

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

January 24, 2020

Number: 4

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: 144.86

Fed Cattle

The 5-area live price on Thursday of \$124.28 was up \$0.28. The dressed price of \$198.86 was down \$0.21.

Corn

March closed at \$3.87 a bushel, down 2 cents since last Friday.

Soybeans

March closed at \$9.02 a bushel, down 27 cents since last Friday.

Wheat

March closed at \$5.73 a bushel, up 3 cents since last Friday.

Cotton

March closed at 69.4 cents per lb, down 1.85 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 \$124.28 live, up \$0.28 compared to last week and \$198.86 dressed, down \$0.21 from a week ago. A year ago, prices were \$123.04 live and \$196.49 dressed.

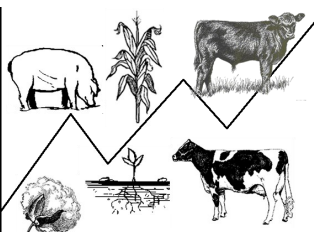
There is little to say concerning finished cattle this week as prices continue to be steady compared to the past several weeks. Alternatively, there is something to say about live cattle futures prices. The April live cattle contract had been trading above the February contract price which is expected heading into the spring. However, trade on Thursday sent the April contract price into a nose dive and trading below the February contract. When today's price is higher than tomorrow's price then the market is telling owners that they want the product now. Thus, feedlots may find it advantageous to pull cattle off feed slightly earlier than anticipated since prices are relatively strong compared to expectations moving forward.

BEEF CUTOUT: At midday Friday, the Choice cutout was \$214.78 down \$0.54 from Thursday and up \$0.79 from last week. The Select cutout was \$206.84 down \$0.76 from Thursday and down \$3.01 from a week ago. The Choice Select spread was \$4.34 compared to \$0.54 a week ago. The monthly cold storage report was released this week with only one surprise. Beef in cold storage was not the surprise. Total beef in cold storage at the end of December totaled 481 million pounds which is up about 3 million pounds from November but over 14 million pounds less than December 2018. Pork was the surprise. Pork in cold storage generally declines during the fourth quarter of the year as holiday sales tend to move a lot pork. However, the decline in

pork cold storage stocks that was experienced from October to November was not sustained moving from November to December. Actually, the quantity of pork in cold storage increased from November to December by 6 million pounds to nearly 581 million pounds which is nearly 76 million pounds more than December 2018. Maybe the increase in cold storage was not a total surprise given extremely strong pork production in 2019. Fourth quarter pork production in 2019 was more than 105 million pounds greater than the same quarter of 2018 which may be part of the reason for the increase.

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. It would appear that grass cattle are already in strong demand as prices of both lightweight steers and heifers have made strong positive price movements the past two weeks. It would appear that cattle under 500 pounds are garnering the most attention as that is where the largest price gains have been experienced. If one simply evaluates the value of gain using weekly auction price averages, a cattle buyer could have purchased the additional 50 pounds from 475 to 525 pounds for as little as \$0.52 per pound on steers and \$0.47 per pound on heifers whereas the additional 50 pounds from 425 to 475 pound animals would have been purchased for \$1.18 per pound for steers and \$1.26 for heifers. In this specific market, it is easy to identify what producers are looking for and that is lighter weight calves that are in thin flesh. Buyers are looking for calves that will take off and gain weight in a hurry. This does not mean that producers should be selling light-

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

weight and thin fleshed calves. Doing this would mean that a producer is leaving easy pounds on the table and not marketing those pounds. The current price movement bodes well for the late winter and early spring market as prices are expected to move even higher. As the market moves toward March, slightly heavier calves will be in a little stronger demand. Given that 525 pound steers averaged \$773 per head this week, it will only take \$5 more per hundredweight to achieve \$800 per head. However, if the market finds the expected support moving into March and April then these same steer values may end up peaking between \$820 and \$840 per head. How long the strength is sustained is the more pressing question. The January cattle on feed report for feedlots with a 1000 head or more capacity indicated cattle and calves on feed as of January 1, 2019 totaled 11.96 million head, up 2.3% compared to a year ago, with the pre-report estimate average expecting an increase of 2.1%. December placements in feedlots totaled 1.83 million head, up 3.5% from a year ago with the pre-report estimate average expecting placements up 3.3%. December marketing's totaled 1.83 million head up 5.3% from 2018 with pre-report estimates expecting a 5.3% increase in marketings. Placements on feed by weight: under 700 pounds up 1.7%, 700 to 899 pounds up 3.1%, 900 pounds and over up 14.3%.

ASK ANDREW, TN THINK TANK: couple of questions came in this week concerning Walmart opening a beef packing facility in Georgia. The questions were concerning how the new facility would influence cattle prices. The short answer is that the opening of this facility is not likely to change cattle prices much at all. The reason prices are not expected to change much is because it does not really change supply and demand of beef. Walmart is partnering with a single seedstock operation, a specific feedlot, and a specific slaughter facility at which time the Walmart facility will take delivery and perform further processing and packaging for the Walmart brand. Thus, the processing facility will create competition with other processing facilities and at the retail level. However, it is not likely that this will shift demand or supply enough to really influence cattle prices at the calf and yearling stages of production. The people this will impact are those producers who are using the seedstock producer's genetics and providing cattle to the program. 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 \$124.85 +0.18; April \$124.30 +0.13; June \$116.03 -0.30; Feeder cattle –January \$141.85 -0.93; March \$139.68 -0.85; April \$142.50 -0.98; May \$144.48 -0.68; March corn closed at \$3.87 down 7 cents from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Since the U.S.-China Phase 1 trade agreement was signed on January 15, March soybean futures are down 39 ¾ cents and November soybean futures are down 29 ½ cents. First, it is important to point out that market reaction to one event does not occur in a vacuum. The price reduction shown in the futures market is a culmination of many factors --South American weather/production potential being another dominant influence in soybean markets the past two weeks. However, one can easily argue that market expectations prior to the release of the text were not met on January 15. The magnitude of the agreement for agriculture -- increased exports to China over the 2017 baseline of at least \$12.5 and \$19.5 billion for 2020 and 2021 -- were as much as most could realistically hope for, and are undoubtedly a very good thing for the U.S. agricultural economy as a whole, if they are realized. Where market expectations were found lacking was in the agreement details. No product specific purchases will be released. There are numerous combinations of product purchases that could be made to achieve the total increase (this lack of detail will make it difficult for traders to front load markets ahead of anticipated Chinese purchases). Other phrases in the agreement like, "The Parties acknowledge that purchases will be made at market prices based on commercial considerations and that market conditions, particularly in the case of agricultural goods, may dictate the timing of purchases within any given year" and "If China believes that its ability to fulfill its obligations under this Chapter is being affected by an action or inaction by the United States or by other circumstances arising in the United States, China is entitled to request consultations with the United States", make timing of sales and enforcement of purchases challenging to predict and make sound, immediate trading decisions for commodities. With all of that being said, without substantial increases of U.S. soybean exports to China it is difficult to see a path for China to meet the mandated total import sales of U.S. agricultural commitments under Phase 1.

	Previous	Current	Change
USD Index	97.36	97.64	0.28
Crude Oil	58.57	54.21	-4.36
DJIA	29,331	29,013	-318

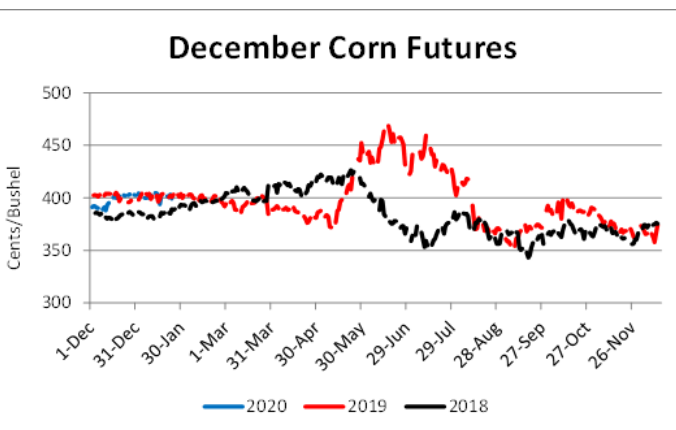
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So, when will China ramp up soybean purchases? Will lower prices trigger soybean purchases? How large will the purchases be? Unfortunately, good answers to these questions are not available, but USDA export sales inspections data and weekly export sales and shipments reports will be closely monitored for hints of aggressive Chinese buying for several commodities.

Corn

Ethanol production for the week ending January 17 was 1.049 million barrels per day, down 46,000 from the previous week. Ethanol stocks were 24.031 million barrels, up 1.025 million barrels compare to last week. Corn net sales reported by exporters for January 10-16 were up compared to last week with net sales of 39.6 million bushels for the 2019/20 marketing year and 0.1 million bushels for the 2020/21 marketing year. Exports for the same time period were down 28% from last week at 15.4 million bushels. Corn export sales and commitments were 45% 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 61%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at Memphis, Northwest Barge Points, Northwest, and Upper-middle Tennessee. Overall, basis for the week ranged from 15 under to 25 over, with an average of 15 over the March futures at elevators and barge points. March 2020 corn futures closed at \$3.87, down 2 cents since last Friday. For the week, March 2020 corn futures traded between \$3.84 and \$3.94. Mar/May and Mar/Dec future spreads were 5 and 11 cents. May 2020 corn futures closed at \$3.92, down 3 cents since last Friday.

Corn	Mar 20	Change	Dec 20	Change
Price	\$3.87	-\$0.02	\$3.98	-\$0.04
Support	\$3.82	\$0.15	\$3.94	\$0.02
Resistance	\$3.95	\$0.03	\$4.04	-\$0.03
20 Day MA	\$3.87	\$0.01	\$4.01	\$0.00
50 Day MA	\$3.83	\$0.00	\$3.97	\$0.00
100 Day MA	\$3.87	\$0.01	\$4.01	\$0.00
4-Week High	\$3.94	\$0.02	\$4.04	\$0.00
4-Week Low	\$3.75	\$0.00	\$3.93	\$0.00
Technical Trend	Up	=	Down	-



In Tennessee, new crop cash corn contracts ranged from \$4.00 to \$4.19. December 2020 corn futures closed at \$3.98, down 4 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.00 December 2020 Put Option costing 26 cents establishing a \$3.74 futures floor.

Soybeans

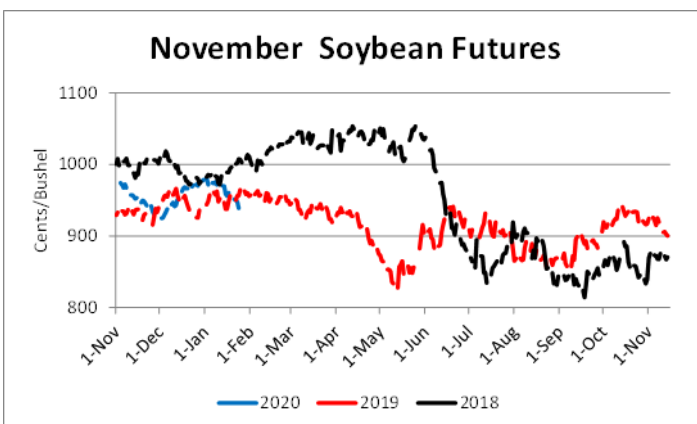
Net sales reported by exporters were up compared to last week with net sales of 29.0 million bushels for the 2019/20 marketing year and 4.4 million bushels for the 2020/21 marketing year. Exports for the same period were down 13% compared to last week at 38.7 million bushels. Soybean export sales and commitments were 65% 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 79%. Average soybean basis strengthened at Memphis, Northwest Barge Points, Northwest, and Upper-middle Tennessee. Basis ranged from 15 under to 33 over the March futures contract at elevators and barge points. Average basis at the end of the week was 16 over the March futures contract. March 2020 soybean futures closed at \$9.02, down 27 cents since last Friday. For the week, March 2020 soybean futures traded between \$9.00 and \$9.31. Mar/May and Mar/Nov future spreads were 13 and 36 cents. May 2020 soybean futures closed at \$9.15, down 28 cents since last Friday. March soybean-to-corn price ratio was 2.33 at the end of the week.

In Tennessee, new crop soybean cash contracts ranged from \$9.08 to \$9.56. Nov/Dec 2020 soybean-to-corn price ratio was 2.36 at the end of the week. November 2020 soybean futures closed at \$9.38, down 22 cents since last Friday. Downside price protection could be achieved by purchasing a \$9.40 November 2020 Put Option which would cost 45 cents and set an \$8.95 futures floor.

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Crop Comments by Dr. Aaron Smith

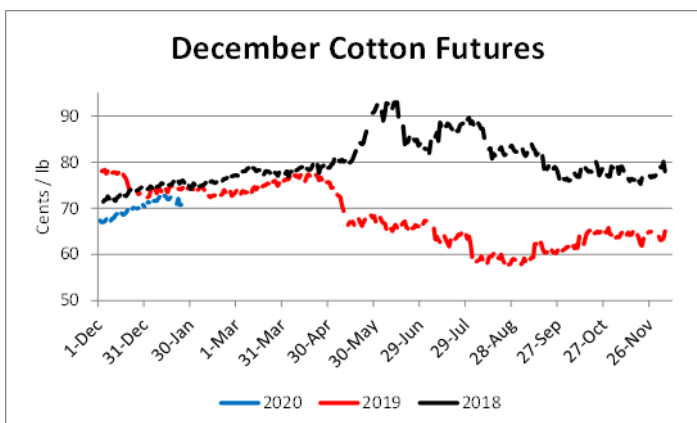
Soybeans	Mar 20	Change	Nov 20	Change
Price	\$9.02	-\$0.27	\$9.38	-\$0.22
Support	\$8.95	-\$0.19	\$9.37	-\$0.11
Resistance	\$9.12	-\$0.29	\$9.54	-\$0.15
20 Day MA	\$9.36	-\$0.06	\$9.66	-\$0.04
50 Day MA	\$9.24	-\$0.03	\$9.55	-\$0.01
100 Day MA	\$9.29	\$0.01	\$9.56	\$0.01
4-Week High	\$9.61	\$0.00	\$9.82	\$0.00
4-Week Low	\$9.00	-\$0.20	\$9.38	-\$0.15
Technical Trend	Down	=	Down	-



Cotton

Net sales reported by exporters were up compared to last week with net sales of 307,800 bales for the 2019/20 marketing year and 13,200 bales for the 2020/21 marketing year. Exports for the same time period were down 6% compared to last week at 282,600 bales. Upland cotton export sales were 79% 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 75%. Delta upland cotton spot price quotes for January 23 were 67.28 cents/lb (41-4-34) and 69.53 cents/lb (31-3-35). Adjusted World Price (AWP) decreased 0.11 cents to 61.29 cents. March 2020 cotton futures closed at 69.4 cents, down 1.85 cents since last Friday. For the week, March 2020 cotton futures traded between 68.71 and 71.37 cents. Mar/May and Mar/Dec cotton futures spreads were 0.8 cents and 1.14 cents. May 2020 cotton futures closed at 70.20, down 199 cents since last Friday.

Cotton	Mar 20	Change	Dec 20	Change
Price	69.40	-1.85	70.54	-1.83
Support	68.77	-0.67	70.19	-1.35
Resistance	70.57	-1.71	71.09	-1.77
20 Day MA	70.05	0.35	71.43	0.27
50 Day MA	67.64	0.32	69.42	0.22
100 Day MA	65.39	0.43	67.30	0.35
4-Week High	71.96	0.00	73.00	0.00
4-Week Low	68.46	2.21	69.77	1.47
Technical Trend	Up	-	Up	-



December 2020 cotton futures closed at 70.54, down 1.83 cents since last Friday. Downside price protection could be obtained by purchasing a 71 cent December 2020 Put Option costing 4.2 cents establishing a 66.8 cent futures floor.

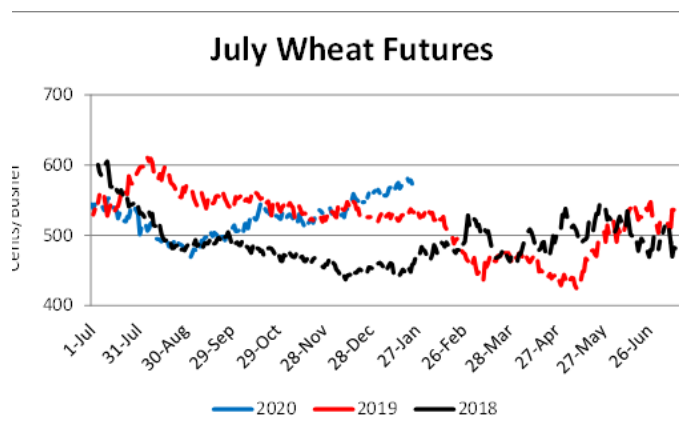
Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 25.6 million bushels for the 2019/20 marketing year and 1.7 million bushels for the 2020/21 marketing year. Exports for the same time period were up 14% from last week at 19.3 million bushels. Wheat export sales were 76% 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 84%. March 2020 wheat futures closed at \$5.73, up 3 cents since last Friday. March 2020 wheat futures traded between \$5.66 and \$5.92 this week. March wheat-to-corn price ratio was 1.48. Mar/May and Mar/Jul future spreads were -1 and 0 cent. May 2020 wheat futures closed at \$5.72, up 1 cent since last Friday. May wheat-to-corn price ratio was 1.46.

In Tennessee, June/July 2020 cash contracts ranged from \$5.82 to \$6.26. July 2020 wheat futures closed at \$5.73, up 3 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.80 July 2020 Put Option costing 37 cents establishing a \$5.43 futures floor.

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Wheat	Mar 20	Change	Jul 20	Change
Price	\$5.73	\$0.03	\$5.73	\$0.03
Support	\$5.62	\$0.02	\$5.63	\$0.00
Resistance	\$5.87	\$0.10	\$5.84	\$0.07
20 Day MA	\$5.63	\$0.07	\$5.66	\$0.06
50 Day MA	\$5.42	\$0.05	\$5.46	\$0.04
100 Day MA	\$5.22	\$0.04	\$5.29	\$0.04
4-Week High	\$5.92	\$0.14	\$5.89	\$0.10
4-Week Low	\$5.40	\$0.02	\$5.46	\$0.02
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

EIA: Weekly Supply Estimates - 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/

[Crop Progress & Condition/](#)

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

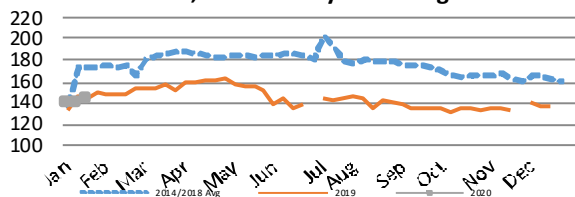
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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.

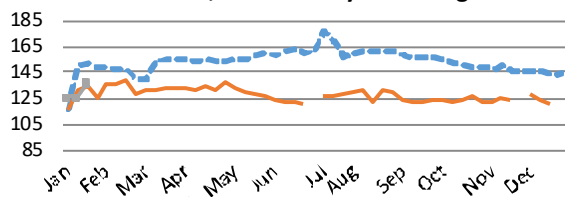
Prices Paid to Farmers by Elevators

		Friday, January 17, 2020---Thursday, January 23, 2020									
		Friday		Monday		Tuesday		Wednesday		Thursday	
		Low	High	Low	High	Low	High	Low	High	Low	High
No. 2 Yellow Soybeans		-----\$/bushel-----									
	Memphis	9.48-9.50				9.34-9.36			9.32-9.39		9.28-9.35
	N.W. B.P.	9.48-9.50				9.35-9.37			9.35-9.39		9.32-9.35
	N.W. TN	9.15-9.37				9.01-9.14			8.99-9.04		8.94-8.99
	Upper Md.	9.28-9.40				9.27-9.32			9.24-9.25		9.18-9.20
Yellow Corn											
	Memphis	4.09-4.14				4.08-4.13			4.09-4.14		4.14-4.19
	N.W. B.P.	4.06-4.08				4.05-4.07			4.08-4.10		4.14-4.16
	N.W. TN	4.02-4.07				4.02-4.07			4.02-4.08		4.03-4.14
	Upper Md.	3.69-4.00				3.78-3.99			3.80-4.00		3.79-4.06
Wheat											
	Memphis										
Cotton											
	Memphis	68.50				66.49-68.74			68.38-70.63		67.28-69.53

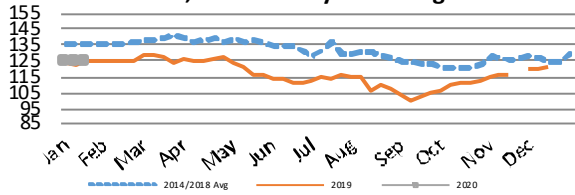
**Tennessee 500-600 lbs. M-1 Steer Prices
2019, 2020 and 5-year average**



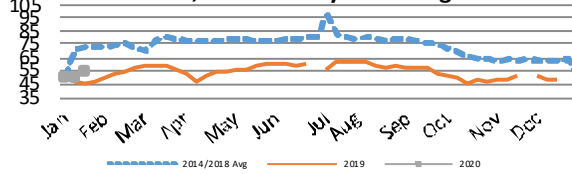
**Tennessee 700-800 lbs. M-1 Steers Prices
2019, 2020 and 5-year average**



**5-Area Finished Cattle Prices
2019, 2020 and 5-year average**



**Tennessee Slaughter Cow Prices
Breakers 75-80%
2019, 2020 and 5-year average**



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 24, 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	143.00	180.00	164.52	160.28	150.36
400-500 lbs	140.00	174.00	158.35	154.04	148.14
500-600 lbs	132.00	164.00	144.73	140.11	148.15
600-700 lbs	121.00	143.00	132.16	133.75	143.84
700-800 lbs	121.00	135.00	132.96	125.59	124.86
Steers: Small Frame #1-2					
300-400 lbs	135.00	157.50	145.36	140.41	---
400-500 lbs	150.00	160.00	153.73	137.80	137.57
500-600 lbs	122.00	140.00	129.74	120.65	132.25
600-700 lbs	110.00	121.00	118.79	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	120.00	168.00	148.67	140.40	135.45
400-500 lbs	120.00	163.00	138.36	136.71	---
500-600 lbs	115.00	148.00	129.41	129.08	132.83
600-700 lbs	119.00	130.00	122.69	120.23	126.7
700-800 lbs	---	---	---	108.35	---
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	0.00	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	46.00	64.50	53.76	50.05	45.86
Boners 80-85%	44.00	63.00	52.02	49.85	47.36
Lean 85-90%	35.00	52.00	42.94	40.84	36.49
Bulls YG 1	64.00	81.00	73.73	69.85	67.01
Heifers: Medium/Large Frame #1-2					
300-400 lbs	119.00	155.00	135.92	131.22	131.32
400-500 lbs	118.00	145.00	133.05	126.98	123.27
500-600 lbs	107.00	134.00	122.57	121.12	118.71
600-700 lbs	104.00	130.00	116.56	115.23	112.21
Heifers: Small Frame #1-2					
300-400 lbs	120.00	135.00	126.49	121.71	126.57
400-500 lbs	105.00	133.00	119.74	118.47	109.08
500-600 lbs	102.00	119.00	111.22	---	---
600-700 lbs	82.50	115.00	98.55	---	---
Heifers: Medium/Large Frame #3					
300-400 lbs	109.00	145.00	126.15	121.42	121.01
400-500 lbs	110.00	135.00	126.23	118.22	116.67
500-600 lbs	104.00	121.00	114.31	111.34	109.93
600-700 lbs	103.00	123.00	109.96	108.95	105.67

Cattle Receipts

This week:6,558

Week ago:7,613

Year ago:3,683 (9)

Dickson Regional Livestock Center

Dickson, TN 1/20/2020

1 load of steers, 762 lbs, M&L 1, Black/BWF Red/RWF

ChX, 5 flesh, \$141.00

1 load of steers, 864 lbs, M&L 1, Black/BWF, 5 flesh,

\$139.00

1 load of heifers, 673 lbs, M&L 1-2, Black/BWF Red/RWF

ChX, 5-6 flesh, \$131.00

East Tennessee Cattle Alliance Preconditioned**Graded Feeder Sale**

Greeneville, TN 1/23/2020

Total Receipts: 464

For complete report:

[https://www.ams.usda.gov/mnreports/
lst_mars_2075.pdf](https://www.ams.usda.gov/mnreports/lst_mars_2075.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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