

# Tennessee Market Highlights

**UT EXTENSION**  
INSTITUTE OF AGRICULTURE  
THE UNIVERSITY OF TENNESSEE

January 17, 2020

Number: 3

## Trends for the Week Compared to a Week Ago

### Slaughter Cows

\$1 to \$3 lower

### Slaughter Bulls

\$1 to \$3 lower

### Feeder Steers

steady to \$5 higher

### Feeder Heifers

\$2 to \$5 higher

### Feeder Cattle Index: 146.35

### Fed Cattle

The 5-area live price on Thursday of \$124.00. The dressed price of \$199.07 was up \$0.43.

### Corn

March closed at \$3.89 a bushel, up 4 cents since last Friday.

### Soybeans

March closed at \$9.29 a bushel, down 17 cents since last Friday.

### Wheat

March closed at \$5.70 a bushel, up 6 cents since last Friday.

### Cotton

March closed at 71.25 cents per lb, down 0.06 cents since last

## Livestock Comments by Dr. Andrew P. Griffith

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

The 5-area weighted average prices thru Thursday were \$124.00 live, even compared to last week and \$199.07 dressed, up \$0.43 from a week ago. A year ago, prices were \$125.00 live and \$197.00 dressed.

Following the strong run in finished cattle prices in December and a strong start to January, fed cattle prices have stagnated the past couple of weeks. Despite the appearance that prices have stalled, this should still be considered positive for cattle feeders. January and February are not known as strong beef demand months nor are they known for having the best finished cattle prices. The upside to current prices is that beef and cattle demand are strong in the spring which should bode well for the price of finished cattle moving into the spring. There remains potential for the cash market to trade over \$130 at some point, but cattle feeders are more concerned with maintaining strong prices over a longer period.

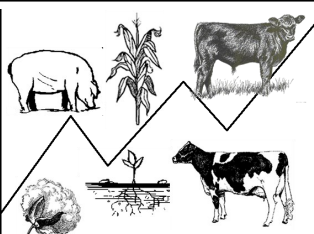
**BEEF CUTOUT:** At midday Friday, the Choice cutout was \$213.99 up \$1.09 from Thursday and up \$3.61 from last week. The Select cutout was \$206.84 up \$1.98 from Thursday and up \$6.61 from a week ago. The Choice Select spread was \$0.54 compared to \$3.54 two weeks ago.

The phase one trade agreement between the United States and China was completed this week, but it did not appear to positively influence agricultural markets. There is significant verbiage about China increasing their agricultural expenditures over the next couple of years, but none of the language is specific to what commodities will see increasing purchases. It is not likely that beef will be the big winner in the trade agreement with China as it re-

lates to direct shipments of beef to China. The United States ships very little beef to mainland China, and it is unlikely this agreement will change that. It is most likely that pork will witness the largest increase in purchases from China given their depleted pork supplies from African Swine Fever while the purchase of soybeans will also be on the top of the list. Despite the expectation that direct beef trade will not escalate quickly, moving more pork should support domestic meat protein prices and thus beef prices. What may be the most beneficial to U.S. beef exports is the depletion of the Australian cattle herd.

**OUTLOOK:** Based on Tennessee weekly auction market price averages, steer prices were steady to \$5 higher than last week while heifer prices were \$2 to \$5 higher compared to a week ago. Slaughter cow and slaughter bull prices were mainly \$1 to \$3 lower compared to the previous week. The positive price movement for calves and feeder cattle is just as expected moving from December into January. Demand for lightweight cattle is leading the market as calf prices are pushing higher. The mild temperatures that have been experienced in the Southeast United States may have calf prices escalating more quickly than is typical because some stocker operations may have more grass available this time of year than they normally would. The warmer than average temperatures and adequate moisture has definitely supported winter annual forage production, and producers who graze these species are definitely looking for animals to graze and manage the growth. With strong demand for lightweight calves in the market, it is important to note the increasingly strong demand for low risk cattle in today's market. Based on weekly auction market price averages, 525-pound value added steers brought \$12 more per hundredweight than nonvalue-added

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## Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

steers. This equates to the value-added steers bringing about \$60 more per head which more than pays for the vaccines and extra labor. This does not include the additional weight a producer may have achieved from a preconditioning program. Shifting to the slaughter cow market. Slaughter cow and bull prices softened this week which is an unexpected move. However, there is little to fear at this time since February is generally the month when slaughter cow prices begin to quickly escalate. Slaughter cow prices are sitting on a price of \$50 per hundredweight and there is a good chance they will jump over \$60 in the next few months with the biggest part of that increase coming in the next six to eight weeks.

**ASK ANDREW, TN THINK TANK:** Several questions have been asked in the past week, but one of them is a soapbox topic of mine. That question was how to get producers to wean calves and provide a solid animal health program. In other words, how can the industry persuade cattle producers to precondition cattle and do what is best for the animal. The simple answer to the question is that there is no incentive large enough to convince some producers to precondition cattle to set the cattle up for success down the road. I believe this statement is true because high risk cattle are already discounted relative to preconditioned cattle and there is even a cost share program in Tennessee to assist with animal health which means

producers are not responding to market incentives as one might expect. Thus, the real question may be, why do producers not precondition calves? I think the answer to this question is because cattle are secondary to most cattle producers. If something is not the primary source of income then there is a tendency to put less focus on it. 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 \$126.35 +0.23; April \$127.25 +0.83; June \$119.20 +0.35; Feeder cattle –January \$145.35 -0.08; March \$145.00 +0.18; April \$147.88 +0.08; May \$149.45 -0.15; March corn closed at \$3.89 up 14 cents from Thursday.

## Crop Comments by Dr. Aaron Smith

### Overview

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

The big agricultural news for the week was the signing of the Phase 1 trade agreement between China and the United States. Agriculture was a significant component of the agreement, with approximately 30 pages in the 96 page document (including text and tables), designated to agricultural commodities and related products. Unfortunately, specifics were limited, which caused agricultural markets to pull back on Wednesday and Thursday before rebounding Friday. Many market participants were looking for large export sale announcements for specific commodities to “kick-off” the new pact.

The agreement has the potential to be very beneficial for US agriculture, however it is difficult to determine the exact implications of the Phase 1 trade agreement for individual commodities due to the vagueness of the language and lack of specifics regarding commodity or product purchases. For example, the agreement indicates that China's purchases of US agricultural products, in 2020 and 2021, will be \$12.5 and \$19.5 billion greater than the 2017 baseline, however the baseline is not clearly defined. Is the baseline the \$24 billion in agriculture and forestry commodities and related products that the US sent to China in 2017? Are China's increased purchases (or the baseline) for the calendar year or an alternative annual interval? Additionally, no product specific purchases were disclosed. Many think that soybeans, cotton, sorghum, pork, beef, and poultry stand to gain substantial sales to China (a reasonable assumption). This is based on past US agricultural exports to China and anticipated increases in meat exports due to the impacts of African Swine Fever in China. However, not knowing the magnitude and timing of the sales for individual commodities makes market reaction challenging. Traders appear to want confirmation of export sales before markets move prices upward. For reference, in 2017, of the \$24 billion in agriculture commodities and products exported to China, soybeans accounted for \$12.2 billion (51%), cotton \$978 million (4%), and coarse grain, corn, and wheat for \$1.331 billion (5.5%).

	Previous	Current	Change
USD Index	97.08	97.36	0.28
Crude Oil	59.04	58.57	-0.47
DJIA	28,862	29,331	469

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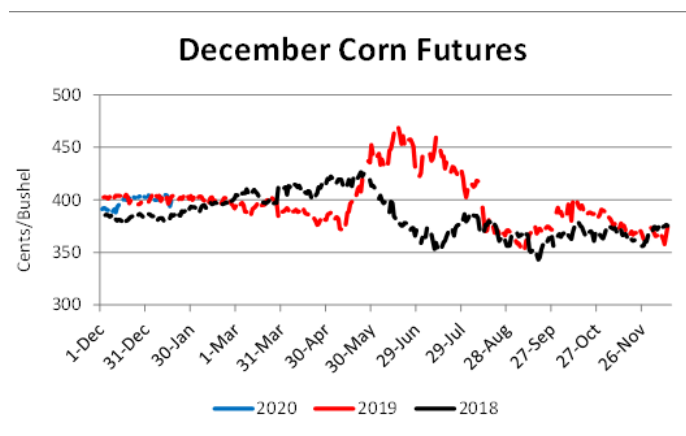
The Full 96 page Phase 1 Trade Agreement between China and US can be accessed at:

[https://ustr.gov/sites/default/files/files/agreements/phase%20one%20agreement/Economic And Trade Agreement Between The United States And China Text.pdf](https://ustr.gov/sites/default/files/files/agreements/phase%20one%20agreement/Economic%20And%20Trade%20Agreement%20Between%20The%20United%20States%20And%20China%20Text.pdf).

## Corn

Ethanol production for the week ending January 10 was 1.095 million barrels per day, up 33,000 from the previous week. Ethanol stocks were 23.006 million barrels, up 0.544 million barrels compare to last week. Corn net sales reported by exporters for January 3-9 were up compared to last week with net sales of 30.9 million bushels for the 2019/20 marketing year and 8.1 million bushels for the 2020/21 marketing year. Exports for the same time period were up 6% from last week at 21.4 million bushels. Corn export sales and commitments were 43% 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 58%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at Memphis, Northwest Barge Points, and Northwest Tennessee and weakened at Upper-middle Tennessee. Overall, basis for the week ranged from 12 under to 28 over, with an average of 18 over the March futures at elevators and barge points. March 2020 corn futures closed at \$3.89, up 4 cents since last Friday. For the week, March 2020 corn futures traded between \$3.75 and \$3.90. Mar/May and Mar/Dec future spreads were 6 and 13 cents. May 2020 corn futures closed at \$3.95, up 3 cents since last Friday.

Corn	Mar 20	Change	Dec 20	Change
Price	\$3.89	\$0.04	\$4.02	\$0.00
Support	\$3.67	-\$0.12	\$3.92	-\$0.04
Resistance	\$3.92	\$0.04	\$4.07	\$0.04
20 Day MA	\$3.86	\$0.00	\$4.01	\$0.01
50 Day MA	\$3.83	-\$0.01	\$3.97	-\$0.01
100 Day MA	\$3.86	\$0.00	\$4.01	\$0.00
4-Week High	\$3.92	\$0.00	\$4.04	\$0.00
4-Week Low	\$3.75	\$0.04	\$3.93	\$0.06
Technical Trend	Up	+	Up	=



In Tennessee, new crop cash corn contracts ranged from \$3.91 to \$4.14. December 2020 corn futures closed at \$4.02, unchanged since last Friday. Downside price protection could be obtained by purchasing a \$4.10 December 2020 Put Option costing 30 cents establishing a \$3.80 futures floor.

## Soybeans

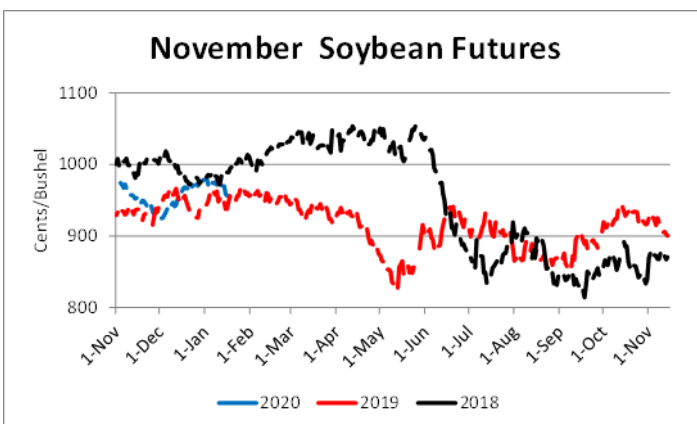
Net sales reported by exporters were up compared to last week with net sales of 26.1 million bushels for the 2019/20 marketing year. Exports for the same period were up 14% compared to last week at 47.0 million bushels. Soybean export sales and commitments were 63% of the USDA estimated total annual exports for the 2019/20 marketing year (September 1 to August 31), compared to the previous 5-year average of 78%. Average soybean basis strengthened at Memphis, Northwest Barge Points, Northwest, and Upper-middle Tennessee. Basis ranged from 26 under to 20 over the March futures contract at elevators and barge points. Average basis at the end of the week was 8 over the March futures contract. March 2020 soybean futures closed at \$9.296, down 17 cents since last Friday. For the week, March 2020 soybean futures traded between \$9.20 and \$9.49. Mar/May and Mar/Nov future spreads were 14 and 31 cents. May 2020 soybean futures closed at \$9.43, down 16 cents since last Friday. March soybean-to-corn price ratio was 2.39 at the end of the week.

In Tennessee, new crop soybean cash contracts ranged from \$9.20 to \$9.75. Nov/Dec 2020 soybean-to-corn price ratio was 2.39 at the end of the week. November 2020 soybean futures closed at \$9.60, down 14 cents since last Friday. Downside price protection could be achieved by purchasing a \$9.80 November 2020 Put Option which would cost 57 cents and set a \$9.23 futures floor.

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## Crop Comments by Dr. Aaron Smith

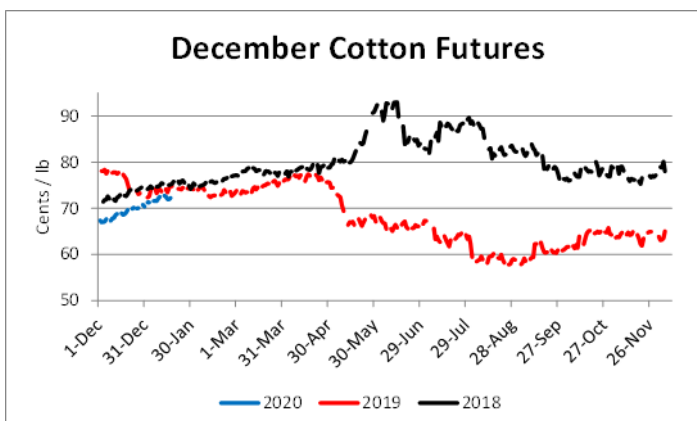
Soybeans	Mar 20	Change	Nov 20	Change
Price	\$9.29	-\$0.17	\$9.60	-\$0.14
Support	\$9.14	-\$0.16	\$9.48	-\$0.13
Resistance	\$9.41	-\$0.20	\$9.69	-\$0.16
20 Day MA	\$9.42	\$0.01	\$9.70	\$0.01
50 Day MA	\$9.27	-\$0.01	\$9.56	-\$0.01
100 Day MA	\$9.28	\$0.02	\$9.55	\$0.01
4-Week High	\$9.61	\$0.00	\$9.82	\$0.00
4-Week Low	\$9.20	\$0.18	\$9.53	\$0.17
Technical Trend	Down	-	Up	=



### Cotton

Net sales reported by exporters were up compared to last week with net sales of 232,900 bales for the 2019/20 marketing year and 14,500 bales for the 2020/21 marketing year. Exports for the same time period were up 43% compared to last week at 301,700 bales. Upland cotton export sales were 77% 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 73%. Delta upland cotton spot price quotes for January 16 were 67.47 cents/lb (41-4-34) and 69.72 cents/lb (31-3-35). Adjusted World Price (AWP) increased 1.32 cents to 61.4 cents. March 2020 cotton futures closed at 71.25 cents, down 0.06 cents since last Friday. For the week, March 2020 cotton futures traded between 69.73 and 71.96 cents. Mar/May and Mar/Dec cotton futures spreads were 0.94 cents and 1.12 cents. May 2020 cotton futures closed at 72.19, down 0.27 cents since last Friday.

Cotton	Mar 20	Change	Dec 20	Change
Price	71.25	-0.06	72.37	-0.11
Support	69.44	0.36	71.54	0.03
Resistance	72.28	0.62	72.86	-0.13
20 Day MA	69.70	1.02	71.16	0.90
50 Day MA	67.32	0.51	69.20	0.47
100 Day MA	64.96	0.56	66.95	0.48
4-Week High	71.96	0.57	73.00	0.50
4-Week Low	66.25	0.91	68.30	0.80
Technical Trend	Strong Up	=	Strong Up	=



December 2020 cotton futures closed at 72.37, down 0.11 cents since last Friday. Downside price protection could be obtained by purchasing a 73 cent December 2020 Put Option costing 4.85 cents establishing a 68.15 cent futures floor.

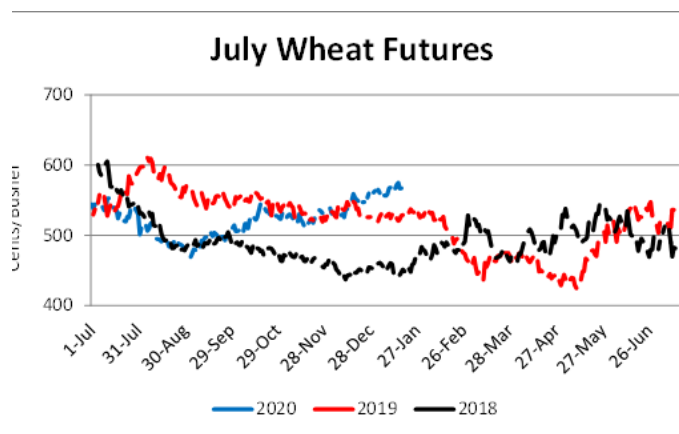
### Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 23.9 million bushels for the 2019/20 marketing year and 2.2 million bushels for the 2020/21 marketing year. Exports for the same time period were up 30% from last week at 16.9 million bushels. Wheat export sales were 74% 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 82%. March 2020 wheat futures closed at \$5.70, up 6 cents since last Friday. March 2020 wheat futures traded between \$5.58 and \$5.78 this week. March wheat-to-corn price ratio was 1.47. Mar/May and Mar/Jul future spreads were 1 and 0 cent. May 2020 wheat futures closed at \$5.71, up 5 cents since last Friday. May wheat-to-corn price ratio was 1.45.

In Tennessee, June/July 2020 cash contracts ranged from \$5.70 to \$6.14. July 2020 wheat futures closed at \$5.70, up 2 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.80 July 2020 Put Option costing 41 cents establishing a \$5.39 futures floor.

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Wheat	Mar 20	Change	Jul 20	Change
Price	\$5.70	\$0.06	\$5.70	\$0.02
Support	\$5.60	\$0.12	\$5.63	\$0.09
Resistance	\$5.77	\$0.07	\$5.77	\$0.02
20 Day MA	\$5.56	\$0.06	\$5.60	\$0.05
50 Day MA	\$5.37	\$0.05	\$5.42	\$0.04
100 Day MA	\$5.18	\$0.04	\$5.25	\$0.04
4-Week High	\$5.78	\$0.10	\$5.79	\$0.07
4-Week Low	\$5.38	\$0.22	\$5.44	\$0.21
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\\_mbbi\\_w.htm](https://www.eia.gov/dnav/pet/pet_sum_sndw_a_EPOOXE_sae_mbbi_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/)

[Crop Progress & Condition/](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>

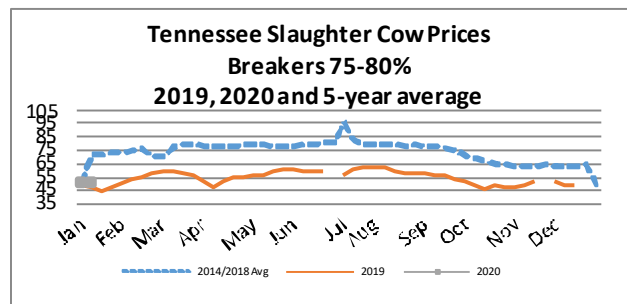
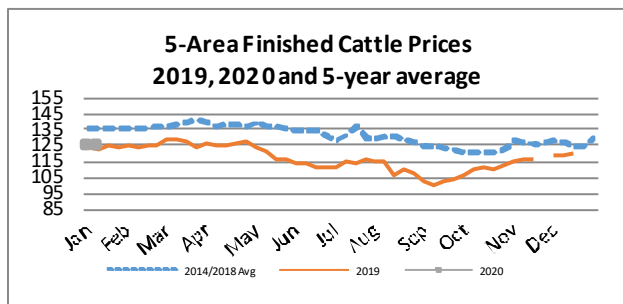
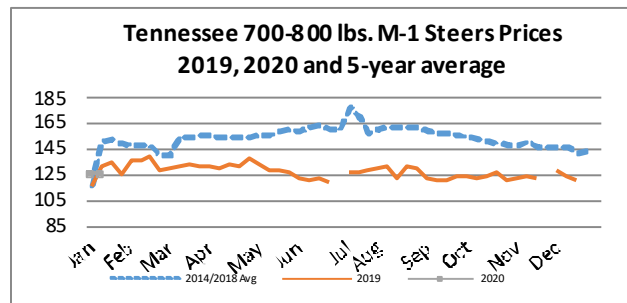
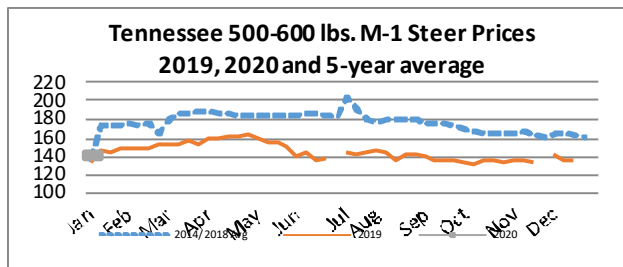
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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, January 10, 2020---Thursday, January 16, 2020									
		Friday		Monday		Tuesday		Wednesday		Thursday	
		Low	High	Low	High	Low	High	Low	High	Low	High
No. 2 Yellow Soybeans		-----\$/bushel-----									
	Memphis	9.64		9.60-9.62		9.60-9.62		9.47-9.49		9.42-9.44	
	N.W. B.P.	9.61-9.63		9.59-9.62		9.60-9.62		9.47-9.48		9.44-9.44	
	N.W. TN	9.19-9.37		9.16-9.37		9.17-9.37		9.15-9.37		9.08-9.37	
	Upper Md.	9.49-9.54		9.49-9.51		9.48-9.52		9.39-9.47		9.30-9.34	
Yellow Corn											
	Memphis	4.06-4.11		4.10-4.15		4.09-4.14		4.08-4.13		3.96-4.01	
	N.W. B.P.	4.04-4.05		4.08-4.09		4.09-4.09		4.07-4.07		3.96-3.97	
	N.W. TN	3.99-4.04		4.03-4.08		4.03-4.09		4.02-4.07		3.91-4.03	
	Upper Md.	3.97-3.97		4.01-4.01		3.77-4.01		3.79-3.99		3.73-3.88	
Wheat											
	Memphis										
Cotton											
	Memphis	68.56-70.81		68.78-71.03		68.63-70.88		67.57-69.82		67.47-69.72	



## 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 Friday, January 17, 2020

	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	142.00	175.00	160.28	159.51	154.40
400-500 lbs	139.00	171.00	154.04	151.64	150.25
500-600 lbs	124.00	155.00	140.11	139.79	142.34
600-700 lbs	120.00	145.00	133.75	131.49	143.87
700-800 lbs	117.00	135.00	125.59	125.65	134.41
Steers: Small Frame #1-2					
300-400 lbs	125.00	152.50	140.41	144.40	143.25
400-500 lbs	122.50	152.50	137.80	140.60	128.41
500-600 lbs	104.00	137.50	120.65	131.40	120.74
600-700 lbs	---	---	---	118.09	---
Steers: Medium/Large Frame #3					
300-400 lbs	110.00	165.00	140.40	141.39	139.25
400-500 lbs	123.00	152.50	136.71	139.71	136.17
500-600 lbs	113.00	140.00	129.08	125.28	129.71
600-700 lbs	110.00	127.50	120.23	119.27	120.91
700-800 lbs	100.00	116.00	108.35	113.15	106.68
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	43.00	60.00	50.05	49.97	43.71
Boners 80-85%	38.50	59.50	49.85	50.97	44.11
Lean 85-90%	33.00	47.50	40.84	41.03	133.12
Bulls YG 1	60.00	77.00	69.85	70.30	66.12
Heifers: Medium/Large Frame #1-2					
300-400 lbs	114.00	147.50	131.22	130.24	128.23
400-500 lbs	110.00	138.00	126.98	124.92	124.62
500-600 lbs	105.00	131.00	121.12	120.80	118.61
600-700 lbs	100.50	132.00	115.23	115.04	114.40
Heifers: Small Frame #1-2					
300-400 lbs	112.00	132.50	121.71	126.40	---
400-500 lbs	110.00	122.50	118.47	118.90	107.87
500-600 lbs	---	---	---	114.81	104.84
600-700 lbs	---	---	---	103.07	---
Heifers: Medium/Large Frame #3					
300-400 lbs	105.00	142.50	121.42	124.90	123.67
400-500 lbs	108.00	129.00	118.24	120.87	115.65
500-600 lbs	102.00	123.00	111.34	109.35	108.54
600-700 lbs	96.00	121.00	108.95	105.49	99.35

Cattle Receipts

This week:7,613

Week ago:9,330

Year ago:7,296 (8)

## Graded Sales, Video Board Sales, Video Sales & Loads

### Lower Middle TN Cattlemen's Video Board Sale

Columbia, TN 1/11/2020

[https://www.ams.usda.gov/mnreports/nv\\_ls184.txt](https://www.ams.usda.gov/mnreports/nv_ls184.txt)

### East TN Livestock Center Graded Feeder Sale Sweetwater, TN

Weighted Average Report for 1/11/2020

Receipts: 817

For complete report:

[https://www.ams.usda.gov/mnreports/  
lst\\_mars\\_2073.pdf](https://www.ams.usda.gov/mnreports/lst_mars_2073.pdf)

### East TN Livestock Center Video/Board Sale

Sweetwater, TN

Weighted Average Report for 01/15/2020

1 load of 59 steers, avg. wt. 815lbs.; \$142.00

1 load of 65 heifers, avg. wt. 735lbs.; \$134.50

## Graded Sheep & Goat Sale

### Columbia Graded Sheep and Goat Sale

Weighted Average Report for 1/13/2020

Receipts:

For complete report:

[https://www.ams.usda.gov/mnreports/  
lst\\_mars\\_2081.pdf](https://www.ams.usda.gov/mnreports/lst_mars_2081.pdf)

## Department of Agricultural and Resource Economics

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USDA / Tennessee Department of Agriculture Market News Service <http://www.tennessee.gov/agriculture/article/ag-farms-market-news>

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