

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

December 15, 2023

Number: 50

Trends for the Week Compared to a Week Ago

Slaughter Cows

steady to \$2 lower

Slaughter Bulls

steady to \$1 lower

Feeder Steers

steady to \$2 higher

Feeder Heifers

unevenly steady

Feeder Cattle Index: 217.84

Fed Cattle

The 5-area live price on Thursday of \$167.71 was down \$2.46. The dressed price of \$267.60 down \$2.05.

Corn

March closed at \$4.83 a bushel, down 2 cents since last Friday.

Soybeans

January closed at \$13.15 a bushel, up 11 cents since last Friday.

Wheat

March closed at \$6.29 a bushel, down 2 cents since last Friday.

Cotton

March closed at 79.93 cents per lb, down 1.51 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$2 to \$3 lower on a live basis compared to last week with live prices mainly between \$167 and \$168 while dressed prices were mainly \$267 to \$268.

The 5-area weighted average prices thru Thursday were \$167.71 live, down \$2.46 compared to last week and \$267.60 dressed, down \$2.05 from a week ago. A year ago, prices were \$155.60 live and \$246.85 dressed.

Cattle feeders were fighting tooth and nail to hold finished cattle prices steady with last week, but packers wanted nothing to do with it. Packers were attempting to trade cattle at an even basis with live cattle futures, which gives them an opportunity at a positive margin. However, cattle feeders are reeling from being kicked in the stomach and then the face as they market some of the highest cost animals they have purchased while feed prices remain relatively elevated. The bright side is the replacement cattle are slightly less expensive than those coming off feed, but the price is certainly not optimistic to strong profits. The battle will continue to rage the next several weeks and the war will not be won over night.

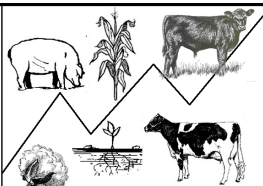
BEEF CUTOUT: At midday Friday, the Choice cutout was \$292.08 down \$0.24 from Thursday and up \$3.78 from a week ago. The Select cutout was \$261.53 up \$3.27 from Thursday and up \$2.62 from last week. The Choice Select spread was \$30.55 compared to \$29.39 a week ago.

The rib primal is by far the leader of the seven primal cuts in the beef carcass. The composite primal rib value was just shy of \$600 per hundredweight this week and was \$200 per hundredweight higher than the nearest competitor, which is the loin. The market would fully expect the rib to dominate the cuts leading up to Christmas as it is the center piece of many holiday

gatherings. Choice primal rib values were about \$120 per hundredweight higher than Select values while the Choice loin primal value was only \$60 to \$70 higher than the Select loin value. This leaves little doubt that seasonal demand tendencies are in full effect from an individual cut standpoint, but the market has still underperformed in that the overall value of Choice boxed beef has not even challenged the \$300 level. There is little price difference in Choice versus Select chuck, round, short plate and flank primal values while the Choice brisket is \$20 to \$25 higher than the Select brisket. End cuts will grab the most attention from consumers following end of the year holidays.

OUTLOOK: Based on weekly auction market averages, steer prices were steady to \$2 higher compared to last week while heifer prices were unevenly steady compared the previous week. Slaughter cow prices were steady to \$2 lower than the weighted average price from a week ago while bull prices were steady to \$1 lower compared to the previous week. Using this week's trends could be problematic in that prices were mixed across auction markets. Some early week auction prices were rather soft compared to auctions in the middle of the week. This softness on Monday auctions was likely a holdover from the continued decline in futures last week while the stronger prices as the week continued were consistent with the follow through on the futures market as it strengthened through the week. The stronger prices to finish the week is important from the standpoint there is only one more week of livestock auctions before the end of the week, and the direction of the market to finish the year will point towards how the new year will begin. Thus, if there is follow through next week in the cash markets then that will

(Continued on page 2)



Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

bode well for higher cattle prices in January. That statement certainly does not account for what feeder cattle futures do during the two weeks that many auctions will be closed. However, cash prices have not consistently followed futures through 2023 so the cash market will be a better indicator of what the start of January will look like. Given the rapid decline in feeder cattle futures since the middle of September, the market is ready for a correction of some sort on the futures market side. Prices may not challenge previous contract highs for a while, but the market will offer producers an opportunity to hedge cattle for summer and fall of 2024 moving through the next several months. The market to keep an eye on is the female market. The thought here is that bred female prices will escalate in the spring if forage production gets off to a good start and will continue to increase if forage production persists through summer.

ASK ANDREW, TN THINK TANK: By now, most livestock producers should be aware of the Livestock Forage Disaster Program funding available to producers in counties impacted by ongoing drought. For those who have not signed up, it would be wise to check with the local FSA office to determine if the

county qualifies for payment and what needs to be done to secure that payment. With that said, many folks will be looking to purchase additional feedstuffs with some of those funds, because hay feeding began early for many producers. For those who will need to purchase additional feed, the options or alternatives are rather endless, but most people will be trying to determine the most economical path. Some producers will consider purchasing hay, commercially blended feeds, commodity feeds, range cubes, liquid feeds, high density protein tubs or similar products to fill the void left by reduced forage production this fall. The main determinant of the correct feedstuff is not as much price as finding the feedstuff that achieves production and profit goals. Please send questions and comments to agriff14@utk.edu.

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 –December \$168.23 +0.73; February \$169.35 +1.43; April \$172.85 +1.28; Feeder cattle –January \$220.90 +1.55; March \$222.18 +2.05; April \$226.58 +2.25; May \$230.53 +2.28; March corn closed at \$4.83 up 4 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Currently, the USDA estimates that for the 2023 crop Tennessee will set state record yields for corn – 177 bu/acre, soybean – 54 bu/acre, cotton – 1,237 lb/acre, and wheat – 80 bu/acre. All four are up substantially from last year's drought reduced yields for corn - 130 bu/acre, soybean - 48 bu/acre, cotton - 1,053 lb/acre, and wheat - 73 bu/acre. But will profitability be better in 2023 than 2022? Like most economic questions the answer is it depends.

Prices are down substantially from last year. In Tennessee, prices for the 2022 crop marketing year averaged \$6.72/bu, \$13.80/bu, 85 cents/lb, and \$8.40/bu for corn, soybeans, cotton, and wheat, respectively. Marketing year average prices have not been finalized for 2023, but harvest prices and deferred futures contracts are substantially lower than last year's prices. However, for 2023 there were opportunities to price crops at higher prices throughout the growing season and price direction between now and the end of the marketing year remains uncertain. As such, how a producer managed price risk in 2023 will be a key determinant in profitability.

Additionally, cost structures changed between 2022 and 2023. A key factor for the cost of production in the past two years was when inputs were purchased. For example, fertilizer prices were cheaper in the fourth quarter 2021 than first quarter 2022 and the opposite was true for fourth quarter 2022 and first quarter 2023. Other input prices, such as diesel and chemical, declined during the 2023 growing season reducing costs. Two costs that increased substantially year-over-year were interest and land/lease rates. There has been greater variability in the cost of production the past two years than others in the recent past.

Looking at the 2024 crop, it seems likely that prices will remain below 2022 levels and may push lower than current levels depending on how the South American growing season progresses and direction of global demand for US commodities. Yields

	Previous	Current	Change
USD Index	103.99	102.61	-1.38
Crude Oil	71.26	71.38	0.12
DJIA	36,252	37,190	938

(Continued on page 3)

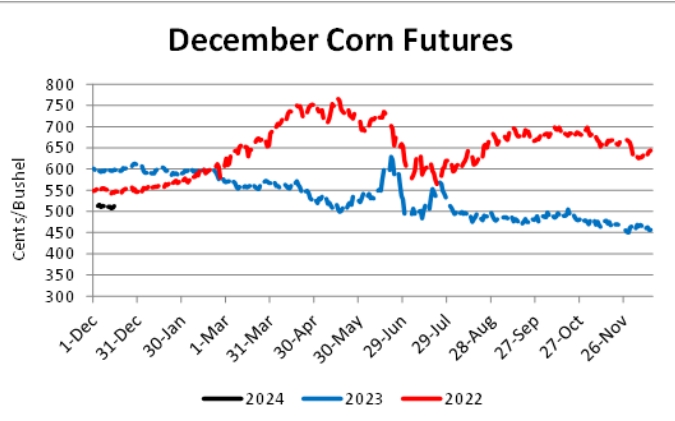
Crop Comments by Dr. Aaron Smith

remain uncertain at this time of year, but if trendline yields are obtained in 2024 they would be below 2023, in Tennessee (it's unlikely to set back-to-back records). Costs are projected lower and interest rates could be reduced by 0.75 to 1% from current levels depending on inflation and labor markets. Bottomline, this is the time of year when producers need to start putting pen to paper to estimate profitability for 2024.

Corn

Across Tennessee, average corn basis (cash price-nearby futures price) weakened or remained unchanged at West, Northwest, North-Central, West-Central, and Mississippi River elevators and barge points. Overall, basis for the week ranged from 60 to even, with an average of 26 under the March futures at elevators and barge points. Ethanol production for the week ending December 8 was 1.074 million barrels per day, down 2,000 from the previous week. Ethanol stocks were 22.1 million barrels, up 661,000 barrels compared to last week. Corn net sales reported by exporters for December 1-7 were net sales of 55.8 million bushels for the 2023/24 marketing year. Exports for the same period were down 22% compared to last week at 33.5 million bushels. Corn export sales and commitments were 51% of the USDA estimated total annual exports for the 2023/24 marketing year (September 1 to August 31) compared to the previous 5-year average of 55%. Cash prices ranged from \$4.24 to \$4.96 at elevators and barge points. March 2024 corn futures closed at \$4.83, down 2 cents since last Friday. For the week, March 2024 corn futures traded between \$4.77 and \$4.88. Mar/May and Mar/Dec future spreads were 12 and 29 cents. May 2024 corn futures closed at \$4.95, down 2 cents since last Friday.

Corn	Mar 24	Change	Dec 24	Change
Price	\$4.83	-\$0.02	\$5.12	\$0.00
Support	\$4.75	-\$0.04	\$5.04	-\$0.04
Resistance	\$4.86	-\$0.09	\$5.13	-\$0.05
20 Day MA	\$4.83	-\$0.02	\$5.11	-\$0.01
50 Day MA	\$4.91	-\$0.02	\$5.13	-\$0.01
100 Day MA	\$4.97	-\$0.04	\$5.12	-\$0.01
4-Week High	\$4.94	-\$0.02	\$5.18	-\$0.01
4-Week Low	\$4.70	\$0.00	\$5.02	\$0.00
Technical Trend	Up	+	Up	+



December 2024 corn futures closed at \$5.12, unchanged since last Friday. Downside price protection could be obtained by purchasing a \$5.20 December 2024 Put Option costing 44 cents establishing a \$4.76 futures floor.

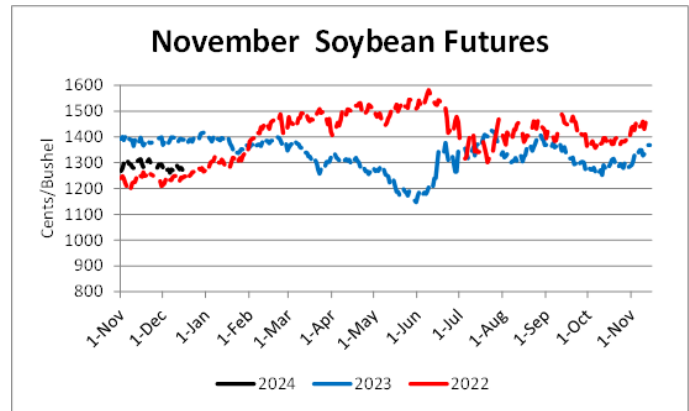
Soybeans

Across Tennessee average soybean basis weakened or remained unchanged at Northwest, West-Central, and Mississippi River elevators and barge points and strengthened at North-Central and West elevators and barge points. Basis ranged from 53 under to 10 over the January futures contract, with an average basis at the end of the week of 14 under. Soybean net weekly sales reported by exporters were net sales of 39.8 million bushels for the 2023/24 marketing year. Exports for the same period were down 13% compared to last week at 42.6 million bushels. Soybean export sales and commitments were 70% of the USDA estimated total annual exports for the 2023/24 marketing year (September 1 to August 31), compared to the previous 5-year average of 71%. January 2024 soybean futures closed at \$13.15, up 11 cents since last Friday. For the week, January 2024 soybean futures traded between \$13.02 and \$13.44. Cash soybean prices at elevators and barge points ranged from \$13.07 to \$13.54. March 2024 soybean-to-corn price ratio was 2.76 at the end of the week. Jan/Mar and Jan/Nov future spreads were 16 and -39 cents. March 2024 soybean futures closed at \$13.31, up 8 cents since last Friday.

(Continued on page 4)

Crop Comments by Dr. Aaron Smith

Soybeans	Jan 24	Change	Nov 24	Change
Price	\$13.15	\$0.11	\$12.76	\$0.06
Support	\$12.97	\$0.18	\$12.64	\$0.12
Resistance	\$13.27	-\$0.16	\$12.91	-\$0.06
20 Day MA	\$13.29	-\$0.13	\$12.83	-\$0.06
50 Day MA	\$13.27	\$0.02	\$12.77	\$0.02
100 Day MA	\$13.37	-\$0.05	\$12.77	-\$0.01
4-Week High	\$13.89	-\$0.09	\$13.17	\$0.00
4-Week Low	\$12.92	\$0.00	\$12.58	\$0.00
Technical Trend	Down	=	Down	=

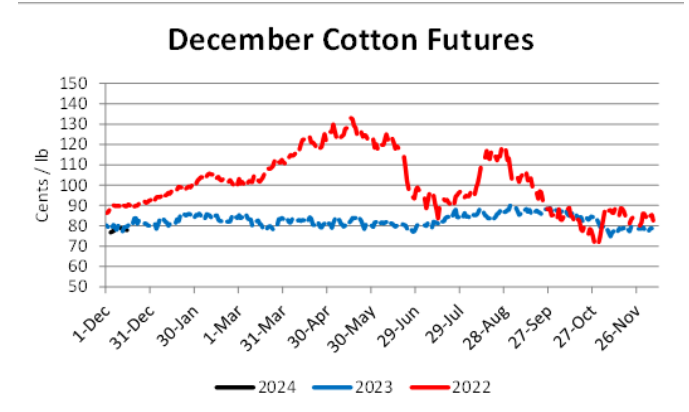


November 2024 soybean futures closed at \$12.76, up 6 cents since last Friday. Downside price protection could be achieved by purchasing a \$12.80 November 2024 Put Option which would cost 81 cents and set an \$11.99 futures floor. Nov/Dec soybean-to-corn price ratio was 2.49 at the end of the week.

Cotton

North Delta upland cotton spot price quotes for December 14 were 78.31 cents/lb (41-4-34) and 80.31 cents/lb (31-3-35). Adjusted world price (AWP) was up 2.04 cents at 65.67 cents. Cotton net weekly sales reported by exporters were 57,800 bales for the 2023/24 marketing year and 13,600 bales for the 2024/25 marketing year. Exports for the same period were up 7% compared to last week at 148,700 bales. Upland cotton export sales were 70% of the USDA estimated total annual exports for the 2023/24 marketing year (August 1 to July 31), compared to the previous 5-year average of 75%. March 2024 cotton futures closed at 79.93 cents, down 1.51 cents since last Friday. For the week, March 2024 cotton futures traded between 79.83 and 82.5 cents. Mar/May and Mar/Dec cotton futures spreads were 0.76 cents and 2.27 cents. May 2024 cotton futures closed at 80.69 cents, down 1.35 cents since last Friday.

Cotton	Mar 24	Change	Dec 24	Change
Price	79.93	-1.51	77.66	-0.89
Support	78.67	-1.22	76.78	-0.76
Resistance	82.84	-1.07	79.40	-0.40
20 Day MA	80.52	0.15	77.93	0.13
50 Day MA	82.53	-0.71	79.10	-0.33
100 Day MA	74.60	-10.23	79.71	-0.06
4-Week High	83.13	0.00	79.44	0.00
4-Week Low	78.59	0.89	76.68	0.58
Technical Trend	Flat	-	Flat	+



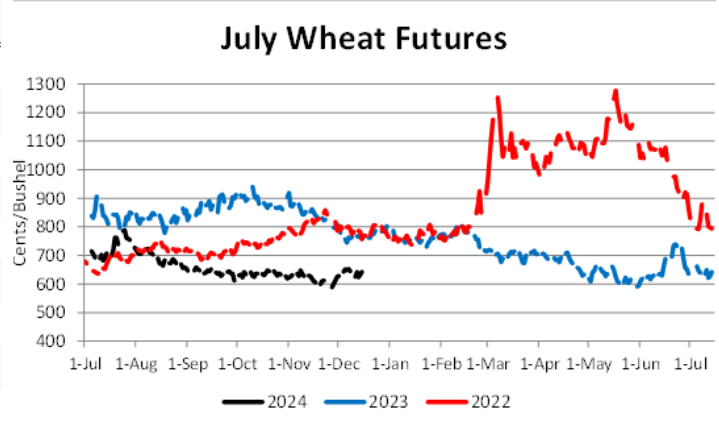
December 2024 cotton futures closed at 77.66 cents, down 0.89 cents since last Friday. Downside price protection could be obtained by purchasing a 78 cent December 2024 Put Option costing 5.24 cents establishing a 72.76 cent futures floor.

Wheat

Wheat net weekly sales reported by exporters were net sales of 54.8 million bushels for the 2023/24 marketing year – a marketing year high - and 0.7 million bushels for the 2024/25 marketing year. Exports for the same period were up 46% compared to last week at 10.6 million bushels. Wheat export sales were 74% of the USDA estimated total annual exports for the 2023/24 marketing year (June 1 to May 31), compared to the previous 5-year average of 75%. Wheat cash prices at elevators and barge points ranged from \$5.55 to \$6.18. March 2024 wheat futures closed at \$6.29, down 2 cents since last Friday. March 2024 wheat futures traded between \$6.02 and \$6.33 this week. March wheat-to-corn price ratio was 1.30. Mar/May and Mar/Jul future spreads were 10 and 15 cents. May 2024 wheat futures closed at \$6.39, down 1 cent since last Friday.

Crop Comments by Dr. Aaron Smith

Wheat	Mar 24	Change	Jul 24	Change
Price	\$6.29	-\$0.02	\$6.44	-\$0.01
Support	\$6.00	-\$0.18	\$6.18	-\$0.17
Resistance	\$6.38	-\$0.13	\$6.49	-\$0.10
20 Day MA	\$6.02	\$0.06	\$6.25	\$0.03
50 Day MA	\$6.01	\$0.03	\$6.29	\$0.01
100 Day MA	\$6.22	-\$0.08	\$6.48	-\$0.11
4-Week High	\$6.49	\$0.00	\$6.66	\$0.00
4-Week Low	\$5.56	\$0.00	\$5.86	\$0.00
Technical Trend	Up	=	Up	=



July 2024 wheat futures closed at \$6.44, down 1 cent since last Friday. Downside price protection could be obtained by purchasing a \$6.50 July 2024 Put Option costing 59 cents establishing a \$5.91 futures floor. New crop wheat cash prices at elevators and barge points ranged from \$5.93 to \$6.25.

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_mbb1_w.htm

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

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

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

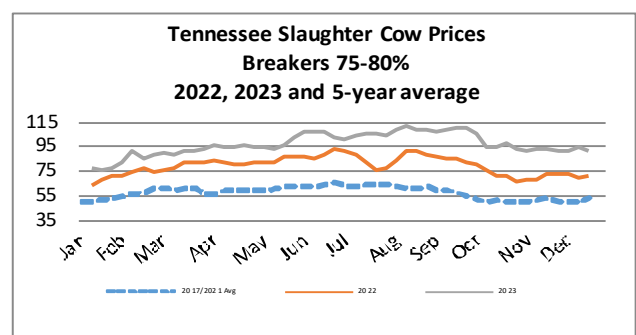
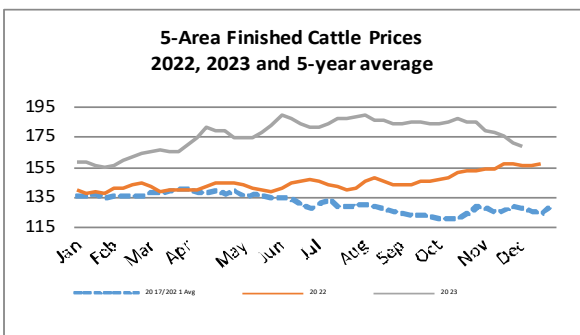
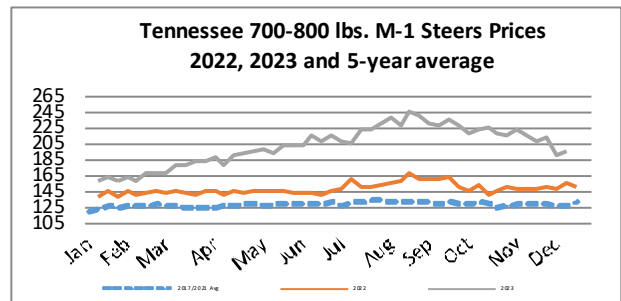
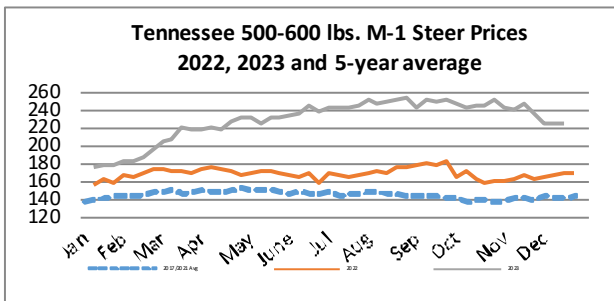
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

If you would like further information or clarification on topics discussed in the crop comments section or would like to be added to our free email list please contact me at aaron.smith@utk.edu.

Prices Paid to Farmers by Elevators

Friday, December 8, 2023---Thursday, December 14, 2023

	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	12.52	12.84	12.71	12.55	12.62
North Central	12.64	13.26	13.14	12.98	13.04
West Central					
West	13.09	13.41	13.29	13.18	13.24
Mississippi River	12.99	13.31	13.18	13.04	13.09
Yellow Corn					
Northwest	4.68	4.64	4.68	4.62	4.62
North Central		4.22	4.25	4.20	4.19
West Central					
West	4.86	4.82	4.85	4.80	4.79
Mississippi River	4.79	4.74	4.78	4.74	4.72
Wheat					
Northwest	5.82	5.60	5.76	5.55	5.66
North Central	5.67	5.75	5.91	5.70	5.81
West					
Mississippi River	6.18	6.02	6.18	5.97	6.07
Cotton	-----\$/pound-----				
Memphis	78.94-80.94	79.50-81.50	78.55-80.55	78.68-80.68	78.31-80.31



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, December 11, 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	217.50	280.00	258.00	247.71	184.38
400-500 lbs	217.50	262.50	232.25	243.40	179.31
500-600 lbs	200.00	242.50	222.88	222.84	168.70
600-700 lbs	190.00	236.00	208.00	201.75	158.93
700-800 lbs	172.50	200.00	193.10	188.85	153.00
Steers: Small Frame #1-2					
300-400 lbs	---	---	---	203.74	150.48
400-500 lbs	---	---	---	---	---
500-600 lbs	---	---	---	194.55	133.62
600-700 lbs	---	---	---	185.00	---
Steers: Medium/Large Frame #3					
300-400 lbs	197.50	245.00	227.74	233.20	164.72
400-500 lbs	180.00	227.00	225.74	210.65	159.82
500-600 lbs	180.00	216.00	203.26	199.10	146.95
600-700 lbs	165.00	210.00	185.54	177.21	138.59
700-800 lbs	160.00	183.00	172.50	167.27	137.74
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	82.50	98.00	89.87	93.08	68.57
Boners 80-85%	77.00	97.00	87.05	89.48	66.57
Lean 85-90%	70.50	87.00	77.26	78.74	58.72
Bulls YG 1	105.50	124.00	114.72	114.13	93.45
Heifers: Medium/Large Frame #1-2					
300-400 lbs	185.00	235.00	210.18	210.67	159.90
400-500 lbs	185.00	218.50	199.67	203.39	152.76
500-600 lbs	170.00	200.00	191.47	190.65	142.66
600-700 lbs	161.00	190.00	177.14	178.13	136.08
Heifers: Small Frame #1-2					
300-400 lbs	20.00	205.00	201.99	175.01	127.64
400-500 lbs	170.00	185.00	180.23	185.53	120.50
500-600 lbs	130.00	160.00	144.24	163.42	121.51
600-700 lbs	140.00	160.00	151.76	---	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs	152.50	220.00	192.88	189.03	143.39
400-500 lbs	152.50	200.00	182.73	190.38	132.76
500-600 lbs	140.00	182.00	168.99	173.31	131.24
600-700 lbs	135.00	175.00	161.27	157.58	120.62

Cattle Receipts

This week:5,916

Week ago:8,133

Year ago:8,015

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

Graded Sales, Video Board Sales, Video Sales & Loads

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

Weighted Average Report for 12/7/23

Total Receipts: 197

For complete report:

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

Browning Livestock Market Video/Internet Auction

- Lafayette, TN

Weighted Average Report for 12/13/23

Total Receipts: 405

For complete report:

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

East Tennessee Livestock Center - Sweetwater, TN

12/13/23

1 load out of 155 steers from BQA certified producer; Est weight 890 lbs; 95% L&M-1s and 5% L&M-2s; medium flesh; 100% BLK/BWF; \$202.75

Hardin County Stockyard - Savannah, TN

12/13/23

61 Steers, 877 lbs, M&L 1, 100% Black/BWF, 5-6 Flesh, \$207.25

Hardin County Stockyard Video Auction - Savannah, TN

Weighted Average Report for 12/13/23

Total Receipts: 180

For complete report:

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

Knoxville Livestock Center - Knoxville, TN

12/13/23

1 load ML 1 preconditioned Steers, 782 lbs., medium flesh, mostly black; \$214.50

2 loads ML 1 preconditioned Steers, 904 lbs., medium flesh, mixed colors; \$201.85

1 load ML 1 preconditioned Steers, 946 lbs., medium flesh, mixed colors; \$198.00

Graded Goat & Sheep Sale

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 12/11/23

Total Receipts: 1,229

For complete report:

https://www.ams.usda.gov/mnreports/ams_2081.pdf

Department of Agricultural and Resource Economics

314 Morgan Hall • 2621 Morgan Circle • arec.tennessee.edu

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

1-800-342-8206

Real. Life. Solutions.

UTIA INSTITUTE OF
AGRICULTURE
THE UNIVERSITY OF TENNESSEE