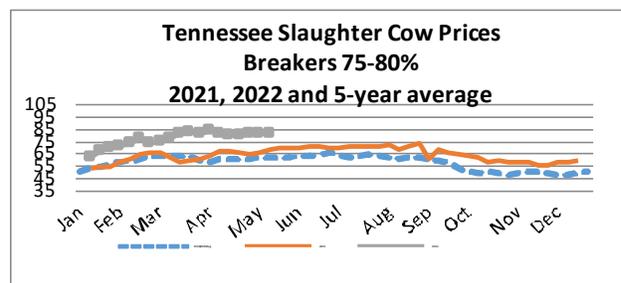
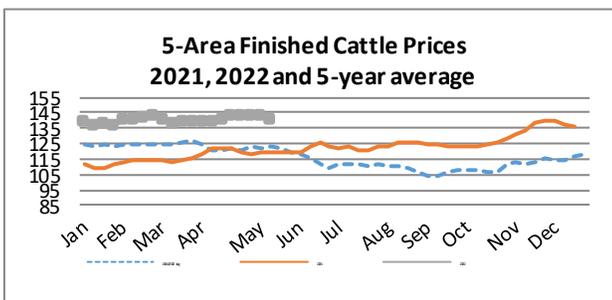
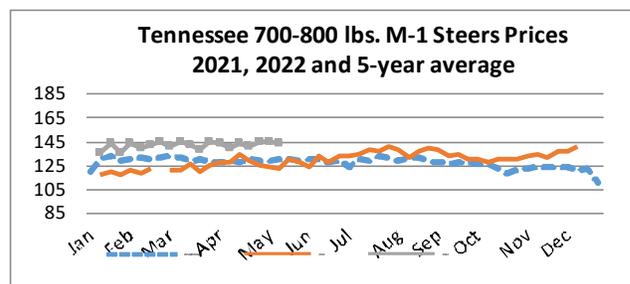
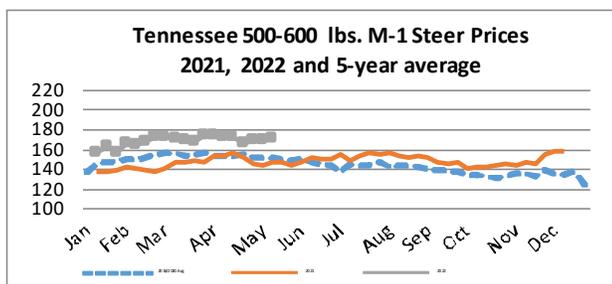
Tennessee Crop Progress - https://www.nass.usda.gov/Statistics_by_State/Tennessee/Publications/Crop_Progress_&_Condition/

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, May 13, 2022---Thursday, May 19, 2022					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	16.47	16.57	16.78	16.63	16.91
North Central					
West Central					
West	16.87	16.97	17.18	17.03	17.28
Mississippi River	16.87	16.96	17.16	17.00	17.28
Yellow Corn					
Northwest	7.76	8.05	7.96	7.77	7.78
North Central	7.46	7.75	7.66	7.47	7.48
West Central	7.86	8.15	8.06	7.87	7.88
West	7.92	8.21	8.12	7.93	7.94
Mississippi River	7.98	8.25	8.14	7.95	7.78
Wheat					
Northwest					
North Central	11.38	12.08	12.38	11.91	11.61
West					
Mississippi River	10.78	11.48	11.78	11.31	11.01
Cotton	-----\$/pound-----				
Memphis	144.20-146.45	149.65-151.90	147.46-149.71	143.47-145.72	146.70-148.95



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, May 16, 2022

	This Week			Last Week's Weighted Average	Year Ago Weighted Average
	Low	High	Weighted Average		
-----\$/cwt-----					
Steers: Medium/Large Frame #1-2					
300-400 lbs	175.00	210.00	195.94	195.57	168.54
400-500 lbs	170.00	202.50	183.22	178.43	156.23
500-600 lbs	160.00	184.00	170.19	169.44	147.08
600-700 lbs	144.00	170.00	156.22	155.62	134.14
700-800 lbs	138.00	155.00	143.69	144.04	122.38
Steers: Small Frame #1-2					
300-400 lbs	150.00	170.00	159.72	160.47	---
400-500 lbs	164.00	170.00	167.25	171.64	---
500-600 lbs	150.00	166.00	158.04	---	---
600-700 lbs	130.00	---	135.00	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	160.00	188.00	176.34	180.24	148.31
400-500 lbs	162.00	185.00	174.93	165.73	141.86
500-600 lbs	148.00	165.00	156.56	152.14	134.01
600-700 lbs	131.00	155.00	139.68	144.17	125.98
700-800 lbs	137.00	137.00	137.00	132.00	---
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	74.00	89.00	80.76	80.22	67.65
Boners 80-85%	70.00	90.50	79.68	78.32	67.15
Lean 85-90%	51.00	82.00	68.01	66.72	59.25
Bulls YG 1	94.00	117.00	109.01	108.82	92.31
Heifers: Medium/Large Frame #1-2					
300-400 lbs	136.00	177.00	161.72	164.15	137.88
400-500 lbs	135.00	170.00	156.88	157.76	133.23
500-600 lbs	130.00	161.00	146.62	147.80	126.42
600-700 lbs	126.00	148.00	137.50	136.75	116.62
Heifers: Small Frame #1-2					
300-400 lbs	144.00	152.00	147.18	157.90	---
400-500 lbs	138.00	140.00	139.32	138.75	---
500-600 lbs	---	---	---	124.08	---
600-700 lbs	---	---	---	106.00	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs	132.50	164.00	148.43	146.59	128.29
400-500 lbs	120.00	157.00	147.31	149.05	127.02
500-600 lbs	122.00	156.00	140.79	135.50	118.30
600-700 lbs	117.50	132.50	127.38	126.29	103.12

Cattle Receipts

This week:5,420

Week ago:6,440

Year ago:4,341

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 Holstein Steer Sale- Sweetwater, TN

5/13/22

Total Receipts: 520

For complete report:

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

Graded Goat & Sheep Sales

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 5/16/22

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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