

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

November 25, 2022

Number: 47

Trends for the Week Compared to a Week Ago

Slaughter Cows

Slaughter Bulls

Feeder Steers

Feeder Heifers

Feeder Cattle Index: 174.29

Fed Cattle

The 5-area live price on Thursday of \$156.08 was up \$3.40. The dressed price of \$244.88 was up \$3.09.

Corn

December closed at \$6.68 a bushel, up 1 cent since last Friday.

Soybeans

January closed at \$14.36 a bushel, up 8 cents since last Friday.

Wheat

December closed at \$7.75 a bushel, down 28 cents since last Friday.

Cotton

December closed at 81.34 cents per lb., down 3.82 cents since last Friday.

**No
Trends**

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$3 to \$4 higher compared to last week on a live basis. Prices on a live basis were mainly \$154 to \$158 while dressed prices were mainly \$244 to \$246.

The 5-area weighted average prices thru Thursday were \$156.08 live, up \$3.40 compared to last week and \$244.88 dressed, up \$3.09 from a week ago. A year ago, prices were \$138.13 live and \$215.93 dressed.

Cattle feeders were thunder struck in a good way this week as finished cattle prices surged higher unexpectedly. The much stronger prices week over week resulted in cattle feeders being willing sellers and will likely keep them as active sellers if the market holds. What may be the most impressive statement to make about finished cattle prices is that they are trading \$3 higher than December live cattle futures. It is uncertain if finished cattle prices can maintain such a strong positive basis or if traders will bid futures higher in the coming weeks. Regardless of what happens, the finished cattle market is expected to stay strong and maintain \$150 plus through the end of the year.

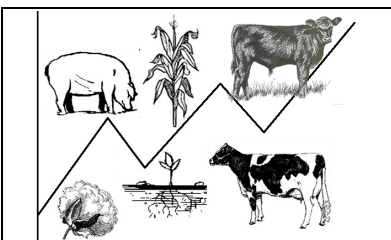
BEEF CUTOUT: At midday Friday, the Choice cutout was \$251.95 down \$0.61 from Thursday and down \$2.76 from a week ago. The Select cutout was \$235.93 up \$2.60 from Thursday and up \$3.52 from last week. The Choice Select spread was \$16.02 compared to \$22.30 a week ago.

The Thanksgiving holiday has passed, which means the focus on meat protein will shift from turkey and ham to more of a focus on beef. The meat counter will certainly feature prime rib as that is a cut that receives considerable attention during Christmas. There will also be space provided for other middle meats as many holiday gatherings include steak cuts. The

arena that will see improved middle meat movement will be the restaurant and food service sectors as companies host employee appreciation dinners. Steaks are a common order when the tab is being picked up by the host company. At the same time the retail middle meat market picks up, the wholesale end meat market will begin to gain momentum as retailers prepare for winter beef needs. The home cook will certainly lean more heavily on roasts heading into the winter months, which means meat counter space will transition from featuring middle meats the next few weeks to featuring more end meats towards the end of December.

OUTLOOK: Most livestock markets were closed this week meaning trends could not be established compared to a week ago. Weekly auction markets will be busy again next week and the first couple of weeks of December as several producers will be attempting to complete end of the year calf marketing. The opposite side of that coin is cattle producers who are deferring income into 2023, which means calf marketings in early January should be fairly strong as well. The supply side of the cattle equation continues to be optimistic for cattle prices, but the demand side is not meeting supply side expectations. The dichotomy of feeder cattle prices lies in the optimism displayed in feeder cattle futures prices and the less optimistic CME feeder cattle index. The feeder cattle index price has been stuck in the mid to low \$170s for two months while feeder cattle futures have the May contract near \$190 and the August contract near \$200. Are these price levels achievable in 2023? Yes, these price levels are achievable, but they will likely be tougher to achieve than originally expected. The general economy and consumers' ability to purchase beef will play a much larger role in beef and cattle

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Livestock Comments by Dr. Andrew Griffith

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prices than in recent history. As interest rates and inflation continue to rage, the quantity of disposable income available for beef purchases is likely to diminish given that income growth has not kept pace with inflation rates. The past 15 years have been filled with homeowners refinancing mortgages to reduce their monthly payments and thus result in more disposable income for other goods. However, the current interest rate environment will not provide many opportunities to refinance to reduce the monthly payment. This again begs to ask the question if cattle prices can actually achieve the levels predicted by the futures market. Prices will certainly increase, but they may not reach current expectations.

ASK ANDREW, TN THINK TANK: Keeping production and financial records in a cattle operation can take many forms. Some records can be extremely detailed, or they can be vague. The reason for all record keeping is to use the information for decision making and management decisions. Keeping records for the decision making process requires effort to keep the records and then requires additional effort

to actually use the information in the decision making process. If a person is not going to use the records they keep then there is really no reason to put the time and effort into keeping those records. It is fairly common for producers to keep records they do not use. It is also fairly common for producers to try to make decisions about their production and financial situation without having any records. Thus, the point is that producers should focus on keeping the records they are likely to use when making decisions and omit keeping records they will not use, because it takes time and effort to keep those records.

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 –December \$153.08 -0.28; February \$155.13 -0.30; April \$158.98 -0.15; Feeder cattle –January \$178.30 -0.95; March \$181.55 -0.80; April \$185.13 -0.93; May \$188.15 -0.95; December corn closed at \$6.68 up 5 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Basis continued to improve this week for corn and soybeans at Tennessee elevators and barge points. However, export commitments (sales and shipments) remain well behind the five-year average and last year's pace for this week of the marketing year. Corn export commitments are 33% of USDA's 2022/23 marketing year total of 2.15 billion bushels. This compares unfavorably to the most recent five-year average of 47% and last year's pace of 58%. For soybeans, export commitments stand at 66% of USDA's 2022/23 marketing year total of 2.045 billion bushels, compared to a five-average of 63% and last year's pace of 63%. The 2022/23 marketing year for corn and soybeans does not conclude until August 31, 2023, so substantial time remains to increase export sales and shipments. However, with global economic concerns and a strong USD, USDA has likely projected corn exports too high for this year based on current export pace.

This week cotton had the worst export sales numbers amongst the four primary Tennessee row-crops. With net export sales cancellations of 116,400 bales. While export sales cancellations are common, having them at this time of year, in a quantity greater than new sales, is concerning to say the least. Overall, cotton export commitments are above the five-year average for this week in the cotton marketing year, however a substantial amount of the sales occurred prior to the start of the current marketing year. The current export sales and shipment pace is trending in the wrong direction, which is contributing to price declines in the futures market. It will be imperative for export demand to increase for cotton prices to strengthen. Due to the small US crop, old crop cotton should see price support in the New Year. Price prospects for 2023 appear to be limited at this juncture, which could result in reduced plantings this spring.

July 2023 wheat futures prices, at this time of year, are close to the same as July 2022 futures prices. November 2021 was well before wheat markets were thrown into chaos with the Russian invasion of Ukraine. So, have prices returned to normal? Doubtful. It is likely that wheat prices will continue to remain volatile well into 2023. There is too much uncertainty regarding access to supplies and production in Russia and Ukraine for prices not to react to news regarding the region. This is in addition to more typical factors such as weather affecting major production regions.

	Previous	Current	Change
USD Index	106.87	105.92	-0.95
Crude Oil	80.09	76.28	-3.81
DJIA	33,658	34,331	673

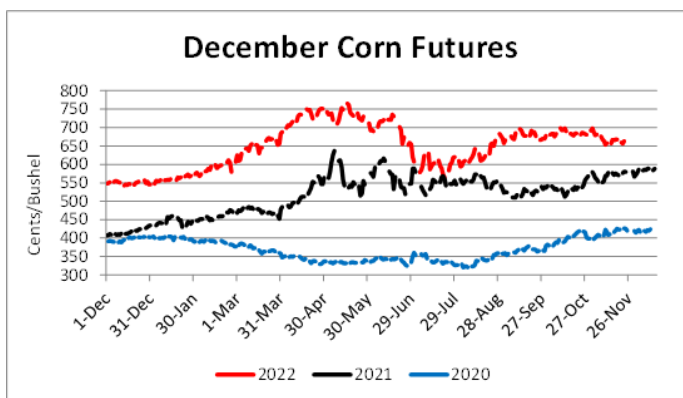
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Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending November 18 was 1.041 million barrels per day, up 30,000 from the previous week. Ethanol stocks were 22.829 million barrels, up 1.531 million compared to last week. Corn net sales reported by exporters for November 11-17 were 72.8 million bushels for the 2022/23 marketing year and 24.7 million bushels for the 2023/24 marketing year. Exports for the same period were down 18% compared to last week at 18.2 million bushels. Corn export sales and commitments were 33% of the USDA estimated total annual exports for the 2022/23 marketing year (September 1 to August 31) compared to the previous 5-year average of 47%. Nationally, the Crop Progress report estimated corn harvested at 96% compared to 93% last week, 94% last year, and a 5-year average of 90%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at West, Northwest, North-Central, West-Central, and Mississippi River elevators and barge points. Overall, basis for the week ranged from 50 under to 33 over, with an average of 4 over the December futures at elevators and barge points. New crop cash prices ranged from \$6.04 to \$6.93 at elevators and barge points. December 2022 corn futures closed at \$6.68, up 1 cent since last Friday. For the week, December 2022 corn futures traded between \$6.55 and \$6.69. Dec/Mar and Dec/Dec future spreads were 3 and -58 cents.

Corn	Dec 22	Change	Mar 23	Change
Price	\$6.68	\$0.01	\$6.71	\$0.01
Support	\$6.57	\$0.07	\$6.60	\$0.08
Resistance	\$6.75	-\$0.02	\$6.77	\$0.00
20 Day MA	\$6.68	-\$0.06	\$6.72	-\$0.07
50 Day MA	\$6.77	-\$0.02	\$6.82	-\$0.03
100 Day MA	\$6.54	\$0.03	\$6.60	\$0.04
4-Week High	\$7.00	\$0.00	\$7.04	\$0.00
4-Week Low	\$6.51	\$0.00	\$6.53	\$0.00
Technical Trend	Down	=	Down	=

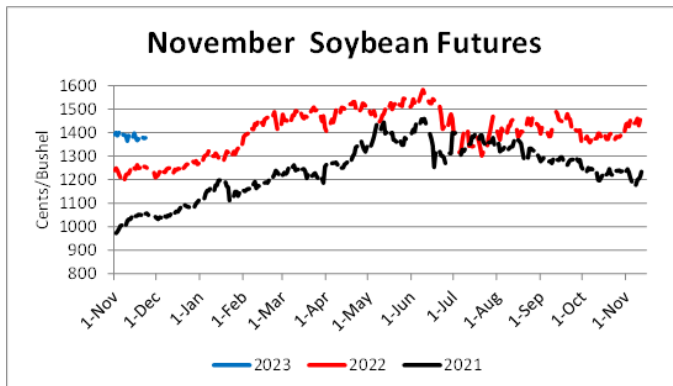


March 2023 corn futures closed at \$6.71, up 1 cent since last Friday. December 2023 corn futures closed at \$6.10, unchanged since last Friday. Downside price protection could be obtained by purchasing a \$6.10 December 2023 Put Option costing 52 cents establishing a \$5.58 futures floor.

Soybeans

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 40 under to 40 over, with an average basis of 13 over the January futures contract. Soybean net weekly sales reported by exporters were 25.4 million bushels for the 2022/23 marketing year and 0.4 million bushels for the 2023/24 marketing year. Exports for the same period were up 17% compared to last week at 89.4 million bushels. Soybean export sales and commitments were 66% of the USDA estimated total annual exports for the 2022/23 marketing year (September 1 to August 31), compared to the previous 5-year average of 63%. In Tennessee, soybeans harvested were estimated at 93% compared to 87% last week, 84% last year, and a 5-year average of 83%. January 2023 soybean futures closed at \$14.36, up 8 cents since last Friday. For the week, January 2023 soybean futures traded between \$14.27 and \$14.48. Jan/Mar and Jan/Nov future spreads were 6 and -57 cents.

Soybeans	Jan 23	Change	Nov 23	Change
Price	\$14.36	\$0.08	\$13.79	\$0.06
Support	\$14.09	\$0.16	\$13.59	\$0.14
Resistance	\$14.85	\$0.42	\$14.12	\$0.21
20 Day MA	\$14.42	\$0.14	\$13.84	\$0.08
50 Day MA	\$14.19	-\$0.03	\$13.69	\$0.01
100 Day MA	\$14.16	\$0.04	\$13.48	\$0.07
4-Week High	\$14.69	\$0.00	\$14.04	\$0.00
4-Week Low	\$13.97	\$0.31	\$13.56	\$0.20
Technical Trend	Down	-	Down	-



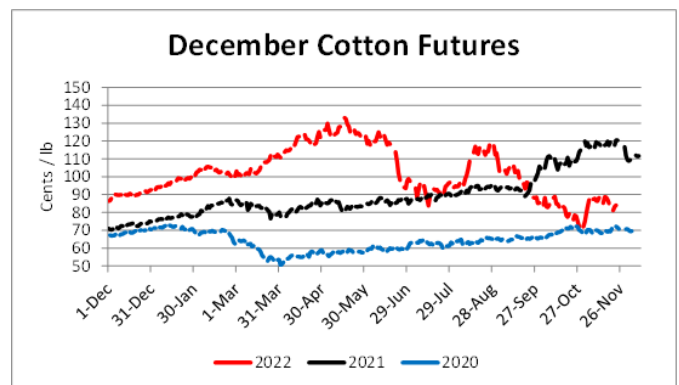
Crop Comments by Dr. Aaron Smith

March 2023 soybean futures closed at \$14.42, up 9 cents since last Friday. Cash soybean prices at elevators and barge points ranged from \$14.44 to \$14.82. November 2023 soybean futures closed at \$13.79, up 6 cents since last Friday. Downside price protection could be achieved by purchasing a \$13.80 November 2023 Put Option which would cost 87 cents and set a \$12.93 futures floor. Nov/Dec 2023 soybean-to-corn price ratio was 2.36 at the end of the week.

Cotton

Delta upland cotton spot price quotes for November 25 were 80.93 cents/lb. (41-4-34) and 83.18 cents/lb. (31-3-35). Adjusted world price (AWP) was down 3.17 cents at 74.61 cents. Cotton net weekly sales reported by exporters were net sales cancellations of 116,400 bales for the 2022/23 marketing year and net sales of 12,300 bales for the 2023/24 marketing year. Exports for the same period were down 21% compared to last week at 143,700 bales. Upland cotton export sales were 74% of the USDA estimated total annual exports for the 2022/23 marketing year (August 1 to July 31), compared to the previous 5-year average of 68%. Nationally, the Crop Progress report estimated cotton harvested at 79% compared to 71% last week, 74% last year, and a 5-year average of 71%. In Tennessee, cotton harvested was estimated at 90% compared to 83% last week, 81% last year, and a 5-year average of 84%. December 2022 cotton futures closed at 81.34 cents, down 3.82 cents since last Friday. For the week, December 2022 cotton futures traded between 80.04 and 84.99 cents. Dec/Mar and Dec/Dec cotton futures spreads were -1.16 cents and -5.34 cents.

Cotton	Dec 22	Change	Mar 23	Change
Price	81.34	-3.82	80.18	-3.60
Support	78.81	-5.18	75.89	-6.18
Resistance	82.55	-7.80	82.17	-6.66
20 Day MA	83.83	1.51	82.53	1.32
50 Day MA	84.40	-2.07	82.94	-1.86
100 Day MA	93.05	-0.60	90.70	-0.46
4-Week High	91.85	0.00	89.92	0.00
4-Week Low	70.21	0.00	70.10	0.00
Technical Trend	Down	-	Down	-



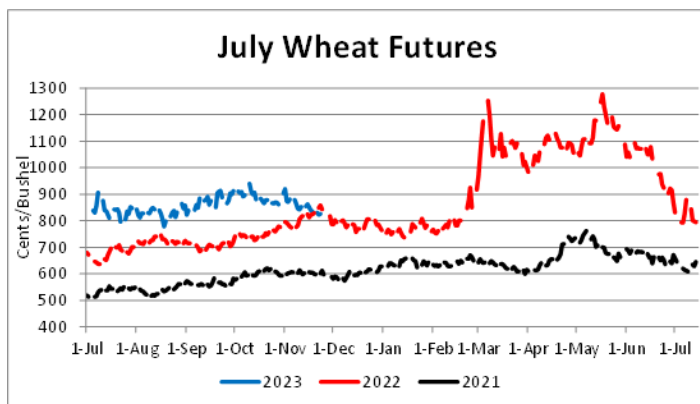
March 2023 cotton futures closed at 80.18 cents, down 3.6 cents since last Friday. December 2023 cotton futures closed at 76 cents, down 2.96 cents since last Friday. Downside price protection could be obtained by purchasing a 76 cent December 2023 Put Option costing 9.76 cents establishing a 66.24 cent futures floor.

Wheat

Wheat net weekly sales reported by exporters were 18.8 million bushels for the 2022/23 marketing year. Exports for the same period were up 17% compared to last week at 5.1 million bushels. Wheat export sales were 63% of the USDA estimated total annual exports for the 2022/23 marketing year (June 1 to May 31), compared to the previous 5-year average of 69%. Wheat cash prices at elevators and barge points ranged from \$7.41 to \$7.91. December 2022 wheat futures closed at \$7.75, down 28 cents since last Friday. December 2022 wheat futures traded between \$7.71 and \$8.08 this week. December wheat-to-corn price ratio was 1.16. March 2023 wheat futures closed at \$7.97, down 25 cents since last Friday. Dec/Mar and Dec/Jul future spreads were 22 and 36 cents.

Crop Comments by Dr. Aaron Smith

Wheat	Dec 22	Change	Jul 23	Change
Price	\$7.75	-\$0.28	\$8.11	-\$0.24
Support	\$7.36	-\$0.45	\$7.79	-\$0.40
Resistance	\$7.84	-\$0.46	\$8.18	-\$0.41
20 Day MA	\$8.14	-\$0.19	\$8.47	-\$0.18
50 Day MA	\$8.51	-\$0.09	\$8.73	-\$0.07
100 Day MA	\$8.34	-\$0.05	\$8.56	-\$0.03
4-Week High	\$9.04	\$0.00	\$9.21	\$0.00
4-Week Low	\$7.50	-\$0.43	\$7.90	-\$0.39
Technical Trend	Down	=	Down	=



Nationally, the Crop Progress report estimated winter wheat condition at 32% good-to-excellent and 33% poor-to-very poor; and winter wheat emerged at 87% compared to 81% last week, 85% last year, and a 5-year average of 86%. In Tennessee, winter wheat condition was 55% good-to-excellent and 3% poor-to-very poor; winter wheat planted at 93 compared to 85% last week, 89% last year, and a 5-year average of 85%; and winter wheat emerged at 77% compared to 66% last week, 71% last year, and a 5-year average of 68%. New crop wheat cash prices at elevators and barge points ranged from \$7.65 to \$8.16. July 2023 wheat futures closed at \$8.11, down 24 cents since last Friday. Downside price protection could be obtained by purchasing an \$8.20 July 2023 Put Option costing 83 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_mbbl_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>

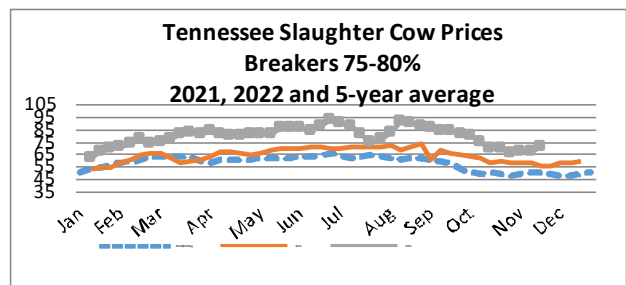
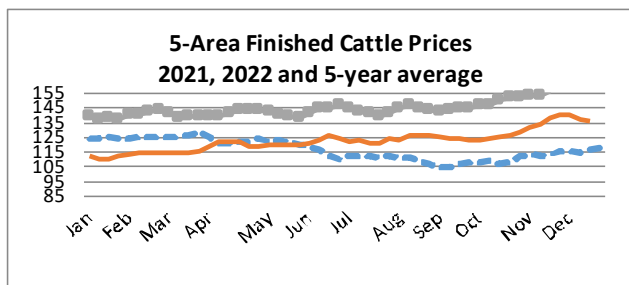
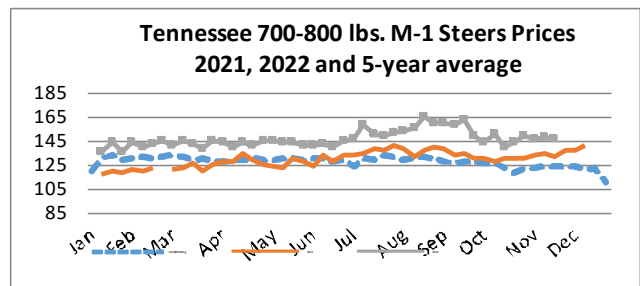
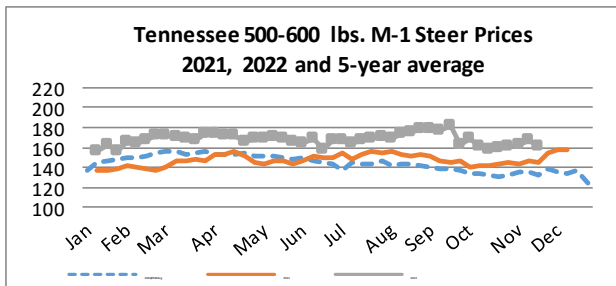
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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, November 18, 2022---Thursday, November 24, 2022

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	13.88	13.97	13.90	14.01	
North Central	14.43	14.52	14.45	14.51	
West Central	14.18	4.52	14.45	14.51	
West	14.68	14.77	14.70	14.76	
Mississippi River	14.56	14.66	14.59	14.66	
Yellow Corn					
Northwest	6.53	6.45	6.46	6.54	
North Central	6.18	6.10	6.07	6.13	
West Central	6.93	6.85	6.82	6.88	
West	7.00	6.92	6.89	9.96	
Mississippi River	6.81	6.73	6.75	6.83	
Wheat					
Northwest	7.53	7.49	7.42	7.44	
North Central					
West					
Mississippi River	7.95	7.91	7.83	7.86	
Cotton	-----\$/pound-----				
Memphis	84.53-86.78	80.53-82.78	83.17-85.42	83.65-85.90	



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, November 21, 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.	155.00	202.50	182.56	180.80	168.56
400-500 lbs.	140.00	190.00	172.70	176.87	156.80
500-600 lbs.	138.00	180.00	161.23	166.81	144.65
600-700 lbs.	129.00	169.00	153.69	156.57	137.13
700-800 lbs.	131.00	165.00	145.82	146.93	131.40
Steers: Small Frame #1-2					
300-400 lbs.	120.00	157.50	143.99	167.11	145.96
400-500 lbs.	140.00	150.00	146.67	135.26	134.83
500-600 lbs.	120.00	150.00	136.13	135.69	133.77
600-700 lbs.	120.00	140.00	129.99	---	116.05
Steers: Medium/Large Frame #3					
300-400 lbs.	122.50	180.00	158.51	168.45	151.48
400-500 lbs.	130.00	170.00	150.73	159.57	141.96
500-600 lbs.	118.00	160.00	139.05	148.65	130.55
600-700 lbs.	120.00	150.00	137.53	140.16	127.87
700-800 lbs.	121.00	130.00	124.64	---	111.77
Holstein Steers					
300-400 lbs.	---	---	---	---	---
500-600 lbs.	---	---	---	---	---
700-800 lbs.	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	60.00	80.00	70.96	66.54	55.45
Boners 80-85%	58.00	79.00	67.74	64.95	54.15
Lean 85-90%	43.00	71.00	57.97	52.48	44.60
Bulls YG 1	80.00	105.00	92.79	91.76	80.54
Heifers: Medium/Large Frame #1-2					
300-400 lbs.	130.00	175.00	153.13	157.19	132.03
400-500 lbs.	128.00	167.50	148.89	149.90	129.64
500-600 lbs.	124.00	156.00	140.96	142.19	123.98
600-700 lbs.	118.00	145.00	133.46	135.48	119.08
Heifers: Small Frame #1-2					
300-400 lbs.	110.00	142.50	122.48	143.85	117.81
400-500 lbs.	120.00	142.00	131.92	136.16	113.35
500-600 lbs.	110.00	133.00	122.08	116.33	112.44
600-700 lbs.	---	---	---	101.23	108.00
Heifers: Medium/Large Frame #2-3					
300-400 lbs.	110.00	152.50	132.15	142.44	126.76
400-500 lbs.	107.00	150.00	133.51	136.05	121.22
500-600 lbs.	100.00	140.00	125.80	130.93	115.55
600-700 lbs.	104.00	130.00	122.20	125.83	109.15

Cattle Receipts

This week:8,124

Week ago:6,078

Year ago:8,967

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