

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

February 2, 2024

Number: 5

Trends for the Week Compared to a Week Ago

Slaughter Cows

\$1 to \$7 higher

Slaughter Bulls

steady

Feeder Steers

sharply higher

Feeder Heifers

sharply higher

Feeder Cattle Index: 237.95

Fed Cattle

The 5-area live price on Thursday of \$177.74 was up \$2.35. The dressed price of \$279.43 up \$2.56.

Corn

March closed at \$4.42 a bushel, down 4 cents since last Friday.

Soybeans

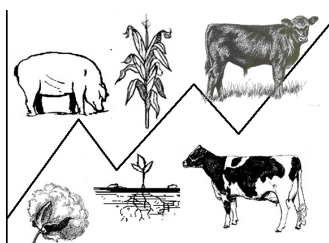
March closed at \$11.88 a bushel, down 21 cents since last Friday.

Wheat

March closed at \$5.99 a bushel, down 1 cent since last Friday.

Cotton

March closed at 87.11 cents per lb, up 2.65 cents since last Friday.



Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$2 to \$3 higher compared to last week on a live basis. Prices on a live basis were mainly \$176 to \$178 while prices on a dressed basis were mainly \$278 to \$280.

The 5-area weighted average prices thru Thursday were \$177.74 live, up \$2.35 compared to last week and \$279.43 dressed, up \$2.56 from a week ago. A year ago, prices were \$155.68 live and \$248.00 dressed.

Finished steer values this week are in excess of \$2,600 per head. This does not provide much profit margin for the packers paying these prices. From the feedlot perspective, they are replacing these animals with \$1,900 per head steers weighing 800 pounds. This swap provides \$700 to be used towards 600 to 700 pounds of gain on cattle entering the feedlot. Again, this does not appear to be a market where profits are overflowing. As cattle availability dwindles, especially when heifer retention begins, price levels will increase, but it may simply mean a smaller return on investment if margins do not improve. There could be continue consolidation the next couple of years if inefficient feedlots are squeezed.

BEEF CUTOUT: At midday Friday, the Choice cutout was \$293.32 down \$1.61 from Thursday and down \$7.23 from a week ago. The Select cutout was \$286.22 up \$2.97 from Thursday and down \$2.92 from last week. The Choice Select spread was \$7.10 compared to \$11.41 a week ago.

Choice boxed beef prices lost all of last week's gains plus some more. Last week's boxed beef prices were simply a weather premium due to reduced beef production caused by poor weather conditions across many regions of the country. Despite the lower prices this week, there is little to no concern as it relates to beef demand. This

does not mean the market is without concern considering the nominal price of beef and the general economic conditions influencing consumers domestically and internationally. However, beef demand has been resilient the past four years, and nothing is pointing towards breaking this resilience. It is again important to note the narrowing of the Choice Select spread as consumers focus is on items that are generally slow cooked including roasts and stew meat. There could be a few more weeks of the Choice Select spread narrowing, but there will be more interest in how wide the spread will be as beef production begins to decline year-over-year. It would be tough to commit to a record spread this year, but it will remain historically wide.

OUTLOOK: Based on weekly auction market averages, steer prices were sharply higher compared to last week while heifer prices also sharply higher compared to the previous week. Slaughter cow prices were \$1 to \$7 higher than the weighted average price from a week ago while bull prices were steady compared to the previous week. Do not read too deep into these price trends as they are compared to a week in which there were insufficient receipts to establish a robust trend. Despite limited receipts two weeks ago, it was clear there was strong demand for calves this week. It is likely this demand will remain strong as many winter cattle buyers are attempting to catch up after two weeks of slow cattle movement. Additionally, many spring and summer grazing operations begin buying cattle in February to avoid buying cattle at their peak price, which will typically occur in March or April for lightweight calves coming straight off the cow. Prices are clearly pointing higher compared to December, and there is no reason to expect prices to falter anytime

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

soon. There are certainly some in the industry who would warn against a price decline due to a number of reasons. If any of the arguments made by those industry participants are a concern to a person then producers can take advantage of the nice opportunities in the futures and options market or through Livestock Risk Protection insurance. There does come a point in which it is wise to not be greedy and take advantage of what the market is offering for prices at a future date. Thus, it will cost a few dollars to establish that highly profitable price, but it is a rather marginal cost compared to the profits that can be locked in today. For instance, nearly every feeder cattle futures contract is currently offering prices that if realized would set a new record for the CME feeder cattle index. It is difficult to predict markets with 100 percent certainty, but it would appear market participants are just now seeing the tip of the iceberg. There are certainly more fireworks in store for this market.

ASK ANDREW, TN THINK TANK: Should I sell a group of cattle now that have been straightened out and buy back lighter weight cattle, or should I keep the cattle I have now until they are true yearling cattle? There are several things to consider here. How much can be made on the cattle that are currently

owned today versus what will they make several months down the road compared to the profit from two different groups is the first question to answer. A second question to answer is if taking the risk of high risk cattle the next few months is really what a person wants to do. The simple math says swapping the 575 pound steer for a 375 pound mix of steers and bulls will return about \$500 per head. It probably will not cost that much to put \$200 pounds on them. However, holding the owned steers until they are 800 pounds will also increase net revenue by \$500. It will cost a little more to put that weight on, but it eliminates most of the costs associated with health. The profit side alone says make the trade today, but the small additional profit may not be worth the risk for most people.

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 \$180.55 +0.80; April \$183.75 +0.58; June \$181.78 +0.65; Feeder cattle –March \$244.80 -0.08; April \$250.20 -0.33; May \$255.28 -0.43; August \$270.08 -0.50; March corn closed at \$4.43 down 5 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

March corn futures have found some support near \$4.40, trading sideways for the past 14 days in a channel between \$4.36 and \$4.53. Large carryover stocks in the US and world will likely limit potential price increases. Weather in South America and planted acreage estimates in the US also have the potential to move prices up or down. For now, the most likely path forward is to continue sideways to down.

Nearby soybean futures have continued its freefall posting a new contract low of \$11.86 $\frac{3}{4}$ on Friday. Price direction continues to be dominated by news out of South America. The anticipated record crop in South America will continue to weigh on US domestic prices and reduce the US share of global exports. Marketing year low export sales this week are not a good indication for US exports. Soybean prices will continue to search for a bottom and new trading range. How low prices go will be determined by production estimates down South.

March cotton futures had a great week with prices increasing 2.65 cents. Prices were supported by marketing year high weekly sales with large purchases reported by China, Vietnam, and Pakistan. May and July futures broke above the upper bound of the long-term upper end of the range of 88 cents, however March has not breached that threshold yet. For nearby futures to push to 90 cents, export sales will need to continue to be robust.

Since Mid-August, July wheat has traded mostly between \$6.00 to \$6.55 with limited movement outside the trading channel. The trading range is likely to persist until more information on the Northern hemisphere winter crop is revealed. For now, expect price to trade within the established range.

	Previous	Current	Change
USD Index	103.26	103.78	0.53
Crude Oil	77.9	72.1	-5.8
DJIA	38,105	38,698	594

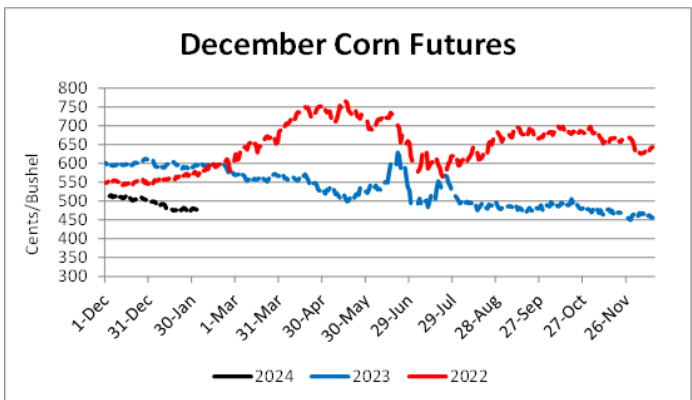
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Crop Comments by Dr. Aaron Smith

Corn

Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at Northwest, North-Central, and West-Central and weakened at West and Mississippi River elevators and barge points. Overall, basis for the week ranged from 50 under to 25 over, with an average of 7 under the March futures at elevators and barge points. Ethanol production for the week ending January 26 was 0.991 million barrels per day, up 173,000 from the previous week. Ethanol stocks were 24.27 million barrels, down 1.545 million barrels compared to last week. Corn net sales reported by exporters for January 19-25 were net sales of 47.5 million bushels for the 2023/24 marketing year and 1.4 million bushels for the 2024/25 marketing year. Exports for the same period were down 2% compared to last week at 35.9 million bushels. Corn export sales and commitments were 63% 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 70%. Cash prices for February-March delivery ranged from \$3.96 to \$4.72 at elevators and barge points. March 2024 corn futures closed at \$4.42, down 4 cents since last Friday. For the week March 2024 corn futures traded between \$4.36 and \$4.48. Mar/May and Mar/Dec future spreads were 11 and 34 cents. May 2024 corn futures closed at \$4.55, down 2 cents since last Friday.

Corn	Mar 24	Change	Dec 24	Change
Price	\$4.42	-\$0.04	\$4.76	\$0.00
Support	\$4.37	-\$0.05	\$4.73	\$0.01
Resistance	\$4.51	-\$0.05	\$4.81	-\$0.04
20 Day MA	\$4.49	-\$0.05	\$4.81	-\$0.06
50 Day MA	\$4.66	-\$0.05	\$4.97	-\$0.04
100 Day MA	\$4.81	-\$0.03	\$5.05	-\$0.02
4-Week High	\$4.69	-\$0.11	\$5.00	-\$0.09
4-Week Low	\$4.36	\$0.00	\$4.71	\$0.00
Technical Trend	Down	=	Down	=



December 2024 corn futures closed at \$4.76, unchanged since last Friday. Downside price protection could be obtained by purchasing a \$4.80 December 2024 Put Option costing 39 cents establishing a \$4.41 futures floor.

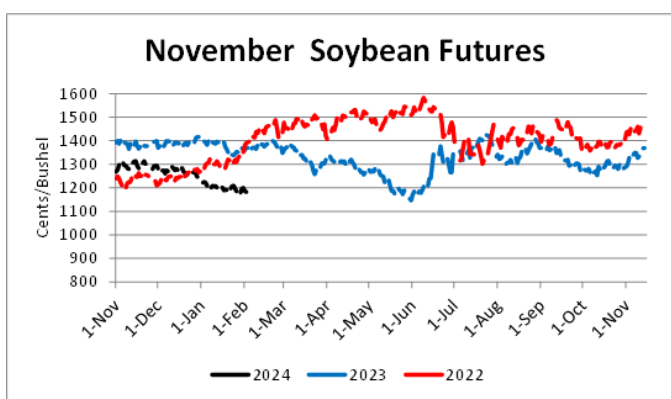
Soybeans

Across Tennessee average soybean basis weakened or remained unchanged at Northwest, West, West-Central, North-Central, and Mississippi River elevators and barge points. Basis ranged from 28 under to 40 over the March futures contract, with an average basis at the end of the week of 5 over. Soybean net weekly sales reported by exporters were net sales of 6.0 million bushels for the 2023/24 marketing year – a marketing year low and 0.05 million bushels for the 2024/25 marketing year. Exports for the same period were down 15% compared to last week at 34.9 million bushels. Soybean export sales and commitments were 80% 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 81%. March 2024 soybean futures closed at \$11.88, down 21 cents since last Friday. For the week March 2024 soybean futures traded between \$11.86 and \$12.23. Cash soybean prices for February-March at elevators and barge points ranged from \$12.08 to \$12.47. March 2024 soybean-to-corn price ratio was 2.69 at the end of the week. Mar/May and Mar/Nov future spreads were 10 and -17 cents. May 2024 soybean futures closed at \$11.98, down 18 cents since last Friday.

(Continued on page 4)

Crop Comments by Dr. Aaron Smith

Soybeans	Mar 24	Change	Nov 24	Change
Price	\$11.88	-\$0.21	\$11.71	-\$0.14
Support	\$11.73	-\$0.23	\$11.58	-\$0.22
Resistance	\$12.16	-\$0.44	\$11.95	-\$0.24
20 Day MA	\$12.23	-\$0.20	\$11.96	-\$0.12
50 Day MA	\$12.86	-\$0.18	\$12.41	-\$0.11
100 Day MA	\$13.13	-\$0.09	\$12.57	-\$0.05
4-Week High	\$12.80	-\$0.47	\$12.30	-\$0.40
4-Week Low	\$11.86	-\$0.15	\$11.70	-\$0.13
Technical Trend	Down	=	Down	=

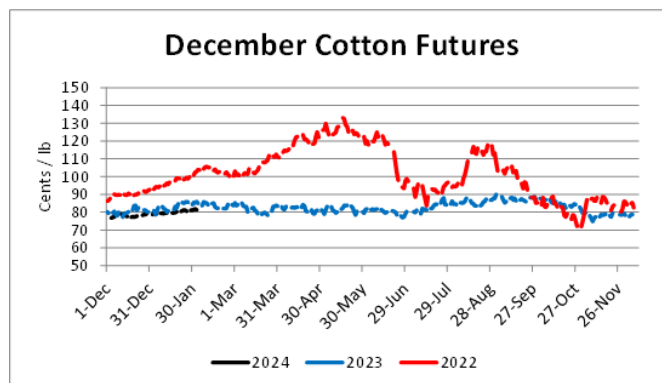


November 2024 soybean futures closed at \$11.71, down 14 cents since last Friday. Downside price protection could be achieved by purchasing an \$11.80 November 2024 Put Option which would cost 73 cents and set an \$11.07 futures floor. Nov/Dec soybean-to-corn price ratio was 2.46 at the end of the week.

Cotton

North Delta upland cotton spot price quotes for February 1 were 84.49 cents/lb (41-4-34) and 86.49 cents/lb (31-3-35). Adjusted World Price (AWP) increased 3.4 cents to 68.04 cents. Cotton net weekly sales reported by exporters were 349,400 bales for the 2023/24 marketing year and 25,200 for the 2024/25 marketing year. Exports for the same period were up 179% compared to last week at 396,700 bales – a marketing year high. Upland cotton export sales were 86% 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 87%. March 2024 cotton futures closed at 87.11 cents, up 2.65 cents since last Friday. For the week, March 2024 cotton futures traded between 83.65 and 87.32 cents. Mar/May and Mar/Dec cotton futures spreads were 1.04 cents and -5.19 cents. May 2024 cotton futures closed at 88.15 cents, up 2.43 cents since last Friday.

Cotton	Mar 24	Change	Dec 24	Change
Price	87.11	2.65	81.92	1.26
Support	85.22	3.15	80.58	0.75
Resistance	88.26	1.95	82.60	1.14
20 Day MA	83.32	1.24	80.40	0.60
50 Day MA	81.49	0.44	79.00	0.33
100 Day MA	83.38	-0.08	79.65	0.07
4-Week High	87.32	1.46	81.97	0.60
4-Week Low	79.59	0.08	78.75	0.83
Technical Trend	Up	=	Up	=



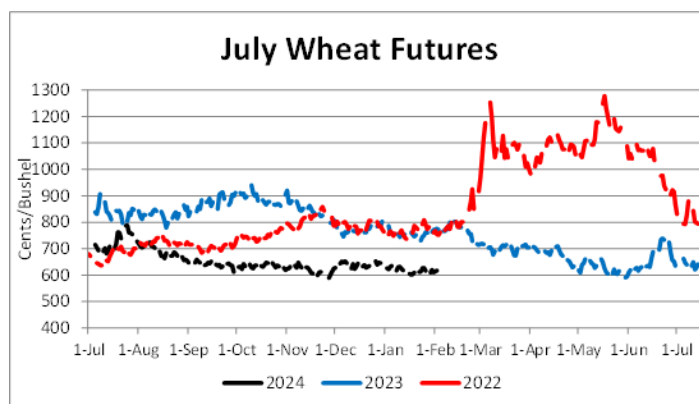
December 2024 cotton futures closed at 81.92 cents, up 1.26 cents since last Friday. Downside price protection could be obtained by purchasing an 82 cent December 2024 Put Option costing 5.06 cents establishing a 76.94 cent futures floor.

Wheat

Wheat net weekly sales reported by exporters were net sales of 11.8 million bushels for the 2023/24 marketing year and 0.6 million bushels for the 2024/25 marketing year. Exports for the same period were down 17% compared to last week at 9.8 million bushels. Wheat export sales were 86% 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 86%. Wheat cash prices at elevators and barge points ranged from \$5.75 to \$6.21. March 2024 wheat futures closed at \$5.99, down 1 cent since last Friday. March 2024 wheat futures traded between \$5.84 and \$6.11 this week. March wheat-to-corn price ratio was 1.36. Mar/May and Mar/Jul future spreads were 9 and 14 cents. May 2024 wheat futures closed at \$6.08, down 2 cents since last Friday.

Crop Comments by Dr. Aaron Smith

Wheat	Mar 24	Change	Jul 24	Change
Price	\$5.99	-\$0.01	\$6.13	-\$0.03
Support	\$5.86	-\$0.10	\$6.01	-\$0.09
Resistance	\$6.18	-\$0.04	\$6.28	-\$0.10
20 Day MA	\$5.99	-\$0.04	\$6.17	-\$0.05
50 Day MA	\$6.06	\$0.02	\$6.25	\$0.00
100 Day MA	\$6.04	-\$0.01	\$6.29	-\$0.01
4-Week High	\$6.21	-\$0.16	\$6.39	-\$0.14
4-Week Low	\$5.73	\$0.00	\$5.93	\$0.00
Technical Trend	Flat	+	Flat	+



July 2024 wheat futures closed at \$6.13, down 3 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.20 July 2024 Put Option costing 45 cents establishing a \$5.75 futures floor. New crop wheat cash prices at elevators and barge points ranged from \$5.79 to \$6.12.

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/

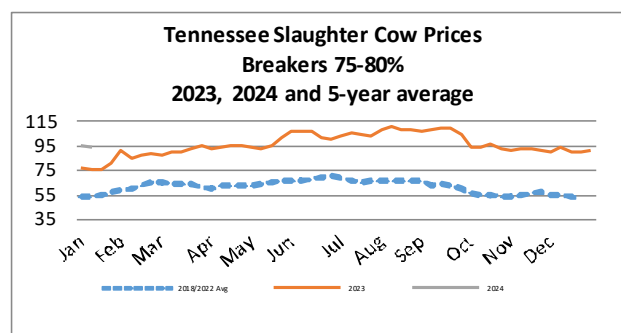
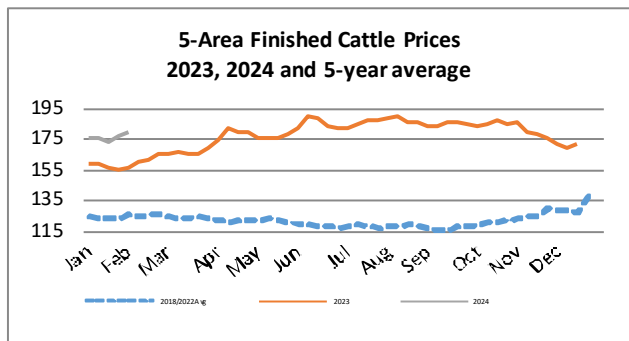
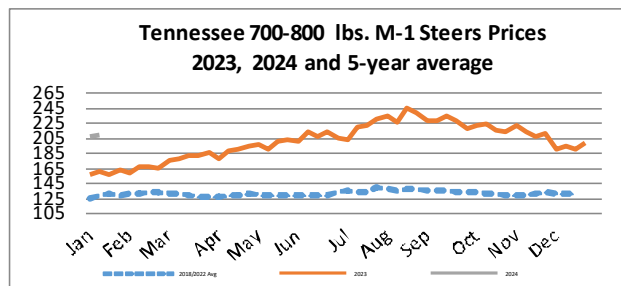
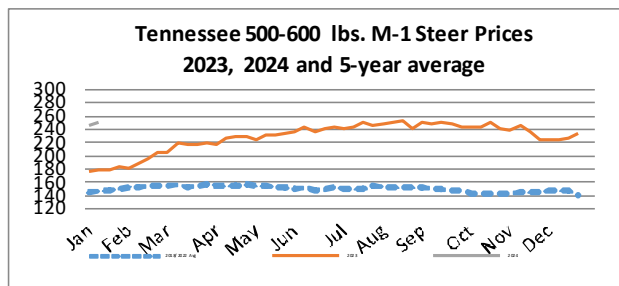
Crop Progress & Condition/

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 26, 2024---Thursday, February 1, 2024					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	11.82	11.67	11.91	11.95	11.76
North Central	12.24		12.29	12.32	12.13
West Central					
West	12.49	12.34	12.48	12.52	12.25
Mississippi River	12.41	12.22	12.43	12.45	12.19
Yellow Corn					
Northwest	4.31	4.25	4.33	4.33	4.37
North Central	3.96		3.98	3.98	3.97
West Central					
West	4.72	4.65	4.68	4.69	4.67
Mississippi River	4.64	4.59	4.61	4.62	4.60
Wheat					
Northwest					
North Central	6.15		6.21	6.10	
West					
Mississippi River	6.03	5.97	6.08	5.75	
Cotton	-----\$/pound-----				
Memphis	82.37-84.37	82.26-84.26	82.78-84.78	83.17-85.17	84.49-86.49



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 29, 2024

	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	225.00	315.00	284.92	---	202.89
400-500 lbs	235.00	300.00	268.22	---	195.45
500-600 lbs	230.00	276.00	252.86	---	181.52
600-700 lbs	210.00	242.50	226.78	---	165.41
700-800 lbs	194.00	237.50	210.88	---	162.13
Steers: Small Frame #1-2					
300-400 lbs	---	---	---	---	166.97
400-500 lbs	210.00	265.00	228.63	---	173.76
500-600 lbs	157.00	210.00	185.44	---	---
600-700 lbs	---	---	---	---	122.50
Steers: Medium/Large Frame #3					
300-400 lbs	207.50	265.00	238.52	---	178.16
400-500 lbs	205.00	247.50	231.53	---	170.61
500-600 lbs	201.00	235.00	221.56	---	154.44
600-700 lbs	180.00	227.50	204.55	---	141.86
700-800 lbs	164.00	200.00	183.00	---	147.00
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	96.00	122.00	107.28	---	80.63
Boners 80-85%	92.00	117.00	104.16	---	78.06
Lean 85-90%	76.00	107.00	92.12	---	66.16
Bulls YG 1	105.00	135.00	122.48	---	99.68
Heifers: Medium/Large Frame #1-2					
300-400 lbs	182.50	245.00	214.65	---	167.44
400-500 lbs	185.00	227.50	216.55	---	163.80
500-600 lbs	187.50	217.50	203.65	---	154.52
600-700 lbs	170.00	202.50	191.33	---	140.39
Heifers: Small Frame #1-2					
300-400 lbs	---	---	---	---	146.88
400-500 lbs	200.00	226.00	212.09	---	136.81
500-600 lbs	---	---	---	---	---
600-700 lbs	---	---	---	---	---
Heifers: Medium/Large Frame #2-3					
300-400 lbs	182.50	245.00	212.33	221.37	159.04
400-500 lbs	185.00	227.50	216.55	205.13	145.39
500-600 lbs	187.50	217.50	203.65	196.71	138.41
600-700 lbs	170.00	202.50	191.33	---	127.18

Cattle Receipts

This week:3,659

Week ago: ---

Year ago:5,212

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

1/25/24

Total Receipts: 367

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

Dickson Regional Livestock Center - Dickson, TN

1/29/24

14 Steers, 928 lbs, M&L 1, 100% Black/BWF, 5-6 Flesh, \$209.00

75 Heifers, 702 lbs, M&L 2&3, Mixed Breeds, 5 Flesh, \$189.00

75 Heifers, 709 lbs, M&L 1&2, 100% Black/BWF, 5 Flesh, \$221.75

65 Heifers, 820 lbs, M&L 1&2, 57-Black/BWF 4-ChX 4-Red/RWF, 5-6 Flesh, \$195.00

Knoxville Livestock Center - Knoxville, TN

1/30/24

1 load ML 1 preconditioned Heifers, 467 lbs., medium flesh, mostly black/black-shite-face, \$283.50

Browning Livestock Market Video/Internet Auction

- Lafayette, TN

1/31/24

Total Receipts: 388

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

Hardin County Stockyard Video Auction - Savannah, TN

1/31/24

Total Receipts: 78

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

Hardin County Stockyard - Savannah, TN

2/1/24

137 Heifers, 634 lbs, M&L 1, 136-Black/BWF 1-ChX, 4-5 Flesh, \$240.00

69 Heifers, 726 lbs, M&L 1, 100% Black/BWF, 5 Flesh, \$218.50

Graded Sales, Video Board Sales, Video Sales & Loads

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

Weighted Average Report for 2/2/24

For complete report:

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