

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

January 6, 2023

Number: 1

Trends for the Week Compared to a Week Ago

Slaughter Cows

Slaughter Bulls

Feeder Steers

No Trends

Feeder Heifers

Feeder Cattle Index: 180.31

Fed Cattle

The 5-area live price on Thursday of \$157.87 was down \$0.19. The dressed price of \$252.01 was up \$0.92.

Corn

March closed at \$6.54 a bushel, down 24 cents since last Friday.

Soybeans

January closed at \$15.01 a bushel, down 18 cents since last Friday.

Wheat

March closed at \$7.43 a bushel, down 49 cents since last Friday.

Cotton

March closed at 85.68 cents per lb., up 2.31 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 \$157 to \$158 while dressed prices were mainly \$252.

The 5-area weighted average prices thru Thursday were \$157.87 live, down \$0.19 compared to last week and \$252.01 dressed, up \$0.92 from a week ago. A year ago, prices were \$138.58 live and \$219.99 dressed.

The finished cattle market continues to hold steady as prices have witnessed little change the past few weeks. One would think cattle feeders could hold out for higher prices given the price increase in wholesale beef and the need to hold out for higher prices as feeder cattle prices are attempting to push higher. This is not to say that cattle feeding margins are being squeezed, because they are not. However, the beef market appears to be poised to push finished cattle prices higher. What does not appear ready to move higher is live cattle futures. All live cattle futures contracts from February through October are trading in a \$4 price range, which does not seem logical. Maybe it means there is little fear of cattle prices declining.

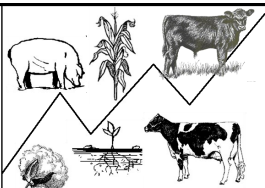
BEEF CUTOUT: At midday Friday, the Choice cutout was \$283.23 up \$1.60 from Thursday and up \$11.70 from a week ago. The Select cutout was \$260.40 up \$3.45 from Thursday and up \$15.06 from last week. The Choice Select spread was \$22.83 compared to \$26.19 a week ago.

Boxed beef prices continue to roar like a lion or maybe rage like a bull as they have started the new year the same way they finished the previous year. What they are not doing is hibernating like a bear. The two things to note specifically are the strong price increases for both Choice and Select boxed beef cutouts and the greater gains in the Select cutout relative to the

Choice cutout. Neither of these aspects are surprising given consumers continued strong demand for beef and the seasonal tendency for the Choice Select spread to narrow during the winter months as consumers shift to end meats. However, the Choice Select spread is much wider than is typical to begin the year. In 2022, the Choice Select spread in January ranged from \$5 to \$11 per hundredweight. Similarly, the spread ranged from \$10 to \$12 in 2021 while the five-year average has the Choice Select spread near the \$5 mark. This is simply another sign of consumer demand for higher quality beef and their willingness to pay for quality grade. The market may be cementing a shift in consumer tendencies.

OUTLOOK: No trends can be established this week compared to last week, but trends can be established compared to the last week of reported auctions in December. Thus, based on Tennessee auction averages, steer prices were mainly \$2 to \$7 higher compared to the last sale week in December while heifer prices were mainly \$3 to \$6 higher compared to the same week. Slaughter cow prices this week were \$2 to \$3 higher compared to the last sales in December while slaughter bull prices were mainly steady compared to the same week. The best interest is in weaned and vaccinated calves weighing less than 600 pounds, but lightweight calves coming straight off the cow are also in high demand as many stocker and back-grounding operations are attempting to secure inventory before the pickings get slim. It is clear, the changing of the calendar from December to January has resulted in increased optimism as feeder cattle futures remain at relatively strong price levels. The picture will be clearer the next few weeks if buyers continue to chase cattle. At the same time stocker and back-

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Livestock Comments by Dr. Andrew Griffith

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grounding operations are chasing cattle, it is also apparent that feedlot managers are attempting to place cattle in pens with the expectation of live cattle prices increasing. What is known at this point is that beef cow slaughter in 2022 was about 12 percent higher than 2021 while heifer slaughter was just under 5 percent higher than the previous year. Given the reduction in the quantity of animals that will be able to produce a calf in 2023, there will certainly be a smaller calf crop and fewer animals to move through the feeding system. If heifer retention gains traction in 2023 then there will be even fewer animals to move through the feedlot. Some back of the feed sack math would say there will be nearly one million less animals available to go on feed in 2023 compared to 2022. The exact number will depend on heifer retention and the stork baby calf delivery system!

ASK ANDREW, TN THINK TANK: A question was asked this week concerning how cattle producers can afford to grow their cattle operation given high land prices and limited alternatives for leasing or renting agricultural lands. There are multiple ways of growing an operation. The first that most people think about is purchasing or renting more land and

adding more animals, but this may be cost prohibitive. One alternative, may be to intensify production through increased management of resources. This could take the form of improving forage production to increase stocking rate, or it could mean confining animals and bringing harvested feedstuffs to the animals throughout large portions of the year. This management change could mean putting cattle under a roof, building water, feeding and handling infrastructure, and require a nutrient management plan to dispose of manure. Another method of growth may come in the form of adding value to the animals on the operation to grow the total return per head.

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 \$156.78 -0.58; April \$160.68 -0.60; June \$156.55 -0.73; Feeder cattle – January \$182.70 -1.10; March \$185.65 -0.90; April \$189.83 -0.70; May \$193.53 -0.70; March corn closed at \$6.54 up 1 cent from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Export demand will be a key factor in futures market price direction between now and March. The December WASDE estimates corn exports for the 2022/23 marketing year at 2.075 billion bushels, 14.7% of total projected use; soybean exports at 2.045 billion bushels, 46.3% of projected use; cotton exports at 12.25 million bales, 84.8% of projected use; and wheat exports at 775 million bushels, 41.5% of projected use. Total export commitments as a percent of projected marketing year exports for corn (41%), cotton (76%), and wheat (71%) are behind last year's pace (69%, 80%, and 85%) and the five-year averages (58%, 78%, and 80%). Soybean export commitments are 79% of the marketing year projected total, ahead of the five-year average (74%) and last year (73%).

January soybean futures breached \$15.00/bu, on December 27, for the first time since September 13. The increased prices continue the five-month uptrend from the July 22nd low of \$12.96 ½. The price rally has been led by a combination of strong export shipments, favorable domestic crushing margins, and concerns over drought in Argentina. However, Brazil's projected record soybean crop of 5.585 billion bushels should provide stiff competition for global demand starting at the end of January. Brazil's crop is estimated at 20% greater than last year.

March corn futures have trended lower since October 10 moving from \$7.11 ¾ to \$6.54. The weak export sales pace has many traders speculating that USDA will further reduce projected exports for the current marketing year resulting in increased projected ending stocks from the current estimate of 1.257 billion bushels. Ethanol production for the week was the lowest since February 2021.

March cotton closed Friday up 3.10 cents this is the 26th time since November 1 that the March contract has closed up or down for the day by more than one cent. The volatility in old crop prices is likely to continue, due to a high degree of uncertainty with the global economy.

March wheat futures have not exceeded \$8.00 in over a month.

	Previous	Current	Change
USD Index	103.27	103.64	0.37
Crude Oil	80.26	73.77	-6.49
DJIA	33,122	33,645	523

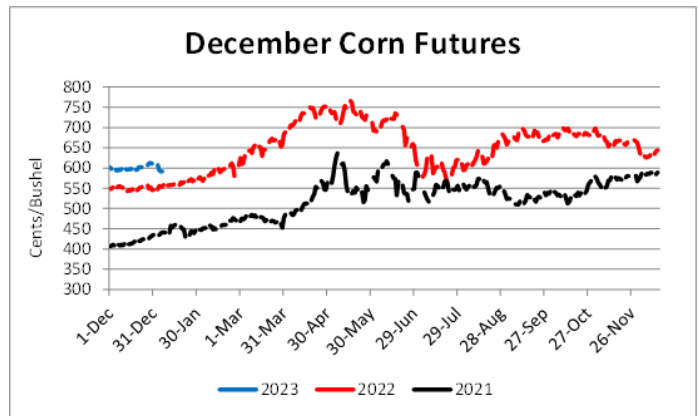
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Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending December 30 was 0.844 million barrels per day, down 119,000 from the previous week. Ethanol stocks were 24.444 million barrels, down 192,000 compared to last week. Corn net sales reported by exporters for December 23-29 were 12.6 million bushels for the 2022/23 marketing year. Exports for the same period were down 25% compared to last week at 30 million bushels. Corn export sales and commitments were 41% 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 58%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at Northwest, North-Central, and West-Central elevators and barge points and weakened at West and Mississippi River elevators and barge points. Overall, basis for the week ranged from 45 under to 36 over, with an average of 12 over the March futures at elevators and barge points. March 2023 corn futures closed at \$6.54, down 24 cents since last Friday. For the week, March 2023 corn futures traded between \$6.48 and \$6.81. May 2023 corn futures closed at \$6.54, down 24 cents since last Friday. Mar/May and Mar/Dec future spreads were 0 and -63 cents.

Corn	Mar 23	Change	Dec 23	Change
Price	\$6.54	-\$0.24	\$5.91	-\$0.19
Support	\$6.43	-\$0.12	\$5.84	-\$0.14
Resistance	\$6.62	-\$0.07	\$6.00	-\$0.06
20 Day MA	\$6.59	\$0.06	\$5.99	\$0.00
50 Day MA	\$6.65	-\$0.04	\$6.07	-\$0.03
100 Day MA	\$6.72	\$0.04	\$6.12	\$0.01
4-Week High	\$6.85	\$0.11	\$6.13	-\$0.01
4-Week Low	\$6.35	\$0.00	\$5.89	-\$0.01
Technical Trend	Down	-	Down	-

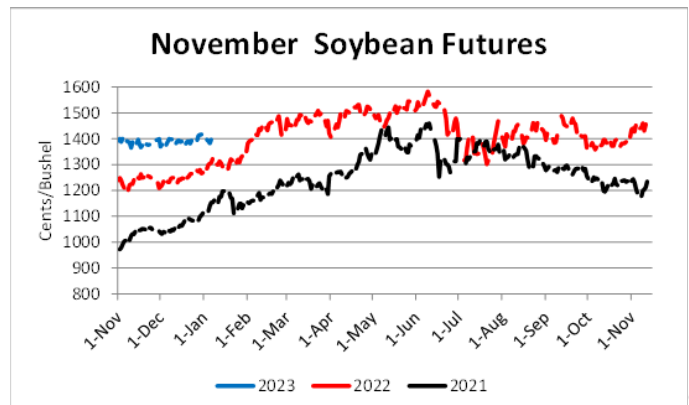


New crop cash prices ranged from \$5.01 to \$5.97 at elevators and barge points. December 2023 corn futures closed at \$5.91, down 19 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.00 December 2023 Put Option costing 54 cents establishing a \$5.46 futures floor.

Soybeans

Across Tennessee, average soybean basis strengthened or remained unchanged at Northwest and Mississippi River elevators and barge points and weakened at West, West-Central, and North-Central elevators and barge points. Basis ranged from 10 under to 58 over, with an average basis of 23 over the January futures contract. Soybean net weekly sales reported by exporters were 26.4 million bushels for the 2022/23 marketing year. Exports for the same period were down 20% compared to last week at 54.3 million bushels. Soybean export sales and commitments were 79% 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 74%. January 2023 soybean futures closed at \$15.01, down 18 cents since last Friday. For the week, January 2023 soybean futures traded between \$14.62 and \$15.23. Jan/Mar and Jan/Nov future spreads were -9 and -104 cents. March 2023 soybean futures closed at \$14.92, down 32 cents since last Friday.

Soybeans	Jan 23	Change	Nov 23	Change
Price	\$15.01	-\$0.18	\$13.97	-\$0.19
Support	\$14.50	-\$0.01	\$13.69	-\$0.02
Resistance	\$15.32	\$0.40	\$14.01	\$0.03
20 Day MA	\$14.83	\$0.17	\$13.94	\$0.06
50 Day MA	\$14.56	\$0.16	\$13.86	\$0.08
100 Day MA	\$14.37	\$0.05	\$13.72	\$0.05
4-Week High	\$15.32	\$0.40	\$14.27	\$0.24
4-Week Low	\$14.55	\$0.31	\$13.78	\$0.13
Technical Trend	Up	=	Up	=



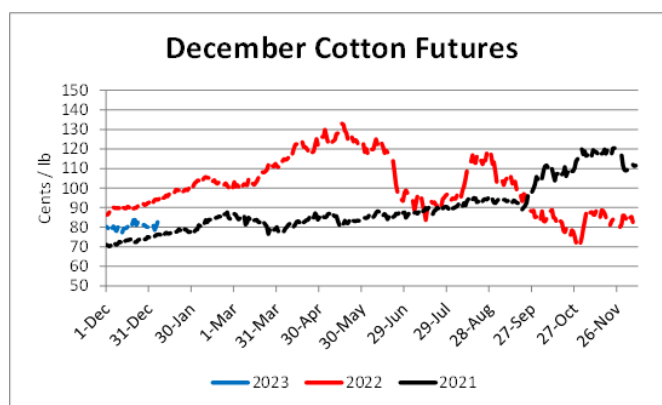
Crop Comments by Dr. Aaron Smith

November 2023 soybean futures closed at \$13.97, down 19 cents since last Friday. New crop cash soybean prices at elevators and barge points ranged from \$13.48 to \$13.87. Downside price protection could be achieved by purchasing a \$14.00 November 2023 Put Option which would cost 90 cents and set a \$13.10 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 January 5 were 83.58 cents/lb. (41-4-34) and 85.83 cents/lb. (31-3-35). Adjusted world price (AWP) was down 1.52 cents at 72.98 cents. Cotton net weekly sales reported by exporters were net sales of 39,600 bales for the 2022/23 marketing year. Exports for the same period were down 33% compared to last week at 93,600 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 78%. March 2023 cotton futures closed at 85.68 cents, up 2.31 cents since last Friday. For the week, March 2023 cotton futures traded between 80.37 and 86.1 cents. May 2023 cotton futures closed at 85.65 cents, up 2.2 cents since last Friday. Mar/May and Mar/Dec cotton futures spreads were -0.03 cents and -3.05 cents.

Cotton	Mar 23	Change	Dec 23	Change
Price	85.68	2.31	82.63	0.11
Support	79.04	-2.39	77.75	-1.37
Resistance	87.27	-2.76	83.86	-0.96
20 Day MA	83.10	0.13	80.52	0.78
50 Day MA	82.41	0.64	78.55	0.96
100 Day MA	88.32	-1.27	79.53	-0.44
4-Week High	89.65	0.00	84.44	0.00
4-Week Low	78.80	1.30	76.75	2.50
Technical Trend	Up	=	Up	=

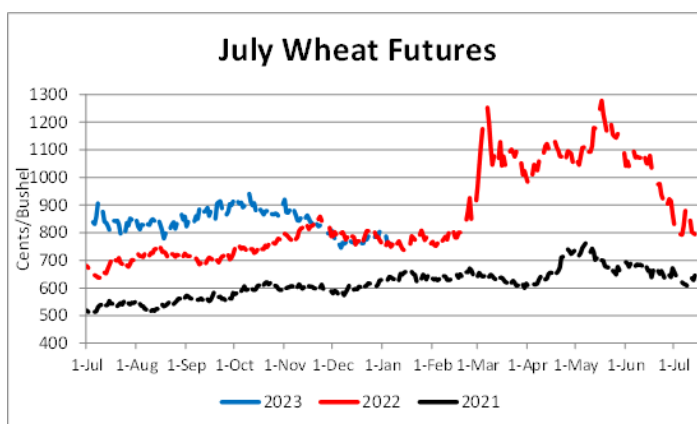


December 2023 cotton futures closed at 82.63 cents, up 1.75 cents since last Friday. Downside price protection could be obtained by purchasing an 83 cent December 2023 Put Option costing 10.6 cents establishing a 72.4 cent futures floor.

Wheat

Wheat net weekly sales reported by exporters were 1.7 million bushels for the 2022/23 marketing year and 3.6 million bushels for the 2023/24 marketing year. Exports for the same period were down 76% compared to last week at 3.0 million bushels. Wheat export sales were 71% 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 81%. Wheat cash prices at elevators and barge points ranged from \$7.28 to \$7.86. March 2023 wheat futures closed at \$7.43, down 49 cents since last Friday. March 2023 wheat futures traded between \$7.36 and \$7.94 this week. March wheat-to-corn price ratio was 1.14. May 2023 wheat futures closed at \$7.51 down 47 cents since last Friday. Mar/May and Mar/Jul future spreads were 8 and 13 cents.

Wheat	Mar 23	Change	Jul 23	Change
Price	\$7.43	-\$0.49	\$7.56	-\$0.30
Support	\$7.28	-\$0.18	\$7.42	-\$0.19
Resistance	\$7.60	-\$0.24	\$7.73	-\$0.22
20 Day MA	\$7.59	\$0.01	\$7.71	-\$0.01
50 Day MA	\$7.97	-\$0.16	\$8.11	-\$0.15
100 Day MA	\$8.32	-\$0.05	\$8.40	-\$0.04
4-Week High	\$7.99	-\$0.21	\$8.08	-\$0.24
4-Week Low	\$7.26	\$0.03	\$7.43	\$0.03
Technical Trend	Down	-	Down	=



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Crop Comments by Dr. Aaron Smith

New crop wheat cash prices at elevators and barge points ranged from \$7.01 to \$7.72. July 2023 wheat futures closed at \$7.56 down 30 cents since last Friday. Downside price protection could be obtained by purchasing a \$7.60 July 2023 Put Option costing 62 cents establishing a \$6.98 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/

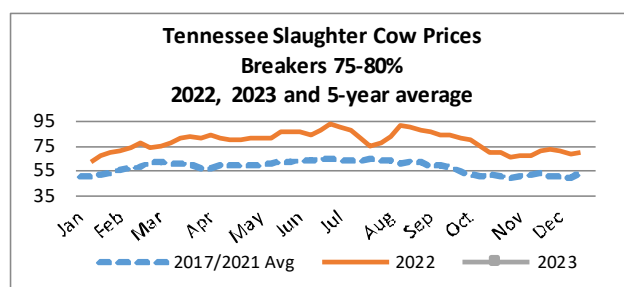
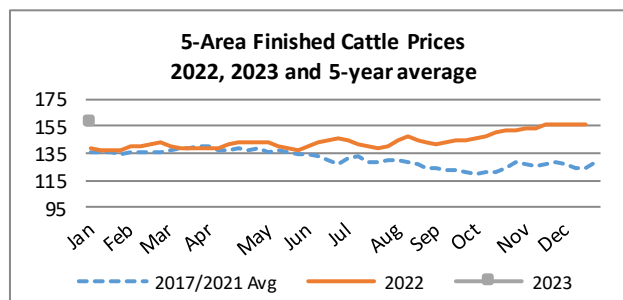
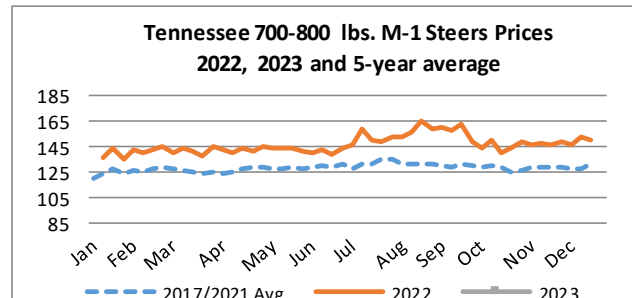
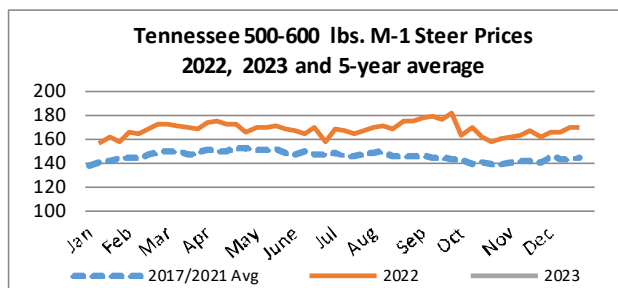
[Crop Progress & Condition/](#)

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, December 30, 2022---Thursday, January 5, 2023					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	15.06		14.77	14.68	14.57
North Central	15.49		15.17	15.09	14.81
West Central	15.39		15.07	14.99	14.86
West	15.72		15.45	15.36	15.13
Mississippi River	15.61		15.34	15.23	15.12
Yellow Corn					
Northwest	6.94		6.86	6.69	6.68
North Central	6.29		6.26	6.09	6.08
West Central	7.09		7.06	6.89	6.88
West	7.14		7.07	6.90	6.84
Mississippi River	7.08		6.99	6.83	6.76
Wheat					
Northwest	7.42				
North Central	8.02		7.86	7.56	7.57
West					
Mississippi River	7.73		7.57	7.28	7.39
Cotton	-----\$/pound-----				
Memphis	84.37-86.62		84.14-86.39	81.44-83.69	83.58-85.83



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>

Graded Sales, Video Board Sales, Video Sales & Loads

East Tennessee Livestock Center Video Sale - Sweetwater, TN

1/4/2023

1 load out of 62 steers; Est weight 860 lbs.; 90% L&M-1s & 10% L&M-2s; medium to medium plus flesh; 95% BLK/BWF; \$167.10

1 load out of 75 steers from BQA certified producer; Est weight 875 lbs.; 95% L&M- 1s & 5% L&M-2s; medium flesh; 100% BLK/BWF; \$178.00

Hardin County Stockyard - Savannah, TN

1/4/23

72 Steers, 699 lbs., M&L 1, 53-ChX 13-Black/BWF 6-Red/RWF, 5 Flesh, \$172.50

82 Heifers, 593 lbs., M&L 1-2, 63-ChX 12-Black/BWF 7-Red/RWF, 3-5 Flesh, \$169.75

Hardin County Stockyard Video Auction- Savannah, TN

Weighted Average Report for 1/4/2023

For complete report:

https://www.ams.usda.gov/mnreports/ams_3509.pdf

Warren Co. Livestock Graded Sale - McMinnville, TN

Weighted Average Report for 1/4/2023

For complete report:

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

Graded Sales, Video Board Sales, Video Sales & Loads

Hodge Livestock Network-January 5, 2023

1 load of steers; est. wt. 750 lbs. Range 650-800 lbs.; All Black & BWF; 80% #1s and 20% #1 ½; 75% Medium and 25% Large; Medium Grass flesh; \$177.00

1 load of steers; est. wt. 825 lbs. Range 750-900 lbs.; All Black & BWF; 80% #1s and 20% #1 ½; 75% Medium and 25% Large; Medium Grass flesh; \$174.50

1 load of steers; est. wt. 825 lbs. Range 750-900 lbs.; 95% Black & BWF and 5% Reds; 80% #1s and 20% #1 ½; 75% Medium and 25% Large; Medium Grass flesh; \$175.00

2 load of steers; est. wt. 850 lbs. Range 700-900 lbs.; Approx. 70% Black & BWF, 20% Char-X and 10% Reds; 70% #1s and 20% #1 ½ and 10% good #2s; 80% Medium and 20% Large; Light Medium to Medium; \$163.75

1 load of heifers; est. wt. 750 lbs. Range 650-850 lbs.; Approx. 70% Black & BWF, 20% Char-X and 10% Reds, 4 to 5 very light ear; 70% #1s and 20% #1 ½ and 10% good #2s; 80% Medium and 20% Large; Light Medium to Medium; \$154.00

1 load of steers; est. wt. 800 lbs. Range 725-875 lbs.; All Black & BWF; 80% #1s and 20% #1 ½; 75% Medium and 25% Large; Medium Grass flesh; \$168.00

1 load of heifers; est. wt. 730 lbs. Range 675-825 lbs.; Approx. 85% Black & BWF, 15% Char-X and Reds; 80% #1s and 20% #1 ½; 75% Medium and 25% Large; Medium grass flesh; \$158.50

Lower Middle Tennessee Cattlemen's Association-Video Board Sale-Columbia, TN

Weighted Average Report for 1/6/23

For complete report:

https://www.ams.usda.gov/mnreports/ams_3340.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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