

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

December 23, 2022

Number: 51

Trends for the Week Compared to a Week Ago

Slaughter Cows

Slaughter Bulls

**No Trends as
there were no
reported
auctions.**

Feeder Steers

Feeder Heifers

Feeder Cattle Index: 177.83

Fed Cattle

The 5-area live price on Thursday of \$155.90 was up \$0.34. The dressed price of \$248.73 was up \$0.92.

Corn

March closed at \$6.62 a bushel, up 9 cents since last Friday.

Soybeans

January closed at \$14.79 a bushel, down 1 cent since last Friday.

Wheat

March closed at \$7.76 a bushel, up 23 cents since last Friday.

Cotton

March closed at 85.21 cents per lb, up 3.29 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 \$155 to \$157 while dressed prices were mainly \$246 to \$249.

The 5-area weighted average prices thru Thursday were \$155.90 live, up \$0.34 compared to last week and \$248.73 dressed, up \$0.92 from a week ago. A year ago, prices were \$135.55 live and \$217.30 dressed.

Cattle feeders and packers were slow to get deals done this week. Maybe they thought they could wait each other out until they each shut everything down for Christmas! Everyone knows cattle do not eat on Christmas day. In reality, deals were probably slow because packers do not need as many cattle next week since it will be a holiday shortened slaughter week. Many packers probably have the majority of their needs covered the next two short weeks so they have little to no reason to pull more dollars out of the piggy bank to secure cattle. That is not saying cattle will not trade and do so at strong prices. It simply means things will be slow until the first week of January when there will be five and a half days of slaughter to purchase for.

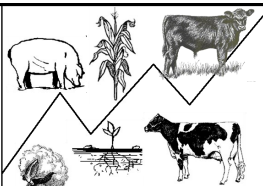
BEEF CUTOUT: At midday Friday, the Choice cutout was \$271.53 up \$6.32 from Thursday and up \$10.65 from a week ago. The Select cutout was \$245.34 up \$3.53 from Thursday and up \$10.84 from last week. The Choice Select spread was \$26.19 compared to \$26.38 a week ago.

Who knew the Choice and Select beef cutout values could increase in value by close to \$24 in mid to late December? Wholesale boxed beef prices have broken to the top side the past two weeks and made moves that were frankly unexpected. This is the highest price for both cutouts since July, and full understanding

of the sudden jump in prices is lacking. Part of the price support could be stemming from lower production as slaughter levels slow and the expectation that beef production the next two weeks will decline because of holiday shortened slaughter weeks. Thus, purchasers may be attempting to secure inventory they think may become scarce in the near term. Another item to note is a large percentage of consumers are being impacted by winter precipitation. This typically slows beef movement, but what was typical five years ago does not seem as typical in today's environment. Regardless of what is spurring wholesale beef prices, the cattle industry can rest assured that this further supports cattle prices.

OUTLOOK: No trends were established this week as no livestock auctions were reported as the market heads towards Christmas. Most of the auction markets were closed this week and will be closed again next week in observance of Christmas and the New Year holiday. Given this typical two-week slowdown in cattle movement, it typically means there will be some good runs of cattle in January if the weather is nice. There tend to be several producers who put off marketing the calf crop until after the first of the year for tax reasons and this year will be no different. At the same time, there are some producers who held off marketing in December, because they have an expectation that calf and feeder cattle prices will increase in January. There is certainly optimism moving into 2023 for calf and feeder cattle prices. The tremendous cow and heifer slaughter in 2022 have pulled on beef cow inventory and thus the calf crop in 2023, which means there will be fewer animals to go around. The cow-calf producer will be in the driver's seat the next two to three years as all margin operators will be

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

competing for the few animals made available to move through the feeding system. An increase in heifer retention in 2023 and 2024 will provide further support to the calf and feeder cattle market. Given the particular situation, cattle producers can also expect slaughter cow prices to increase as the demand for lean grinding beef is not disappearing. There have certainly been struggles for cattle producers across the country this year, but those struggles will result in a few years of strong cattle prices. Those strong cattle prices should result in a strong profitability in the cow-calf sector if drought and other natural disasters do not occur. It would not be surprising to see 500 pound steers bring \$1,000 in March and April in Tennessee. This may be a lofty projection, but it is not out of question right now.

The December cattle on feed report for feedlots with a 1000 head or more capacity indicated cattle and calves on feed as of December 1, 2022 totaled 11.67 million head, down 2.6% compared to a year ago, with the pre-report estimate average expecting a 2.9% decline. November placements in feedlots totaled 1.93 million head, down 2.1% from a year ago with the pre-report estimate average expecting placements down 4.4%. November marketing's totaled 1.89 million head up 1.2% from 2021 with pre-report estimates expecting a 1.0% increase in marketings. Placements on feed by weight: under 700 pounds down 4.3%, 700 to 899 pounds down 0.3%, 900 pounds and over up 2.3%.

ASK ANDREW, TN THINK TANK: It has been a slow week for questions concerning cattle production and cattle markets. Thus, I am going to share some of the questions that run through my mind when talking with producers. When a cattle producer states he or she cannot make any money in the cattle business the questions that run through my mind are why are they trying to produce cattle if they are not making money, and why does the producer not try to make changes to the operation in an attempt to improve profitability? When producers complain about cattle prices being too low the question that comes to mind is why don't those producers start buying cattle if prices are too low because buying low and selling high turns a good profit. If a person thinks prices are too low then they should certainly want to own that resource. Similarly, when producers complain about input prices being too high my question is why don't those producers start a business and produce some of those inputs? If the price is too high then there should be an opportunity to make money.

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 –February \$157.75 +0.45; April \$161.83 +0.50; June \$157.85 +0.58; Feeder cattle –January \$184.00 +0.03; March \$186.75 +0.30; April \$190.25 +0.35; May \$193.28 +0.35; March corn closed at \$6.66 up 6 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

March corn futures have settled into a trading range of \$6.35 to \$7.11 ^¾. The current old crop futures trading range is likely to persist in the first quarter of 2023. Bullish factors include production concerns in Argentina, the ongoing conflict in Ukraine, and U.S. ending stocks projected at less than 1.3 billion bushels. Bearish factors include a weakening global and

U.S. economy, limited export sales -- partly due to a strong U.S. Dollar, and projected increased second crop corn production in Brazil. One factor that could be bullish or bearish is 2023 U.S. planted acreage. High fertilizer and energy prices will squeeze profit margins and may provide an incentive for producers to plant crops with a lower cost of production, such as soybeans.

The current futures price ratio of 2.32 (November soybeans / December corn) favors corn, but could be considered neutral, due to cost of production differences. One key factor that will partially determine planted acreage this spring is the projected crop insurance prices determined this February. There is a strong positive correlation between the ratio of projected acres (soybean/corn) to be planted, as indicated in the USDA's March Prospective Planting report, and the projected crop insurance price ratio (soybean/corn). The correlation between crop insurance price and final planted acreage estimates is weaker than the crop insurance price and March Prospective Plantings. This is likely due to post-crop insurance price determination period movements in price and weather induced changes to planting decisions. Acreage projections will start coming out in early 2023 and will be closely followed by traders.

March cotton futures prices continue to trade between 77.50 and 89.92. Bearish factors in cotton prices are weak global demand, increased global stocks, and a strong U.S. Dollar. These factors have adversely affected cotton export sales this mar-

	Previous	Current	Change
USD Index	104.66	104.07	-0.59
Crude Oil	74.29	79.62	5.33
DJIA	32,920	33,132	212

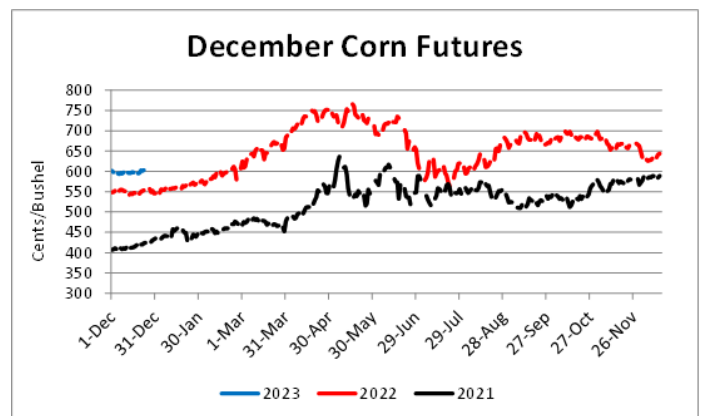
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keting year. A bullish argument can be formed based on domestic supply. The 2022 drought reduced U.S. cotton production substantially, due to record abandonment. Looking towards 2023 without modest increases in cotton prices or declines in corn and soybean prices, it will be difficult for cotton to compete for acreage in the midsouth and southeastern seaboard. However, the bottom line is cotton will have a hard time increasing prices without improvements in short and long-term demand prospects.

Corn

Ethanol production for the week ending December 16 was 1.029 million barrels per day, down 32,000 from the previous week. Ethanol stocks were 24.067 million barrels, down 342,000 compared to last week. Corn net sales reported by exporters for December 9-15 were 25.1 million bushels for the 2022/23 marketing year. Exports for the same period were up 62% compared to last week at 37.7 million bushels. Corn export sales and commitments were 39% 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 56%. 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 12 over the March futures at elevators and barge points. March 2023 corn futures closed at \$6.62, up 9 cents since last Friday. For the week, March 2023 corn futures traded between \$6.44 and \$6.67. May 2023 corn futures closed at \$6.65, up 12 cents since last Friday. Mar/May and Mar/Dec future spreads were 3 and -61 cents.

Corn	Mar 23	Change	Dec 23	Change
Price	\$6.62	\$0.09	\$6.01	\$0.04
Support	\$6.55	\$0.08	\$5.98	\$0.04
Resistance	\$6.69	\$0.11	\$6.06	\$0.06
20 Day MA	\$6.53	-\$0.02	\$5.99	-\$0.02
50 Day MA	\$6.69	-\$0.04	\$6.10	-\$0.04
100 Day MA	\$6.68	\$0.02	\$6.11	\$0.01
4-Week High	\$6.74	\$0.00	\$6.14	\$0.00
4-Week Low	\$6.35	\$0.00	\$5.90	\$0.00
Technical Trend	Up	+	Up	+



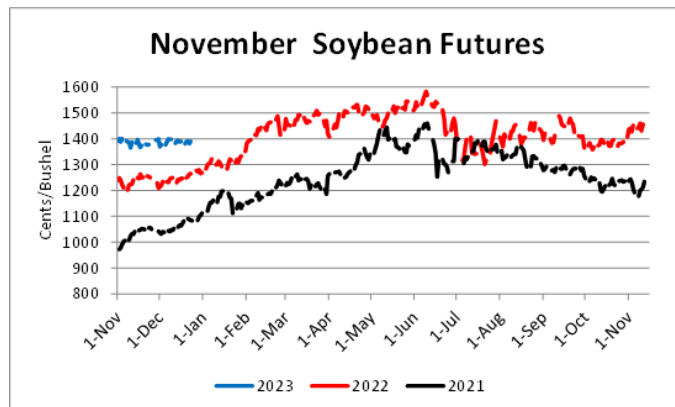
New crop cash prices ranged from \$5.78 to \$5.93 at elevators and barge points. December 2023 corn futures closed at \$6.01, up 4 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.10 December 2023 Put Option costing 56 cents establishing a \$5.54 futures floor.

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 13 under to 50 over, with an average basis of 21 over the January futures contract. Soybean net weekly sales reported by exporters were 27 million bushels for the 2022/23 marketing year and 5.1 million bushels for the 2023/24 marketing year. Exports for the same period were up 8% compared to last week at 73.1 million bushels. Soybean export sales and commitments were 76% 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 71%. January 2023 soybean futures closed at \$14.79, down 1 cent since last Friday. For the week, January 2023 soybean futures traded between \$14.60 and \$14.89. Jan/Mar and Jan/Nov future spreads were 5 and -86 cents. March 2023 soybean futures closed at \$14.84, up 1 cent since last Friday.

Crop Comments by Dr. Aaron Smith

Soybeans	Jan 23	Change	Nov 23	Change
Price	\$14.79	-\$0.01	\$13.93	\$0.04
Support	\$14.51	-\$0.05	\$13.71	-\$0.03
Resistance	\$14.92	-\$0.05	\$13.98	-\$0.02
20 Day MA	\$14.66	\$0.10	\$13.88	\$0.02
50 Day MA	\$14.40	\$0.08	\$13.78	\$0.02
100 Day MA	\$14.32	\$0.02	\$13.67	\$0.03
4-Week High	\$14.92	\$0.00	\$14.03	\$0.00
4-Week Low	\$14.24	\$0.18	\$13.65	\$0.08
Technical Trend	Up	=	Up	=

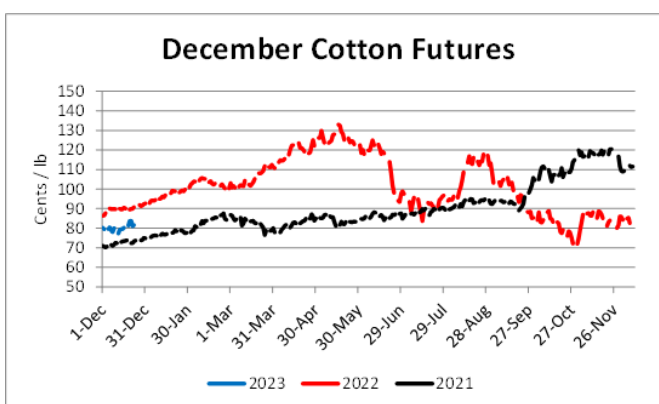


November 2023 soybean futures closed at \$13.93, up 4 cents since last Friday. New crop cash soybean prices at elevators and barge points ranged from \$13.42 to \$13.74. Downside price protection could be achieved by purchasing a \$14.00 November 2023 Put Option which would cost 92 cents and set a \$13.08 futures floor. Nov/Dec 2023 soybean-to-corn price ratio was 2.32 at the end of the week.

Cotton

Delta upland cotton spot price quotes for December 21 were 89.3 cents/lb (41-4-34) and 91.55 cents/lb (31-3-35). Adjusted world price (AWP) was up 3.32 cents at 75.57 cents. Cotton net weekly sales reported by exporters were net sales reductions of 87,800 bales for the 2022/23 marketing year and net sales of 1,000 bales for the 2023/24 marketing year. Exports for the same period were down 22% compared to last week at 110,400 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 75%. March 2023 cotton futures closed at 85.21 cents, up 3.29 cents since last Friday. For the week, March 2023 cotton futures traded between 81.33 and 89.65 cents. May 2023 cotton futures closed at 85.18 cents, up 3.1 cents since last Friday. Mar/May and Mar/Dec cotton futures spreads were -0.03 cents and -2.69 cents.

Cotton	Mar 23	Change	Dec 23	Change
Price	85.21	3.29	82.52	2.30
Support	81.43	2.59	79.12	1.36
Resistance	90.03	6.19	84.82	3.26
20 Day MA	82.97	1.04	79.74	1.28
50 Day MA	81.77	0.13	77.59	0.58
100 Day MA	89.59	-0.33	79.97	0.03
4-Week High	89.65	2.42	84.44	2.81
4-Week Low	77.50	0.00	74.25	0.00
Technical Trend	Up	+	Up	=



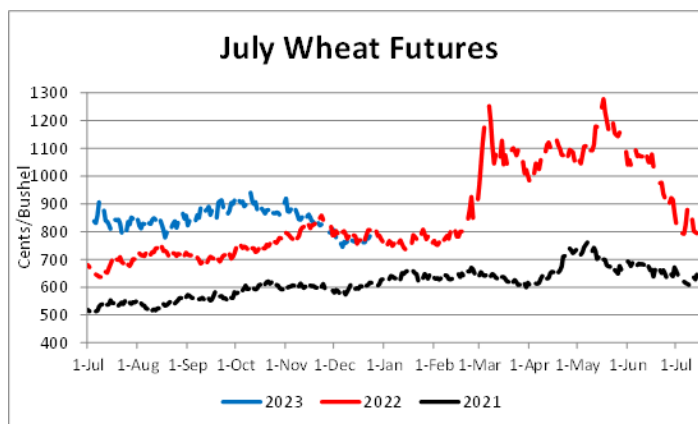
December 2023 cotton futures closed at 82.52 cents, up 2.39 cents since last Friday. Downside price protection could be obtained by purchasing an 83 cent December 2023 Put Option costing 10.71 cents establishing a 72.28 cent futures floor.

Wheat

Wheat net weekly sales reported by exporters were 12.3 million bushels for the 2022/23 marketing year. Exports for the same period were down 8% compared to last week at 8.6 million bushels. Wheat export sales were 69% 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 77%. Wheat cash prices at elevators and barge points ranged from \$6.98 to \$7.63. March 2023 wheat futures closed at \$7.76, up 23 cents since last Friday. March 2023 wheat futures traded between \$7.38 and \$7.78 this week. March wheat-to-corn price ratio was 1.17. May 2023 wheat futures closed at \$7.82 up 21 cents since last Friday. Mar/May and Mar/Jul future spreads were 6 and 10 cents.

Crop Comments by Dr. Aaron Smith

Wheat	Mar 23	Change	Jul 23	Change
Price	\$7.76	\$0.23	\$7.86	\$0.21
Support	\$7.46	\$0.04	\$7.61	\$0.05
Resistance	\$7.84	\$0.15	\$7.95	\$0.15
20 Day MA	\$7.58	-\$0.13	\$7.72	-\$0.13
50 Day MA	\$8.13	-\$0.16	\$8.26	-\$0.14
100 Day MA	\$8.37	-\$0.03	\$8.44	-\$0.03
4-Week High	\$8.20	-\$0.17	\$8.32	-\$0.17
4-Week Low	\$7.23	\$0.00	\$7.40	\$0.00
Technical Trend	Up	+	Down	=



New crop wheat cash prices at elevators and barge points ranged from \$7.05 to \$7.65. July 2023 wheat futures closed at \$7.86 up 21 cents since last Friday. Downside price protection could be obtained by purchasing a \$7.90 July 2023 Put Option costing 68 cents establishing a \$7.22 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/

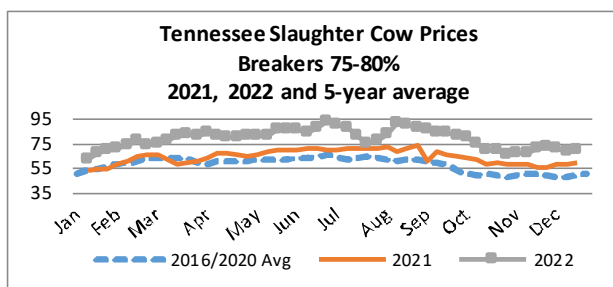
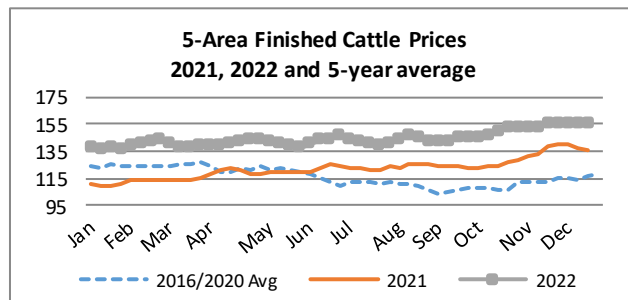
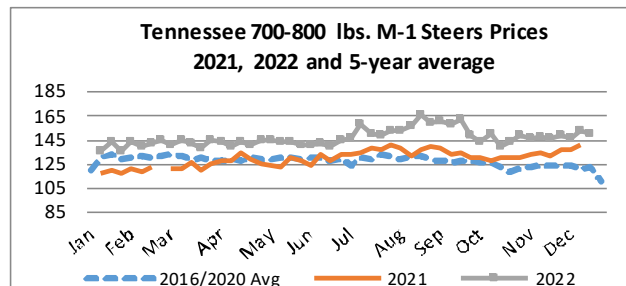
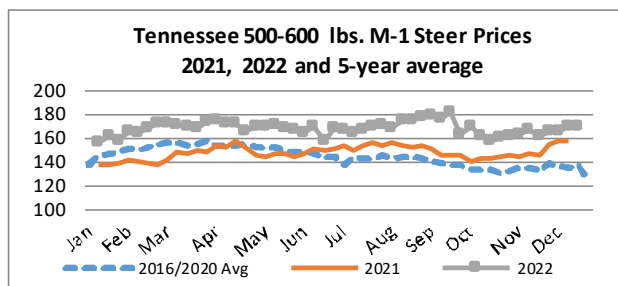
[Crop Progress & Condition/](#)

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 16, 2022---Thursday, December 22, 2022					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	14.67	14.47	14.65	14.68	14.54
North Central	14.95	14.76	14.94	14.96	14.93
West Central	14.95	14.76	14.94	14.96	14.83
West	15.24	15.04	15.24	15.31	15.18
Mississippi River	15.15	14.96	15.16	15.19	15.08
Yellow Corn					
Northwest	6.68	6.62	6.67	6.77	6.76
North Central	6.03	5.97	6.02	6.12	6.11
West Central	6.83	6.77	6.82	6.92	6.91
West	6.88	6.82	6.87	6.97	6.96
Mississippi River	6.77	6.71	6.79	6.90	6.89
Wheat					
Northwest	7.04	6.99	7.01	7.18	7.12
North Central	7.49	7.44	7.46	7.63	7.57
West					
Mississippi River	7.36	7.32	7.32	7.50	7.45
Cotton	-----\$/pound-----				
Memphis	82.92-85.17	85.08-87.33	88.84-91.09	89.30-91.55	85.30-87.55



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 19, 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	162.00	220.00	187.59	184.38	187.65
400-500 lbs	160.00	196.00	179.74	179.31	173.38
500-600 lbs	150.00	188.00	168.94	168.70	157.29
600-700 lbs	140.00	170.00	159.56	158.93	146.98
700-800 lbs	135.00	166.00	149.33	153.00	140.95
Steers: Small Frame #1-2					
300-400 lbs	---	---	---	150.48	---
400-500 lbs	---	---	---	---	147.50
500-600 lbs	---	---	---	133.62	---
600-700 lbs	---	---	---	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	125.00	180.00	162.91	164.72	150.30
400-500 lbs	124.00	180.00	152.73	159.82	154.94
500-600 lbs	130.00	162.50	149.84	146.95	138.69
600-700 lbs	132.00	152.00	140.80	138.59	132.18
700-800 lbs	110.00	137.50	125.60	137.74	127.73
Holstein Steers					
300-400 lbs	---	---	---	---	103.75
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	62.00	79.00	69.84	68.57	59.55
Boners 80-85%	61.00	76.00	67.71	66.57	57.13
Lean 85-90%	45.00	69.00	58.45	58.72	49.16
Bulls YG 1	84.00	104.00	94.46	93.45	84.29
Heifers: Medium/Large Frame #1-2					
300-400 lbs	139.00	182.50	159.60	159.90	148.02
400-500 lbs	125.00	174.00	151.12	152.76	141.46
500-600 lbs	129.00	160.00	144.86	142.66	136.27
600-700 lbs	129.00	153.00	139.82	136.08	128.27
Heifers: Small Frame #1-2					
300-400 lbs	132.50	152.50	141.81	127.64	131.09
400-500 lbs	120.00	140.00	130.94	120.50	123.20
500-600 lbs	100.00	130.00	113.20	121.51	117.43
600-700 lbs	---	---	---	---	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs	122.50	160.00	140.80	143.39	133.95
400-500 lbs	116.00	152.50	133.92	132.76	124.21
500-600 lbs	102.00	144.00	133.36	131.24	120.89
600-700 lbs	120.00	135.00	125.15	120.62	109.98

Cattle Receipts

This week:5,809

Week ago:8,015

Year ago:5,936

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

Graded Sales, Video Board Sales, Video Sales & Loads

Graded Goat & Sheep Sales

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 12/19/22

Total Receipts: 939

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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