

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

April 14, 2023

Number: 15

Trends for the Week Compared to a Week Ago

Slaughter Cows

\$1 to \$2 higher

Slaughter Bulls

steady

Feeder Steers

\$4 to \$9 higher

Feeder Heifers

\$2 to \$7 higher

Feeder Cattle Index: 199.77

Fed Cattle

The 5-area live price on Thursday of \$180.35 was up \$7.27. The dressed price of \$289.75 up \$11.13.

Corn

May closed at \$6.66 a bushel, up 23 cents since last Friday.

Soybeans

May closed at \$15.00 a bushel, up 8 cents since last Friday.

Wheat

May closed at \$6.82 a bushel, up 7 cents since last Friday.

Cotton

May closed at 82.86 cents per lb, down 0.34 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$6 to \$8 higher compared to last week on a live basis. Prices in the South were mainly \$174 to \$176 while dressed prices were mainly \$289 to \$290.

The 5-area weighted average prices thru Thursday were \$180.35 live, up \$7.27 compared to last week and \$289.75 dressed, up \$11.13 from a week ago. A year ago, prices were \$141.02 live and \$225.87 dressed.

It was not that long ago that many cattle market analysts debated and held fast to the notion that live cattle prices would not reach and exceed \$170 this spring. The market is now trading at \$180, and most of those same analysts are smart enough to now be asking the question of just how high is this market going to go. There is no reason to put a limit on price expectations at this point, because finished cattle prices have already surpassed what most people thought they would do this spring. The continued price run is hard to fathom as prices dance around \$180. One would think that upside potential is waning at this point, but it is doubtful there will be much weakness through the summer and fall months either.

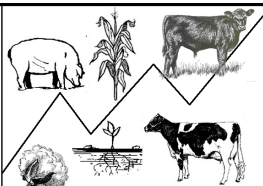
BEEF CUTOUT: At midday Friday, the Choice cutout was \$301.93 up \$1.51 from Thursday and up \$12.17 from a week ago. The Select cutout was \$284.41 up \$1.03 from Thursday and up \$7.02 from last week. The Choice Select spread was \$17.52 compared to \$12.37 a week ago.

Choice boxed beef has found a way to trade above \$300 this week. This is a necessity for packers given the prices being paid for finished cattle. Wholesale beef prices should be supported the next six weeks as many retailers are purchasing for the summer grilling season and the unofficial kickoff to summer that is the Memorial Day weekend. Not only is the market

being supported by the upcoming grilling season, the start of baseball season tends to support beef movement as lots of hamburgers and hotdogs are consumed at baseball fields regardless if it is five-year old children playing or it is the Atlanta Braves. There is likely room in the wholesale beef market for prices to continue escalating. What will matter the most is how much the consumer has to pay at retail for beef products. Will these prices put a strain on the consumer? Will the consumer shift some disposable income to other goods such as travel? The answers to these questions are not clear, but a person can only spend the quantity of money they have.

OUTLOOK: Based on Tennessee weekly auction price averages, steer prices were \$4 to \$9 higher this week compared to last week while heifer prices were \$2 to \$7 higher compared to the previous week. Slaughter cow prices were \$1 to \$2 higher than last week while slaughter bull prices were steady compared to a week ago. The lightweight calf market has had a strong run since the beginning of the year. The price of a 550 pound steer has increased about \$50 per hundredweight since the first auctions of the year. This means the value of a 550 pound steer has increased \$275 over that time period. This price trend is simply following feeder cattle futures. April feeder cattle futures have increased \$12 to \$15 per hundredweight since the beginning of the year while the August feeder cattle contract has increased about \$20 per hundredweight over that time period. The run in cash prices coupled with the run in deferred futures demonstrates considerable optimism for cattle. The simple supply dynamics support such price action as does beef demand. It is clear beef supply will be limited for at least two to three years, which

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

supports cattle prices. The other side of the story is beef demand, and there is no guarantee that dog will always hunt. Producers should be considering their marketing plan with the highest prices since 2015 for feeder cattle being traded on the futures market. This does not mean cattle prices will turn on their heels and decline, but securing some of the profit today is not a bad decision. Changing gears to the replacement heifer and cow market, there has been considerable discussion that producers will do little to expand the cattle herd in 2023. This may be true from the standpoint of producing a calf, but many cattle producers will be retaining heifers this year to breed and calve next year. Producers should expect further increases in bred heifer and cow prices.

ASK ANDREW, TN THINK TANK: What causes regional price differences in calves and feeder cattle. One could start by saying much of the difference is due to transportation costs and then say the Southeast is discounted because of health. However, a little thought will point out other differences. First, if everything else is the same, a specific calf or group of calves should be the same price after adjusting for transpor-

tation. However, the type of cattle produced in Montana are not the same type of cattle produced in LA (Lower Alabama) or West Texas. Thus, simply comparing USDA market reports for similar weight calves does not tell the entire story. The cattle in the North will mostly be English cross cattle and thus that is what is reported. However, in deep South regions, many of the cattle will have a little ear and that is what will be reported. Another difference is some regions mostly sell singles and small groups of calves while some regions primarily sell large lots of calves. Simply comparing reports from different regions of the country does not mean comparing apples to apples.

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 –April \$174.75 - 0.75; June \$163.73 -0.78; August \$162.70 -0.55; Feeder cattle –April \$203.40 +0.73; May \$207.90 +0.10; August \$223.95 - 1.03; September \$227.60 -1.13; May corn closed at \$6.66 up 14 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

On Friday, April 14, the old crop–new crop corn futures spread expanded to \$1.06 ¼ per bushel the largest spread between the May and December futures contracts since May 16, 2022. The price spread is amplified in cash markets in Tennessee, due to strong old crop basis compared to current new crop basis offerings. There remains a large amount of uncertainty in price direction for new crop corn. However, based on current market information there continues to be a bearish undertone in new crop prices. Managing price risk through purchase of out-of-the money put option contracts, for the new crop, is worth considering at this juncture. This strategy can be used to mitigate a portion of the futures price risk and buy time until more information is known about the 2023 crop. If new crop prices rise, the option position can be exited and a portion of the premium recovered.

The May–November soybean futures contract spread hit a life of contract high on Friday at \$1.99. New crop prices slid below \$13.00 on Friday before improving at close, closing at \$13.01 ½. Old crop price dynamics will be interesting to analyze through the spring and summer. Brazil has produced a record crop this year, while Argentina has had one of its worst droughts in 40 years, dramatically reducing its production. Sourcing soybeans for Argentina's domestic crushing industry will likely redirect raw soybeans from other South American countries, including Brazil, thus absorbing a portion of Brazil's record crop. Quantities and impact on the source of global soybean, soybean meal, and soybean oil exports remain uncertain at this juncture.

Corn

Ethanol production for the week ending April 7 was 0.959 million barrels per day, down 44,000 from the previous week. Ethanol stocks were 25.128 million barrels, down 0.008 million compared to last week. Corn net sales reported by exporters for March 31 to April 6 were 20.8 million bushels for the 2022/23 marketing year. Exports for the same period were down 19% compared to last week at 36.1 million bushels. Corn export sales and commitments were 80% of the USDA estimated total an-

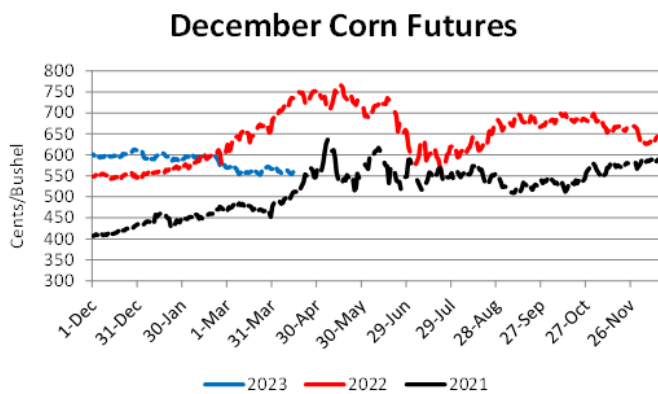
	Previous	Current	Change
USD Index	101.60	101.24	-0.36
Crude Oil	80.49	82.46	1.97
DJIA	33,485	33,807	322

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Crop Comments by Dr. Aaron Smith

nual exports for the 2022/23 marketing year (September 1 to August 31) compared to the previous 5-year average of 90%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened at North-Central elevators and barge points and strengthened or remained unchanged at West, Northwest, West-Central, and Mississippi River elevators and barge points. Overall, basis for the week ranged from 65 under to 30 over, with an average of 1 over the May futures at elevators and barge points. May 2023 corn futures closed at \$6.66, up 23 cents since last Friday. For the week, May 2023 corn futures traded between \$6.40 and \$6.68. July 2023 corn futures closed at \$6.35, up 16 cents since last Friday. May/Jul and May/Dec future spreads were -31 and -106 cents.

Corn	May 23	Change	Dec 23	Change
Price	\$6.66	\$0.23	\$5.60	\$0.04
Support	\$6.44	\$0.09	\$5.48	-\$0.04
Resistance	\$6.78	\$0.22	\$5.66	\$0.04
20 Day MA	\$6.47	\$0.08	\$5.61	\$0.00
50 Day MA	\$6.50	-\$0.02	\$5.72	-\$0.03
100 Day MA	\$6.57	\$0.00	\$5.85	-\$0.03
4-Week High	\$6.68	\$0.00	\$5.76	\$0.00
4-Week Low	\$6.19	\$0.13	\$5.47	\$0.00
Technical Trend	Up	=	Down	-

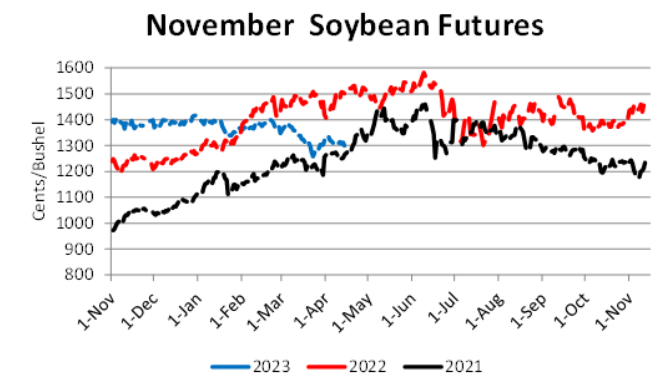


The Crop Progress report estimated corn planted at 3% compared to 2% last week, 2% last year, and a 5-year average of 2%. In Tennessee, corn planted was estimated at 5% compared to 1% last week, 3% last year, and a 5-year average of 6%. New crop cash prices ranged from \$4.74 to \$5.62 at elevators and barge points. December 2023 corn futures closed at \$5.60, up 4 cents since last Friday. Downside price protection could be obtained by purchasing \$5.60 December 2023 Put Option costing 40 cents establishing a \$5.20 futures floor.

Soybeans

Across Tennessee, average soybean basis weakened or remained unchanged at West, Northwest, West-Central, North-Central, and Mississippi River elevators and barge points. Basis ranged from 10 under to 30 over, with an average basis of 15 over the May futures contract. Soybean net weekly sales reported by exporters were 13.4 million bushels for the 2022/23 marketing year and 2.4 million bushels for the 2023/24 marketing year. Exports for the same period were up 22% compared to last week at 25.1 million bushels. Soybean export sales and commitments were 92% 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 95%. May 2023 soybean futures closed at \$15.00, up 8 cents since last Friday. For the week, May 2023 soybean futures traded between \$14.82 and \$15.22. May/Jul and May/Nov future spreads were -33 and -199 cents. July 2023 soybean futures closed at \$14.67, up 5 cents since last Friday.

Soybeans	May 23	Change	Nov 23	Change
Price	\$15.00	\$0.08	\$13.01	-\$0.08
Support	\$14.84	\$0.16	\$12.85	-\$0.09
Resistance	\$15.11	-\$0.11	\$13.20	-\$0.07
20 Day MA	\$14.81	\$0.01	\$13.03	-\$0.07
50 Day MA	\$15.01	-\$0.02	\$13.42	-\$0.05
100 Day MA	\$14.95	\$0.02	\$13.62	-\$0.04
4-Week High	\$15.27	-\$0.06	\$13.43	-\$0.40
4-Week Low	\$14.05	\$0.00	\$12.47	\$0.00
Technical Trend	Up	=	Up	=



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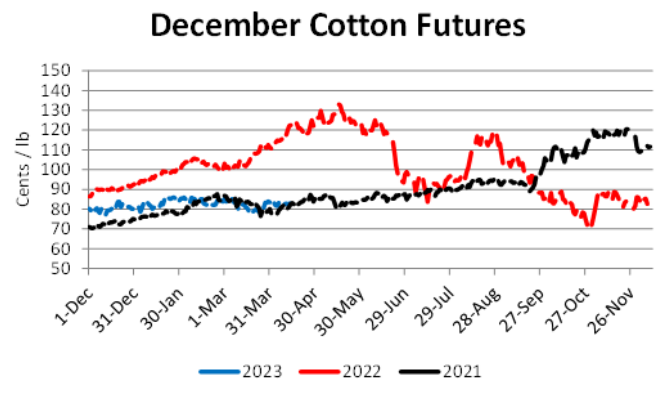
Crop Comments by Dr. Aaron Smith

In Tennessee, the Crop Progress report estimated soybeans planted at 1%. November 2023 soybean futures closed at \$13.01, down 8 cents since last Friday. New crop cash soybean prices at elevators and barge points ranged from \$12.76 to \$13.34. Downside price protection could be achieved by purchasing a \$13.20 November 2023 Put Option which would cost 83 cents and set a \$12.37 futures floor. Nov/Dec 2023 soybean-to-corn price ratio was 2.32 at the end of the week.

Cotton

Delta upland cotton spot price quotes for April 13 were 82.60 cents/lb (41-4-34) and 84.85 cents/lb (31-3-35). Adjusted world price (AWP) was up 0.17 cents at 70.05 cents. Cotton net weekly sales reported by exporters were net sales of 143,200 bales for the 2022/23 marketing year and 11,100 bales for the 2023/24 marketing year. Exports for the same period were up 34% compared to last week at 334,600 bales. Upland cotton export sales were 102% 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 103%. May 2023 cotton futures closed at 82.86 cents, down 0.34 cents since last Friday. For the week, May 2023 cotton futures traded between 81.9 and 83.81 cents. July 2023 cotton futures closed at 82.93 cents, down 0.54 cents since last Friday. May/Jul and May/Dec cotton futures spreads were 0.07 cents and -0.06 cents.

Cotton	May 23	Change	Dec 23	Change
Price	82.86	-0.34	82.80	-0.44
Support	82.12	1.74	81.94	1.17
Resistance	84.14	-0.70	83.72	-0.85
20 Day MA	80.90	0.75	81.65	0.34
50 Day MA	82.42	-0.42	82.82	-0.25
100 Day MA	83.02	-0.10	81.91	0.20
4-Week High	83.95	-0.95	84.15	-0.90
4-Week Low	75.70	0.00	77.56	0.00
Technical Trend	Up	=	Up	=

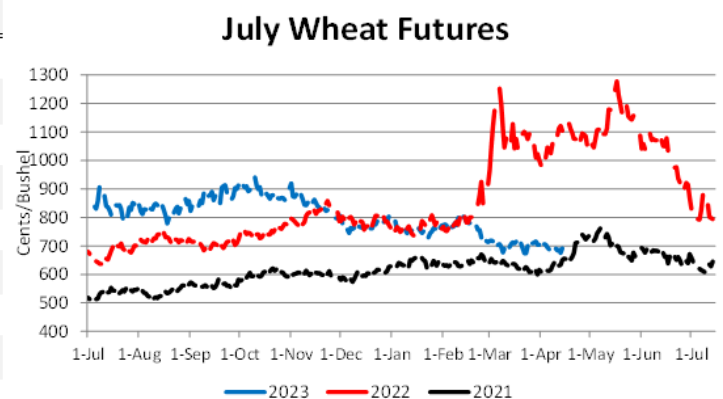


The Crop Progress report estimated cotton planted at 6% compared to 4% last week, 7% last year, and a 5-year average of 7%. December 2023 cotton futures closed at 82.8 cents, down 0.44 cents since last Friday. Downside price protection could be obtained by purchasing an 83 cent December 2023 Put Option costing 7.09 cents establishing a 77.91 cent futures floor.

Wheat

Wheat net weekly sales reported by exporters were 5.0 million bushels for the 2022/23 marketing year and 2.5 million bushels for the 2023/24 marketing year. Exports for the same period were up 42% compared to last week at 10.3 million bushels. Wheat export sales were 87% 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 102%. Wheat cash prices at elevators and barge points ranged from \$6.40 to \$6.80. May 2023 wheat futures closed at \$6.82, up 7 cents since last Friday. May 2023 wheat futures traded between \$6.61 and \$6.87 this week. May wheat-to-corn price ratio was 1.02. May/Jul and May/Sep future spreads were 10 and 20 cents.

Wheat	May 23	Change	Jul 23	Change
Price	\$6.82	\$0.07	\$6.92	\$0.04
Support	\$6.52	-\$0.11	\$6.62	-\$0.14
Resistance	\$7.00	\$0.09	\$7.09	\$0.06
20 Day MA	\$6.86	-\$0.04	\$6.97	-\$0.04
50 Day MA	\$7.15	-\$0.09	\$7.24	-\$0.08
100 Day MA	\$7.42	-\$0.09	\$7.48	-\$0.08
4-Week High	\$7.24	\$0.00	\$7.35	\$0.00
4-Week Low	\$6.54	\$0.00	\$6.65	\$0.00
Technical Trend	Down	=	Down	=



Crop Comments by Dr. Aaron Smith

The Crop Progress report estimated winter wheat condition at 27% good-to-excellent and 37% poor-to-very poor; and winter wheat headed at 7% compared to 6% last week, 5% last year, and a 5-year average of 4%. Spring wheat planted was estimated at 1% compared to 6% last year and a 5-year average of 4%. In Tennessee, winter wheat condition was estimated at 58% good-to-excellent and 12% poor-to-very poor; winter wheat jointing at 67% compared to 42% last week, 54% last year, and a 5-year average of 60%; and winter wheat headed at 1% compared to 0% last week, 1% last year, and a 5-year average of 2%. New crop wheat cash prices at elevators and barge points ranged from \$6.36 to \$6.86. July 2023 wheat futures closed at \$6.92, up 4 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.95 July 2023 Put Option costing 39 cents establishing a \$6.56 futures floor. September 2023 wheat futures closed at \$7.02, up 2 cents since last Friday.

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>

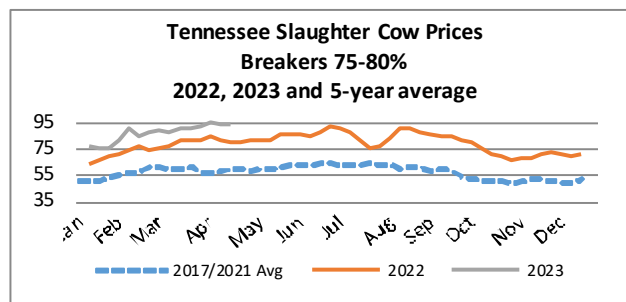
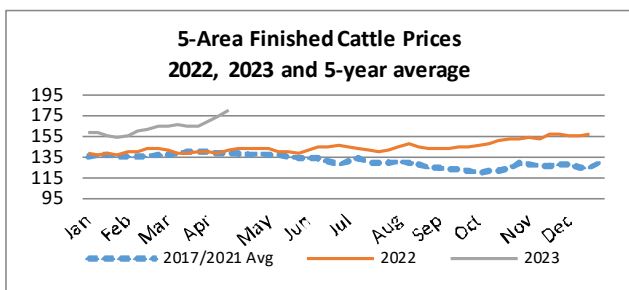
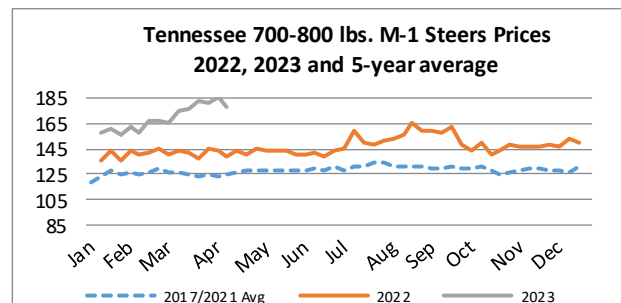
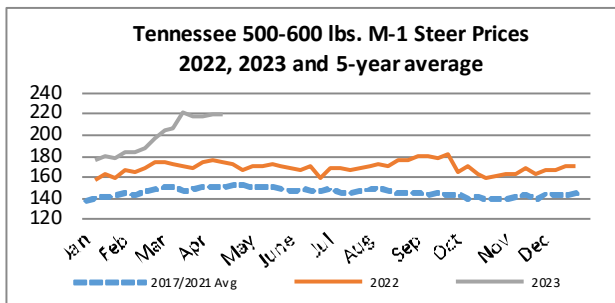
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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, April 7, 2023---Thursday, April 13, 2023

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest		14.77	14.87	14.94	14.91
North Central		15.07	15.17	15.19	15.16
West Central		15.11	15.21	15.28	15.25
West		15.17	15.27	15.34	15.31
Mississippi River					
Yellow Corn					
Northwest		6.72	6.69	6.74	6.70
North Central		5.94	5.91	5.91	5.87
West Central		6.77	6.74	6.79	6.75
West		6.84	6.81	6.86	6.82
Mississippi River					
Wheat					
Northwest		6.56	6.49	6.52	6.41
North Central		6.79	6.40	6.80	6.67
West					
Mississippi River		6.79	6.72	6.75	6.64
Cotton	-----\$/pound-----				
Memphis		81.70-83.95	82.00-84.25	81.70-83.95	82.60-84.85



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, April 10, 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	25.00	282.00	251.73	243.49	193.54
400-500 lbs	211.00	253.00	235.14	233.61	181.97
500-600 lbs	190.00	235.00	217.26	218.62	171.85
600-700 lbs	178.00	220.00	202.96	201.64	154.95
700-800 lbs	155.00	190.00	177.09	185.87	139.35
Steers: Small Frame #1-2					
300-400 lbs	180.00	252.50	231.41	208.16	181.01
400-500 lbs	---	---	---	195.21	172.01
500-600 lbs	152.50	200.00	181.89	---	135.04
600-700 lbs	152.50	177.50	165.14	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	170.00	247.50	219.70	221.24	179.35
400-500 lbs	190.00	237.50	217.63	210.46	172.41
500-600 lbs	174.00	215.00	201.67	195.81	153.20
600-700 lbs	170.00	205.00	184.00	177.42	142.16
700-800 lbs	139.00	172.50	164.44	164.00	135.07
Holstein Steers					
300-400 lbs	137.50	140.00	138.75	---	115.00
500-600 lbs	154.00	154.00	154.00	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	85.00	104.00	93.30	92.83	80.97
Boners 80-85%	85.00	105.00	92.13	91.58	79.87
Lean 85-90%	70.00	93.00	80.98	80.21	66.61
Bulls YG 1	109.00	131.00	119.78	119.37	109.30
Heifers: Medium/Large Frame #1-2					
300-400 lbs	180.00	251.00	212.85	213.66	160.92
400-500 lbs	177.50	231.00	205.82	204.25	155.58
500-600 lbs	163.00	211.00	189.61	187.19	147.28
600-700 lbs	150.00	182.00	167.05	173.54	133.70
Heifers: Small Frame #1-2					
300-400 lbs	160.00	217.50	194.46	189.72	136.23
400-500 lbs	155.00	195.00	176.97	173.51	142.05
500-600 lbs	---	---	---	144.14	---
600-700 lbs	---	---	---	---	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs	150.00	231.00	191.39	189.22	126.51
400-500 lbs	140.00	210.00	185.84	184.25	135.00
500-600 lbs	140.00	195.00	169.65	169.58	120.75
600-700 lbs	132.50	165.00	147.67	158.79	---

Cattle Receipts

This week:6,784

Week ago:9,727

Year ago:6,676

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

4/7/2023

Total Receipts: 576

For complete report:

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

East Tennessee Cattle Alliance Preconditioned Graded Feeder Sale - Greeneville, TN

4/13/2023

Total Receipts: 247

For complete report:

https://www.ams.usda.gov/mnreports/ams_2075.pdf

Hardin County Stockyard - Savannah, TN

4/13/2023

55 Steers, 871 lbs, M&L 1&2, 36-Black/BWF 11-Red/RWF 8-ChX, 5-6 Flesh, \$185.00

Graded Goat & Sheep Sales

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 4/10/23

Total Receipts: 803

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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