

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

August 26, 2022

Number: 34

Trends for the Week Compared to a Week Ago

Slaughter Cows

Unevenly steady

Slaughter Bulls

Mostly steady

Feeder Steers

\$2 to \$6 higher

Feeder Heifers

\$2 to \$5 higher

Feeder Cattle Index: 181.00

Fed Cattle

The 5-area live price on Thursday of \$144.54 was down \$2.22. The dressed price of \$232.88 was down \$1.15.

Corn

September closed at \$6.68 a bushel, up 42 cents since last Friday.

Soybeans

September closed at \$16.05 a bushel, up 117 cents since last Friday.

Wheat

September closed at \$7.84 a bushel, up 29 cents since last Friday.

Cotton

December closed at 117.68 cents per lb., up 1.67 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$2 to \$3 lower compared to last week on a live basis. Prices on a live basis were mainly \$141 to \$142 in the South and \$144 to \$147 in the North while dressed prices were mainly \$230 to \$234.

The 5-area weighted average prices thru Thursday were \$144.54 live, down \$2.22 compared to last week and \$232.88 dressed, down \$1.15 from a week ago. A year ago, prices were \$125.98 live and \$204.18 dressed.

A few dollars lower one week and a few dollars higher the next week. This has been the story for finished cattle. It is neither a good story or a bad story. It is simply the market trying to find equilibrium. Cattle feeders are going to need finished cattle prices to increase to have any chance at a positive margin. Cattle feeders have been paying higher prices for cattle being placed on feed and feed prices have been increasing the past month. This simply means that finished cattle prices will have to increase to achieve a positive margin on a cash to cash basis. However, there is a good chance that many cattle feeders hedged feeder cattle purchases and feed prices at much lower prices than the cash market is pricing, which means there is a little wiggle room.

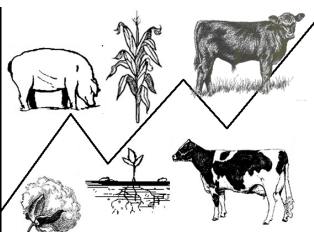
BEEF CUTOUT: At midday Friday, the Choice cutout was \$263.35 down \$0.19 from Thursday and down \$1.16 from a week ago. The Select cutout was \$238.58 up \$1.04 from Thursday and down \$1.22 from last week. The Choice Select spread was \$24.77 compared to \$24.71 a week ago.

The monthly cold storage report was released this week with little to no fan fair. However, there is some information to garner from the report as it relates to beef. The quantity of beef in cold storage at the end of July totaled nearly 511 mil-

lion pounds. To put this in perspective, this is less than one week of federally inspected beef production. However, the quantity of beef in cold storage in July 2022 exceeded the previous July's quantity by 110 million pounds, and the quantity of beef in cold storage this year has not experienced its typical second quarter decline. This simply means the marketplace started the second half of the year with more beef in cold storage than is typical and that quantity is expected to continue increasing through the fourth quarter of the year. If heifer and cow slaughter rates remain elevated then the quantity of beef in cold storage could exceed 600 million pounds by the end of the year. This is not necessarily a bad thing as beef supplies will begin to tighten the second half of 2023.

OUTLOOK: Based on Tennessee weekly auction average prices, steer prices were \$2 to \$6 higher compared to last week while heifer prices were \$2 to \$5 higher compared to a week ago. Slaughter cow prices were unevenly steady compared to a week ago while bull prices were steady compared to the previous week. The CME feeder cattle index reached \$181 per hundredweight on Wednesday, which values an 800 pound steer at \$1,448. This is nearly a \$56 per head value increase since the beginning of the month and a \$125 per head increase since the beginning of July. Based on the futures market, traders are anticipating prices to continue increasing to the tune of the mid-\$180s to upper \$180s the fourth quarter of 2022 and the first quarter of 2023. Traders have even more optimism moving into the second quarter of 2023 with prices in the low to mid-\$190s. This simply means the market is looking toward 800 pound steers being valued near \$1,600 per head in 2023, which means heavier steers will rake in an

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

even higher value. What does this mean for freshly weaned calves this fall and next spring? The price of lightweight calves coming to market are not following their normal seasonal pattern at this time as prices have been inching higher. The price of these cattle may come under a little pressure when the glut of spring calves hit the market from late September through November, but prices are not expected to decline as much as the seasonal tendency would project. On top of that, prices will be expected to continue increasing in late December and moving through the spring of 2023. It may sound foolish, but there is a good chance that 550 pound steers will be bringing \$200 per hundredweight in March and April in Tennessee. The reason that sounds foolish is because prices would have to increase \$25 per hundredweight between now and then to achieve that mark. Time will tell if that is a correct or incorrect projection.

ASK ANDREW, TN THINK TANK: I received one of the greatest compliments of my career this week. Without going into detail, the compliment was that I had given a producer some of the best advice that he did not take. Frankly, the producer thought I was just young and did not know what I was talking

about, which was probably an accurate thought. However, this got me to thinking about the advice and wisdom others have shared with me that I did not put into action that I should have. At the same time, what advice have I taken that was not good advice? As advice is given, a person chooses to heed the advice or to not heed the advice. Personally, I try to take advice that will help me to improve in some manner and avoid advice that I do not think has any advantages. That sounds like an easy process, but in reality, it takes considerable effort to hear, listen, and evaluate all of the advice given. It takes even more effort to put that advice into action by making changes to oneself or the business one is operating. It is really difficult but sometimes necessary to make big changes.

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 –October \$143.05 -0.60; December \$149.10 -0.80; February \$153.90 -0.78; Feeder cattle –September \$182.20 -2.05; October \$183.40 -2.13; November \$185.18 -1.90; January \$186.15 -1.65; September corn closed at \$6.69 up 11 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

On August 22, USDA Farm Service Agency (FSA) released its initial Crop Acreage Data. USDA FSA requires producers participating in several programs to submit an annual report regarding all cropland use on their farms. Data are reported for planted, prevented planted, and failed acres. The August data indicated 86.77 million acres of corn, 86.49 million acres of soybeans, 13.35 million acres of upland cotton, and 47.45 million acres of wheat planted in 2022. 6.39 million acres were reported as prevented planted, including 3.15 million acres of corn, 0.99 million acres of soybeans, and 1.16 million acres of wheat. South Dakota, North Dakota, and Minnesota had 3.6 million acres prevented planted. The FSA data will be revised monthly until January 2023.

	Previous	Current	Change
USD Index	108.06	108.75	0.69
Crude Oil	90.53	93.06	2.53
DJIA	33,647	32,283	-1,364

Corn prices increased this week due to field-based yield estimates coming in lower than current USDA projections. National average corn yield was estimated by one tour at 168 bu/acre compared to USDA's current estimate of 175.7 million bu/acre. A slow start to the production year in the Northwest Corn Belt combined with drought in many regions has resulted in lower yield estimates. There remains a high degree of uncertainty regarding the size of the 2022 corn crop. The December corn contract was up 41 cents closing the week at \$6.64. The current price trend points toward higher prices.

Soybean prices were boosted from strong export sales to China and lower US yields than many were projecting. The November contract added over 55 cents this week. Prices have rebounded substantially after hitting a three-month low of \$12.88 on July 22.

December cotton futures appear to be headed towards a trading range of 110 to 120 cents. The supply concerns in the US, with record abandonment projected by USDA, are pitted squarely against concerns regarding demand destruction from a looming global recession. This week Jerome Powell, the Federal Reserve Chairman, indicated "pain ahead" as the federal reserve increases interest rates to combat 40-year highs in inflation.

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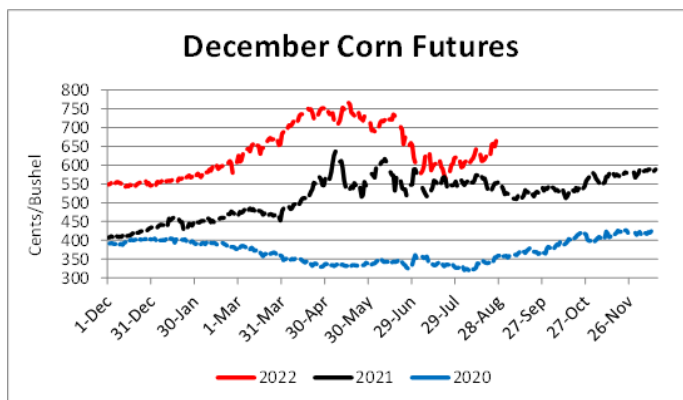
Crop Comments by Dr. Aaron Smith

Wheat planting in Tennessee will begin in the next couple of months and with July 2023 futures prices trading between \$7.75 and \$8.75, the past two months, there is an incentive to plant. The challenge facing producers' is the decision to price some production or not. The old saying if you like the price enough to plant the crop you should like the price enough to sell some is often used. However, based on highly uncertain and volatile agricultural commodity markets, a strategy based on crop insurance protection and options to remove downside price risk seems preferable.

Corn

Ethanol production for the week ending August 19 was 0.987 million barrels per day, up 4,000 from the previous week. Ethanol stocks were 23.807 million barrels, up 361,000 compared to last week. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at West, Northwest, West-Central, North-Central, and Mississippi River elevators and barge points. Overall, basis for the week ranged from 10 to 50 over, with an average of 35 over the September futures at elevators and barge points. September 2022 corn futures closed at \$6.68, up 42 cents since last Friday. For the week, September 2022 corn futures traded between \$6.16 and \$6.75. Sep/Dec and Sep/Mar future spreads were -4 and 1 cents.

Corn	Sep 22	Change	Dec 22	Change
Price	\$6.68	\$0.42	\$6.64	\$0.41
Support	\$6.48	\$0.37	\$6.40	\$0.33
Resistance	\$6.81	\$0.46	\$6.77	\$0.45
20 Day MA	\$6.25	\$0.14	\$6.23	\$0.11
50 Day MA	\$6.28	-\$0.07	\$6.24	-\$0.07
100 Day MA	\$6.85	-\$0.01	\$6.76	-\$0.01
4-Week High	\$6.75	\$0.35	\$6.71	\$0.29
4-Week Low	\$5.83	\$0.22	\$5.87	\$0.26
Technical Trend	Up	=	Up	=



Nationally, the Crop Progress report estimated corn condition at 55% good-to-excellent and 18% poor-to-very-poor; corn silking at 97% compared to 94% last week, 100% last year, and a 5-year average of 99%; corn dough at 75% compared to 62% last week, 83% last year, and a 5-year average of 79%; corn dented at 31% compared to 16% last week, 38% last year, and a 5-year average of 35%; and corn mature at 4% compared to 4% last year and a 5-year average of 4%. In Tennessee, corn condition was estimated at 32% good-to-excellent and 38% poor-to-very poor; corn silking at 99% compared to 98% last week, 100% last year, and a 5-year average of 100%; corn dough at 92% compared to 87% last week, 94% last year, and a 5-year average of 95%; corn dented at 60% compared to 44% last week, 68% last year; and a 5-year average of 69%; and corn mature at 9% compared to 6% last year and a 5-year average of 11%. New crop cash prices at elevators and barge points ranged from \$6.09 to \$6.75. December 2022 corn futures closed at \$6.64, up 41 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.70 December 2022 Put Option costing 43 cents establishing a \$6.27 futures floor. March 2023 corn futures closed at \$6.69, up 39 cents since last Friday.

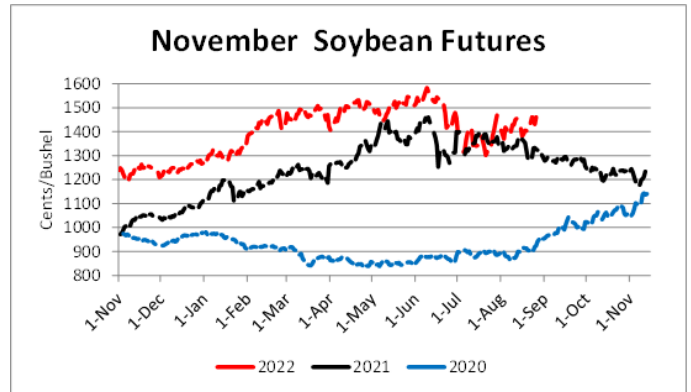
Soybeans

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 72 under to 53 over, with an average basis of 52 under the September futures contract. September 2022 soybean futures closed at \$16.05, up 117 cents since last Friday. For the week, September 2022 soybean futures traded between \$14.78 and \$16.14. Sep/Nov and Sep/Jan future spreads were -140 and -144 cents. September 2022 soybean-to-corn price ratio was 2.40 at the end of the week.

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Crop Comments by Dr. Aaron Smith

Soybeans	Sep 22	Change	Nov 22	Change
Price	\$16.05	\$1.17	\$14.61	\$0.57
Support	\$15.28	\$0.64	\$14.12	\$0.36
Resistance	\$16.52	\$1.41	\$14.89	\$0.66
20 Day MA	\$14.96	\$0.34	\$14.19	\$0.10
50 Day MA	\$14.50	\$0.00	\$14.08	-\$0.10
100 Day MA	\$14.98	\$0.04	\$14.59	\$0.01
4-Week High	\$16.14	\$0.57	\$14.89	\$0.00
4-Week Low	\$13.86	\$0.82	\$13.56	\$0.68
Technical Trend	Up	=	Up	=

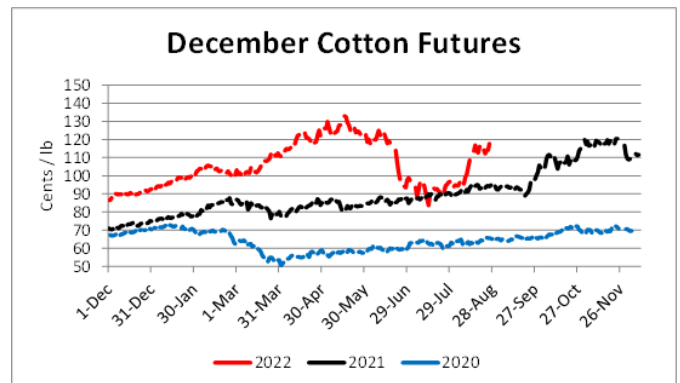


Nationally, the Crop Progress report estimated soybean condition at 57% good-to-excellent and 13% poor-to-very poor; soybeans blooming at 97% compared to 93% last week, 97% last year, and a 5-year average of 97%; and soybeans setting pods at 84% compared to 74% last week, 87% last year, and a 5-year average of 86%. In Tennessee, soybean condition was estimated at 48% good-to-excellent and 18% poor-to-very poor; soybeans blooming at 95% compared to 92% last week, 94% last year, and a 5-year average of 95%; soybean setting pods at 80% compared to 70% last week, 81% last year, and a 5-year average of 82%; and soybeans dropping leaves at 1% compared to 3% last year and a 5-year average of 1%. Nov/Dec 2022 soybean-to-corn price ratio was 2.2 at the end of the week. New crop cash soybean prices at elevators and barge points ranged from \$14.02 to \$14.97. November 2022 soybean futures closed at \$14.61, up 57 cents since last Friday. Downside price protection could be achieved by purchasing a \$14.70 November 2022 Put Option which would cost 61 cents and set a \$14.09 futures floor. January 2023 soybean futures closed at \$14.65, up 55 cents since last Friday.

Cotton

Delta upland cotton spot price quotes for August 25 were 124.18 cents/lb (41-4-34) and 126.43 cents/lb (31-3-35). Adjusted world price (AWP) was up 2.58 cents at 104.48 cents.

Cotton	Dec 22	Change	Mar 23	Change
Price	117.68	1.67	114.37	1.53
Support	112.56	2.65	110.10	3.09
Resistance	120.96	3.27	116.98	2.61
20 Day MA	106.39	4.95	103.55	5.05
50 Day MA	100.36	-0.73	96.85	-0.58
100 Day MA	111.51	0.13	107.44	0.21
4-Week High	119.59	0.00	116.49	0.00
4-Week Low	91.60	2.10	89.24	3.27
Technical Trend	Up	=	Up	=



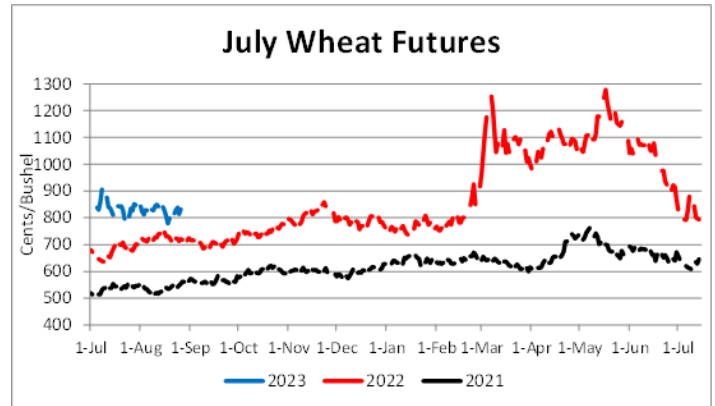
Nationally, the Crop Progress report estimated cotton condition at 31% good-to-excellent and 40% poor-to-very poor; cotton setting bolls at 88% compared to 80% last week, 78% last year, and a 5-year average of 85%; and cotton bolls opening at 19% compared to 15% last week, 13% last year, and a 5-year average of 18%. In Tennessee, cotton condition was estimated at 57% good-to-excellent and 13% poor-to-very poor; cotton setting bolls at 95% compared to 91% last week, 90% last year, and a 5-year average of 95%; and cotton bolls opening at 7% compared to 4% last week, 4% last year, and a 5-year average of 7%. December 2022 cotton futures closed at 117.68 cents, up 1.67 cents since last Friday. For the week, December 2022 cotton futures traded between 111.21 and 118.4 cents. Dec/Mar and Dec/May cotton futures spreads were -3.31 cents and -6.52 cents. Downside price protection could be obtained by purchasing a 118 cent December 2022 Put Option costing 9.56 cents establishing a 108.44 cent futures floor. March 2023 cotton futures closed at 114.37 cents, up 1.53 cents since last Friday. May 2023 cotton futures closed at 111.16 cents, up 1.27 cents since last Friday.

Crop Comments by Dr. Aaron Smith

Wheat

Nationally, the Crop Progress report estimated winter wheat harvested at 95% compared to 90% last week, 99% last year, and a 5-year average of 97%; spring wheat condition at 64% good-to-excellent and 8% poor-to-very poor; spring wheat harvested at 33% compared to 16% last week, 74% last year, and a 5-year average of 54%. Wheat cash prices at elevators and barge points ranged from \$7.15 to \$7.98. September 2022 wheat futures closed at \$7.84, up 29 cents since last Friday. September 2022 wheat futures traded between \$7.44 and \$8.03 this week. September wheat-to-corn price ratio was 1.17. Sep/Dec and Sep/Jul future spreads were 21 and 47 cents.

Wheat	Sep 22	Change	Jul 23	Change
Price	\$7.84	\$0.29	\$8.31	\$0.33
Support	\$7.52	\$0.52	\$7.97	\$0.46
Resistance	\$8.08	\$0.26	\$8.55	\$0.34
20 Day MA	\$7.80	-\$0.05	\$8.25	-\$0.01
50 Day MA	\$8.30	-\$0.30	\$8.61	-\$0.26
100 Day MA	\$9.69	-\$0.11	\$9.57	-\$0.03
4-Week High	\$8.45	\$0.00	\$8.77	\$0.00
4-Week Low	\$7.25	\$0.00	\$7.73	\$0.00
Technical Trend	Down	=	Down	=



December 2022 wheat futures closed at \$8.05, up 33 cents since last Friday. New crop wheat cash prices at elevators and barge points ranged from \$7.44 to \$8.13. July 2023 wheat futures closed at \$8.31, up 33 cents since last Friday. Downside price protection could be obtained by purchasing an \$8.40 July 2023 Put Option costing 103 cents establishing a \$7.37 futures floor.

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>

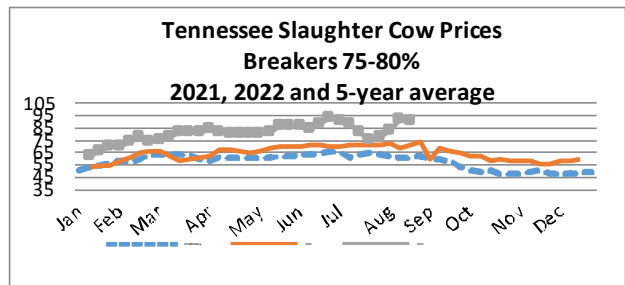
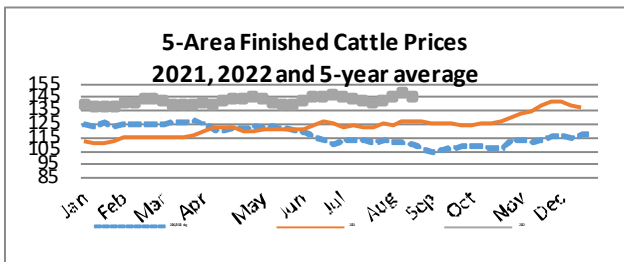
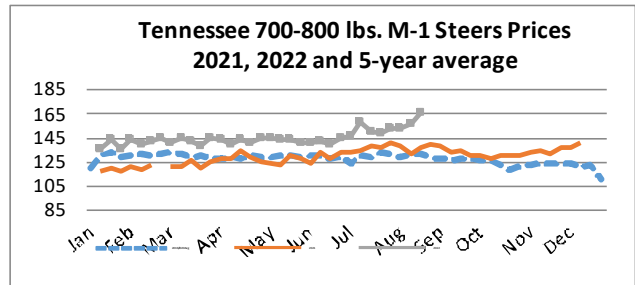
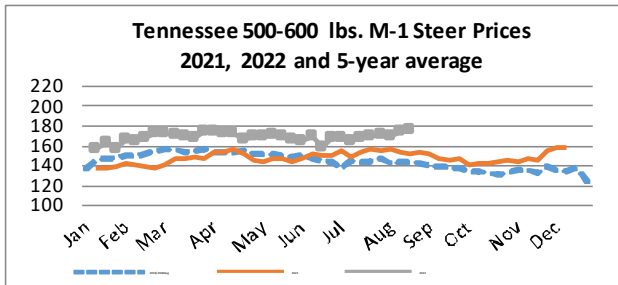
Tennessee Crop Progress - https://www.nass.usda.gov/Statistics_by_State/Tennessee/Publications/Crop_Progress_&_Condition/

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, August 19, 2022---Thursday, August 25, 2022					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest					
North Central	15.49	15.80	15.51	15.47	15.21
West Central					
West	14.48	14.79	15.10	15.06	14.80
Mississippi River					
Yellow Corn					
Northwest					
North Central	6.36	6.44	6.70	6.76	6.68
West Central					
West	6.65	6.73	7.05	7.11	7.03
Mississippi River	6.61	6.69	7.10	7.16	7.08
Wheat					
Northwest	6.98	7.16	7.33	7.45	7.20
North Central	7.53	7.71	7.83	7.95	7.70
West	7.18	7.36	7.48	7.60	7.35
Mississippi River	7.58	7.77	7.90	7.98	7.74
Cotton	-----\$/pound-----				
Memphis	128.75-131.00	126.89-129.14	126.89-129.14	126.57-128.82	124.18-126.43



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, August 22, 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.	180.00	225.00	197.84	193.04	166.48
400-500 lbs.	174.00	200.00	188.82	183.78	160.68
500-600 lbs.	158.00	191.00	175.15	174.15	151.50
600-700 lbs.	145.00	180.00	169.38	165.87	144.45
700-800 lbs.	144.00	174.00	165.00	155.87	137.10
Steers: Small Frame #1-2					
300-400 lbs.	---	---	---	---	143.75
400-500 lbs.	---	---	---	---	---
500-600 lbs.	---	---	---	146.67	---
600-700 lbs.	---	---	---	---	---
Steers: Medium/Large Frame #3					
300-400 lbs.	149.00	190.00	174.67	168.12	149.50
400-500 lbs.	150.00	185.00	171.64	160.46	145.28
500-600 lbs.	136.00	175.00	156.39	152.54	140.91
600-700 lbs.	138.00	165.00	150.24	146.52	130.47
700-800 lbs.	136.00	159.00	143.49	130.00	122.26
Holstein Steers					
300-400 lbs.	---	---	---	---	---
500-600 lbs.	---	---	---	---	---
700-800 lbs.	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	72.00	100.00	89.93	90.82	70.14
Boners 80-85%	74.00	99.00	85.04	86.01	69.34
Lean 85-90%	55.00	91.00	75.96	73.78	61.37
Bulls YG 1	96.00	129.00	116.05	116.81	98.53
Heifers: Medium/Large Frame #1-2					
300-400 lbs.	155.00	185.00	167.52	162.36	140.85
400-500 lbs.	148.00	172.00	161.13	158.21	139.58
500-600 lbs.	140.00	166.00	152.69	151.59	134.42
600-700 lbs.	130.00	162.00	144.85	141.38	126.87
Heifers: Small Frame #1-2					
300-400 lbs.	---	---	---	---	---
400-500 lbs.	122.50	156.00	142.62	---	133.00
500-600 lbs.	132.00	132.50	132.25	---	---
600-700 lbs.	---	---	---	---	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs.	137.50	165.00	150.14	145.67	133.47
400-500 lbs.	132.50	164.00	146.23	145.94	129.34
500-600 lbs.	129.00	152.00	140.04	138.73	125.10
600-700 lbs.	115.00	147.00	127.78	132.54	116.77

Cattle Receipts

This week:6,729

Week ago:4,020

Year ago:6,471

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

Graded Sales, Video Board Sales, Video Sales & Loads

East Tennessee Livestock Center Video Sale - Sweetwater, TN

8/24/22

1 load out of 75 steers from BQA certified producer; Est weight 880 lbs.; 95% L&M-1s and 5% L&M-2s; medium flesh; 100% BLK/BWF; \$173.50

Hardin County Stockyard - Savannah, TN

8/24/22

86 Heifers, 605 lbs., M&L 1&2, 66-Black/BWF 11-ChX 9-Red/RWF, 5 Flesh, \$172.50

Hardin County Stockyard Video Auction - Savannah, TN

Weighted Average Report for 8/24/22

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 8/22/22

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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