

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

February 3, 2023

Number: 5

Trends for the Week Compared to a Week Ago

Slaughter Cows

Steady to \$5 higher

Slaughter Bulls

Steady to \$4 higher

Feeder Steers

\$2 to \$4 higher

Feeder Heifers

Steady to \$3 higher

Feeder Cattle Index: 180.90

Fed Cattle

The 5-area live price on Thursday of \$155.68 was up \$1.84. The dressed price of \$248.00 was up \$0.28.

Corn

March closed at \$6.77 a bushel, down 6 cents since last Friday.

Soybeans

March closed at \$15.32 a bushel, up 23 cents since last Friday.

Wheat

March closed at \$7.56 a bushel, up 6 cents since last Friday.

Cotton

March closed at 85.43 cents per lb, down 1.46 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle trade was not well established at press but prices were \$2 higher compared to last week on a dressed basis. Prices on a live basis were \$157 to \$158 while dressed prices were mainly \$250.

The 5-area weighted average prices thru Thursday were \$155.68 live, up \$1.84 compared to last week and \$248.00 dressed, up \$0.28 from a week ago. A year ago, prices were \$139.88 live and \$221.79 dressed.

Given the recent cattle inventory report, the industry has a clearer understanding of cattle supply moving through the next several months. Given cattle on feed numbers, the 2022 calf crop, and heifers held as beef replacements, finished cattle prices are not likely to exceed previous record prices this spring and summer. Prices certainly have the ability to push higher than current levels but pushing to \$170 or higher is likely out of the question for several more months. Such a price level is not likely until heifer retention begins and the quantity of cattle made available to the feeder market has declined. This simply means cattle feeders may have to be patient a little while longer before seeing "record" fed cattle prices.

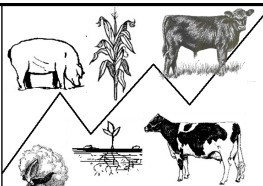
BEEF CUTOUT: At midday Friday, the Choice cutout was \$264.90 down \$0.20 from Thursday and down \$3.64 from a week ago. The Select cutout was \$253.78 up \$0.12 from Thursday and up \$3.46 from last week. The Choice Select spread was \$11.12 compared to \$18.22 a week ago.

A topic that has not been touched on lately is the retail price of beef and other meats. The retail price of Choice beef in December 2022 was \$7.45 per pound while the all fresh retail price of beef for the same month was \$7.17 per pound. The Choice beef price was \$0.21 per

pound lower than December a year ago while the all fresh retail price of beef was \$0.18 per pound lower. Alternatively, pork prices increased \$0.09 per pound from December 2021 to \$4.83 per pound while the retail price of broiler meat increased \$0.22 per pound to \$1.83 per pound. There have been several comments relating to the consumer's willingness to continue paying for beef. Given the retail price of beef has declined and competing meat prices have increased, there is no reason to believe consumers will turn away from beef. In fact, such price action is likely to promote consumers to purchase more beef. This statement is certainly relative to disposable income, but consumers also consider relative prices of alternatives. This is not to mention the fact that people still have to eat.

OUTLOOK: Based on Tennessee weekly auction price averages, steer prices were steady to \$5 higher this week compared to last week while heifer prices were steady to \$4 higher compared to the previous week. Slaughter cow prices were \$2 to \$4 higher than last week while slaughter bull prices were steady to \$3 higher compared to a week ago. This week's feeder cattle futures trade is a great example of why producers should take advantage of opportunities the market offers, because the market can spin on its heels overnight and change its entire course of action. Despite tough winter weather across much of the South and an extremely bullish cattle inventory report, feedlots did not see these as reasons to push prices higher. In fact, futures traders decided it was a great opportunity to let the bottom fall out. This may not be exactly what happened, but many traders decided to take the profits feeder cattle futures offered. Frankly speaking, the market can be extremely fickle at times, which

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

is likely why many in the industry are frustrated with it. Good, bad or indifferent, this is the environment each participant chose to play in so a person has to make the best of it. The aforementioned winter weather slowed cattle movement this week at many livestock auctions. Few producers were willing to brave the rain, freezing rain, sleet, snow, or combination of these elements to gather cattle and haul them to town, but weather conditions appear favorable for moving cattle next week with drier and warm conditions expected. The spring grass cattle market will heat up quickly in the coming weeks and should push lightweight cattle prices several dollars higher than the current market. Many producers are anxiously awaiting the spring green up as hay supplies are dwindling rapidly and alternative feed resources are expensive. Spring simply cannot get here fast enough for many producers.

ASK ANDREW, TN THINK TANK: With the release of the January 1 cattle inventory report, there have been several questions concerning what it means for cattle markets the next several years. If the inventory report is paired with record low hay stocks and high feed prices then some longer-term impli-

cations are apparent. The first observation is that cattle prices are likely to increase and be strong for at least three years. However, prices may not escalate as quickly as some may think, because many heifers and cows will continue to enter the slaughter mix due to limited feed resources and the uncertainty of being able to feed those animals through the remainder of the winter and early spring. With many heifers still destined for the feedlot, it will likely be the second half of the year before any type of herd expansion can begin. Feeder cattle prices will escalate quickly once heifer retention begins, but the market is still several months away from this. Delayed heifer retention this year should result in strong feeder cattle prices in both 2024 and 2025.

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 \$160.28 +0.53; April \$164.13 +0.30; June \$160.28 +0.28; Feeder cattle –March \$186.10 +0.18; April \$190.63 +0.55; May \$194.78 +0.53; August \$207.93 +0.55; March corn closed at \$6.78 up 2 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

For corn and soybean producers, activity in futures markets in February is very important. For Tennessee producers, projected crop insurance prices and volatility factors are determined from February 1-28. The projected price will set revenue guarantees and potentially affect planting decisions. At the start of February 2023, December 2023 corn futures were slightly above (\$5.94) last years projected crop insurance price of \$5.90 per bushel and November 2023 soybean futures (\$13.65) were well below last year's futures price of \$14.40. The direction of prices from now until the end of February will be key for producers when examining risk management and marketing strategies for the 2023 crop.

Every year, during winter producer meetings, when discussions turn to risk management and marketing strategies, someone inevitably states that December corn and November soybean futures tend to fall during the projected crop insurance price determination period. This statement usually coincides with the assertion that external forces (government and/or global grain companies) are moving markets to reduce premium expense or foster utilization of other price risk management tools to boost profits.

Does a simple analysis support this? No. From 2010 to 2022, the data does not back this claim. Instead, the data shows prices tend to follow the month-over-month price trend. For example, December corn, average monthly prices from December to April declined in 2010, 2013, 2015, 2019, and 2020. For 2011, 2014, 2018, 2021, and 2022 December corn futures prices increased. The remaining years 2012, 2016, and 2017 showed no trend and moved mostly sideways over the five-month interval. For the November soybean contract, average monthly prices from December to April declined in 2013, 2015, 2017, 2019, and 2020. For 2011, 2012, 2014, 2016, 2018, 2021, and 2022 November futures contract price increased. The remaining year, 2010, had no trend and moved mostly sideways over the five-month interval.

What does this mean for the 2023 crop insurance price determination period? Not much. This is a backward looking metric – the trend is not revealed until the trend has occurred. However, a small month-over-month average decline occurred between

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	Previous	Current	Change
USD Index	101.93	102.80	0.87
Crude Oil	79.47	73.14	-6.33
DJIA	34,046	33,926	-120

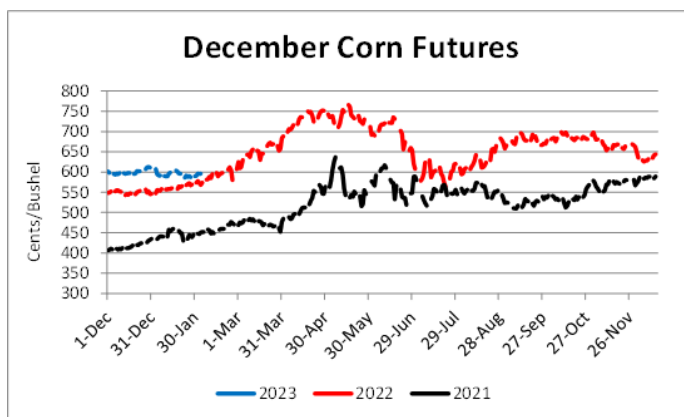
Crop Comments by Dr. Aaron Smith

December and January for both corn and soybean harvest futures. The final projected crop insurance prices for corn and soybeans will be important to producer marketing and risk management decisions moving forward.

Corn

Ethanol production for the week ending January 27 was 1.028 million barrels per day, up 16,000 from the previous week. Ethanol stocks were 24.442 million barrels, down 0.635 million compared to last week. Corn net sales reported by exporters for January 20-27 were 62.7 million bushels for the 2022/23 marketing year and 6.4 million bushels for the 23/24 marketing year. Exports for the same period were down 34% compared to last week at 23.6 million bushels. Corn export sales and commitments were 52% 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 68%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at West, North-Central, West-Central, and Mississippi River elevators and barge points and weakened at Northwest elevators and barge points. Overall, basis for the week ranged from 45 under to 42 over, with an average of 16 over the March futures at elevators and barge points. March 2023 corn futures closed at \$6.77, down 6 cents since last Friday. For the week, March 2023 corn futures traded between \$6.71 and \$6.88. May 2023 corn futures closed at \$6.75, down 5 cents since last Friday. Mar/May and Mar/Dec future spreads were -2 and -81 cents.

Corn	Mar 23	Change	Dec 23	Change
Price	\$6.77	-\$0.06	\$5.96	\$0.09
Support	\$6.67	-\$0.07	\$5.89	\$0.06
Resistance	\$6.84	-\$0.06	\$6.04	\$0.13
20 Day MA	\$6.73	\$0.03	\$5.93	-\$0.02
50 Day MA	\$6.64	\$0.01	\$5.98	-\$0.01
100 Day MA	\$6.74	\$0.00	\$6.09	-\$0.02
4-Week High	\$6.88	\$0.00	\$6.07	-\$0.06
4-Week Low	\$6.48	\$0.00	\$5.83	\$0.00
Technical Trend	Up	=	Down	=



New crop cash prices ranged from \$5.06 to \$5.96 at elevators and barge points. December 2023 corn futures closed at \$5.96, up 9 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.00 December 2023 Put Option costing 49 cents establishing a \$5.51 futures floor.

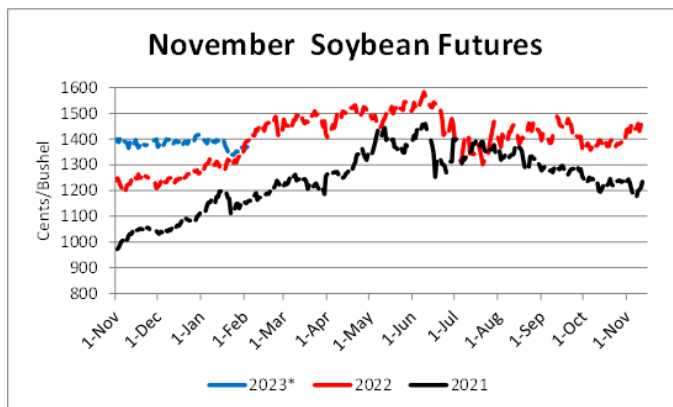
Soybeans

Across Tennessee, average soybean basis weakened or remained unchanged at West and Mississippi River elevators and barge points and strengthened at Northwest, West-Central, and North-Central elevators and barge points. Basis ranged from 10 under to 45 over, with an average basis of 25 over the March futures contract. Soybean net weekly sales reported by exporters were 27 million bushels for the 2022/23 marketing year and 7.1 million bushels for the 2023/24 marketing year. Exports for the same period were up 3% compared to last week at 72 million bushels. Soybean export sales and commitments were 87% 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 79%. March 2023 soybean futures closed at \$15.32, up 23 cents since last Friday. For the week, March 2023 soybean futures traded between \$15.10 and \$15.43. Mar/May and Mar/Nov future spreads were -7 and -163 cents. May 2023 soybean futures closed at \$15.25, up 21 cents since last Friday.

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Crop Comments by Dr. Aaron Smith

Soybeans	Mar 23	Change	Nov 23	Change
Price	\$15.32	\$0.23	\$13.69	\$0.18
Support	\$15.17	\$0.24	\$13.59	\$0.18
Resistance	\$15.47	\$0.13	\$13.77	\$0.15
20 Day MA	\$15.13	\$0.09	\$13.69	-\$0.09
50 Day MA	\$14.90	\$0.10	\$13.82	-\$0.01
100 Day MA	\$14.58	\$0.05	\$13.75	\$0.01
4-Week High	\$15.48	\$0.00	\$14.06	-\$0.21
4-Week Low	\$14.65	\$0.00	\$13.30	\$0.00
Technical Trend	Up	=	Down	=

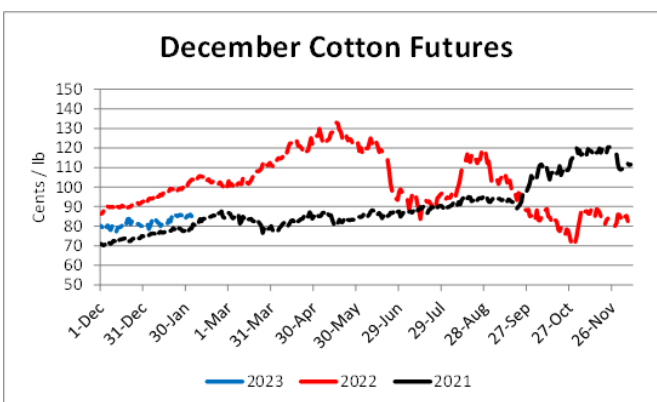


November 2023 soybean futures closed at \$13.69, up 18 cents since last Friday. New crop cash soybean prices at elevators and barge points ranged from \$13.28 to \$13.699. Downside price protection could be achieved by purchasing a \$13.80 November 2023 Put Option which would cost 86 cents and set a \$12.94 futures floor. Nov/Dec 2023 soybean-to-corn price ratio was 2.25 at the end of the week.

Cotton

Delta upland cotton spot price quotes for February 3 were 84.93 cents/lb (41-4-34) and 87.18 cents/lb (31-3-35). Adjusted world price (AWP) was up 0.19 cents at 75.24 cents. Cotton net weekly sales reported by exporters were net sales of 171,200 bales for the 2022/23 marketing year and 20,200 bales for the 2023/24 marketing year. Exports for the same period were up 21% compared to last week at 212,200 bales. Upland cotton export sales were 84% 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 85%. March 2023 cotton futures closed at 85.43 cents, down 1.46 cents since last Friday. For the week, March 2023 cotton futures traded between 84.5 and 87.4 cents. May 2023 cotton futures closed at 86.11 cents, down 1.349 cents since last Friday. Mar/May and Mar/Dec cotton futures spreads were 0.68 cents and -0.28 cents.

Cotton	Mar 23	Change	Dec 23	Change
Price	85.43	-1.46	85.15	-0.43
Support	84.24	-1.16	84.15	-0.10
Resistance	87.04	-1.26	86.95	0.38
20 Day MA	85.32	0.83	83.79	1.25
50 Day MA	83.82	0.12	81.31	0.67
100 Day MA	84.09	-0.74	79.00	0.12
4-Week High	88.88	0.00	86.98	0.00
4-Week Low	80.37	0.00	78.59	0.00
Technical Trend	Up	=	Up	=



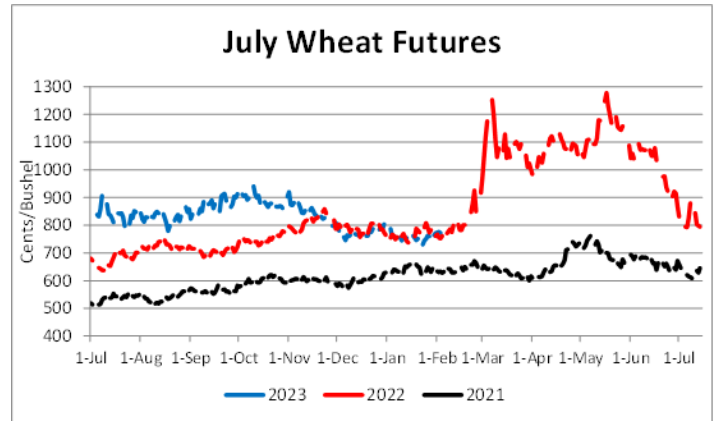
December 2023 cotton futures closed at 85.15 cents, down 0.43 cents since last Friday. Downside price protection could be obtained by purchasing an 86 cent December 2023 Put Option costing 9.24 cents establishing a 76.76 cent futures floor.

Wheat

Wheat net weekly sales reported by exporters were 5.0 million bushels for the 2022/23 marketing year and 1.2 million bushels for the 2023/24 marketing year. Exports for the same period were up 88% compared to last week at 18.2 million bushels. Wheat export sales were 77% 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 86%. Wheat cash prices at elevators and barge points ranged from \$7.06 to \$7.76. March 2023 wheat futures closed at \$7.56, up 6 cents since last Friday. March 2023 wheat futures traded between \$7.42 and \$7.76 this week. March wheat-to-corn price ratio was 1.12. May 2023 wheat futures closed at \$7.68, up 10 cents since last Friday. Mar/May and Mar/Jul future spreads were 12 and 15 cents.

Crop Comments by Dr. Aaron Smith

Wheat	Mar 23	Change	Jul 23	Change
Price	\$7.56	\$0.06	\$7.71	\$0.11
Support	\$7.35	-\$0.05	\$7.51	\$0.00
Resistance	\$7.87	\$0.29	\$8.00	\$0.33
20 Day MA	\$7.45	-\$0.02	\$7.56	-\$0.02
50 Day MA	\$7.57	-\$0.07	\$7.70	-\$0.07
100 Day MA	\$8.17	-\$0.05	\$8.25	-\$0.04
4-Week High	\$7.80	-\$0.19	\$7.90	-\$0.18
4-Week Low	\$7.12	\$0.00	\$7.23	\$0.00
Technical Trend	Up	+	Up	=



New crop wheat cash prices at elevators and barge points ranged from \$7.17 to \$7.81. July 2023 wheat futures closed at \$7.71, up 11 cents since last Friday. Downside price protection could be obtained by purchasing a \$7.80 July 2023 Put Option costing 61 cents establishing a \$7.19 futures floor.

Additional Information:

Links for data presented:

U.S. Export Sales - <https://apps.fas.usda.gov/export-sales/esrd1.html>

USDA FAS: Weekly Export Performance Indicator – <https://apps.fas.usda.gov/esrquery/esrpi.aspx>

EIA: Weekly ethanol Plant Production - https://www.eia.gov/dnav/pet/pet_pnp_wprode_s1_w.htm

EIA: Weekly Supply Estimates - https://www.eia.gov/dnav/pet/pet_sum_sndw_a_EPOOXE_sae_mdbl_w.htm

Upland Cotton Reports - <https://www.fsa.usda.gov/FSA/epasReports?area=home&subject=ecpa&topic=fta-uc>

Tennessee Crop Progress - https://www.nass.usda.gov/Statistics_by_State/Tennessee/Publications/Crop_Progress_&_Condition/

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

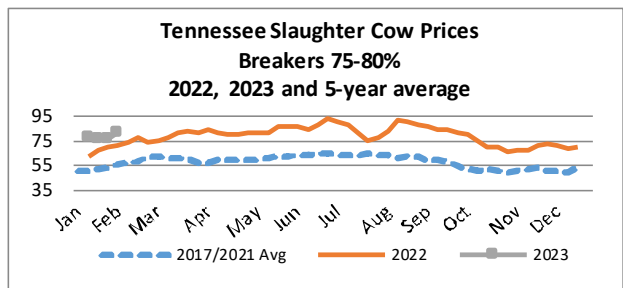
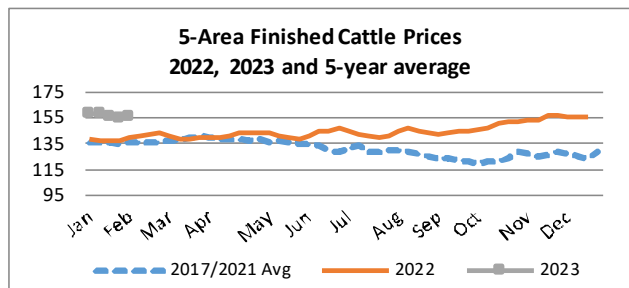
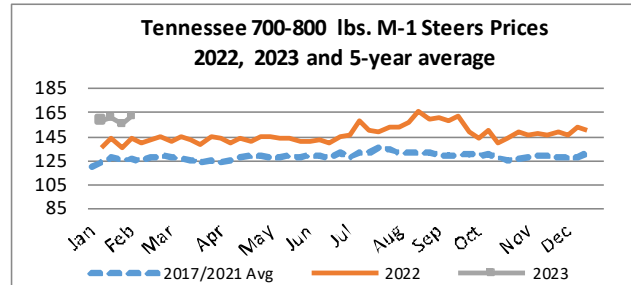
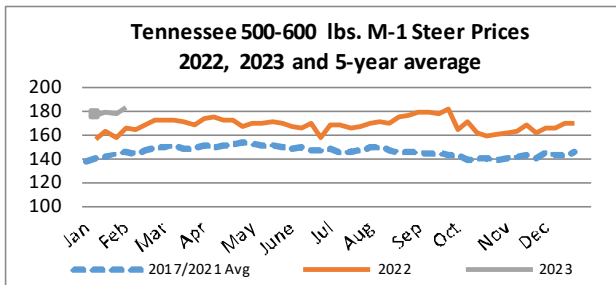
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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 27, 2023---Thursday, February 2, 2023

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest			15.28	15.10	15.24
North Central	15.35	15.60	15.63	15.45	15.59
West Central	15.25	15.50	15.53	15.35	15.64
West	15.55	15.80	15.83	15.63	15.77
Mississippi River	15.51	15.76	15.83	15.56	15.72
Yellow Corn					
Northwest	6.98	6.99	6.95	6.91	6.88
North Central	6.38	6.39	6.35	6.41	6.35
West Central	7.25	7.26	7.22	7.23	7.17
West	7.13	7.14	7.10	7.11	7.09
Mississippi River	7.05	7.06	7.05	7.12	7.06
Wheat					
Northwest			7.11	7.10	7.11
North Central	7.60	7.63	7.71	7.75	7.76
West					
Mississippi River	7.55	7.58	7.61	7.63	7.73
Cotton	-----\$/pound-----				
Memphis	86.39-88.64	84.60-86.85	85.72-87.97	85.11-87.36	85.89-88.14



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 30, 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	180.00	230.00	202.89	200.80	192.33
400-500 lbs	177.00	217.50	195.45	190.21	179.84
500-600 lbs	151.00	200.00	181.52	177.10	165.30
600-700 lbs	149.00	178.00	165.41	163.43	150.39
700-800 lbs	136.00	171.00	162.13	155.31	142.90
Steers: Small Frame #1-2					
300-400 lbs	150.00	210.00	166.97	171.15	148.18
400-500 lbs	172.50	175.00	173.76	163.99	149.75
500-600 lbs	---	---	---	---	---
600-700 lbs	120.00	---	122.50	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	157.50	191.00	178.16	180.66	161.92
400-500 lbs	130.00	185.00	170.61	171.11	158.84
500-600 lbs	140.00	161.00	154.44	160.53	147.64
600-700 lbs	130.00	155.00	141.86	153.56	134.68
700-800 lbs	144.00	150.00	147.00	140.66	131.21
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	70.00	97.00	80.63	75.44	69.96
Boners 80-85%	66.00	95.00	78.06	73.90	67.10
Lean 85-90%	53.00	81.00	66.16	64.46	57.89
Bulls YG 1	89.00	107.00	99.68	99.01	91.50
Heifers: Medium/Large Frame #1-2					
300-400 lbs	140.00	197.50	167.44	170.08	151.75
400-500 lbs	135.00	180.00	163.80	162.10	144.35
500-600 lbs	128.00	165.00	154.52	151.65	139.30
600-700 lbs	124.00	162.00	140.39	142.24	131.80
Heifers: Small Frame #1-2					
300-400 lbs	120.00	167.50	146.88	136.83	129.97
400-500 lbs	123.00	144.00	136.81	143.05	132.50
500-600 lbs	---	---	---	136.77	121.51
600-700 lbs	---	---	---	121.62	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs	141.00	177.55	159.04	150.07	138.73
400-500 lbs	130.00	157.50	145.39	151.90	134.27
500-600 lbs	120.00	156.00	138.41	138.15	125.68
600-700 lbs	120.00	138.00	127.18	129.29	122.74

Cattle Receipts

This week:5,212

Week ago:8,427

Year ago:7,257

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

Graded Sales, Video Board Sales, Video Sales & Loads

Graded Goat & Sheep Sales

Dickson Regional Livestock Center - Dickson, TN

59 Steers, 897 lbs, M&L 1&2, 100% Black/BWF, 5-6 Flesh,
\$169.00

Browning Livestock Market Video/Internet Auction

- Lafayette, TN

Weighted Average Report for 2/1/2023

For complete report:

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

Warren Co. Livestock Graded Sale - McMinnville, TN

Weighted Average Report for 2/1/2023

For complete report:

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

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

Weighted Average Report for 2/3/23

For complete report:

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

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USDA / Tennessee Department of Agriculture Market News Service <https://www.tn.gov/agriculture/farms/news.html>

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