

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

December 16, 2022

Number: 50

Trends for the Week Compared to a Week Ago

Slaughter Cows

steady to \$2 higher

Slaughter Bulls

steady to \$2 higher

Feeder Steers

steady to \$4 higher

Feeder Heifers

steady to \$3 higher

Feeder Cattle Index: 179.50

Fed Cattle

The 5-area live price on Thursday of \$155.56 was down \$0.04. The dressed price of \$247.81 was up \$0.96.

Corn

March closed at \$6.53 a bushel, up 9 cents since last Friday.

Soybeans

January closed at \$14.80 a bushel, down 3 cents since last Friday.

Wheat

March closed at \$7.53 a bushel, up 19 cents since last Friday.

Cotton

March closed at 81.92 cents per lb, up 0.87 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded steady 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 \$248.

The 5-area weighted average prices thru Thursday were \$155.56 live, down \$0.04 compared to last week and \$247.81 dressed, up \$0.96 from a week ago. A year ago, prices were \$137.18 live and \$218.42 dressed.

In order to correct an error in last week's comments, it is important to state the price of finished cattle has increased nearly \$15 per hundredweight since early August. Cattle feeders are certainly enthused by higher finished cattle prices and pushing for even higher prices. The higher prices are not resulting in windfall profits at the cattle feeding level because costs of putting on those pounds is still fairly expensive. Corn prices have moderated slightly the past few months, but the price of protein sources and hay are moving in a contrary direction to corn. Cattle feeders will continue sharpening their pencils to determine what they can pay for cattle and balance that with what they may have to pay for those cattle.

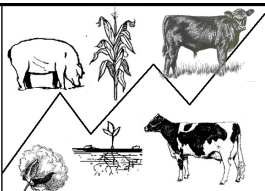
BEEF CUTOUT: At midday Friday, the Choice cutout was \$260.88 up \$6.58 from Thursday and up \$12.94 from a week ago. The Select cutout was \$234.50 up \$5.99 from Thursday and up \$13.24 from last week. The Choice Select spread was \$26.38 compared to \$26.68 a week ago.

Lesson learned when talking about packer margins. Once the Choice cutout moderated, it turns on its heels and prices improve. The rib, loin, and brisket primal had a few strong days this week, which supported that cutout price. They have since found a few days of softer trade while some of the end meat cuts have provided some marginal support. Surely, grocers,

restaurants, and other food service customers have finished their buying for the holiday gatherings, which means their focus will shift to end meats. The seasonality of certain cuts of beef continues to dominate the market, but some of those seasonal trends are changing as quality is the number one factor for consumers. Many consumers are happy to eat middle meats through all four seasons of the year instead of just through the summer months. It is likely these shifts in consumer trends will continue to slowly change toward quality grade beef. It will be interesting over the next several weeks to see purchasing patterns of consumers through winter and spring.

OUTLOOK: Based on Tennessee weekly auction average prices, steer prices were unevenly steady to \$4 higher compared to last week while heifer prices were steady to \$3 higher compared to a week ago. Slaughter cow prices were steady to \$2 higher compared to a week ago while bull prices were steady to \$2 higher compared to the previous week. This was the last week of cattle sales for 2022 for many livestock auction barns. There may be some early week sales the week of December 18th, but it would be wise to call the office manager to make sure they are having a sale before loading cattle and parading them to an unstaffed auction barn. This means many producers who wanted to move cattle before the end of the year will now have to wait until January to set wheels under their cattle. This may not be a bad thing as calf and slaughter cow prices all tend to increase moving from December to January. Over the past ten years, the price of 500 to 600 pounds steers in Tennessee have increased from December to January in nine of those years. The same can be said for the same weight heifers. From the slaughter cow

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

side, prices have increased nine out of the past ten years from December to January with the average increase being \$4.54 per hundredweight. However, it may be beneficial to hold those slaughter cows until February, because slaughter cow prices have increased from January to February each of the past ten years and the average price increase has been \$5.57 per hundredweight. That means a 1,200 pound slaughter cow has the ability to increase about \$120 in value over the next two months. If a person can feed her for less than \$120 over that period then there are a few dollars to be made. There are going to be some good opportunities to market most classes of cattle for strong prices at the beginning of 2023, but if a person needs to market them in 2022 then they need to get on the phone and see who has one more sell before year's end.

ASK ANDREW, TN THINK TANK: Even with cattle prices expected to continue increasing, how are we supposed to make money with high input prices? This is a question or some variation of a question that should be answered every year. How should a cattle producer or any farmer for that matter manage the operation to be profitable? Many production years have similarities, but every year is different from all of the

previous years in some form or fashion. Producers should always be trying to determine the return on investment for dollars spent on inputs. As an example, if fertilizer prices are high, should more, less, or the same amount as last year be applied? For some producers, the answer will be to apply less fertilizer, which will likely result in lower forage production. This may mean purchasing more feed or reducing grazing pressure and hay needs for the year by selling some cows or marketing calves earlier than normal. Profitability is often determined by the work done in the office and not the work done outside.

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 \$155.05 +1.00; February \$155.78 +0.93; April \$159.70 +0.78; Feeder cattle –January \$183.78 +0.73; March \$184.70 +0.03; April \$188.13 -0.13; May \$191.78 +0.40; March corn closed at \$6.53 down 1 cent from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Some risk management on unpriced corn and soybeans held in storage should be considered before the end of 2022. In Tennessee, storage pays. It is arguably the most beneficial price risk management tool for corn, soybean, and wheat producers. However, some consideration should be afforded to taking the futures price risk off the table at this juncture. Futures prices have been volatile in 2022 and are likely to remain so in 2023. Russia-Ukraine, South American production, weather, and a potential global economic slowdown could all adversely affect prices in the futures market. Selling futures and letting basis continue to improve in 2023 is a reasonable risk management strategy for crops held in storage.

Securing a March futures price above \$6.50 for corn and \$14.75 for soybeans takes a tremendous amount of financial risk off the table while allowing for upward mobility in basis. Could corn and soybean futures move up another 25 to 75 cents? Sure, but the upward mobility in futures prices is limited between now and March and futures prices could also decline 50 to 150 cents.

For corn, even in locations where basis is high (greater than \$1.00), establishing a futures price takes greater than 85% (\$6.50/\$7.50) of the price risk off the table, while allowing producer to pick their price on basis through on demand sales or basis contracts (poultry, ethanol, elevators or barge points etc.).

Another way to look at the benefits of this strategy is a simple financial risk assessment. Using the state average soybean yield for 2022, 46 bu/acre. Establishment of a futures price floor secures \$678/acre in revenue (46 bu/acre x \$14.75/bu). This leaves basis as unsecured revenue that a producer can pick a future point in time to establish. Revenue of \$678/ acre will cover a substantial portion of most producers cost of production (and likely even some profit). During periods of high cost of production and price volatility necessitates identifying opportunities to mitigate risk. Do not let opportunities go by without due consideration.

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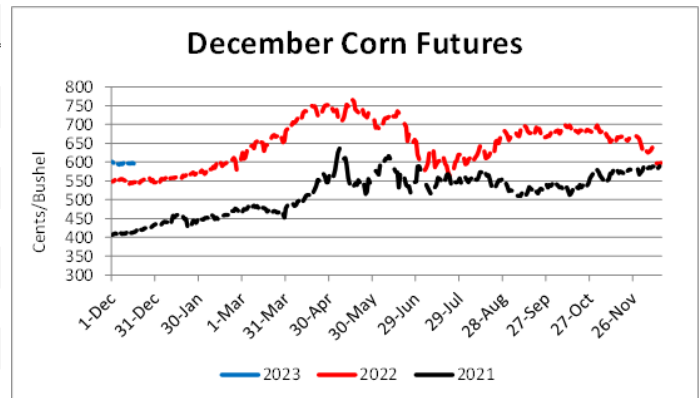
	Previous	Current	Change
USD Index	104.94	104.66	-0.27
Crude Oil	71.44	74.29	2.85
DJIA	33,476	32,920	-556

Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending December 9 was 1.061 million barrels per day, down 16,000 from the previous week. Ethanol stocks were 24.409 million barrels, up 1.152 million compared to last week. Corn net sales reported by exporters for December 2-8 were 37.8 million bushels for the 2022/23 marketing year and 23.2 million bushels for the 2023/24 marketing year. Exports for the same period were down 34% compared to last week at 23.2 million bushels. Corn export sales and commitments were 38% 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 53%. 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 11 over the March futures at elevators and barge points. March 2023 corn futures closed at \$6.53, up 9 cents since last Friday. For the week, March 2023 corn futures traded between \$6.44 and \$6.60. May 2023 corn futures closed at \$6.53, up 8 cents since last Friday. Mar/May and Mar/Dec future spreads were 0 and -56 cents.

Corn	Mar 23	Change	Dec 23	Change
Price	\$6.53	\$0.09	\$5.97	\$0.04
Support	\$6.47	\$0.12	\$5.94	\$0.04
Resistance	\$6.58	\$0.09	\$6.00	\$0.01
20 Day MA	\$6.55	-\$0.03	\$6.01	-\$0.04
50 Day MA	\$6.73	-\$0.03	\$6.14	-\$0.02
100 Day MA	\$6.66	\$0.03	\$6.10	\$0.02
4-Week High	\$6.74	-\$0.03	\$6.14	-\$0.05
4-Week Low	\$6.35	\$0.00	\$5.90	\$0.00
Technical Trend	Down	=	Down	=

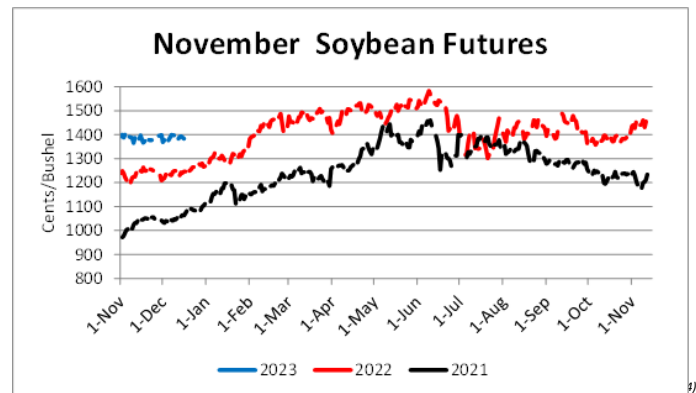


New crop cash prices ranged from \$5.56 to \$5.88 at elevators and barge points. December 2023 corn futures closed at \$5.97, up 4 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.00 December 2023 Put Option costing 50 cents establishing a \$5.50 futures floor.

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 17 under to 44 over, with an average basis of 19 over the January futures contract. Soybean net weekly sales reported by exporters were 108.2 million bushels for the 2022/23 marketing year. Exports for the same period were down 18% compared to last week at 67.8 million bushels. Soybean export sales and commitments were 75% 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 69%. January 2023 soybean futures closed at \$14.80, down 3 cents since last Friday. For the week, January 2023 soybean futures traded between \$14.57 and \$14.87. Jan/Mar and Jan/Nov future spreads were 3 and -91 cents. March 2023 soybean futures closed at \$14.88, down 5 cents since last Friday.

Soybeans	Jan 23	Change	Nov 23	Change
Price	\$14.80	-\$0.03	\$13.89	-\$0.09
Support	\$14.56	-\$0.01	\$13.74	-\$0.11
Resistance	\$14.97	-\$0.09	\$14.00	-\$0.08
20 Day MA	\$14.56	\$0.09	\$13.86	\$0.02
50 Day MA	\$14.32	\$0.10	\$13.76	\$0.04
100 Day MA	\$14.30	\$0.06	\$13.64	\$0.06
4-Week High	\$14.92	\$0.00	\$14.03	\$0.00
4-Week Low	\$14.06	\$0.00	\$13.57	\$0.00
Technical Trend	Up	=	Up	=



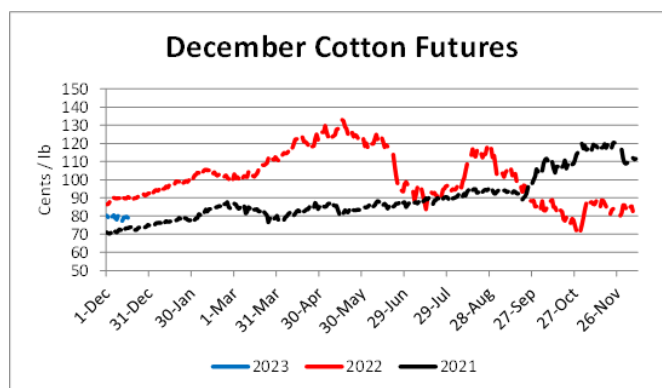
Crop Comments by Dr. Aaron Smith

November 2023 soybean futures closed at \$13.89, down 9 cents since last Friday. New crop cash soybean prices at elevators and barge points ranged from \$13.44 to \$13.76. Downside price protection could be achieved by purchasing a \$14.00 November 2023 Put Option which would cost 97 cents and set a \$13.03 futures floor. Nov/Dec 2023 soybean-to-corn price ratio was 2.33 at the end of the week.

Cotton

Delta upland cotton spot price quotes for December 15 were 82.03 cents/lb (41-4-34) and 84.28 cents/lb (31-3-35). Adjusted world price (AWP) was down 2.92 cents at 72.25 cents. Cotton net weekly sales reported by exporters were 18,600 bales for the 2022/23 marketing year and 28,200 bales for the 2023/24 marketing year. Exports for the same period were up 1% compared to last week at 141,900 bales. Upland cotton export sales were 76% 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 73%. March 2023 cotton futures closed at 81.92 cents, up 0.97 cents since last Friday. For the week, March 2023 cotton futures traded between 78.8 and 82.55 cents. May 2023 cotton futures closed at 82.08 cents, up 1.18 cents since last Friday. Mar/May and Mar/Dec cotton futures spreads were 0.16 cents and -1.70 cents.

Cotton	Mar 23	Change	Dec 23	Change
Price	81.92	0.97	80.22	1.90
Support	78.84	0.28	77.76	1.45
Resistance	83.84	-1.40	81.56	0.35
20 Day MA	81.93	-1.19	78.46	0.08
50 Day MA	81.64	-0.19	77.01	0.40
100 Day MA	89.92	-0.39	79.94	0.04
4-Week High	87.23	-2.69	81.63	0.00
4-Week Low	77.50	0.00	74.25	0.00
Technical Trend	Down	=	Up	+



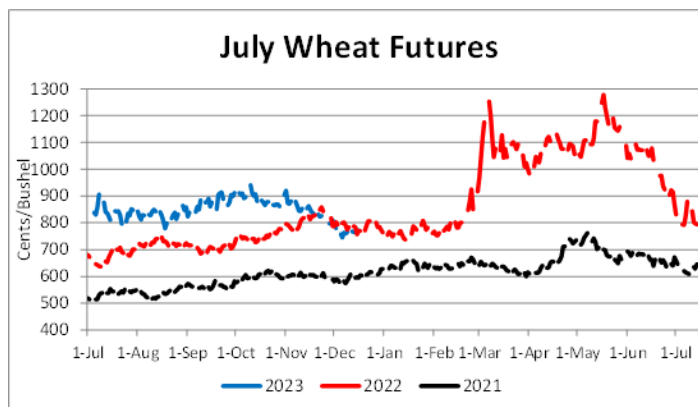
December 2023 cotton futures closed at 80.22 cents, up 1.9 cents since last Friday. Downside price protection could be obtained by purchasing an 81 cent December 2023 Put Option costing 9.97 cents establishing a 71.03 cent futures floor.

Wheat

Wheat net weekly sales reported by exporters were 17.2 million bushels for the 2022/23 marketing year. Exports for the same period were down 1% compared to last week at 9.4 million bushels. Wheat export sales were 67% 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 75%. Wheat cash prices at elevators and barge points ranged from \$6.99 to \$7.52. March 2023 wheat futures closed at \$7.53, up 19 cents since last Friday. March 2023 wheat futures traded between \$7.37 and \$7.69 this week. March wheat-to-corn price ratio was 1.15. May 2023 wheat futures closed at \$7.61 up 17 cents since last Friday. Mar/May and Mar/Jul future spreads were 8 and 12 cents.

Crop Comments by Dr. Aaron Smith

Wheat	Mar 23	Change	Jul 23	Change
Price	\$7.53	\$0.19	\$7.65	\$0.16
Support	\$7.42	\$0.14	\$7.56	\$0.13
Resistance	\$7.69	\$0.05	\$7.80	\$0.03
20 Day MA	\$7.71	-\$0.21	\$7.85	-\$0.22
50 Day MA	\$8.29	-\$0.16	\$8.40	-\$0.13
100 Day MA	\$8.40	-\$0.04	\$8.47	-\$0.03
4-Week High	\$8.37	-\$0.25	\$8.49	-\$0.26
4-Week Low	\$7.23	\$0.00	\$7.40	\$0.00
Technical Trend	Down	=	Down	=



New crop wheat cash prices at elevators and barge points ranged from \$7.07 to \$7.56. July 2023 wheat futures closed at \$7.65, up 16 cents since last Friday. Downside price protection could be obtained by purchasing a \$7.70 July 2023 Put Option costing 65 cents establishing a \$7.05 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_mbb1_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/

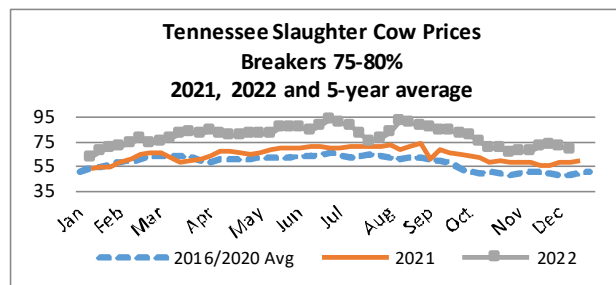
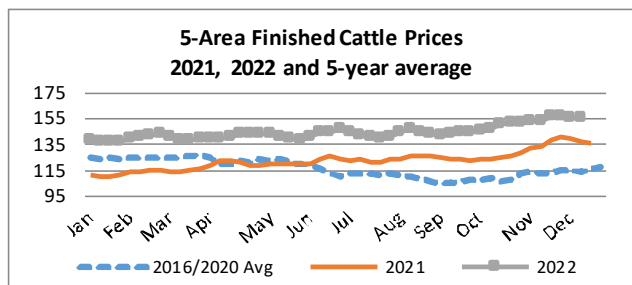
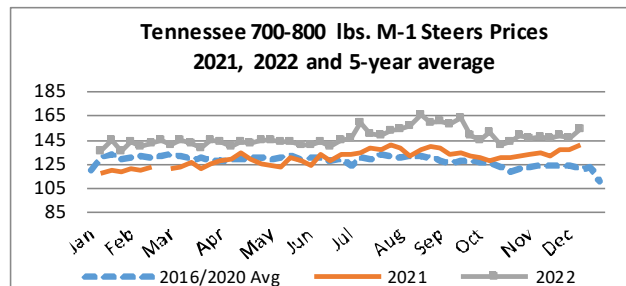
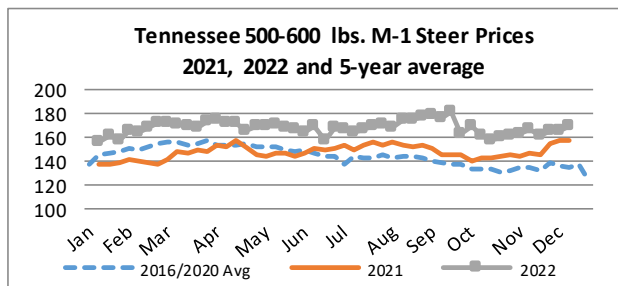
[Crop Progress & Condition/](#)

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, December 9, 2022---Thursday, December 15, 2022					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	14.67	14.44	14.63	14.66	14.60
North Central	14.99	14.76	14.95	14.97	14.89
West Central	14.99	14.76	14.95	14.97	14.89
West	15.26	15.03	15.23	15.25	15.17
Mississippi River	15.17	14.95	15.15	15.17	15.08
Yellow Corn					
Northwest	6.59	6.69	6.69	6.66	6.69
North Central	5.94	6.04	6.04	6.01	6.04
West Central	6.74	6.84	6.84	6.81	6.84
West	6.72	6.82	6.82	6.80	6.89
Mississippi River	6.63	6.75	6.74	6.72	6.78
Wheat					
Northwest	6.84	7.05	7.01	6.99	7.07
North Central	7.29	7.50	7.46	7.44	7.52
West					
Mississippi River	7.19	7.38	7.36	7.24	7.41
Cotton	-----\$/pound-----				
Memphis	81.70-83.95	80.39-82.64	82.63-84.88	82.37-84.62	82.03-84.28



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 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.	152.50	220.00	184.38	187.14	181.77
400-500 lbs.	158.00	194.00	179.31	179.04	167.41
500-600 lbs.	141.00	180.00	168.70	164.98	157.30
600-700 lbs.	127.00	170.00	158.93	153.81	146.55
700-800 lbs.	135.00	161.50	153.00	145.99	136.31
Steers: Small Frame #1-2					
300-400 lbs.	130.00	162.50	150.48	154.60	153.78
400-500 lbs.	---	---	---	156.43	143.23
500-600 lbs.	120.00	142.00	133.62	129.06	---
600-700 lbs.	---	---	---	145.00	---
Steers: Medium/Large Frame #3					
300-400 lbs.	130.00	187.50	164.72	166.07	162.66
400-500 lbs.	131.00	172.50	159.82	156.11	153.95
500-600 lbs.	110.00	162.50	146.95	144.62	141.71
600-700 lbs.	125.00	155.00	138.59	136.26	128.31
700-800 lbs.	130.00	140.00	137.74	132.63	121.52
Holstein Steers					
300-400 lbs.	---	---	---	---	---
500-600 lbs.	---	---	---	101.61	---
700-800 lbs.	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	60.00	77.00	68.57	70.91	57.89
Boners 80-85%	57.00	76.00	66.57	69.04	56.01
Lean 85-90%	45.00	68.00	58.72	59.03	48.10
Bulls YG 1	80.00	105.00	93.45	95.19	83.66
Heifers: Medium/Large Frame #1-2					
300-400 lbs.	130.00	180.00	159.90	153.65	144.90
400-500 lbs.	129.00	165.00	152.76	148.72	139.03
500-600 lbs.	124.00	154.00	142.66	140.85	130.22
600-700 lbs.	114.00	150.00	136.08	134.01	123.97
Heifers: Small Frame #1-2					
300-400 lbs.	116.00	140.00	127.64	137.42	124.36
400-500 lbs.	120.00	121.00	120.50	131.90	123.81
500-600 lbs.	113.00	135.00	121.51	123.67	111.67
600-700 lbs.	---	---	---	122.87	106.63
Heifers: Medium/Large Frame #2-3					
300-400 lbs.	125.00	161.00	143.39	138.76	134.06
400-500 lbs.	110.00	150.00	132.76	140.15	131.70
500-600 lbs.	110.00	140.00	131.24	129.05	119.92
600-700 lbs.	110.00	130.00	120.62	127.84	115.52

Cattle Receipts

This week: 8,015

Week ago: 9,241

Year ago: 7,171

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

Graded Sales, Video Board Sales, Video Sales & Loads

East Tennessee Cattle Alliance Preconditioned Graded Feeder Sale - Greeneville, TN

Weighted Average Report for 12/8/2022

For complete report:

https://www.ams.usda.gov/mnreports/ams_2075.pdf

East Tennessee Livestock Center Video Sale - Sweetwater, TN

12/14/2022

1 load out of 85 steers from BQA certified producer; Est weight 895 lbs.; 95% L&M-1s & 5% L&M-2s; medium flesh; 100% BLK/BWF; \$170.25

1 load out of 75 steers from BQA certified producer; Est weight 865 lbs.; 95% L&M-1s & 5% L&M-2s; medium flesh; 100% BLK/BWF; \$173.50

Graded Goat & Sheep Sales

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 12/12/22

Total Receipts: 1,404

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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