

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

December 9, 2022

Number: 49

Trends for the Week Compared to a Week Ago

Slaughter Cows

steady to \$3 lower

Slaughter Bulls

steady to \$4 lower

Feeder Steers

less than 600 pounds: unevenly steady; 600 pounds and heavier: steady to \$5 higher

Feeder Heifers

less than 600 pounds: unevenly steady; 600 pounds and heavier: steady to \$4 higher

Feeder Cattle Index: 179.23

Fed Cattle

The 5-area live price on Thursday of \$155.60 was down \$0.48. The dressed price of \$246.85 was up \$1.85.

Corn

March closed at \$6.44 a bushel, down 2 cents since last Friday.

Soybeans

January closed at \$14.83 a bushel, up 45 cents since last Friday.

Wheat

March closed at \$7.34 a bushel, down 27 cents since last Friday.

Cotton

March closed at 80.95 cents per lb, down 2.25 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded steady to softer compared to last week on a live basis. Prices on a live basis were mainly \$154 to \$157 while dressed prices were mainly \$245 to \$247.

The 5-area weighted average prices thru Thursday were \$155.60 live, down \$0.48 compared to last week and \$246.85 dressed, up \$1.85 from a week ago. A year ago, prices were \$139.75 live and \$219.70 dressed.

Packers are fighting tooth and nail to keep finished cattle prices from increasing. Most calculations have packers with negative margins in today's environment, which may or may not be the case for all packers. Regardless if it is or is not, packers' margins have been eroding for a couple of months. The price of finished cattle has declined nearly \$15 per hundred-weight since early August on a live basis while the comprehensive boxed beef cutout value is about \$16 per hundredweight lower over the same time period. The live cattle to cutout value spread is about \$15 per head for a 1,400 pound steer. This means packers have \$15 plus \$140 from the by-product to cover all other costs. Thus, they will be tapping into record returns the past couple of years to keep operating.

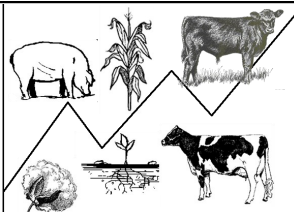
BEEF CUTOUT: At midday Friday, the Choice cutout was \$247.94 up \$0.66 from Thursday and down \$3.61 from a week ago. The Select cutout was \$221.26 up \$0.71 from Thursday and down \$4.40 from last week. The Choice Select spread was \$26.68 compared to \$25.89 a week ago.

The Choice Select spread remains extremely wide. In no way is the Choice Select spread at record levels, but the wide spread is indicative of consumers demand for higher quality beef. The Choice Select spread typically narrows during the winter

months when consumers begin using the slow cooker more frequently. The retail to consumer market is not quite to that point, but the wholesale to retail market should be trading for retailers needs during the winter months. Consumers are still focusing on holiday gatherings and meals that coincide with those events, which is certainly a pull on Choice and Prime grade beef. However, retailers are demonstrating now the demand consumers will have for beef grading higher than Select during the winter months. Consumers have determined that a chuck roast that grades Choice is better than one that grades Select. The Choice Select spread will narrow in January and February, but it is unlikely those spreads will narrow as much as has been seasonally typical the past decade. It would appear demand has shifted to beef that grades.

OUTLOOK: Based on Tennessee weekly auction average prices, steer prices were unevenly steady for steers weighing less than 600 pounds and steady to \$5 higher for calves weighing 600 pounds and heavier compared to last week while heifer prices were unevenly steady for heifers weighing less than 600 pounds and steady to \$4 higher for heifers 600 pounds and heavier compared to a week ago. Slaughter cow prices were steady to \$3 lower compared to a week ago while bull prices were steady to \$4 lower compared to the previous week. Cattle markets appear to be a mixed bag and for good reason. Market participants have certainly realized and are beginning to see the quantity of calves and feeder cattle is dwindling. The increased placements throughout 2022 is beginning to catch up to the market as many cattle moved earlier than is typical. This is leaving fewer animals to be purchased in the current market and will likely influence what is offered the first cou-

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

ple of months in 2023. At the same time, stocker and back-grounding operations are considering forage availability and feed prices. Some of these operations realize they may be better off delaying cattle purchase to reduce feed cost in the near term, which will actually allow them to pay a little more for the cattle down the road since they will not have as much input costs. This strategy is good for some while purchasing in the near term may be a better strategy for others. The issue is that the producers who are selling cattle are facing the same forage shortages and feed costs as the producers down the line. They are trying to figure out if it is worth paying for feed to keep those animals until the price of cattle begins to increase. There is a need for producers to do some back of the feed sack math given the production challenges and the financial implications some decisions will have. A cost of gain versus value of gain calculation would be a good place to start.

ASK ANDREW, TN THINK TANK: What is this female market going to do? This is a question that has been asked a few times in the past couple of weeks, and the simple answer is that female prices will increase. However, most people want to know when it will begin to increase. Heifer, bred heifer,

and bred cow prices will not begin to demonstrate strength until producers are confident they have enough feed resources to get the animals through the winter. Drought reduced grazing opportunities and hay supplies, which put a damper on prices in the near term. However, if there is adequate moisture to start the spring then market participants can expect bred female prices and yearling heifer prices to escalate quickly. The next question that most would ask is how high will prices go? There is a good chance the market will be trading \$1,800 to \$2,200 bred heifers in the second and third quarter of 2023. This may or may not come to fruition, but the expectation is for bred heifer values to be 2.5 to 2.8 times the value of a 550 pound heifer.

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 \$153.68 +1.25; February \$155.55 +1.63; April \$159.35 +1.30; Feeder cattle –January \$183.93 +0.45; March \$185.10 +0.05; April \$188.60 +0.25; May \$191.93 +0.40; December corn closed at \$6.35 up 3 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Should there be concern over a decline in new crop corn and soybean futures prices? Many producers are still working on selling the 2022 crop. However, it is important to evaluate opportunities for price risk management for future crops. Currently, December 2023 corn futures are trading near \$6.00 and November 2023 soybeans near \$14.00. In the last 13 years, for the new crop marketing cycle, there was only one year, for corn (2013), and zero for soybeans when new crop futures have traded higher at this point in time.

This does not mean that prices can not go higher. Under the current, uncertain economic and geopolitical environment, a reasonable argument can be articulated for increased prices in 2023. However, as a producer, the primary concern should be price protection against declines. As such, it is important to acknowledge the difference in strategies that fix the price versus those that provide more flexible price protection. Pricing production through a short hedge or forward contract in this market can be risky, due to production uncertainty, the potential for price increases (should a major production disruption occur), and margin requirements in an elevated interest rate environment.

A strategy that can provide price protection while not establishing a final price or increasing production risk is put options. Put options establish a futures price floor while leaving the upside potential in the futures market. A challenge for many producers when evaluating purchasing put options is the premium versus the strike price. Simply stated, the higher the put option strike price the higher the premium, the lower the strike price the lower the premium.

On December 9, a \$14.00 November 2023 put option could be purchased for \$0.94 cents establishing a \$13.06 futures price floor. This may be more premium than several producers would prefer and is likely not the targeted selling price for many producers, however it is important to note that if used as a short-term price protection strategy apportion of the premium could

	Previous	Current	Change
USD Index	104.44	104.94	0.50
Crude Oil	80.23	71.44	-8.79
DJIA	34,463	33,476	-987

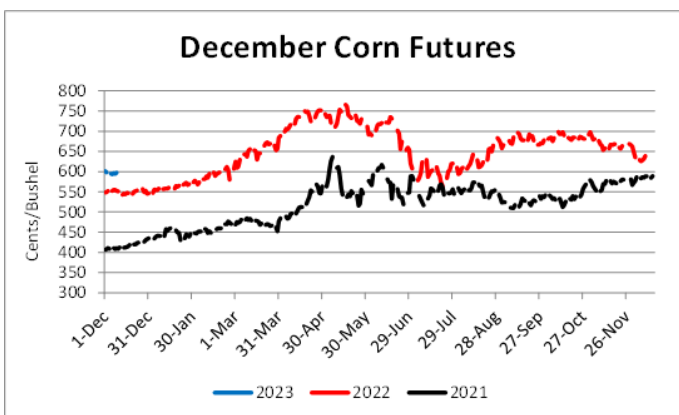
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be recovered when greater information (crop insurance prices, planting intentions, weather forecasts, global economic growth) is available regarding the 2023 crop. This strategy buys time before finalizing a price while protecting against declines.

Corn

Ethanol production for the week ending December 2 was 1.077 million barrels per day, up 59,000 from the previous week. Ethanol stocks were 23.257 million barrels, up 0.323 million compared to last week. Corn net sales reported by exporters for November 25 to December 1 were 27.2 million bushels for the 2022/23 marketing year and 1.2 million bushels for the 2023/24 marketing year. Exports for the same period were up 161% compared to last week at 35.4 million bushels. Corn export sales and commitments were 35% 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 51%. 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 35 over, with an average of 9 over the March futures at elevators and barge points. January cash prices ranged from \$6.02 to \$6.78 at elevators and barge points. March 2023 corn futures closed at \$6.44, down 2 cents since last Friday. For the week, March 2023 corn futures traded between \$6.35 and \$6.49. May 2023 corn futures closed at \$6.45, down 2 cents since last Friday. Mar/May and Mar/Dec future spreads were 11 and -51 cents.

Corn	Mar 23	Change	Dec 23	Change
Price	\$6.44	-\$0.02	\$5.93	-\$0.05
Support	\$6.35	-\$0.18	\$5.90	-\$0.05
Resistance	\$6.49	-\$0.23	\$5.99	-\$0.11
20 Day MA	\$6.58	-\$0.09	\$6.05	-\$0.05
50 Day MA	\$6.76	-\$0.04	\$6.16	-\$0.02
100 Day MA	\$6.63	\$0.02	\$6.08	\$0.02
4-Week High	\$6.77	-\$0.14	\$6.19	-\$0.09
4-Week Low	\$6.35	-\$0.10	\$5.90	-\$0.07
Technical Trend	Down	=	Down	=



December 2023 corn futures closed at \$5.93, down 5 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.00 December 2023 Put Option costing 53 cents establishing a \$5.47 futures floor.

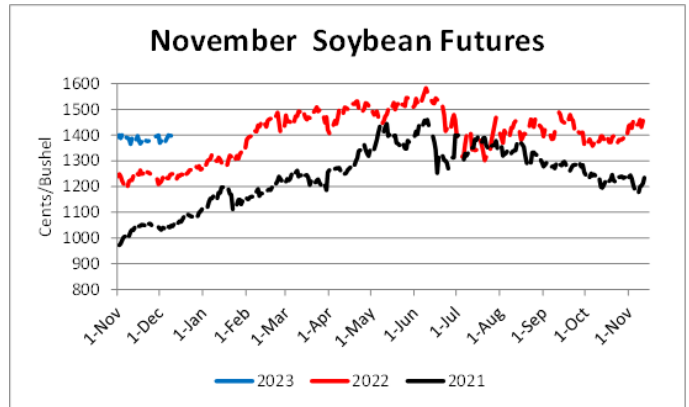
Soybeans

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 17 under to 41 over, with an average basis of 17 over the January futures contract. Soybean net weekly sales reported by exporters were 63.1 million bushels for the 2022/23 marketing year and 1.1 million bushels for the 2023/23 marketing year. Exports for the same period were up 6% compared to last week at 82.6 million bushels. Soybean export sales and commitments were 70% 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 67%. January 2023 soybean futures closed at \$14.83, up 45 cents since last Friday. For the week, January 2023 soybean futures traded between \$14.35 and \$14.92. Jan/Mar and Jan/Nov future spreads were 5 and -85 cents. March 2023 soybean futures closed at \$14.88, up 42 cents since last Friday.

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Crop Comments by Dr. Aaron Smith

Soybeans	Jan 23	Change	Nov 23	Change
Price	\$14.83	\$0.45	\$13.98	\$0.21
Support	\$14.57	\$0.39	\$13.85	\$0.24
Resistance	\$15.06	\$0.53	\$14.08	\$0.19
20 Day MA	\$14.47	\$0.05	\$13.84	\$0.01
50 Day MA	\$14.22	\$0.05	\$13.72	\$0.04
100 Day MA	\$14.24	\$0.06	\$13.58	\$0.06
4-Week High	\$14.06	-\$0.72	\$14.03	-\$0.01
4-Week Low	\$14.92	\$0.86	\$13.57	\$0.00
Technical Trend	Up	=	Up	=

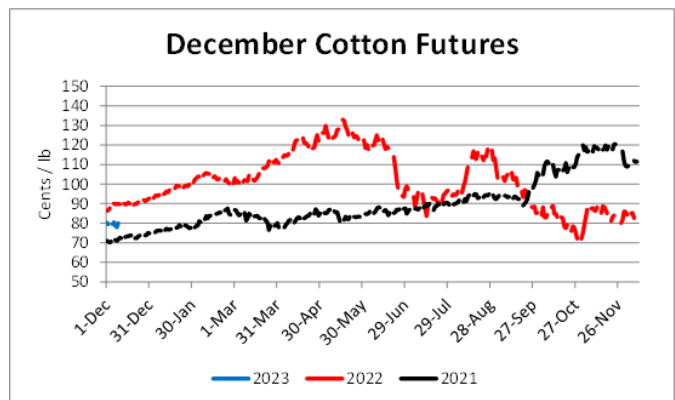


November 2023 soybean futures closed at \$13.98, up 21 cents since last Friday. New crop cash soybean prices at elevators and barge points ranged from \$13.38 to \$13.79. Downside price protection could be achieved by purchasing a \$14.00 November 2023 Put Option which would cost 95 cents and set a \$13.05 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 December 8 were 81.6 cents/lb (41-4-34) and 83.85 cents/lb (31-3-35). Adjusted world price (AWP) was up 2.14 cents at 75.17 cents. Cotton net weekly sales reported by exporters were net sales of 32,600 bales for the 2022/23 marketing year and 26,400 bales for the 2023/24 marketing year. Exports for the same period were up 1% compared to last week at 141,100 bales. Upland cotton export sales were 75% 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 71%. March 2023 cotton futures closed at 80.95 cents, down 2.25 cents since last Friday. For the week, March 2023 cotton futures traded between 80.1 and 86.39 cents. May 2023 cotton futures closed at 80.9 cents, down 1.66 cents since last Friday. Mar/May and Mar/Dec cotton futures spreads were -0.05 cents and -2.63 cents.

Cotton	Mar 23	Change	Dec 23	Change
Price	80.95	-2.25	78.32	-1.11
Support	78.56	-1.84	76.31	-0.93
Resistance	85.24	-1.96	81.21	-0.53
20 Day MA	83.12	-0.72	78.38	0.16
50 Day MA	81.83	-0.35	76.61	0.41
100 Day MA	90.31	-0.20	79.90	0.16
4-Week High	89.92	0.00	81.63	0.00
4-Week Low	77.50	0.86	74.25	0.40
Technical Trend	Down	=	Down	=



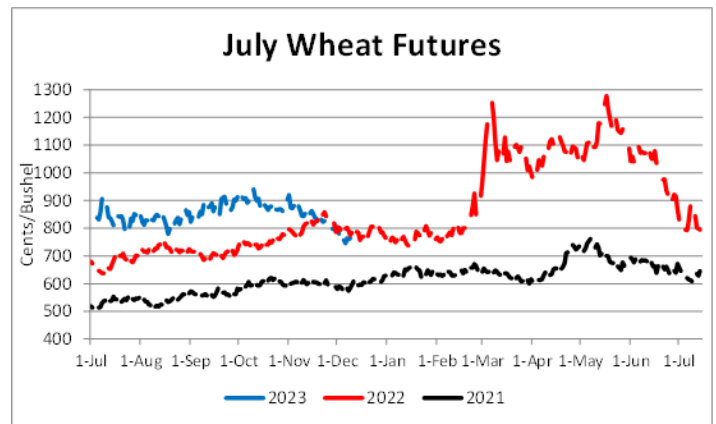
December 2023 cotton futures closed at 78.32 cents, down 1.11 cents since last Friday. Downside price protection could be obtained by purchasing a 79 cent December 2023 Put Option costing 10.13 cents establishing a 68.87 cent futures floor.

Wheat

Wheat net weekly sales reported by exporters were 7.0 million bushels for the 2022/23 marketing year. Exports for the same period were down 5% compared to last week at 9.5 million bushels. Wheat export sales were 65% 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 72%. Wheat cash prices at elevators and barge points ranged from \$6.78 to \$7.45. March 2023 wheat futures closed at \$7.34, down 27 cents since last Friday. March 2023 wheat futures traded between \$7.23 and \$7.68 this week. March wheat-to-corn price ratio was 1.14. May 2023 wheat futures closed at \$7.44 down 29 cents since last Friday. Mar/May and Mar/Jul future spreads were 10 and 15 cents.

Crop Comments by Dr. Aaron Smith

Wheat	Mar 23	Change	Jul 23	Change
Price	\$7.34	-\$0.27	\$7.49	-\$0.30
Support	\$7.28	-\$0.11	\$7.43	-\$0.17
Resistance	\$7.64	-\$0.29	\$7.77	-\$0.32
20 Day MA	\$7.92	-\$0.26	\$8.07	-\$0.26
50 Day MA	\$8.45	-\$0.15	\$8.53	-\$0.14
100 Day MA	\$8.44	-\$0.04	\$8.50	-\$0.04
4-Week High	\$8.62	-\$0.18	\$8.75	-\$0.18
4-Week Low	\$7.23	-\$0.32	\$7.40	-\$0.35
Technical Trend	Down	=	Down	=



New crop wheat cash prices at elevators and barge points ranged from \$6.89 to \$7.49. July 2023 wheat futures closed at \$7.49, down 30 cents since last Friday. Downside price protection could be obtained by purchasing a \$7.50 July 2023 Put Option costing 62 cents establishing a \$6.88 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/](https://www.nass.usda.gov/Statistics%20by%20State/Tennessee/Publications/Crop%20Progress%20&%20Condition/)

U.S. Crop Progress - <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1048>

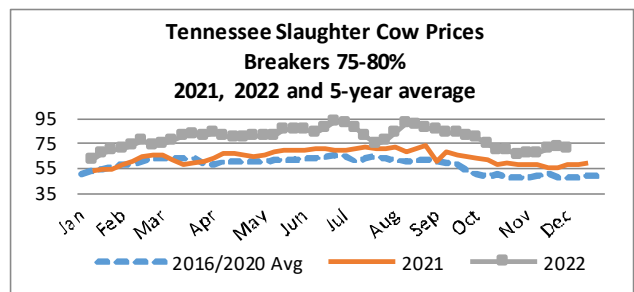
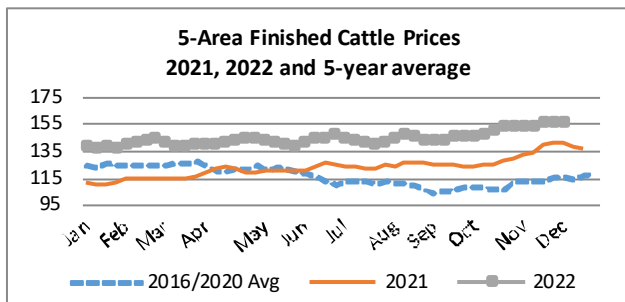
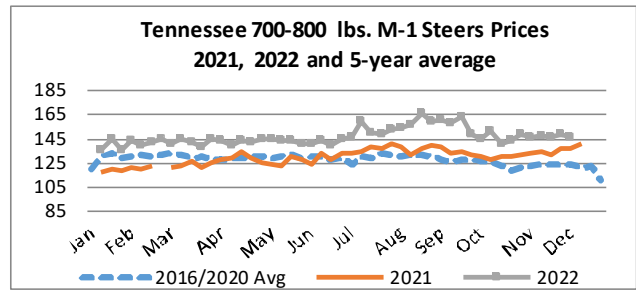
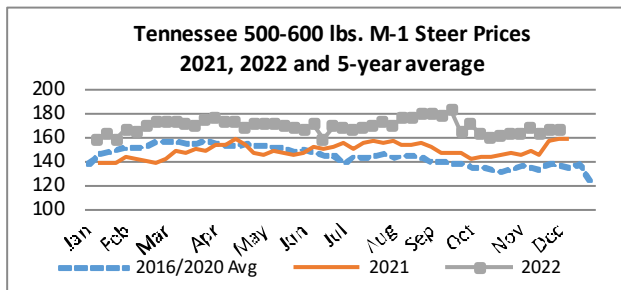
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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, December 2, 2022---Thursday, December 8, 2022

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	14.15	14.21	14.38	14.55	14.70
North Central	14.54	14.53	14.70	14.87	15.01
West Central	14.54	14.53	14.70	14.87	15.01
West	14.77	14.75	14.93	15.12	15.27
Mississippi River	14.68	14.65	14.82	15.00	15.18
Yellow Corn					
Northwest	6.58	6.50	6.46	6.56	6.58
North Central	5.96	5.91	5.87	5.92	5.93
West Central	6.76	6.71	6.67	6.71	6.77
West	6.71	6.67	6.63	6.69	6.71
Mississippi River	6.63	6.54	6.52	6.58	6.60
Wheat					
Northwest	7.11	6.89	6.79	7.00	6.96
North Central			7.24	7.45	7.41
West					
Mississippi River	7.29	6.78	7.06	7.24	7.20
Cotton	-----\$/pound-----				
Memphis	83.95-86.20	84.61-86.86	85.34-87.59	82.58-84.83	81.60-83.85



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, December 5, 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.	167.50	212.50	187.14	173.77	179.91
400-500 lbs.	160.00	200.00	179.04	164.69	164.65
500-600 lbs.	138.00	180.00	164.98	164.76	154.69
600-700 lbs.	134.00	170.00	153.81	155.86	142.60
700-800 lbs.	132.50	157.00	145.99	148.52	136.86
Steers: Small Frame #1-2					
300-400 lbs.	150.00	165.00	154.60	---	152.50
400-500 lbs.	137.50	167.50	156.43	---	131.64
500-600 lbs.	110.00	150.00	129.06	---	127.50
600-700 lbs.	145.00	---	145.00	---	120.32
Steers: Medium/Large Frame #3					
300-400 lbs.	130.00	185.00	166.07	131.25	161.19
400-500 lbs.	129.00	176.00	156.11	136.95	145.51
500-600 lbs.	140.00	156.00	144.62	145.81	135.53
600-700 lbs.	120.00	148.00	136.26	---	123.77
700-800 lbs.	130.00	136.00	132.63	---	122.56
Holstein Steers					
300-400 lbs.	---	---	---	---	---
500-600 lbs.	100.00	103.00	101.61	---	---
700-800 lbs.	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	61.00	79.00	70.91	71.45	57.54
Boners 80-85%	60.00	79.00	69.04	67.71	56.00
Lean 85-90%	47.00	71.50	59.03	58.68	48.12
Bulls YG 1	84.00	109.00	95.19	95.21	82.96
Heifers: Medium/Large Frame #1-2					
300-400 lbs.	127.00	180.00	153.65	152.51	143.15
400-500 lbs.	126.00	175.00	148.72	148.27	136.13
500-600 lbs.	122.00	155.00	140.85	141.24	129.16
600-700 lbs.	118.00	146.00	134.01	133.67	125.93
Heifers: Small Frame #1-2					
300-400 lbs.	122.50	150.00	137.42	---	137.50
400-500 lbs.	105.00	143.00	131.90	---	125.20
500-600 lbs.	101.00	133.00	123.67	115.00	116.27
600-700 lbs.	113.00	125.00	122.87	---	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs.	122.50	152.50	138.76	140.93	129.68
400-500 lbs.	115.00	158.00	140.15	135.78	129.51
500-600 lbs.	101.00	141.00	129.05	130.92	119.71
600-700 lbs.	118.00	133.00	127.84	116.98	109.22

Cattle Receipts

This week:9,241

Week ago:1,193

Year ago:9,693

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

Graded Sales, Video Board Sales, Video Sales & Loads

Graded Goat & Sheep Sales

East Tennessee Livestock Center Graded Holstein Steer Sale

- Sweetwater, TN

Weighted Average Report for 12/2/2022

For complete report:

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

TLP Beef Alliance Sale - Columbia, TN

Weighted Average Report for 12/6/2022

For complete report:

https://www.ams.usda.gov/mnreports/ams_2078.pdf

Browning Livestock Market Video/Internet Auction

- Lafayette, TN

Weighted Average Report for 12/7/2022

For complete report:

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

Hardin County Stockyard - Savannah, TN

12/7/22

57 Steers, 904 lbs., M&L 1, 49-Black/BWF 8-Red/RWF, 5-6

Flesh, \$160.00

Warren Co. Livestock Graded Sale - McMinnville, TN

Weighted Average Report for 12/7/2022

For complete report:

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

Department of Agricultural and Resource Economics

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