

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

September 16, 2022

Number: 37

Trends for the Week Compared to a Week Ago

Slaughter Cows

Steady to \$2 higher

Slaughter Bulls

Steady

Feeder Steers

Steady to \$4 higher

Feeder Heifers

\$3 to \$6 higher

Feeder Cattle Index: 178.51

Fed Cattle

The 5-area live price on Thursday of \$142.79 was up \$0.62. The dressed price of \$226.55 was down \$0.08.

Corn

December closed at \$6.77 a bushel, down 8 cents since last Friday.

Soybeans

November closed at \$14.48 a bushel, up 36 cents since last Friday.

Wheat

December closed at \$8.59 a bushel, down 10 cents since last Friday.

Cotton

December closed at 99.29 cents per lb, down 5.55 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded steady to \$1 higher compared to last week on a live basis. Prices on a live basis were mainly \$141 to \$145 while dressed prices were mainly \$225 to \$227.

The 5-area weighted average prices thru Thursday were \$142.79 live, up \$0.62 compared to last week and \$226.55 dressed, down \$0.08 from a week ago. A year ago, prices were \$123.90 live and \$198.65 dressed.

There is little change in the finished cattle market to discuss relative to last week. October live cattle futures prices have bounced around between \$144 and \$145 for two weeks, and bouncing is the correct term. The prices the past two weeks have no trend to the upside or the downside. Thus, it is clear that market participants and futures traders are unsure of where the market needs to go the next six weeks. The only thing that is clear is that futures traders believe finished cattle prices should increase for the next eighteen months. The typical factors of consumer demand and supply will drive the market, but the set up of those two factors are rather unique relative to history.

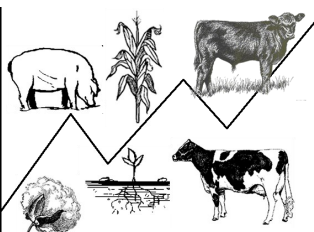
BEEF CUTOUT: At midday Friday, the Choice cutout was \$253.02 up \$0.68 from Thursday and down \$4.22 from a week ago. The Select cutout was \$227.48 down \$2.47 from Thursday and down \$8.54 from last week. The Choice Select spread was \$25.54 compared to \$21.22 a week ago.

There is considerable talk concerning the consumer's ability to purchase beef. There is no doubt consumers have been willing to shell out the dollars to purchase beef despite its high retail value. The concern is if consumers can continue to do such with increasing inflation and higher interest rates. Inflation and higher interest rates

sound scary, but when there are job postings touting \$25 per hour for entry level non-skilled labor, which equates to \$50,000 per year, then maybe the ability to pay for beef is not such a problem. This means skilled labor and longer tenured positions are likely making substantially more than the entry level positions. This does not mean that higher incomes for consumers are outpacing inflation and interest rates, but it does mean consumers have a stronger buying power than many people realize. Despite high retail beef prices, beef consumption and disappearance do not appear to be negatively impacted from either domestic or international consumers. The wholesale market will likely soften the next six plus weeks.

OUTLOOK: Based on Tennessee weekly auction average prices, steer prices were steady to \$4 higher compared to last week while heifer prices were \$3 to \$6 higher compared to a week ago. Slaughter cow prices were steady to \$2 higher compared to a week ago while bull prices were steady compared to the previous week. The fall run of calves has yet to ramp up as many of the spring born calves are still a month away from weaning. However, livestock auction markets will begin to get a little busier before the end of September as some of the calves born between January and March make their way to town. Typically, moving calves in September is a good idea, because the market is not overrun with calves and there is good demand for calves, which means prices are a little better than October and November. It may make no difference this year which month a cattle producer sells calves as the price of cattle is not expected to decline much if at all. There will certainly be fewer calves available this fall relative to the past couple of years, and those supplies are only going to get smaller next year.

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

This is not a statement to insinuate that a producer can overlook the cattle marketing process and expect a higher price the next few years. Though that might be a true statement, cattle producers should always be looking to market cattle to their highest value. For some, this means weaning and pre-conditioning the calf crop while for others it may be selling straight off the cow and yet for others it may mean growing them to finished weight. It is clear that the market is set up for prices to increase the next couple of years, but that does not mean higher profits. Producers still need to consider and manage their input costs as the price of many inputs have remained elevated all year. The managing of costs coupled with marketing cattle instead of simply selling cattle may be the difference in profit and loss.

ASK ANDREW, TN THINK TANK: Here are some simple truths about life in the country and on the farm. The fact that the neighbors bull comes to visit on a regular basis does not mean your cows are prettier than his or that your grass is better than his. It probably means your bull does not know what he is doing, or he is just not doing it well! A field full of broom sedge does not qualify as a good stand of grass, but there may be some city folk that would like to take their pic-

ture in the field of golden grass this winter when it snows. A well-conditioned or fat cow is not always a good thing. If she is still four times the size of her calf at weaning then she qualifies as a delinquent mother, because she is better at taking care of herself than she is of her offspring. Not all bales of hay are better than a snowball, but all snowballs have a moisture value. Just because a person owns land, drives a tractor, has cattle and feeds hay does not mean they are a cattle producer. It simply means they own all those things. Being a cattle producer requires a little more effort.

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 \$145.50 -0.13; December \$150.98 -0.35; February \$155.10 -0.28; Feeder cattle –September \$179.20 -0.15; October \$181.25 +0.33; November \$182.75 -0.03; January \$184.25 +0.03; December corn closed at \$6.78 down 1 cent from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

Soybeans were up; corn, cotton, and wheat down for the week.

Should producers start managing price risk for the 2023 crop? Yes. On September 16, December 2023 corn futures were \$6.20/bu and November 2023 soybean futures were \$13.66/bu. Some producers will be looking to hedge new crop production (and this would be a prudent risk management decision for many), however given volatility and the potential for increased margin requirements a more cost-effective strategy may be bridging the price risk gap until crop insurance prices are determined in March.

One strategy to bridge the price risk gap is to utilize put options. For example, a \$5.20 December 2023 corn put option could be purchased for 20 cents setting a \$5.00 futures price floor. Every producer will have different risk tolerances, so they will need to select the strike price and corresponding premium cost that will work for their risk management plan. Higher strike prices are more expensive but provide greater price protection and lower strike prices are cheaper but provide lower price protection.

The benefit of purchasing a December or November 2023 put option is that it can be used to extend time before fixing a price or making additional risk management decisions, thus bridging the price risk gap. If on March 1 projected crop insurance prices for corn and soybeans are higher than the put option strike price, the purchaser can exit the option position and recoup part of the premium. If crop insurance prices are lower than the put option strike price the purchaser can maintain the position. This strategy allows price risk protection between now and when crop insurance prices (and revenue guarantees) are set. The uncertainty and volatility in futures markets necessitates identifying risk intervals and seeking mitigation strategies.

The projected crop insurance price for winter wheat, in Tennessee, was set at \$8.40/bushel. Input prices remain high; however, the current crop insurance price provides good revenue protection for those planting wheat this fall. For example, a 75 bu/acre Actual Production History (APH) at 75% coverage buyup sets a crop insurance revenue guarantee of \$472.50/acre. High crop insurance, and market, prices should provide an incentive for increased acreage in Tennessee and the US. Working with a quali-

	Previous	Current	Change
USD Index	108.94	109.70	0.76
Crude Oil	86.3	85.34	-0.96
DJIA	32,176	30,769	-1,407

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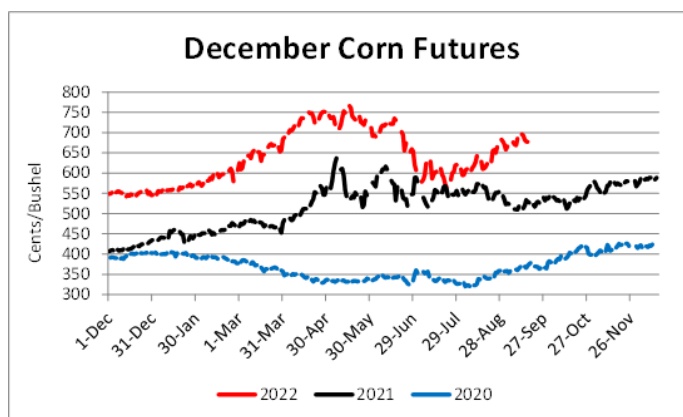
Crop Comments by Dr. Aaron Smith

fied crop insurance agent will assist farmers with maximizing crop insurance protection and selecting the appropriate policy options based on premium costs.

Corn

Ethanol production for the week ending September 9 was 0.963 million barrels per day, down 26,000 from the previous week. Ethanol stocks were 22.843 million barrels, down 295,000 compared to last week. Corn net sales reported by exporters for August 26-September 1, 2022, were 32.1 million bushels for the 2022/23 marketing year. Exports for the same period were 41.4 million bushels. Nationally, the Crop Progress report estimated corn condition at 53% good-to-excellent and 20% poor-to-very-poor; corn dough at 95% compared to 92% last week, 95% last year, and a 5-year average of 96%; corn dented at 77% compared to 63% last week, 85% last year, and a 5-year average of 79%; corn mature at 25% compared to 15% last week, 35% last year, and a 5-year average of 30%; and corn harvested at 5% compared to 3% last week and a 5-year average of 4%. In Tennessee, corn condition was estimated at 28% good-to-excellent and 40% poor-to-very poor; corn dented at 94% compared to 87% last week, 94% last year; and a 5-year average of 95%; corn mature at 58% compared to 42% last week, 57% last year, and a 5-year average of 68%; and corn harvested at 14% compared to 9% last week, 14% last year, and a 5-year average of 21%. 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 15 to 37 over, with an average of 23 over the December futures at elevators and barge points. New crop cash prices ranged from \$6.57 to \$7.11 at elevators and barge points. December 2022 corn futures closed at \$6.77, down 8 cents since last Friday. For the week, December 2022 corn futures traded between \$6.67 and \$6.99. Downside price protection could be obtained by purchasing a \$6.80 December 2022 Put Option costing 33 cents establishing a \$6.47 futures floor. Dec/Mar and Dec/Dec future spreads were 6 and -57 cents.

Corn	Dec 22	Change	Mar 23	Change
Price	\$6.77	-\$0.08	\$6.83	-\$0.06
Support	\$6.62	-\$0.01	\$6.67	-\$0.01
Resistance	\$6.88	-\$0.08	\$6.93	-\$0.07
20 Day MA	\$6.68	\$0.16	\$6.73	\$0.15
50 Day MA	\$6.31	\$0.09	\$6.37	\$0.09
100 Day MA	\$6.69	-\$0.02	\$6.74	-\$0.03
4-Week High	\$6.99	\$0.11	\$7.02	\$0.10
4-Week Low	\$6.04	\$0.00	\$6.11	\$0.00
Technical Trend	Up	=	Up	=



March 2023 corn futures closed at \$6.83, down 6 cents since last Friday. December 2023 corn futures closed at \$6.20, down 6 cents since last Friday.

Soybeans

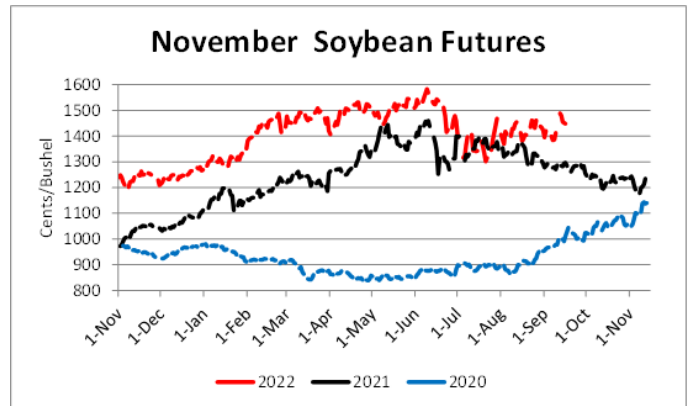
Across Tennessee, average soybean basis weakened or remained unchanged at West, Northwest, West-Central, North-Central, and Mississippi River elevators and barge points. Basis ranged from 44 to 65 over, with an average basis of 48 over the November futures contract. Soybean net sales reported by exporters for August 26-September 1, 2022, were 53.9 million bushels for the 2022/23 marketing year. Exports for the same period were 17.3 million bushels. Nationally, the Crop Progress report estimated soybean condition at 56% good-to-excellent and 15% poor-to-very poor; soybeans setting pods at 97% compared to 94% last week, 96% last year, and a 5-year average of 98%; and soybeans dropping leaves at 22% compared to 10% last week, 35% last year, and a 5-year average of 28%. In Tennessee, soybean condition was estimated at 54% good-to-excellent and 16% poor-to-very poor; soybean setting pods at 98% compared to 95% last week, 99% last year, and a 5-year average of 98%; soybeans dropping leaves at 30% compared to 15% last week, 25% last year, and a 5-year average of 26%; and soybeans harvested at 2% compared to 0% last week, 1% last year, and a 5-year average of 2%. Nov/Dec 2022 soybean-to-corn price ratio was 2.14 at the end of the week. New crop cash soybean prices at elevators and barge points ranged from \$14.28 to \$15.22. November 2022

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Crop Comments by Dr. Aaron Smith

soybean futures closed at \$14.48, up 36 cents since last Friday. For the week, November 2022 soybean futures traded between \$14.02 and \$15.08. Downside price protection could be achieved by purchasing a \$14.50 November 2022 Put Option which would cost 43 cents and set a \$14.07 futures floor. Nov/Jan and Nov/Nov future spreads were 7 and -82 cents.

Soybeans	Nov 22	Change	Jan 23	Change
Price	\$14.48	\$0.36	\$14.55	\$0.38
Support	\$14.24	\$0.48	\$14.31	\$0.49
Resistance	\$14.67	\$0.34	\$14.73	\$0.36
20 Day MA	\$14.33	\$0.14	\$14.38	\$0.14
50 Day MA	\$14.06	\$0.10	\$14.12	\$0.09
100 Day MA	\$14.49	-\$0.03	\$14.54	-\$0.02
4-Week High	\$15.08	\$0.24	\$15.12	\$0.24
4-Week Low	\$13.73	\$0.00	\$13.78	\$0.00
Technical Trend	Down	=	Down	=

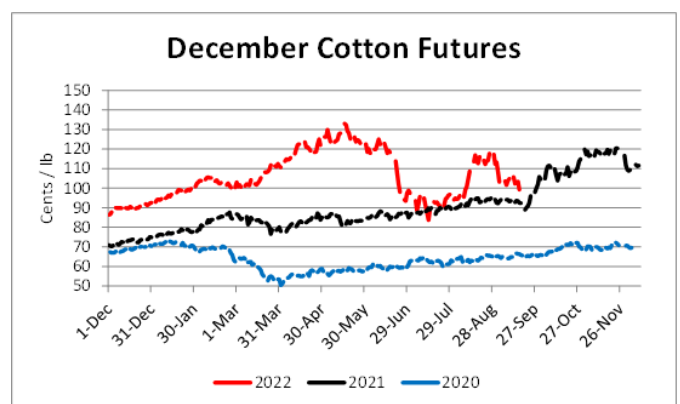


January 2023 soybean futures closed at \$14.55, up 38 cents since last Friday. November 2023 soybean futures closed at \$13.66, up 6 cents since last Friday. November/December 2023 soybean-to-corn price ratio was 2.2 at the end of the week.

Cotton

Delta upland cotton spot price quotes for September 15 were 108.24 cents/lb (41-4-34) and 110.49 cents/lb (31-3-35). Adjusted world price (AWP) was up 0.25 cents at 95.17 cents. Cotton net sales reported by exporters for August 26-September 1, 2022, were 230,700 bales for the 2022/23 marketing year and 101,000 bales for the 2023/24 marketing year. Exports for the same period were 235,400 bales. Nationally, the Crop Progress report estimated cotton condition at 33% good-to-excellent and 37% poor-to-very poor; cotton bolls opening at 49% compared to 39% last week, 35% last year, and a 5-year average of 41%; and cotton harvested at 8% compared to 4% last year and a 5-year average of 8%. In Tennessee, cotton condition was estimated at 50% good-to-excellent and 24% poor-to-very poor; and cotton bolls opening at 30% compared to 26% last week, 10% last year, and a 5-year average of 35%. December 2022 cotton futures closed at 99.29 cents, down 5.55 cents since last Friday. For the week, December 2022 cotton futures traded between 99.29 and 108.1 cents. Dec/Mar and Dec/Dec cotton futures spreads were -3.14 cents and -18.37 cents. Downside price protection could be obtained by purchasing a 100 cent December 2022 Put Option costing 7.35 cents establishing a 92.65 cent futures floor.

Cotton	Dec 22	Change	Mar 23	Change
Price	99.29	-5.55	96.15	-5.30
Support	91.60	-11.41	87.88	-11.83
Resistance	105.34	-1.41	102.10	-1.51
20 Day MA	108.48	-2.59	105.31	-2.62
50 Day MA	101.69	0.86	98.46	0.94
100 Day MA	109.68	-0.86	105.75	-0.83
4-Week High	118.67	-0.92	115.00	-1.49
4-Week Low	99.29	1.59	96.15	1.08
Technical Trend	Down	=	Down	=



March 2023 cotton futures closed at 96.15 cents, down 5.3 cents since last Friday. December 2023 cotton futures closed at 80.92 cents, down 2.05 cents since last Friday.

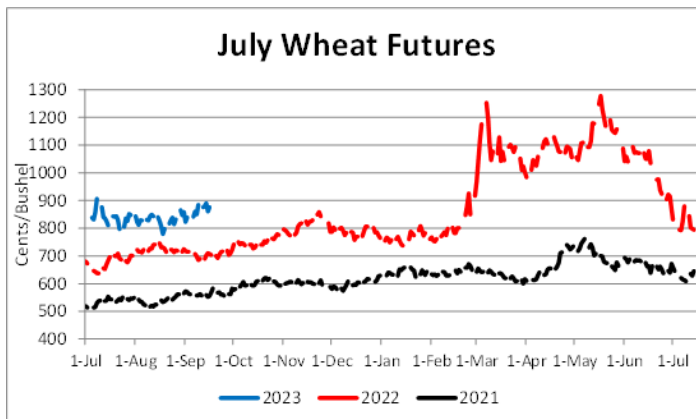
Wheat

Wheat net sales reported by exporters for August 26-September 1, 2022, were 7.1 million bushels for the 2022/23 marketing year. Exports for the same period were 20.1 million bushels. Wheat cash prices at elevators and barge points ranged from \$7.91 to \$8.62. December 2022 wheat futures closed at \$8.59, down 10 cents since last Friday. December 2022 wheat futures

Crop Comments by Dr. Aaron Smith

traded between \$8.30 and \$8.84 this week. December wheat-to-corn price ratio was 1.27. March 2023 wheat futures closed at \$8.74, down 10 cents since last Friday. Dec/Mar and Dec/Jul future spreads were 15 and 16 cents.

Wheat	Dec 22	Change	Jul 23	Change
Price	\$8.59	-\$0.10	\$8.75	-\$0.09
Support	\$8.16	\$0.07	\$8.37	\$0.02
Resistance	\$8.88	-\$0.14	\$8.99	-\$0.11
20 Day MA	\$8.26	\$0.16	\$8.48	\$0.14
50 Day MA	\$8.18	\$0.00	\$8.39	\$0.02
100 Day MA	\$9.46	-\$0.11	\$9.39	-\$0.07
4-Week High	\$8.84	\$0.11	\$8.99	\$0.13
4-Week Low	\$7.43	\$0.00	\$7.73	\$0.00
Technical Trend	Up	=	Up	=



Nationally, the Crop Progress report estimated winter wheat planted at 10% compared to 3% last week, 11% last year, and a 5-year average of 7%. In Tennessee, winter wheat planted was estimated at 2% compared to 1% last week and 4% last year. New crop wheat cash prices at elevators and barge points ranged from \$7.97 to \$8.65. July 2023 wheat futures closed at \$8.75, down 9 cents since last Friday. Downside price protection could be obtained by purchasing an \$8.80 July 2023 Put Option costing 103 cents establishing a \$7.77 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>

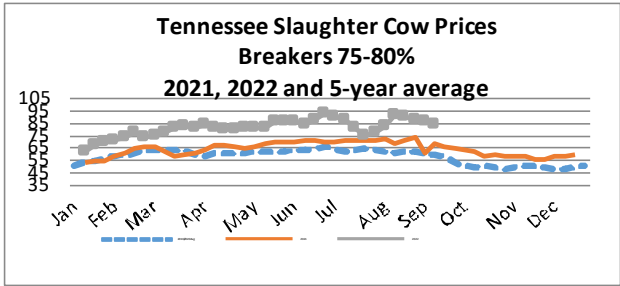
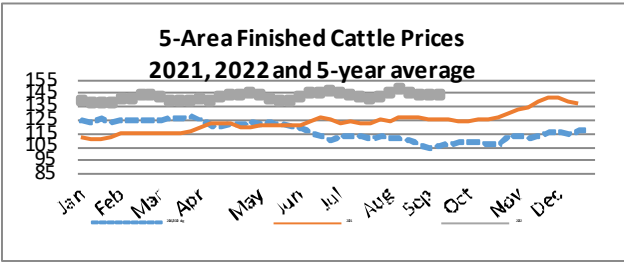
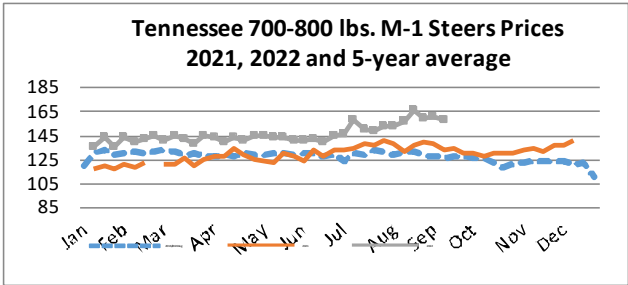
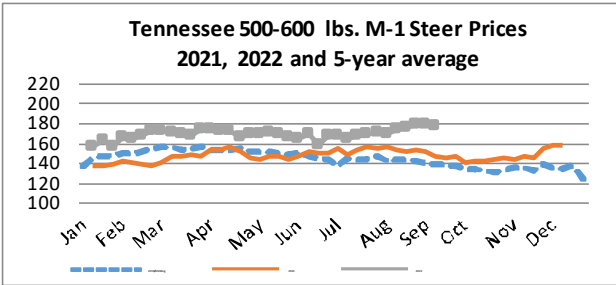
Tennessee Crop Progress - https://www.nass.usda.gov/Statistics_by_State/Tennessee/Publications/Crop_Progress_&_Condition/

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, September 9, 2022---Thursday, September 15, 2022					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest					
North Central					
West Central					
West	14.77	15.53	15.41	15.10	15.04
Mississippi River	14.68	15.41	15.23	14.99	14.96
Yellow Corn					
Northwest					
North Central					
West Central	7.00	7.11	7.08	6.97	6.93
West	7.21	7.33	7.30	7.11	7.09
Mississippi River	7.15	7.26	7.24	7.07	7.02
Wheat					
Northwest	8.03	7.91	7.93	8.04	
North Central	8.60	8.49	8.51	8.62	8.35
West	8.00				
Mississippi River	8.44	8.36	8.40	8.50	8.21
Cotton	-----\$/pound-----				
Memphis	112.52-114.77	113.21-115.46	109.32-111.57	110.09-112.34	108.24-110.49



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, September 12, 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	176.00	217.50	203.76	204.92	164.87
400-500 lbs	175.00	209.00	192.30	188.63	156.18
500-600 lbs	154.00	195.00	176.33	178.34	145.79
600-700 lbs	149.00	185.00	167.52	170.63	139.67
700-800 lbs	144.00	173.00	157.65	159.73	132.51
Steers: Small Frame #1-2					
300-400 lbs	---	---	---	---	---
400-500 lbs	155.00	170.00	161.61	---	137.75
500-600 lbs	152.00	159.00	155.58	---	122.95
600-700 lbs	---	---	---	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	157.50	215.00	182.80	182.54	144.70
400-500 lbs	156.00	192.00	173.64	177.14	138.57
500-600 lbs	140.00	169.00	155.60	159.48	131.60
600-700 lbs	135.00	165.00	146.27	149.95	129.49
700-800 lbs	131.00	150.00	134.07	142.26	---
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	96.17
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	75.00	90.00	83.42	85.44	68.08
Boners 80-85%	72.00	90.00	82.45	82.57	67.96
Lean 85-90%	62.00	82.50	74.67	72.98	60.67
Bulls YG 1	95.00	124.50	113.85	111.73	93.90
Heifers: Medium/Large Frame #1-2					
300-400 lbs	145.00	182.50	167.08	172.06	140.59
400-500 lbs	142.00	175.00	161.04	162.30	137.08
500-600 lbs	132.00	164.00	154.62	157.69	130.31
600-700 lbs	131.00	156.50	146.26	147.44	126.04
Heifers: Small Frame #1-2					
300-400 lbs	---	---	---	---	---
400-500 lbs	130.00	142.50	137.32	145.27	124.67
500-600 lbs	120.00	144.00	134.72	134.76	117.29
600-700 lbs	---	---	---	---	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs	130.00	165.00	152.70	151.83	134.34
400-500 lbs	125.00	163.00	146.20	150.71	125.01
500-600 lbs	120.00	152.50	138.33	142.16	119.58
600-700 lbs	110.00	140.00	126.22	133.81	115.72

Cattle Receipts

This week:5,379

Week ago:5,759

Year ago:4,497

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 Feeder Cattle Sale - Sweetwater, TN

9/9/2022

For complete report:

https://www.ams.usda.gov/mnreports/ams_2073.pdf

East Tennessee Livestock Center Video Sale - Sweetwater, TN

9/14/22

1 load out of 75steers from BQA certified producer; Est weight 865 lbs; 95% L&M-1s and 5% L&M-2s; medium flesh; 100% BLK/BWF; \$171.50

Warren Co. Livestock Graded Sale - McMinnville, TN

9/14/22

For complete report:

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

Graded Sheep and Goat Sales

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 9/12/22

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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