

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

January 27, 2023

Number: 4

Trends for the Week Compared to a Week Ago

Slaughter Cows

\$2 to \$4 higher

Slaughter Bulls

\$2 to \$4 higher

Feeder Steers

Steady to \$6 higher

Feeder Heifers

Steady to \$5 higher

Feeder Cattle Index: 178.80

Fed Cattle

The 5-area live price on Thursday of \$153.84 was down \$1.23. The dressed price of \$247.72 was down \$0.29.

Corn

March closed at \$6.83 a bushel, up 7 cents since last Friday.

Soybeans

March closed at \$6.83 a bushel, up 7 cents since last Friday.

Wheat

March closed at \$7.50 a bushel, up 9 cents since last Friday.

Cotton

March closed at 86.89 cents per lb, up 0.19 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$1 lower compared to last week on a live basis. Prices on a live basis were mainly \$153 to \$155 while dressed prices were mainly \$247 to \$248.

The 5-area weighted average prices thru Thursday were \$153.84 live, down \$1.23 compared to last week and \$247.72 dressed, down \$0.29 from a week ago. A year ago, prices were \$136.93 live and \$218.00 dressed.

In a typical week, the percent of cattle traded on a live basis makes up 15 to 25 percent of total cattle marketed for slaughter while the remainder of cattle are marketed on a dressed basis. Considering the cattle traded on a live basis, the majority of those cattle and sometimes as high as 75 percent are traded through a negotiated method, which is what contributes to price transparency and competition. Alternatively, only 12 to 20 percent of cattle traded on a dressed basis are traded using negotiation as most of these cattle are priced based on formula trading. The reason this is important is because negotiated cattle trade has taken a tumble since the beginning of the year and may be a value worth keeping an eye on.

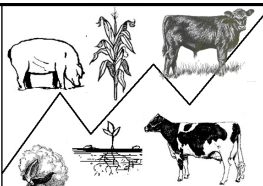
BEEF CUTOUT: At midday Friday, the Choice cutout was \$268.54 down \$0.21 from Thursday and down \$3.16 from a week ago. The Select cutout was \$250.32 down \$1.16 from Thursday and down \$6.84 from last week. The Choice Select spread was \$18.22 compared to \$14.54 a week ago.

The big questions concerning beef prices revolves around the consumer. What can consumers afford to pay? What are consumers willing to pay? Will consumers continue to purchase beef with inflation and increasing interest rates? If the economy enters a recession by definition, how will this influence beef prices and thus

cattle prices? The questions could continue, but they all include a similar theme. The theme is if consumers can sustain paying higher beef prices at the retail level such that cattle prices increase to the expected level given the expected reduction in supply. The same thoughts and ideas translate to the international market as well. However, there will be an uproar in 2023 and beyond as exports will decline and imports will increase relative to 2022. There is good reason for exports to decline since production will be lower if herd expansion begins. At the same time, imports should increase as the domestic production of lean grinding beef will be far below 2022 due to reduced cow slaughter and less 50-50 lean trimmings.

OUTLOOK: Based on Tennessee weekly auction price averages, steer prices were steady to \$6 higher this week compared to last week while heifer prices were steady to \$5 higher compared to the previous week. Slaughter cow prices were \$2 to \$4 higher than last week while slaughter bull prices were \$2 to \$4 higher compared to a week ago. The calf market has found firm footing as it heads towards the end of January. The market is expected to continue firming moving through February and into March. The primary driver of how quickly prices increase and to what degree prices increase will be determined by how quickly certain regions experience spring green up. Many cattle producers in Tennessee are short on hay as are many other regions of the country. The inability to feed animals will keep a lid on prices. The lid may not be screwed on tight, but the lid will definitely still be sitting there. If there are signs of an early jump in forage this spring then prices will escalate earlier and move higher. If the opposite is true then calf prices will still increase but not at the same speed or reach the same level.

(Continued on page 2)



Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

The one market that is certainly expected to be supported again in 2023 is the slaughter cow market. There are still a considerable quantity of cows moving through auctions and into the slaughter mix, but this will slow as calving season hits full stride, because cattle producers see the possibility of the calf value being strong. Thus, there will be a balance between feeding high priced feedstuffs to finish out the winter, marketing slaughter cows that may or may not be bred, and retaining animals that are expected to calve the next few months. The failure to evaluate pregnancy status this fall could turn out to be an expensive failure for every open animal this spring that has been consuming a short hay supply and will fail to produce a higher valued calf. Maybe this is the swift kick in the rear end some of us need to make better management decisions.

ASK ANDREW, TN THINK TANK: How much can I afford to pay to get my pastures right? My question back is if a person can afford not to get their pastures in good shape. Over the past several years, there have been many pastures where broomsedge has become the dominant specie or where

blackberries or other woody species have become invasive and reduce forage production. Anything that reduces forage production then reduces carrying capacity and thus revenue production. This brings back the question if a person can afford not to improve their pastures. There are several methods of improving pasture. Some methods are more capital intensive while other methods may take a little more time. Regardless, producers should consider their pasture conditions and determine if pasture renovation of some sort is appropriate. Regardless of which route a person chooses to renovate pasture, it will come at a cost. However, the cost of renovating a pasture can pay for itself if utilized and maintained appropriately in future years.

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 \$156.73 +0.00; April \$160.83 +0.30; June \$157.78 +0.40; Feeder cattle –March \$183.48 +0.63; April \$187.55 +0.55; May \$191.85 +0.58; August \$205.10 +0.43; March corn closed at \$6.83 up 1 cent from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

Cotton and wheat were up; corn and soybeans were mixed for the week.

On December 1, the March corn contract closed at \$6.60 ½, 59 ¼ cents higher than the December corn contract (\$6.01 ¼). On January 27th, the old crop-new crop spread had expanded to 95 ¾ cents (\$6.83 - \$5.87 ¼). Over the same time period, soybean futures expanded the old crop-new crop spread from 67 ¼ (\$14.36 ¾ - \$13.69 ½) to 158 ¼ cents (\$15.09 ½ - \$13.51 ¼). The spread between old crop and new crop cotton futures moved in the opposite direction, tightening from 4.6 cents (84.85 - 80.25 cents) to 1.31 cents (86.89 - 85.58 cents).

Old crop corn and soybean prices have been supported by tight projected ending stocks, 210 million bushels of soybeans and 1.242 billion bushels of corn, and strong demand. This is likely to support old crop prices near current levels. New crop futures are far less certain. The next potential market mover will be the initial USDA planted acreage estimates, released February 24 at the Agricultural Outlook Forum in Arlington, Virginia. Projected planted acreage will be closely watched by traders and used to develop initial USDA supply estimates for the 2023/24 crop marketing year.

The old crop-new crop price spread for cotton has narrowed due to a lack of demand and increased estimated U.S. production. The January WASDE report projected cotton ending stocks at 4.2 million bales and production at 14.68 million bales for the 2022/23 crop year. The August WASDE projected ending stocks at 1.8 million bales and production at 12.57 million bales. Major concerns over short term cotton demand remain, due to economic uncertainty in the global economy. This is affecting both old crop and new crop cotton prices.

Corn

Ethanol production for the week ending January 20 was 1.012 million barrels per day, up 4,000 from the previous week. Ethanol stocks were 25.077 million barrels, up 1.675 million compared to last week. Corn net sales reported by exporters for January 13-19 were 35.8 million bushels for the 2022/23 marketing year and 0.6 million bushels for the 23/24 marketing year. Ex-

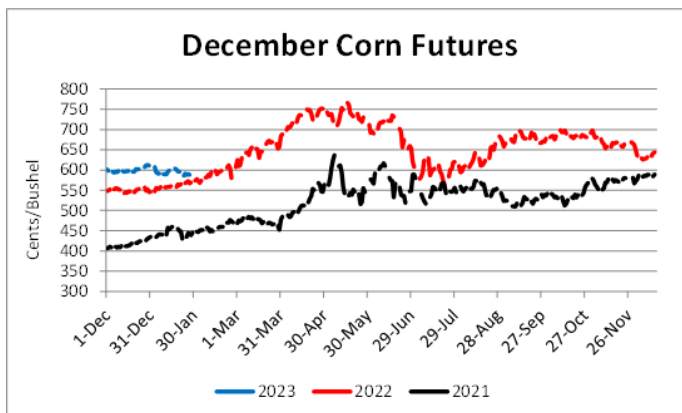
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	Previous	Current	Change
USD Index	101.75	101.93	0.18
Crude Oil	81.31	79.47	-1.84
DJIA	33,235	34,046	811

Crop Comments by Dr. Aaron Smith

ports for the same period were up 28% compared to last week at 35.9 million bushels. Corn export sales and commitments were 49% of the USDA estimated total annual exports for the 2022/23 marketing year (September 1 to August 31) compared to the previous 5-year average of 63%. 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 42 over, with an average of 13 over the March futures at elevators and barge points. March 2023 corn futures closed at \$6.83, up 7 cents since last Friday. For the week, March 2023 corn futures traded between \$6.61 and \$6.86. May 2023 corn futures closed at \$6.80, up 6 cents since last Friday. Mar/May and Mar/Dec future spreads were -3 and -96 cents.

Corn	Mar 23	Change	Dec 23	Change
Price	\$6.83	\$0.07	\$5.87	-\$0.08
Support	\$6.74	\$0.04	\$5.83	-\$0.07
Resistance	\$6.90	\$0.02	\$5.91	-\$0.15
20 Day MA	\$6.70	\$0.02	\$5.95	-\$0.04
50 Day MA	\$6.63	\$0.01	\$5.99	-\$0.03
100 Day MA	\$6.74	\$0.00	\$6.11	-\$0.01
4-Week High	\$6.88	\$0.00	\$6.13	\$0.00
4-Week Low	\$6.48	\$0.00	\$5.83	\$0.00
Technical Trend	Up	=	Down	=

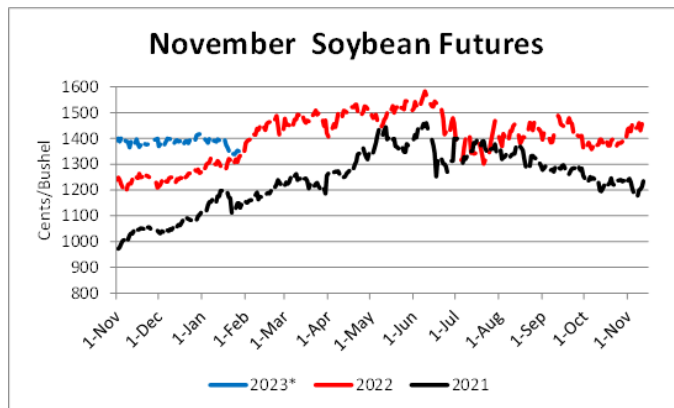


New crop cash prices ranged from \$5.00 to \$5.86 at elevators and barge points. December 2023 corn futures closed at \$5.87, down 8 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.90 December 2023 Put Option costing 50 cents establishing a \$5.40 futures floor.

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 15 under to 45 over, with an average basis of 31 over the March futures contract. Soybean net weekly sales reported by exporters were 42.1 million bushels for the 2022/23 marketing year and 4.7 million bushels for the 2023/24 marketing year. Exports for the same period were down 8% compared to last week at 69.8 million bushels. Soybean export sales and commitments were 86% 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 78%. March 2023 soybean futures closed at \$15.09, up 3 cents since last Friday. For the week, March 2023 soybean futures traded between \$14.78 and \$15.27. Mar/May and Mar/Nov future spreads were -5 and -158 cents. May 2023 soybean futures closed at \$15.04, up 3 cents since last Friday.

Soybeans	Mar 23	Change	Nov 23	Change
Price	\$15.09	\$0.03	\$13.51	-\$0.01
Support	\$14.93	-\$0.04	\$13.41	\$0.00
Resistance	\$15.34	-\$0.02	\$13.62	-\$0.20
20 Day MA	\$15.04	\$0.03	\$13.78	-\$0.12
50 Day MA	\$14.80	\$0.05	\$13.83	-\$0.04
100 Day MA	\$14.53	\$0.04	\$13.74	\$0.00
4-Week High	\$15.48	\$0.00	\$14.27	\$0.00
4-Week Low	\$14.65	\$0.00	\$13.30	-\$0.20
Technical Trend	Up	=	Down	=



November 2023 soybean futures closed at \$13.51 down 1 cent since last Friday. New crop cash soybean prices at elevators and barge points ranged from \$13.06 to \$13.66. Downside price protection could be achieved by purchasing a \$13.60 November

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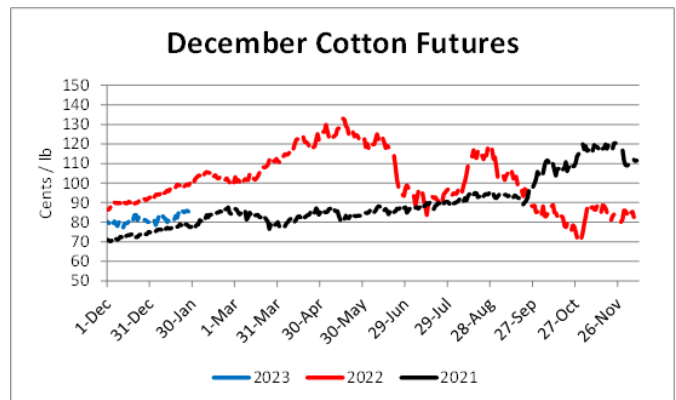
Crop Comments by Dr. Aaron Smith

2023 Put Option which would cost 85 cents and set a \$12.75 futures floor. Nov/Dec 2023 soybean-to-corn price ratio was 2.2 at the end of the week.

Cotton

Delta upland cotton spot price quotes for January 26 were 88 cents/lb (41-4-34) and 90.25 cents/lb (31-3-35). Adjusted world price (AWP) was up 2.62 cents at 75.05 cents. Cotton net weekly sales reported by exporters were net sales of 213,700 bales for the 2022/23 marketing year and 6,100 bales for the 2023/24 marketing year. Exports for the same period were down 4% compared to last week at 175,800 bales. Upland cotton export sales were 82% 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 83%. March 2023 cotton futures closed at 86.89 cents, up 0.19 cents since last Friday. For the week, March 2023 cotton futures traded between 85.12 and 88.88 cents. May 2023 cotton futures closed at 87.45 cents, up 0.39 cents since last Friday. Mar/May and Mar/Dec cotton futures spreads were 0.56 cents and -1.31 cents.

Cotton	Mar 23	Change	Dec 23	Change
Price	86.89	0.19	85.58	0.91
Support	85.40	2.93	84.25	2.43
Resistance	88.30	-0.61	86.57	0.33
20 Day MA	84.49	0.47	82.54	0.90
50 Day MA	83.70	0.20	80.64	0.72
100 Day MA	84.83	-1.04	78.88	-0.02
4-Week High	88.88	-0.77	86.98	2.17
4-Week Low	80.37	0.00	78.59	0.00
Technical Trend	Up	=	Up	=

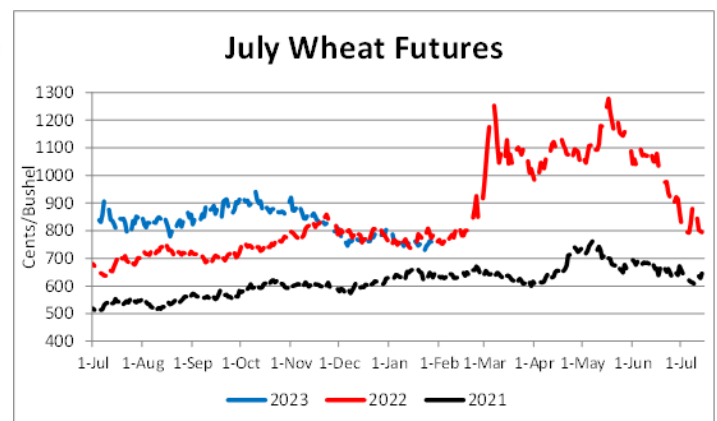


December 2023 cotton futures closed at 85.58 cents, up 0.91 cents since last Friday. Downside price protection could be obtained by purchasing an 86 cent December 2023 Put Option costing 9.35 cents establishing a 76.65 cent futures floor.

Wheat

Wheat net weekly sales reported by exporters were 18.4 million bushels for the 2022/23 marketing year and 2.2 million bushels for the 2023/24 marketing year. Exports for the same period were down 14% compared to last week at 9.7 million bushels. Wheat export sales were 76% 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 85%. Wheat cash prices at elevators and barge points ranged from \$7.25 to \$7.63. March 2023 wheat futures closed at \$7.50, up 9 cents since last Friday. March 2023 wheat futures traded between \$7.12 and \$7.58 this week. March wheat-to-corn price ratio was 1.10. May 2023 wheat futures closed at \$7.58 up 9 cents since last Friday. Mar/May and Mar/Jul future spreads were 8 and 10 cents.

Wheat	Mar 23	Change	Jul 23	Change
Price	\$7.50	\$0.09	\$7.60	\$0.09
Support	\$7.40	\$0.17	\$7.51	\$0.15
Resistance	\$7.58	\$0.04	\$7.67	\$0.05
20 Day MA	\$7.47	-\$0.08	\$7.58	-\$0.09
50 Day MA	\$7.64	-\$0.10	\$7.77	-\$0.10
100 Day MA	\$8.22	-\$0.04	\$8.29	-\$0.05
4-Week High	\$7.99	\$0.00	\$8.08	\$0.00
4-Week Low	\$7.12	-\$0.08	\$7.23	-\$0.12
Technical Trend	Down	=	Down	=



Crop Comments by Dr. Aaron Smith

New crop wheat cash prices at elevators and barge points ranged from \$6.77 to \$7.51. July 2023 wheat futures closed at \$7.60, up 9 cents since last Friday. Downside price protection could be obtained by purchasing a \$7.60 July 2023 Put Option costing 56 cents establishing a \$7.04 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/

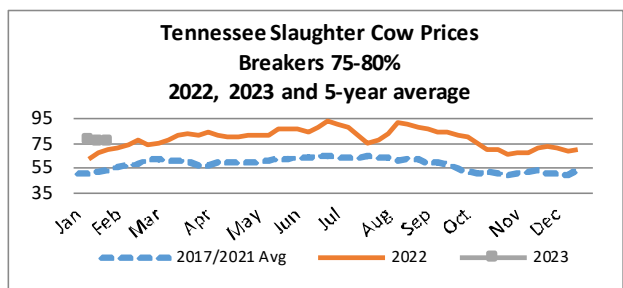
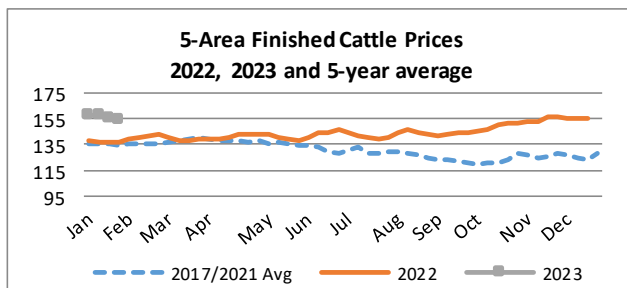
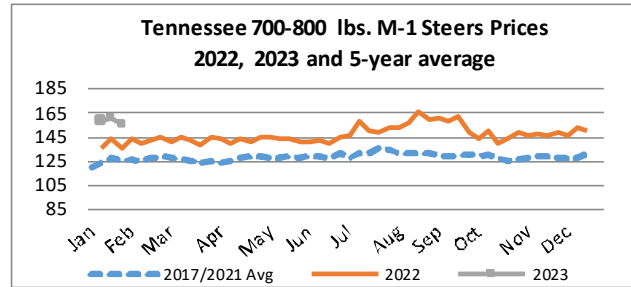
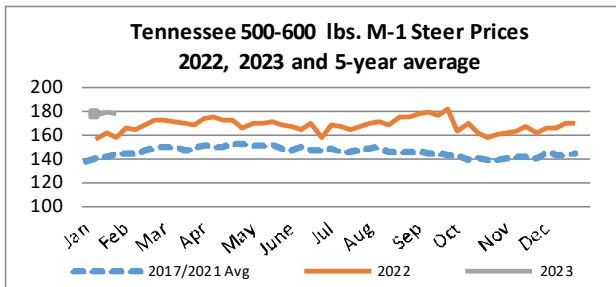
[Crop Progress & Condition/](#)

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, January 20, 2023---Thursday, January 26, 2023					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest					
North Central	15.32	15.15	15.14	15.28	15.49
West Central	15.22	15.05	15.04	15.18	15.39
West	15.49	15.33	15.31	15.48	15.69
Mississippi River	15.44	15.29	15.27	15.43	15.64
Yellow Corn					
Northwest	6.91	6.81	6.92	6.90	6.98
North Central	6.26	6.16	6.27	6.30	6.38
West Central	7.18	7.08	7.19	7.17	7.25
West	7.04	6.94	7.05	7.05	7.13
Mississippi River	6.95	6.85	6.95	6.96	7.05
Wheat					
Northwest					
North Central	7.52	7.30	7.45	7.51	7.63
West					
Mississippi River	7.44	7.25	7.40	7.46	7.58
Cotton	-----\$/pound-----				
Memphis	87.20-89.45	87.89-90.14	86.74-88.99	87.16-89.41	88.00-90.25



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, January 23, 2023

	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	182.00	220.00	200.80	209.84	178.63
400-500 lbs	158.00	211.00	190.21	192.60	177.39
500-600 lbs	159.00	201.00	177.10	178.02	156.75
600-700 lbs	149.00	172.00	163.43	167.24	140.71
700-800 lbs	144.00	167.00	155.31	160.01	135.41
Steers: Small Frame #1-2					
300-400 lbs	150.00	187.50	171.15	189.08	---
400-500 lbs	152.50	185.00	163.99	147.39	---
500-600 lbs	---	---	---	145.14	---
600-700 lbs	---	---	---	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	142.50	210.00	180.66	176.57	152.20
400-500 lbs	135.00	185.00	171.11	171.88	138.77
500-600 lbs	135.00	177.50	160.53	159.22	137.06
600-700 lbs	140.00	160.00	153.56	147.22	127.99
700-800 lbs	130.00	146.00	140.66	143.19	125.83
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	67.00	82.00	75.44	75.22	69.34
Boners 80-85%	64.00	81.00	73.90	74.25	69.26
Lean 85-90%	53.00	74.50	64.46	63.96	59.70
Bulls YG 1	88.00	107.00	99.01	99.41	98.01
Heifers: Medium/Large Frame #1-2					
300-400 lbs	140.00	187.50	170.08	167.55	146.11
400-500 lbs	141.00	175.00	162.10	161.28	140.49
500-600 lbs	135.00	164.00	151.65	153.29	136.56
600-700 lbs	118.00	155.00	142.24	140.81	125.81
Heifers: Small Frame #1-2					
300-400 lbs	120.00	155.00	136.83	144.68	---
400-500 lbs	122.50	150.00	143.05	151.82	---
500-600 lbs	130.00	145.00	136.77	132.46	---
600-700 lbs	115.00	130.00	121.62	121.11	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs	130.00	170.00	150.07	152.69	132.46
400-500 lbs	135.00	160.00	151.90	150.27	128.27
500-600 lbs	125.00	148.00	138.15	137.45	126.18
600-700 lbs	103.00	140.00	129.29	130.58	118.96

Cattle Receipts

This week:8,427

Week ago:6,810

Year ago:2,777

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

Graded Sales, Video Board Sales, Video Sales & Loads

East Tennessee Livestock Center Video Sale - Sweetwater, TN
1/25/2023
1 load out of 65 steers from BQA certified producer; Est weight 915 lbs.; 100% L&M-1s; medium flesh; 100% BLK/BWF; \$169.75

Graded Goat & Sheep Sales

Columbia Graded Sheep and Goat Sale-Columbia, TN
Weighted Average Report for 1/23/23
Total Receipts: 941
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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