

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

June 3, 2022

Number: 22

Trends for the Week Compared to a Week Ago

Slaughter Cows

Steady

Slaughter Bulls

Steady

Feeder Steers

Steady to \$2 higher

Feeder Heifers

\$3 higher

Feeder Cattle Index: 153.48

Fed Cattle

The 5-area live price on Thursday of \$137.84 was down \$1.09. The dressed price of \$221.73 was down \$2.26.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$1 to \$2 lower compared to last week on a live basis. Prices on a live basis primarily ranged from \$135 to \$138 while dressed prices were mainly \$221 to \$222.

The 5-area weighted average prices thru Thursday were \$137.84 live, down \$1.09 compared to last week and \$221.73 dressed, down \$2.26 from a week ago. A year ago, prices were \$119.89 live and \$190.73 dressed.

Finished cattle prices traded in a wide range this week. It appears there is just as much uncertainty and disgruntlement in the cattle feeding sector as in the cow-calf and stocker segments. The cash price continues to trade at a premium to the June live cattle futures, but the price direction of the cash price this week indicates that cash prices want to decline to the futures instead of the futures price increasing to the cash price. It is important to understand that the futures market price is essentially attempting to determine a price on a specific day and that specific day is the day the particular contract expires. Thus, the June live cattle contract does not even represent the first week of June but rather the last week.

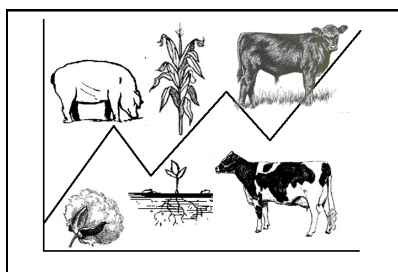
BEEF CUTOUT: At midday Friday, the Choice cutout was \$267.30 up \$0.65 from Thursday and up \$2.37 from a week ago. The Select cutout was \$250.09 up \$0.46 from Thursday and up \$3.40 from last week. The Choice Select spread was \$17.21 compared to \$18.24 a week ago.

Packers are probably the only player in the cattle game that are tickled with their current margins. We continue to hear more and more about vertical integration agreements between feedlots and packers, which then stretches down into some very large backgrounding operations. This may or may not be the beginning of the end of the cattle and packing industry as

we know it. Packers desire vertical integration as that means they will have more input into the product they are purchasing, which will likely result in more uniform outputs. However, such action reduces the autonomy of cattle producers and feedlot operators that work within those confines. It may seem logical to do such a thing, because it smooths profits and losses. However, there will become a time when more and more autonomy is lost in that sector and producers simply become unofficial employees of the packer. If this is one's desire then proceed. However, if this is not one's desire, then producers should be looking at alternative business models.

OUTLOOK: Based on Tennessee weekly auction market reports, steer prices this week were steady to \$2 higher compared to a week ago while heifer prices were \$3 higher compared to last week. Slaughter cow prices were steady while bull prices were also steady compared to the previous week. The Memorial Day holiday resulted in many auctions being closed on Monday or at least not reported by market reporters if the market did operate on the Memorial Day holiday. This was of little consequence as the calf market is much slower this time of year and as the market prepares itself for the yearling cattle market and the many video sales. The futures market has begun to regain some optimism for feeder cattle heading through the summer as it should. The number of cattle placed on feed from December through April is 2.4 percent or 229,000 head more than the same five months the previous year. Given the smaller calf crop in 2021 compared to 2020, the increase in cattle on feed is even a bigger deal. This simply means there will be fewer cattle to place in coming months, which should provide feeder cattle a boost

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Livestock Comments by Dr. Andrew Griffith

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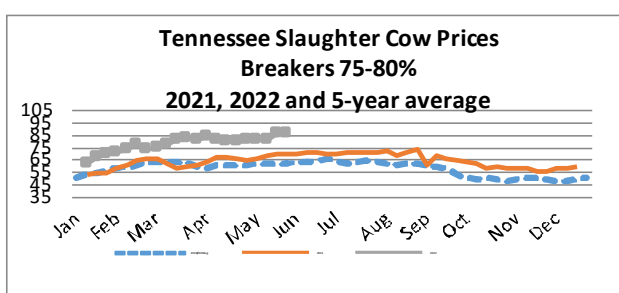
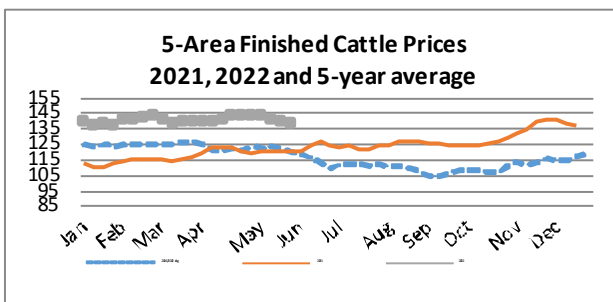
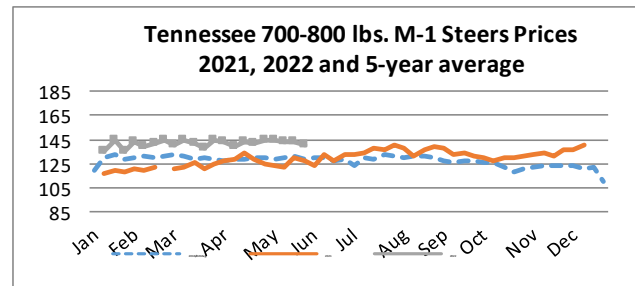
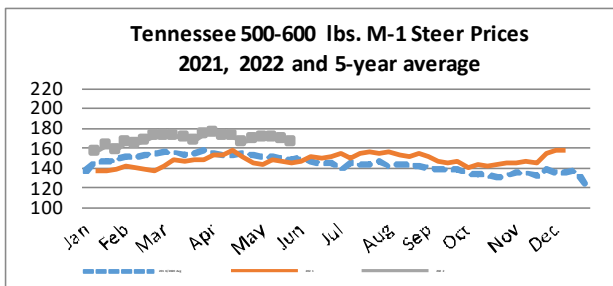
moving through the summer and into the fall months. The question is if this expectation will come to fruition, and even the largest players in the cattle business cannot answer that question. August feeder cattle are trading North of \$170 and were over \$173 as of this writing. Thus, the August feeder cattle contract is \$20 per hundredweight higher than the CME feeder cattle index, which was reported at \$153.48 per hundredweight on June 2nd for 800 pound steers. Tennessee video cattle this week are not far behind the CME feeder cattle index with load lots of steers averaging 850 to 940 pounds bringing \$145 to \$150 per hundredweight. This essentially puts Tennessee cattle on par with cattle out West. The question is if they can gain \$20 between now and August.

ASK ANDREW, TN THINK TANK: No questions were received this week so I am going to take this time to share that a team of researchers at the University of Tennessee sent out the first round of a survey to cattle producers concerning price risk management. This is a national survey, and we would greatly appreciate each person receiving the survey com-

pleting it. The survey has to do with producer use of price risk management tools and how these tools can be improved to better serve the needs of cattle producers. This survey addresses futures, options, and Livestock Risk Protection insurance and is meant to assist small, medium, and large producers. The goal is to identify the barriers producers face to using these tools and what adjustments or changes can be made to address these barriers. There are additional objectives to the research, but the overarching goal is to assist cattle producers in managing price risk. This research will not identify or solve all of the issues producers face with price risk, but it will provide a launching pad.

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 \$133.60 - 0.03; August \$133.85 -0.28; October \$139.70 +0.08; Feeder cattle –August \$173.88 +0.93; September \$176.30 +0.83; October \$178.28 +0.60; November \$179.65 +0.50; July corn closed at \$7.27 down 3 cents from Thursday.



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 Tuesday, May 31, 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.	170.00	207.00	180.92	189.47	165.82
400-500 lbs.	153.00	194.00	175.18	178.63	157.68
500-600 lbs.	150.00	177.50	166.15	168.25	143.99
600-700 lbs.	141.00	174.00	156.92	156.06	134.79
700-800 lbs.	130.00	153.00	140.79	143.41	126.87
Steers: Small Frame #1-2					
300-400 lbs.	157.50	157.50	157.50	---	---
400-500 lbs.	---	---	---	---	---
500-600 lbs.	138.00	160.00	149.00	---	130.84
600-700 lbs.	---	---	---	---	---
Steers: Medium/Large Frame #3					
300-400 lbs.	160.00	185.00	173.09	171.30	159.20
400-500 lbs.	150.00	175.00	162.71	166.28	144.66
500-600 lbs.	140.00	165.00	152.56	152.89	133.38
600-700 lbs.	135.00	150.00	142.38	139.34	124.48
700-800 lbs.	127.00	127.00	127.00	---	118.26
Holstein Steers					
300-400 lbs.	117.50	122.50	121.67	---	---
500-600 lbs.	---	---	---	108.05	70.00
700-800 lbs.	---	---	---	---	95.00
Slaughter Cows & Bulls					
Breakers 75-80%	74.00	99.00	85.59	85.56	69.67
Boners 80-85%	70.00	101.00	82.82	84.06	68.11
Lean 85-90%	55.00	87.00	69.82	68.93	59.65
Bulls YG 1	101.00	129.00	115.04	111.87	95.92
Heifers: Medium/Large Frame #1-2					
300-400 lbs.	134.00	178.00	157.32	159.71	139.18
400-500 lbs.	130.00	165.00	153.11	160.26	134.47
500-600 lbs.	130.00	164.00	144.06	145.61	127.69
600-700 lbs.	123.00	141.00	133.25	132.99	117.54
Heifers: Small Frame #1-2					
300-400 lbs.	147.50	152.50	150.00	---	---
400-500 lbs.	120.00	147.50	132.73	---	---
500-600 lbs.	107.50	110.00	108.75	117.88	114.81
600-700 lbs.	108.00	115.00	111.53	112.79	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs.	127.00	162.50	143.25	145.42	133.00
400-500 lbs.	120.00	153.00	142.63	143.56	128.33
500-600 lbs.	120.00	155.00	132.90	133.40	121.54
600-700 lbs.	120.00	130.00	125.42	123.02	108.23

Cattle Receipts

This week:5,366

Week ago:6,279

Year ago:4,043

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

Graded Sales, Video Board Sales, Video Sales & Loads

Browning Livestock Market Video/Internet Auction-Lafayette, TN

Weighted Average Report for 6/1/22

For complete report:

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

East Tennessee Livestock Center Video/Board Sale-Sweetwater, TN

6/1/22

1 load out of 65 Holstein steers from BQA certified producer; Est weight 990 lbs.; 95% L&M-1s and 5% L&M-2s; medium flesh; \$118.75

Hardin County Stockyard-Savannah, TN

6/1/22

76 Heifers, 662 lbs., M&L 1&2, 69-Black/BWF 5-ChX 2-Red, 4-5 Flesh, \$153.00

71 Heifers, 738 lbs., M&L 1&2, 65-Black/BWF 5-ChX 1-Red, 5 Flesh, \$147.25

58 Steers, 893 lbs., M&L 1&2, 100% Black, 5-6 Flesh, \$147.00

Warren Co. Livestock Graded Sale-McMinnville, TN

Weighted Average Report for 6/1/22

For complete report:

https://www.ams.usda.gov/mnreports/ams_2079.pdf

Graded Sales, Video Board Sales, Video Sales & Loads

Hodge Livestock Network-June 2, 2022

2 loads of heifers; est. wt. 750 lbs. Range 700-850 lbs.; Approx. 85% Black & BWF, 10% Char-X, and 5% Reds; 80% #1s and 20% #1 ½; 75% Medium and 25% Large; Medium grass flesh; \$141.00

1 load of steers; est. wt. 925 lbs. Range 850-1,000 lbs.; Approx. 70% Black & BWF, 20% Char-X (2 real good Char), and 10% Reds and Red Necks; 80% #1s and 20% #1 ½; 70% Medium and 30% Large; Medium grass flesh; \$146.00

1 load of steers; est. wt. 900 lbs. Range 850-1,000 lbs.; All Black & BWF; 80% #1s and 20% #1 ½; 70% Medium and 30% Large; Medium grass flesh; \$147.25

1 load of steers; est. wt. 850 lbs. Range 750-950 lbs.; Approx. 70% Black & BWF, and 20% Char-X, and 10% Reds; 70% #1s and 20% #1 ½, and 10% good #2's; 80% Medium and 20% Large; Light Medium to Medium; \$143.00

1 load of heifers; est. wt. 750 lbs. Range 650-850 lbs.; Approx. 70% Black & BWF, and 20% Char-X, and 10% Reds, 4 to 5 very light ear; 70% #1s and 20% #1 ½, and 10% good #2's; 80% Medium and 20% Large; Light Medium to Medium; \$133.00

Lower Middle Tennessee Cattlemen's Association-Video Board Sale-Columbia, TN

Weighted Average Report for 6/3/22

For complete report:

https://www.ams.usda.gov/mnreports/ams_3340.pdf

Prices Paid to Farmers by Elevators					
Friday, May 27, 2022---Thursday, June 2, 2022					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	17.27		16.78	16.85	17.29
North Central				17.05	17.44
West	17.50		17.01	16.90	17.29
Mississippi River	17.71		17.21	17.28	17.67
Yellow Corn					
Northwest	7.69		7.45	7.26	7.33
North Central	7.42		7.19	7.06	7.05
West Central	7.82		7.59		
West	7.88		7.56	7.31	7.30
Mississippi River	7.90		7.59	7.36	7.35
Wheat					
North Central	11.18		10.48		
Mississippi River	10.58				
Cotton	-----\$/pound-----				
Memphis	138.42-140.67		137.98-140.23	135.06-137.31	138.11-140.36

Department of Agricultural and Resource Economics