

# Tennessee Market Highlights

**UTEXTENSION**  
INSTITUTE OF AGRICULTURE  
THE UNIVERSITY OF TENNESSEE

January 3, 2020

Number: 1

## Trends for the Week Compared to a Week Ago

### Slaughter Cows

### Slaughter Bulls

### Feeder Steers

### Feeder Heifers

Feeder Cattle Index: 143.60

### Fed Cattle

The 5-area live price on Thursday of \$124.85 was up \$2.96. The dressed price of \$197.04 was up \$5.04.

### Corn

March closed at \$3.86 a bushel, down 4 cents since last Friday.

### Soybeans

March closed at \$9.41 a bushel, unchanged since last Friday.

### Wheat

March closed at \$5.54 a bushel, down 2 cents since last Friday.

### Cotton

March closed at 69.2 cents per lb, up 0.28 cents since last Friday.

## Livestock Comments by Dr. Andrew P. Griffith

**FED CATTLE:** Fed cattle traded \$2 higher compared to last week on a live basis. Prices on a live basis were mainly \$124 to \$125 while dressed prices were mostly \$198 to \$199.

The 5-area weighted average prices thru Thursday were \$124.85 live, up \$2.96 from last week and \$197.04 dressed, up \$5.04 from a week ago. A year ago, prices were \$122.84 live and \$194.18 dressed.

The finished cattle market is starting the year strong as cattle feeders are more than happy to move cattle at higher prices and as packers continue to achieve strong margins. The market and feeding conditions are both far better than where they were a year ago. Market prices today are only a couple of dollars higher than the same week last year, but the cattle coming off feed right now were purchased much cheaper than the cattle coming off this time last year. At the same time, most cattle feeders are not dealing with the same wet and sloppy feeding conditions they had last year which resulted in a higher feed cost and lighter cattle coming off feed. Cattle feeders are ahead of where they were one year ago, but Mother Nature can change quickly.

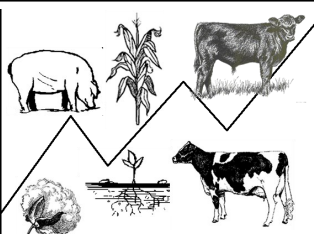
**BEEF CUTOUT:** At midday Friday, the Choice cutout was \$209.09 up \$0.84 from Thursday and down \$0.79 from two weeks ago. The Select cutout was \$205.49 up \$2.86 from Thursday and up \$4.52 from two weeks ago. The Choice Select spread was \$3.60 compared to \$8.91 two weeks ago.

It is fairly easy to see the shift in the quality grade of beef product being demanded compared to the beef market prior to Christmas. Retailers are beginning to pull on Select grade beef as winter rolls in and as consumers move to consumption of end cuts. The change is most evident in the narrowing of the

Choice Select spread which generally provides an indication of relative quantity supplied and demanded for Choice and Select beef. The expectation is for the Choice Select spread to continue narrowing through January and February before interest shifts back to middle meats. Despite the narrowing of the spread, this does not mean the demand for Choice beef has faltered. In fact, Choice beef demand remains strong and is expected to remain strong. The narrowing of the spread has more to do with strength in the Select beef market as slow cooking beef takes center stage in many households during the winter months. Retailers are not likely to find a soft spot in the wholesale beef price the next several months.

**OUTLOOK:** With Christmas and the new year holiday in the middle of two consecutive weeks, calf and feeder cattle trade essentially came to a complete halt for two weeks which means there are no price trends for these classes of cattle. Additionally, it makes it more difficult to know what a certain class of animal is worth today since there is little or no recent information on which to base it. Despite these shortcomings, weekly livestock auction markets will jump back in the game the first full week of January and calf offerings are expected to be strong the first two weeks of the year. There are several producers who have gotten in the habit of waiting until the first of the year to market the previous year's calf crop and that will be no different this year. Many of those producers will be looking to set wheels under those calves as quickly as possible to avoid having to feed those animals the rest of the winter and to reduce total herd feed needs. Calf prices do tend to start strengthening in January, but it generally takes a couple of

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## Livestock Comments by Dr. Andrew Griffith

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weeks for prices to start their strong spring ascension. With that thought in mind, it may be beneficial for many producers to hold the calves a few more weeks to see where prices head in January. Typically, the price for lightweight cattle continues to increase in February and March, but this is not a recommendation to hold calves until March. This is a recommendation to hold onto the reins a little longer to see if the market is going to move in the favor of those looking to market calves in the near term. On the opposite side of the coin is the buyer. Producers looking to secure inventory for spring grazing may benefit from buying calves earlier rather than later if they have a feed resource to utilize through the winter. Saving \$50 or \$60 per head on the purchase price of stocker cattle may be well worth feeding cattle in January and February compared to the larger capital outlay a couple of months down the road.

**ASK ANDREW, TN THINK TANK:** There have not been any questions directed toward me the past two weeks because of the holiday break. It is probably a good thing no one has asked me a question, because I would not have had time to answer it. Many readers of this article are aware that I keep a few stocker cattle and that stocker cattle can be a challenge. The group I received in Decem-

ber has definitely been a challenge. I have spent four weeks treating sick cattle and disposing of the ones that died, and I cannot say the struggle is complete. This struggle made me think about antibiotic stewardship. When I received the cattle, I dewormed and vaccinated all of the cattle. In that same working, I checked the temperature of each animal and those with a fever received an antibiotic and a fever reducer which was close to half of the animals. Since that time, an additional 30 percent of the animals have been treated with some of them not able to pull through. I just wonder how many would have been lost had antibiotics not been available. I can guarantee the price of beef at the retail level would increase if antibiotics were not available for animal agriculture.

Please send questions and comments to [agriff14@utk.edu](mailto: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 \$124.73 -1.05; April \$125.68 -0.80; June \$117.68 +1.03; Feeder cattle –January \$143.35 -1.30; March \$142.68 -1.05; April \$145.53 -0.98; May \$147.03 -1.00; March corn closed at \$3.87 down 5 cents from Thursday.

## Crop Comments by Dr. Aaron Smith

### Overview

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

Are new crop prices higher than this time last year? Looking at 2020 harvest contracts compared to 2019 harvest contracts as of closing December 31: July wheat was 45 cents higher; November soybeans were 43 ½ cents higher; December corn was 5 cents higher; and December cotton was 2.94 cents lower. Wheat, soybeans, and corn were up 8.6%, 4.7%, and 1.3%; and cotton was down 4.0%.

December corn contracts, in 2019 and 2020, averaged \$4.01 and \$3.97 for the month of December. Currently, December 2020 corn prices have traded between \$3.85 and \$4.15, continued trading in this range should be anticipated. Export sales pace, estimated at 39% of USDA projected marketing year exports compared to a five year average of 56%, and the likelihood of increased US planted acres in 2020 provide some concern that prices could decline. Commencing 2020 corn sales with harvest futures greater than \$4.10 is a prudent risk management strategy.

There is not much new in soybeans to begin 2020. Trade / U.S. export sales and South American production will continue to provide market direction. On Friday, the USDA released weekly export sales – a marketing year low for soybeans – resulting in double digit declines in soybean futures. Details of the Phase 1 agreement with China will be closely monitored by soybean traders. Expect continued volatility with the potential for abrupt and dramatic price movements. A wide trading range of \$9.20 to \$10.20 early in 2020 should be anticipated.

Cotton is currently moving in the opposite direction as a year ago. The 2019 harvest contract decreased from 78.04 cents on December 3, 2018 to 73.3 cents on December 31, 2018, down 4.74 cents. The 2020 harvest contract appreciated from 67.33 on December 2, 2019 to 70.36 cents on December 31, 2019, up 3.03 cents. Looking forward continued price appreciation will be

	Previous	Current	Change
USD Index	96.55	96.56	0.01
Crude Oil	61.72	63.07	1.35
DJIA	28,645	28,630	-15

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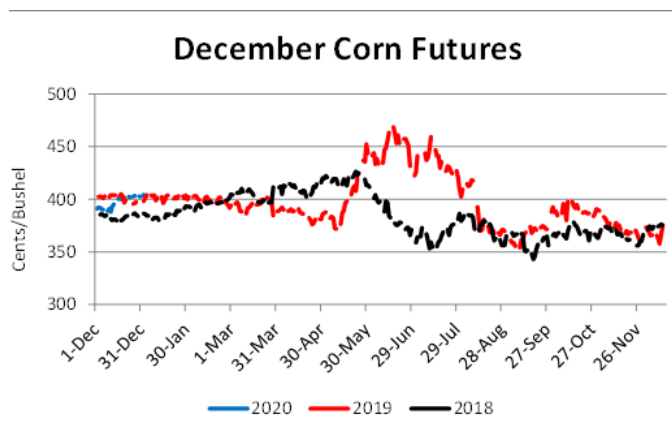
contingent on final U.S. production estimates, export sales pace, and global economic growth. A trading range of 68 to 74 cents in the short term should be expected.

July wheat futures are up over \$1.00 since September 3rd. With cash prices in Tennessee above \$6 sales new crop wheat should be strongly considered.

## Corn

Ethanol production for the week ending December 20 was 1.083 million barrels per day, up 19,000 from the previous week. Ethanol stocks were 21.469 million barrels, down 329,000 barrels compare to last week. Corn net sales reported by exporters for December 20-26 were down compared to last week with net sales of 20.9 million bushels for the 2019/20 marketing year and 0.3 million bushels for the 2020/21 marketing year. Exports for the same time period were up 35% from last week at 17.6 million bushels. Corn export sales and commitments were 39% of the USDA estimated total annual exports for the 2019/20 marketing year (September 1 to August 31) compared to the previous 5-year average of 56%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened at Memphis, Northwest Barge Points, Northwest, and Upper-middle Tennessee. Overall, basis for the week ranged from 11 under to 22 over with an average of 15 over the March futures at elevators and barge points. In Tennessee, January corn cash contracts averaged \$4.06 with a range of \$3.97 to \$4.16. March 2020 corn futures closed at \$3.86, down 4 cents since last Friday. For the week, March 2020 corn futures traded between \$3.85 and \$3.92. Mar/May and Mar/Dec future spreads were 7 and 14 cents. May 2020 corn futures closed at \$3.93, down 3 cents since last Friday.

Corn	Mar 20	Change	Dec 20	Change
Price	\$3.86	-\$0.04	\$4.00	-\$0.03
Support	\$3.81	-\$0.03	\$3.97	-\$0.01
Resistance	\$3.94	\$0.03	\$4.05	\$0.01
20 Day MA	\$3.84	\$0.01	\$3.98	\$0.02
50 Day MA	\$3.85	-\$0.01	\$3.98	-\$0.01
100 Day MA	\$3.86	-\$0.01	\$4.01	-\$0.01
4-Week High	\$3.92	\$0.01	\$4.04	\$0.00
4-Week Low	\$3.71	\$0.00	\$3.87	\$0.00
Technical Trend	Flat	-	Down	-



In Memphis, new crop cash corn contracts ranged from \$3.93 to \$3.98. December 2020 corn futures closed at \$4.00, down 3 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.10 December 2020 Put Option costing 32 cents establishing a \$3.78 futures floor.

## Soybeans

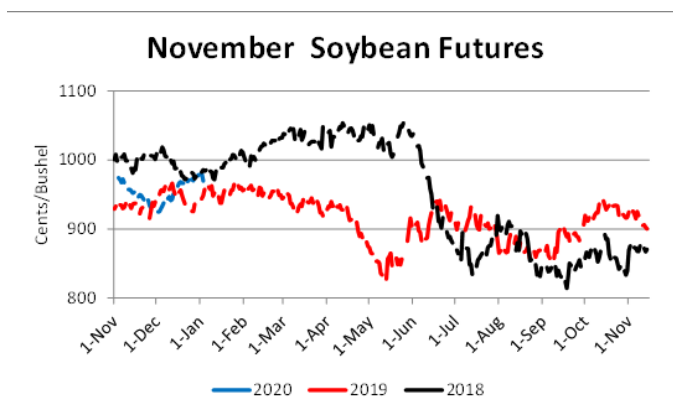
Net sales reported by exporters were down compared to last week with net sales of 12.1 million bushels for the 2019/20 marketing year and 0.06 million bushels for the 2020/21 marketing year. Exports for the same period were up 7% compared to last week at 39.6 million bushels. Soybean export sales and commitments were 61% of the USDA estimated total annual exports for the 2019/20 marketing year (September 1 to August 31), compared to the previous 5-year average of 76%. Average soybean basis strengthened or remained unchanged at Memphis and weakened at Northwest Barge Points, Northwest, and Upper-middle Tennessee. Basis ranged from 46 under to 18 over the March futures contract at elevators and barge points. Average basis at the end of the week was even the March futures contract. In Tennessee, January 2020 cash contracts ranged from \$9.24 to \$9.70. March 2020 soybean futures closed at \$9.41, unchanged since last Friday. For the week, March 2020 soybean futures traded between \$9.37 and \$9.61. Mar/May and Mar/Nov future spreads were 14 and 30 cents. May 2020 soybean futures closed at \$9.55, unchanged since last Friday. March soybean-to-corn price ratio was 2.44 at the end of the week.

In Memphis, new crop soybean cash contracts ranged from \$9.46 to \$9.71. Nov/Dec 2020 soybean-to-corn price ratio was 2.43 at the end of the week. November 2020 soybean futures closed at \$9.71, up 2 cents since last Friday. Downside price protection could be achieved by purchasing a \$9.80 November 2020 Put Option which would cost 51 cents and set a \$9.29 futures floor.

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## Crop Comments by Dr. Aaron Smith

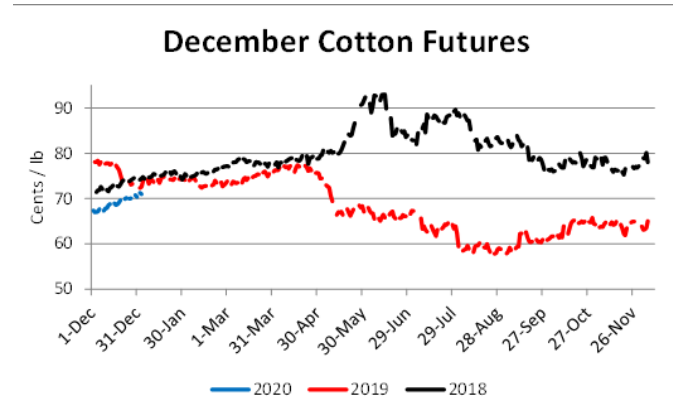
Soybeans	Mar 20	Change	Nov 20	Change
Price	\$9.41	\$0.00	\$9.71	\$0.02
Support	\$9.25	-\$0.06	\$9.58	-\$0.04
Resistance	\$9.64	\$0.09	\$9.88	\$0.10
20 Day MA	\$9.32	\$0.10	\$9.60	\$0.07
50 Day MA	\$9.29	\$0.00	\$9.57	\$0.01
100 Day MA	\$9.24	\$0.01	\$9.52	\$0.01
4-Week High	\$9.61	\$0.11	\$9.82	\$0.06
4-Week Low	\$8.86	\$0.04	\$9.25	\$0.03
Technical Trend	Up	=	Up	=



### Cotton

Net sales reported by exporters were up compared to last week with net sales of 246,200 bales for the 2019/20 marketing year and 19,400 bales for the 2020/21 marketing year. Exports for the same time period were up 11% compared to last week at 224,500 bales. Upland cotton export sales were 75% of the USDA estimated total annual exports for the 2019/20 marketing year (August 1 to July 31), compared to the previous 5-year average of 69%. Delta upland cotton spot price quotes for January 2 were 66.52 cents/lb (41-4-34) and 68.77 cents/lb (31-3-35). Adjusted World Price (AWP) increased 1.9 cents to 59.63 cents. March 2020 cotton futures closed at 69.2 cents, up 0.28 cents since last Friday. For the week, March 2020 cotton futures traded between 68.5 and 69.74 cents. Mar/May and Mar/Dec cotton futures spreads were 1.18 cents and 2.04 cents. May 2020 cotton futures closed at 70.38, up 0.3 cents since last Friday.

Cotton	Mar 20	Change	Dec 20	Change
Price	69.20	0.28	71.24	1.18
Support	67.99	-0.10	70.09	0.48
Resistance	70.21	0.46	71.93	1.30
20 Day MA	67.47	0.70	69.18	0.57
50 Day MA	66.35	0.22	68.25	0.25
100 Day MA	63.89	0.28	66.03	0.24
4-Week High	69.74	0.11	71.35	0.57
4-Week Low	64.05	0.03	66.61	0.09
Technical Trend	Strong Up	=	Strong Up	=



December 2020 cotton futures closed at 71.24, up 1.18 cents since last Friday. Downside price protection could be obtained by purchasing a 72 cent December 2020 Put Option costing 4.62 cents establishing a 67.38 cent futures floor.

### Wheat

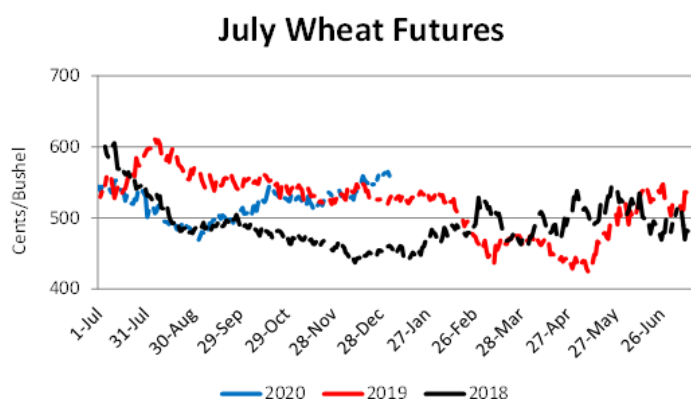
Wheat net sales reported by exporters were down compared to last week with net sales of 11.5 million bushels for the 2019/20 marketing year and 0.7 million bushels for the 20/21 marketing year. Exports for the same time period were up 33% from last week at 12.5 million bushels. Wheat export sales were 71% of the USDA estimated total annual exports for the 2019/20 marketing year (June 1 to May 31), compared to the previous 5-year average of 80%. March 2020 wheat futures closed at \$5.54, down 2 cents since last Friday. March 2020 wheat futures traded between \$5.51 and \$5.67 this week. March wheat-to-corn price ratio was 1.44. Mar/May and Mar/Jul future spreads were 3 and 6 cents. May 2020 wheat futures closed at \$5.57, down 1 cent since last Friday. May wheat-to-corn price ratio was 1.42.

In Tennessee, June/July 2020 cash contracts ranged from \$5.64 to \$6.06. July 2020 wheat futures closed at \$5.60, up 1 cent since last Friday. Downside price protection could be obtained by purchasing a \$5.70 July 2020 Put Option costing 40 cents establishing a \$5.30 futures floor.

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## Crop Comments by Dr. Aaron Smith

Wheat	Mar 20	Change	Jul 20	Change
Price	\$5.54	-\$0.02	\$5.60	\$0.01
Support	\$5.45	\$0.02	\$5.52	\$0.04
Resistance	\$5.66	-\$0.01	\$5.70	\$0.00
20 Day MA	\$5.41	\$0.04	\$5.47	\$0.05
50 Day MA	\$5.28	\$0.01	\$5.35	\$0.02
100 Day MA	\$5.10	\$0.02	\$5.18	\$0.02
4-Week High	\$5.67	\$0.03	\$5.71	\$0.04
4-Week Low	\$5.16	\$0.00	\$5.23	\$0.00
Technical Trend	Strong Up	=	Strong Up	=



### 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](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](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/](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](mailto:aaron.smith@utk.edu).



## Prices Paid to Farmers by Elevators

Friday, December 27, 2019---Thursday, January 2, 2020										
	Friday		Monday		Tuesday		Wednesday		Thursday	
	Low	High	Low	High	Low	High	Low	High	Low	High
<b>No. 2 Yellow Soybeans</b>	-----\$/bushel-----									
Memphis										9.70-9.74
N.W. B.P.	9.59-9.59		9.65-9.67		9.66-9.69				9.58-9.71	
N.W. TN	9.00-9.19		9.06-9.21		9.10-9.37				9.28-9.47	
Upper Md.	9.50-9.53		9.50-9.57		9.57-9.61				9.61-9.66	
<b>Yellow Corn</b>										
Memphis										4.07-4.14
N.W. B.P.	4.00-4.01		3.97-3.99		3.99-4.01				4.06-4.09	
N.W. TN	3.99-4.09		3.97-4.07		3.98-4.08				4.03-4.12	
Upper Md.	3.79-3.90		3.80-3.88		3.77-3.89				4.04-4.04	
<b>Wheat</b>										
Memphis										
<b>Cotton</b>										
Memphis	66.17-68.42		66.81-69.06		66.30-68.55				66.52-68.77	

## 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>

## Department of Agricultural and Resource Economics

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