

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

February 17, 2023

Number: 7

Trends for the Week Compared to a Week Ago

Slaughter Cows

\$1 to \$2 higher

Slaughter Bulls

\$ higher

Feeder Steers

\$3 to \$9 higher

Feeder Heifers

\$3 to \$7 higher

Feeder Cattle Index: 183.06

Fed Cattle

The 5-area live price on Thursday of \$160.71 was up \$1.73. The dressed price of \$256.57 was up \$2.67.

Corn

March closed at \$6.77 a bushel, down 3 cents since last Friday.

Soybeans

March closed at \$15.27 a bushel, down 15 cents since last Friday.

Wheat

March closed at \$7.65 a bushel, down 21 cents since last Friday.

Cotton

March closed at 80.25 cents per lb, down 5.02 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$1 to \$2 higher than last week on a live basis. Prices on a live basis were mainly \$159 to \$162 while dressed prices were mainly \$256 to \$257.

The 5-area weighted average prices thru Thursday were \$160.71 live, up \$1.73 compared to last week and \$256.57 dressed, up \$2.67 from a week ago. A year ago, prices were \$142.25 live and \$226.10 dressed.

The finished cattle market has pushed higher this week as cattle feeders remain in control. Cattle feeders have gained significant leverage over the packer due to a reduced number of animals coming off feed and reduced weights. This has left packers in need of inventory to meet obligations. This may seem like unfamiliar territory to cattle feeders since it has been several years since they did hold considerable leverage. However, cattle feeders will maintain this leverage for the next couple of years as the cattle industry works to rebuild beef cow inventory. The question on most people's mind is how quickly and to what level can cattle feeders raise prices. At the rate they are going, they have and may continue to exceed industry expectations.

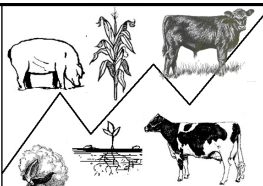
BEEF CUTOUT: At midday Friday, the Choice cutout was \$280.89 up \$1.34 from Thursday and up \$10.98 from a week ago. The Select cutout was \$266.65 up \$4.01 from Thursday and up \$12.56 from last week. The Choice Select spread was \$14.24 compared to \$15.82 a week ago.

The race is on as wholesale beef prices are outperforming most expectations for the middle of February. February tends to be a slower month for beef movement, but this is not the case for February 2023. In fact, beef movement could be considered strong. It is clear consumers are demanding beef both domestically and interna-

tionally, and there is no reason to expect this demand to decline other than the strain placed on disposable income from inflation and higher interest rates. However, those two factors do not appear to be a deterrent at this time. It is also clear that domestic beef production will decline throughout 2023 and 2024. This will keep domestic prices elevated and result in a reduction in exports and an increase in imports. It is likely Australia will reestablish itself as a major source of lean beef imports as they have rebuilt their cattle herd the past few years, but this does not help with the demand for high quality middle meats that will command even more of a premium moving through reduced domestic cattle inventory.

OUTLOOK: Based on Tennessee weekly auction price averages, steer prices were \$3 to \$9 higher this week compared to last week while heifer prices were \$3 to \$7 higher compared to the previous week. Slaughter cow prices were \$1 to \$2 higher than last week while slaughter bull prices were \$1 higher compared to a week ago. There is no shortage of optimism in the calf market with the summer and fall feeder cattle contracts suggesting a strong likelihood of profits for calves purchased in the near term. Not only are price expectations driving calf prices higher but also the extremely mild weather conditions for February. The milder weather has resulted in an earlier green up in pastures, which brings optimism and a little forage. The \$2 per pound price mark for 500 pound steers is four to six weeks earlier than expected, but it has certainly caught the attention of sellers. If the same optimism remains in the market through the spring months then 500 pound steer prices may reach \$210 to \$215 per hundredweight. These prices are ambitious given market fundamentals, but the market does not

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

always run based on fundamentals. It is clear industry participants can see there are fewer cattle today than one year ago and there will be even fewer cattle moving throughout the next couple of years. Thus, they are already competing more strongly for calves in the near term with the hope of getting ahead of extremely high prices in the future. This may or may not turn out to be a good strategy depending on the future feed situation and consumer demand. Regardless, cattle buyers are in fierce competition as they pull cattle from a smaller calf crop that will be even smaller this year. Cow-calf producers are going to have some opportunistic decisions to make the next few years as they will be inclined to retain heifers to grow the beef herd. However, those same heifers will be highly valued in the market place.

ASK ANDREW, TN THINK TANK: There was a question this week concerning the timing and weight of animals to purchase to go into a local finished beef operation. A similar question was asked a few weeks ago so it probably means more people are asking the same question. The place to start when answering this question is with the end. Thus, what is

the desired time and weight of animal to sell? Answering these questions limits the possibilities to achieve goals. Answering the question of what weight and at what time then becomes a math problem for the most part. Which weight class should be purchased to maximize the return to the operation? For instance, if a person wants to sell 800 pound steers in early August and they expect an average daily gain of two pounds per day then they can start with a 500 pound steer in early March or a 650 pound steer in the middle of April. If expected average daily gain is adjusted then it adjusts what weight animal to purchase. Regardless, it takes a few calculations to figure out what will be most profitable.

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 \$163.58 +0.80; April \$164.65 +0.58; June \$160.13 +0.40; Feeder cattle –March \$186.53 +0.30; April \$190.48 -0.15; May \$194.35 -0.13; August \$207.73 -0.13; March corn closed at \$6.78 up 2 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Old crop and new crop corn futures continue to spread. March corn futures closed the week at \$6.76 per bushel compared to the December contract at \$5.94. Compared to December 6th, 2022, when the March contract closed at \$6.37 and December at \$5.93 the spread has added 38 cents (82 cents compared to 44 cents). A short U.S. crop and tight projected ending stocks have fueled price increases for crops held in storage. Additionally, due to the short crop in Tennessee, as a result of the June-July drought, it is likely that basis remains very strong in many locations. The 2023 crop has a tremendous amount of uncertainty and futures prices have been reluctant to move out of the current trading range of \$5.80 to \$6.10. Moving forward it is likely that old crop prices will remain strong until more is known about the 2023 U.S. crop and Brazil's second corn crop.

Like corn, old and new crop soybean prices have expanded the price spread. On December 1st the March-November price spread was 67 cents (\$14.36 and \$13.69) on Friday the spread closed at 141 cents (\$15.27 and \$13.86). The majority of the change in the price spread can be attributed to strengthening in old crop prices. Old crop soybeans will likely face some resistance as Brazil's crop enters the export market, however due to short U.S. stocks it is likely that prices will continue to be strong until more is known about 2023 U.S. planting intentions. 2023 harvest soybean futures have traded between \$13.30 and \$14.27 since early September.

This week the National Cotton Council released the results of their 2023 planting survey. The survey indicated total upland cotton acres at 11.235 million acres down 17.3% compared to 2022 planted acreage of 13.58 million acres. Tennessee planted acres were estimated at 312,000 down 7% from last year's 335,000 acres. Price competitiveness with corn soybeans continue to provide headwinds for cotton acreage in Tennessee. Demand (or lack thereof) continues to be the major impediment to increased cotton prices.

	Previous	Current	Change
USD Index	103.55	103.78	0.23
Crude Oil	79.75	76.34	-3.41
DJIA	33,819	33,827	8

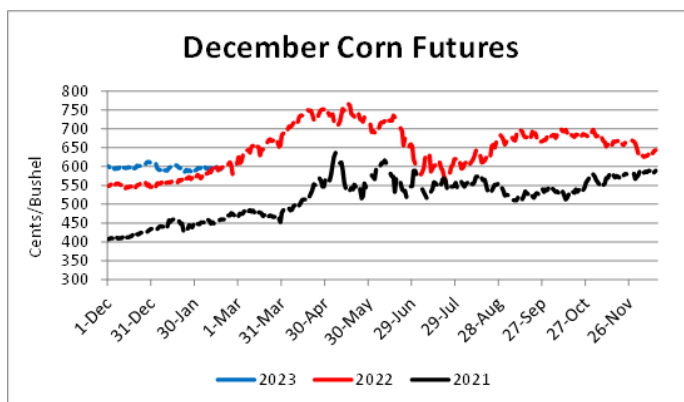
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Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending February 10 was 1.014 million barrels per day, up 14,000 from the previous week. Ethanol stocks were 25.339 million barrels, up 0.922 million compared to last week. Corn net sales reported by exporters for February 3-9 were 40.3 million bushels for the 2022/23 marketing year and 3.9 million bushels for the 23/24 marketing year. Exports for the same period were up 70% compared to last week at 26.4 million bushels. Corn export sales and commitments were 57% 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%. 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 40 under to 42 over, with an average of 15 over the March futures at elevators and barge points. March 2023 corn futures closed at \$6.77, down 3 cents since last Friday. For the week, March 2023 corn futures traded between \$6.73 and \$6.88. May 2023 corn futures closed at \$6.77, down 1 cent since last Friday. Mar/May and Mar/Dec future spreads were 0 and -82 cents.

Corn	Mar 23	Change	Dec 23	Change
Price	\$6.77	-\$0.03	\$5.95	-\$0.01
Support	\$6.73	\$0.09	\$5.90	\$0.04
Resistance	\$6.81	-\$0.10	\$5.99	-\$0.03
20 Day MA	\$6.78	\$0.01	\$5.93	-\$0.01
50 Day MA	\$6.68	\$0.03	\$5.96	\$0.00
100 Day MA	\$6.73	-\$0.01	\$6.06	-\$0.02
4-Week High	\$6.88	\$0.00	\$6.06	\$0.00
4-Week Low	\$6.61	\$0.12	\$5.83	\$0.00
Technical Trend	Up	=	Down	-



New crop cash prices ranged from \$5.03 to \$5.98 at elevators and barge points. December 2023 corn futures closed at \$5.95, down 1 cent since last Friday. Downside price protection could be obtained by purchasing a \$6.00 December 2023 Put Option costing 47 cents establishing a \$5.53 futures floor.

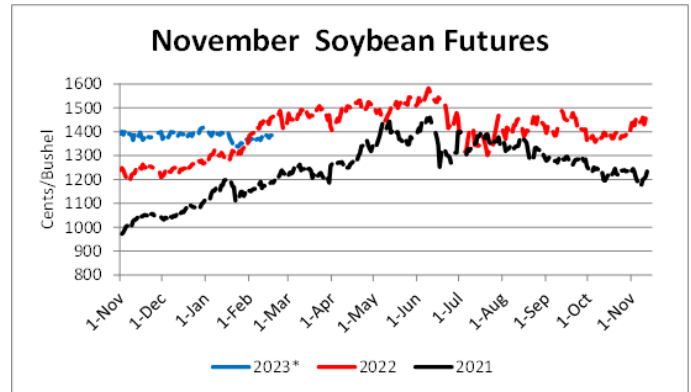
Soybeans

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 even to 39 over, with an average basis of 24 over the March futures contract. Soybean net weekly sales reported by exporters were 18.8 million bushels for the 2022/23 marketing year and 9.5 million bushels for the 2023/24 marketing year. Exports for the same period were up 4% compared to last week at 69.9 million bushels. Soybean export sales and commitments were 89% 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 81%. March 2023 soybean futures closed at \$15.27, down 15 cents since last Friday. For the week, March 2023 soybean futures traded between \$15.16 and \$15.55. Mar/May and Mar/Nov future spreads were -5 and -141 cents. May 2023 soybean futures closed at \$15.22, down 11 cents since last Friday.

(Continued on page 4)

Crop Comments by Dr. Aaron Smith

Soybeans	Mar 23	Change	Nov 23	Change
Price	\$15.27	-\$0.15	\$13.86	\$0.08
Support	\$15.19	\$0.13	\$13.79	\$0.28
Resistance	\$15.37	-\$0.24	\$13.91	-\$0.02
20 Day MA	\$15.22	\$0.02	\$13.66	\$0.02
50 Day MA	\$15.05	\$0.08	\$13.81	\$0.01
100 Day MA	\$14.65	\$0.04	\$13.75	\$0.00
4-Week High	\$15.55	\$0.07	\$13.96	-\$0.09
4-Week Low	\$14.78	\$0.00	\$13.30	\$0.00
Technical Trend	Up	=	Up	=

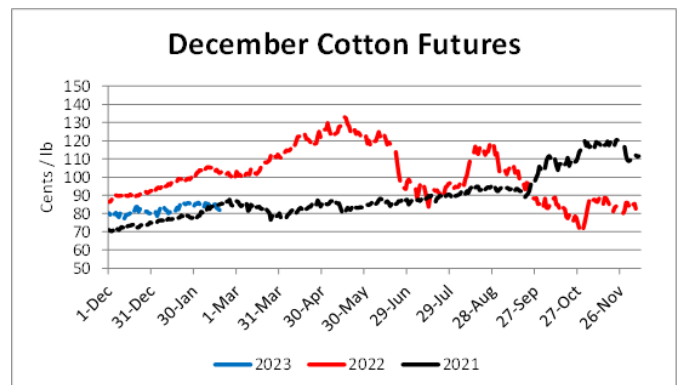


November 2023 soybean futures closed at \$13.86, up 8 cents since last Friday. New crop cash soybean prices at elevators and barge points ranged from \$13.43 to \$14.12. Downside price protection could be achieved by purchasing a \$14.00 November 2023 Put Option which would cost 84 cents and set a \$13.16 futures floor. Nov/Dec 2023 soybean-to-corn price ratio was 2.33 at the end of the week.

Cotton

Delta upland cotton spot price quotes for February 16 were 81.50 cents/lb (41-4-34) and 83.75 cents/lb (31-3-35). Adjusted world price (AWP) was down 0.36 cents at 74.05 cents. Cotton net weekly sales reported by exporters were net sales of 216,900 bales for the 2022/23 marketing year and 23,900 bales for the 2023/24 marketing year. Exports for the same period were down 11% compared to last week at 186,400 bales. Upland cotton export sales were 88% 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 88%. March 2023 cotton futures closed at 80.25 cents, down 5.02 cents since last Friday. For the week, March 2023 cotton futures traded between 80 and 86.73 cents. May 2023 cotton futures closed at 81.5 cents, down 4.08 cents since last Friday. Mar/May and Mar/Dec cotton futures spreads were 1.25 cents and 2 cents.

Cotton	Mar 23	Change	Dec 23	Change
Price	80.25	-5.02	82.25	-2.43
Support	78.92	-4.75	80.82	-2.52
Resistance	82.42	-4.03	83.60	-2.32
20 Day MA	85.18	-0.24	84.83	0.26
50 Day MA	84.10	-0.12	82.51	0.36
100 Day MA	83.07	-0.39	79.44	0.27
4-Week High	88.88	0.00	86.98	0.00
4-Week Low	80.00	-1.65	81.50	1.50
Technical Trend	Down	=	Down	-



December 2023 cotton futures closed at 82.25 cents, down 2.43 cents since last Friday. Downside price protection could be obtained by purchasing an 83 cent December 2023 Put Option costing 8.11 cents establishing a 74.89 cent futures floor.

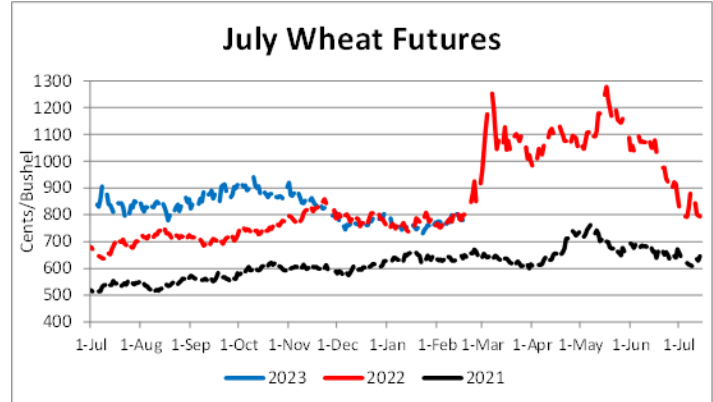
Wheat

Wheat net weekly sales reported by exporters were 7.7 million bushels for the 2022/23 marketing year and 0.8 million bushels for the 2023/24 marketing year. Exports for the same period were down 7% compared to last week at 18.4 million bushels. Wheat export sales were 79% 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 89%. Wheat cash prices at elevators and barge points ranged from \$7.15 to \$7.97. March 2023 wheat futures closed at \$7.65, down 21 cents since last Friday. March 2023 wheat futures traded between \$7.59

Crop Comments by Dr. Aaron Smith

and \$7.97 this week. March wheat-to-corn price ratio was 1.13. May 2023 wheat futures closed at \$7.76, down 19 cents since last Friday. Mar/May and Mar/Jul future spreads were 11 and 16 cents.

Wheat	Mar 23	Change	Jul 23	Change
Price	\$7.65	-\$0.21	\$7.81	-\$0.18
Support	\$7.53	\$0.11	\$7.71	\$0.13
Resistance	\$7.77	-\$0.35	\$7.90	-\$0.33
20 Day MA	\$7.58	\$0.08	\$7.71	\$0.09
50 Day MA	\$7.55	\$0.01	\$7.68	\$0.01
100 Day MA	\$8.05	-\$0.06	\$8.15	-\$0.05
4-Week High	\$7.97	\$0.07	\$8.10	\$0.07
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 \$7.34 to \$7.98. July 2023 wheat futures closed at \$7.81, down 18 cents since last Friday. Downside price protection could be obtained by purchasing a \$7.90 July 2023 Put Option costing 62 cents establishing a \$7.28 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>

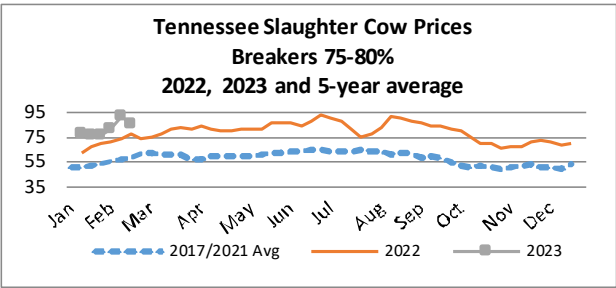
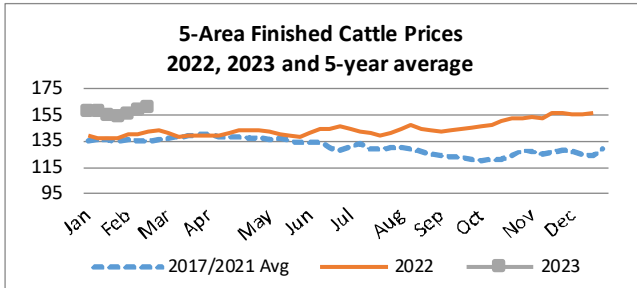
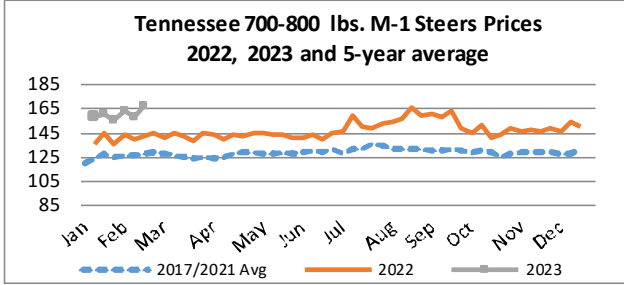
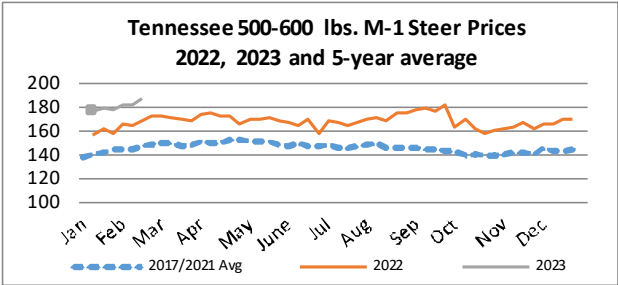
Tennessee Crop Progress - https://www.nass.usda.gov/Statistics_by_State/Tennessee/Publications/Crop_Progress_&_Condition/

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, February 10, 2023---Thursday, February 16, 2023					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	15.43	15.43	15.38	15.26	15.27
North Central	15.58	15.58	15.53	15.41	15.42
West Central	15.73	15.73	15.68	15.56	15.57
West	15.81	15.81	15.76	15.64	15.66
Mississippi River	15.78	15.78	15.73	15.61	15.62
Yellow Corn					
Northwest	6.96	7.00	6.97	6.91	6.91
North Central	6.41	6.45	6.42	6.36	6.36
West Central	7.23	7.27	7.24	7.18	7.18
West	7.14	7.19	7.16	7.10	7.10
Mississippi River	7.06	7.12	7.09	7.03	7.02
Wheat					
Northwest	7.36	7.42	7.36	7.19	7.15
North Central	7.91	7.97	7.91	7.74	7.70
West					
Mississippi River	7.89	7.95	7.91	7.76	7.71
Cotton	-----\$/pound-----				
Memphis	84.77-87.02	85.14-87.39	85.20-87.45	82.37-84.62	81.50-83.75



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, February 13, 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	185.00	232.50	212.71	205.56	196.41
400-500 lbs	180.00	224.00	202.79	199.51	184.95
500-600 lbs	167.50	205.00	186.85	181.28	167.80
600-700 lbs	152.50	190.00	178.37	170.98	153.68
700-800 lbs	151.00	178.50	166.70	157.31	141.83
Steers: Small Frame #1-2					
300-400 lbs	147.50	190.00	179.57	176.95	170.45
400-500 lbs	165.00	185.00	176.67	---	174.51
500-600 lbs	150.00	166.00	155.30	---	---
600-700 lbs	---	---	---	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	162.50	205.00	186.06	177.77	172.11
400-500 lbs	140.00	200.00	181.32	178.27	173.62
500-600 lbs	142.50	182.00	164.72	161.39	158.40
600-700 lbs	147.50	172.00	162.76	147.32	140.01
700-800 lbs	134.00	146.00	139.13	---	134.97
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	74.00	92.00	84.50	90.78	76.67
Boners 80-85%	73.00	93.00	82.71	86.16	74.48
Lean 85-90%	60.00	85.50	72.70	77.59	62.32
Bulls YG 1	97.00	118.00	106.09	109.01	103.50
Heifers: Medium/Large Frame #1-2					
300-400 lbs	155.00	199.00	180.00	172.17	153.98
400-500 lbs	154.00	186.00	170.02	163.32	146.20
500-600 lbs	140.00	171.00	158.04	156.07	138.89
600-700 lbs	17.00	159.00	148.98	144.46	132.74
Heifers: Small Frame #1-2					
300-400 lbs	135.00	160.00	148.15	162.50	---
400-500 lbs	122.50	160.00	143.38	---	144.25
500-600 lbs	135.00	152.50	142.95	---	131.42
600-700 lbs	---	---	---	130.00	125.50
Heifers: Medium/Large Frame #2-3					
300-400 lbs	130.00	173.00	160.40	155.93	141.44
400-500 lbs	130.00	170.00	152.39	149.36	137.71
500-600 lbs	123.00	157.00	146.39	139.59	130.56
600-700 lbs	122.50	147.50	137.90	130.75	120.45

Cattle Receipts

This week:7,252

Week ago:4,352

Year ago:6,853

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

Graded Sales, Video Board Sales, Video Sales & Loads

East Tennessee Livestock Center Graded Feeder Cattle Sale - Sweetwater, TN

2/10/2023

Total Receipts: 349

For complete report:

https://www.ams.usda.gov/mnreports/ams_2073.pdf

Browning Livestock Market - Lafayette, TN

2/15/2023

Total Receipts: 422

For complete report:

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

East Tennessee Livestock Center Video Sale - Sweetwater, TN

2/15/2023

1 load out of 62 PI negative steers; Est weight 850 lbs.; 900% L&M-1s & 10% L&M-2s; medium flesh; 90% BLK/BWF & 10% ChaX/Smoky; \$169.00

1 load out of 90 steers from BQA certified producer; Est weight 895 lbs; 95% L&M-1s & 5% L&M-2s; medium flesh; 100% BLK/BWF; \$175.00

1 load out of 90 home-raised heifers from BQA certified producer; Est weight 740 lbs; 95% M-1s & 5% M-2s; medium flesh; 100% BLK/BWF out of registered Angus bulls; \$165.00

Graded Goat & Sheep Sales

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 2/13/23

Total Receipts: 878

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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