

# Tennessee Market Highlights

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

January 31, 2020

Number: 5

## Trends for the Week Compared to a Week Ago

### Slaughter Cows

\$2 to \$4 higher

### Slaughter Bulls

\$4 to \$5 higher

### Feeder Steers

steady to \$3 higher

### Feeder Heifers

unevenly steady

Feeder Cattle Index: 142.88

### Fed Cattle

The 5-area live price on Thursday of \$122.07 was down \$2.21. The dressed price of \$194.47 was down \$4.39.

### Corn

March closed at \$3.81 a bushel, down 6 cents since last Friday.

### Soybeans

March closed at \$8.72 a bushel, down 30 cents since last Friday.

### Wheat

March closed at \$5.53 a bushel, down 20 cents since last Friday.

### Cotton

March closed at 67.5 cents per lb, down 1.9 cents since last Friday.

## Livestock Comments by Dr. Andrew P. Griffith

**FED CATTLE:** Fed cattle traded \$2 lower compared to last week. Prices on a live basis were mainly \$122 while dressed prices were mostly \$194 to \$195.

The 5-area weighted average prices thru Thursday were \$122.07 live, down \$2.21 compared to last week and \$194.47 dressed, down \$4.39 from a week ago. A year ago, prices were \$123.12 live and \$198.59 dressed.

The finished cattle market slipped a little this week, but the slip in the market will do very little to cut into cattle feeding margins that are very good right now. It should not be surprising for finished cattle prices to soften during January and February when beef supplies are plentiful and when beef demand is seasonally soft. However, the April live cattle contract is offering very little hope of a price resurgence heading into the summer grilling season. Thus, despite strong margins at the feedlot right now, many cattle feeders are already focused on the spring and summer marketing time frame. Many will have taken advantage of the previously strong futures contract price and hedged cattle, but those who did not will be looking to improve their situation.

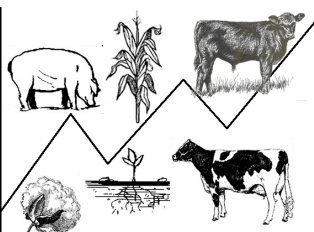
**BEEF CUTOUT:** At midday Friday, the Choice cutout was \$213.34 down \$0.01 from Thursday and down \$1.44 from last week. The Select cutout was \$210.90 down \$0.58 from Thursday and up \$4.06 from a week ago. The Choice Select spread was \$2.44 compared to \$4.34 a week ago.

Commercial beef production in 2019 in the United States exceeded 27.1 billion pounds and was a full percent greater than 2018 beef production. Similarly, 2019 pork production was a little over 27.6 billion pounds which was a five percent increase in production compared to 2018. The pork industry shows no signs of slowing down production and may actually hit some time periods in 2020 when slaughter capacity is pushed beyond its limits. The same is not true for

beef production. Beef production in 2020 could fall on either side of 2019 production and slaughter capacity does not appear to be an issue at this time. Given that red meat production is expected to remain elevated in 2020, it points to the importance of being able to export pork and beef. The relaxation of Chinese restrictions on U.S. beef and pork should improve the flow of meat to China while the tremendous reduction in cattle numbers in Australia should also benefit U.S. beef exports. The market is not expected to move quickly, but this should support prices despite strong beef and pork production in 2020.

**OUTLOOK:** Based on Tennessee weekly auction market price averages, steer prices were steady to \$3 higher than last week while heifer prices were unevenly steady compared to a week ago. Slaughter cow prices were \$2 to \$4 higher than last week while slaughter bull prices were \$4 to \$5 higher compared to the previous week. These trends may be meaningful to some and not as meaningful to others, but they should be considered a win for all cattle producers given feeder cattle futures prices this week. The reason steady and higher price trends this week should be considered positive is because many feeder cattle futures contract prices declined \$8 to \$9 per hundredweight since the close on Wednesday January 22<sup>nd</sup>. On top of that, many of the feeder cattle contracts are as much as \$10 to \$13 lower than their contract high which was hit in the middle of January. It is good that the cash market has had a muted response to all of the white noise that is occurring in the broader electronic markets, because it could have really crashed the local cash market. The news of coronavirus, impeachment hearings, and every other rabbit that the market chases is why commodity markets and equity markets have struggled this week. Producers in the cattle industry like to complain about how many these global happenings should

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## Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

not influence the markets, and many of these complaints have valid arguments. However, complaining and providing arguments generally do very little to reverse the course of the market. Thus, producers have to be constantly cognizant of situations and events that could throw the market into disarray and at the same time manage their market risk by taking advantage of the opportunities offered throughout the year. This is easier said than done, but grabbing a profitable marketing price anywhere along the way will help to insure another year of operating a cattle operation. The market should provide another chance for this year.

**ASK ANDREW, TN THINK TANK:** In a recent educational program where I was talking about marketing, the topic of bull selection and EPDs was discussed. I am nowhere near the ultimate authority on discussing bull selection or EPDs, but I do know that producers need to make their sire selection based on what their intended market is. This brings me to a fairly common question when people want validation that they purchased a bull for a good price. It is fairly common for producers to ask me if they got a good deal when purchasing a bull or replacement heifers. I understand when people want to be validated, and I have no problem with that. However, a person can only be validated in making a good purchase decision if that purchase helps them achieve the goal they have set. In the case of genetics, cattle producers should purchase bulls that will

help them achieve their profit goals and their production goals. If the bull does not help an operation meet its goals then there is no price in which that bull was a good value for that operation. It is a good thing for seedstock producers that everyone is a little different.

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 \$121.38 -0.40; April \$119.68 -0.53; June \$111.58 -0.45; Feeder cattle –March \$136.08 +0.43; April \$137.53 +0.40; May \$139.70 +0.43; August \$146.88 +0.55; March corn closed at \$3.81 up 2 cents from Thursday.

## Crop Comments by Dr. Aaron Smith

### Overview

Next week will be the start of the crop insurance price determination period for spring planted crops in Tennessee. Unfortunately, futures prices have retreated substantially compared to the beginning of the calendar year: December corn opened the month at \$4.01  $\frac{3}{4}$  and closed at \$3.91, down 10  $\frac{3}{4}$  cents; November soybeans opened January at \$9.78  $\frac{3}{4}$  and closed at \$9.12  $\frac{1}{2}$ , down 66  $\frac{1}{4}$  cents; and December cotton opened January at 70.7 and closed at 68.73, down 1.97 cents.

	Previous	Current	Change
USD Index	97.64	97.27	-0.38
Crude Oil	54.21	51.58	-2.63
DJIA	29,013	28,318	-695

The projected (spring) crop insurance price in Tennessee is determined by the average daily closing price of the harvest contract for the month of February. For 2019, the projected crop insurance price was: \$4.00/bu for corn, \$9.54/bu for soybeans, and \$0.73/lb for cotton. The projected crop insurance price is one factor that provides producers with information on what should be planted. A higher price for one commodity, compare to the others, results in a greater relative crop insurance revenue guarantee and should provide an incentive to increase planted acres for that commodity. Last year's projected crop insurance price ratios, 2.385 soybeans/corn; 0.1825 cotton/corn; and 0.0765 cotton/soybeans, favored greater corn and cotton acreage in the state at the expense of soybean acres.

For all three commodities, the current harvest futures price is less than the 2019 final projected prices. However, based on where harvest futures are at the end of January 2020 it appears corn stands to gain additional planted acres. Corn-to-soybean price ratio is 2.33 indicating an even greater bias towards increased corn acres compared to soybeans than 2019. Cotton-to-corn price ratio is 0.176 also favoring corn planting over cotton. Cotton-to-soybean price ratio is 0.0753 indicating a slight preference for soybeans

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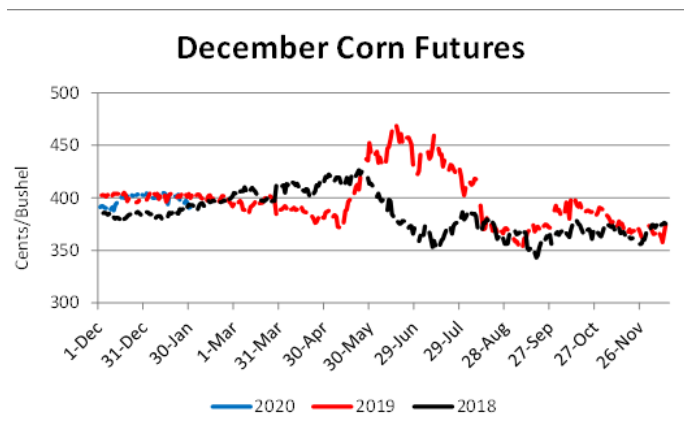
over cotton compared to 2019.

A lot can happen in one month (see the price changes above), however if the price relationships amongst the three spring crops hold, it is reasonable to assume that crop insurance guarantees will favor increased planted acres for corn over cotton and soybeans in 2020.

## Corn

Ethanol production for the week ending January 24 was 1.029 million barrels per day, down 20,000 barrels from the previous week. Ethanol stocks were 24.244 million barrels, up 0.213 million barrels compare to last week. Corn net sales reported by exporters for January 17-23 were up compared to last week with net sales of 48.6 million bushels for the 2019/20 marketing year and 5.7 million bushels for the 2020/21 marketing year. Exports for the same time period were up 74% from last week at 26.8 million bushels. Corn export sales and commitments were 48% 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 63%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened at Memphis, Northwest Barge Points, and Northwest Tennessee and strengthened at Upper-middle Tennessee. Overall, basis for the week ranged from 18 under to 27 over, with an average of 14 over the March futures at elevators and barge points. March 2020 corn futures closed at \$3.81, down 6 cents since last Friday. For the week, March 2020 corn futures traded between \$3.77 and \$3.88. Mar/May and Mar/Dec future spreads were 5 and 9 cents. May 2020 corn futures closed at \$3.86, down 6 cents since last Friday.

Corn	Mar 20	Change	Dec 20	Change
Price	\$3.81	-\$0.06	\$3.90	-\$0.08
Support	\$3.74	-\$0.08	\$3.86	-\$0.08
Resistance	\$3.87	-\$0.08	\$3.97	-\$0.07
20 Day MA	\$3.85	-\$0.02	\$3.99	-\$0.02
50 Day MA	\$3.83	\$0.00	\$3.97	\$0.00
100 Day MA	\$3.87	\$0.00	\$4.01	\$0.00
4-Week High	\$3.94	\$0.00	\$4.04	\$0.00
4-Week Low	\$3.75	\$0.00	\$3.89	-\$0.04
Technical Trend	Down	-	Strong Down	-



In Tennessee, new crop cash corn contracts ranged from \$3.87 to \$4.13. December 2020 corn futures closed at \$3.90, down 8 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.00 December 2020 Put Option costing 29 cents establishing a \$3.71 futures floor.

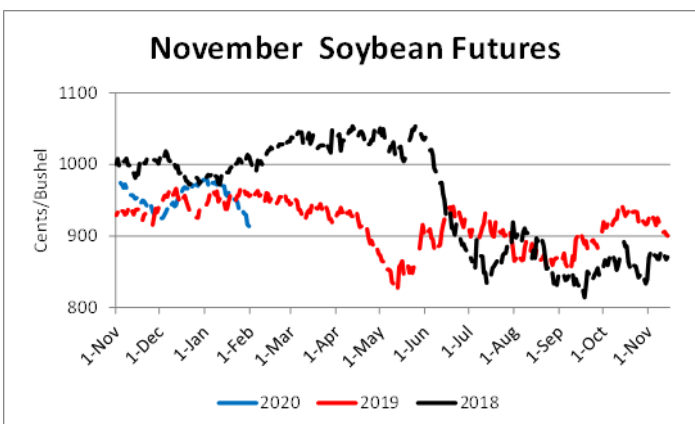
## Soybeans

Net sales reported by exporters were down compared to last week with net sales of 17.3 million bushels for the 2019/20 marketing year and 0.1 million bushels for the 2020/21 marketing year. Exports for the same period were up 17% compared to last week at 45.2 million bushels. Soybean export sales and commitments were 66% 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 80%. Average soybean basis weakened at Memphis, Northwest Barge Points, and Upper-middle Tennessee and strengthened at Northwest Tennessee. Basis ranged from 17 under to 26 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 \$8.72, down 30 cents since last Friday. For the week, March 2020 soybean futures traded between \$8.72 and \$9.03. Mar/May and Mar/Nov future spreads were 14 and 40 cents. May 2020 soybean futures closed at \$8.86, down 29 cents since last Friday. March soybean-to-corn price ratio was 2.29 at the end of the week.

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## Crop Comments by Dr. Aaron Smith

Soybeans	Mar 20	Change	Nov 20	Change
Price	\$8.72	-\$0.30	\$9.12	-\$0.26
Support	\$8.65	-\$0.30	\$9.05	-\$0.32
Resistance	\$8.86	-\$0.26	\$9.25	-\$0.29
20 Day MA	\$9.20	-\$0.16	\$9.53	-\$0.13
50 Day MA	\$9.20	-\$0.04	\$9.52	-\$0.03
100 Day MA	\$9.28	-\$0.01	\$9.56	\$0.00
4-Week High	\$9.61	\$0.00	\$9.82	\$0.00
4-Week Low	\$8.72	-\$0.28	\$9.11	-\$0.27
Technical Trend	Strong Down	-	Strong Down	-

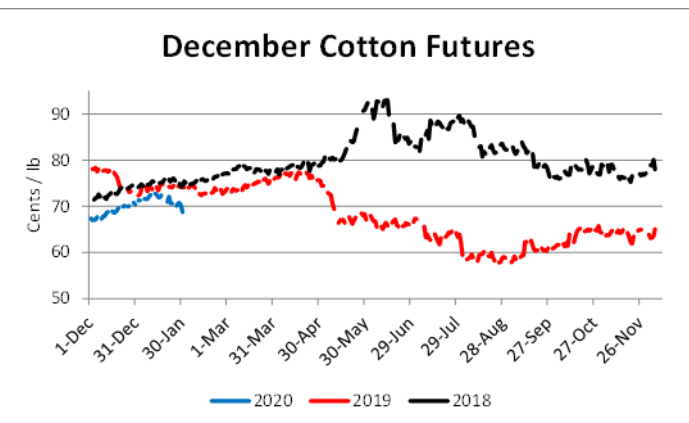


In Tennessee, new crop soybean cash contracts ranged from \$8.85 to \$9.39. Nov/Dec 2020 soybean-to-corn price ratio was 2.34 at the end of the week. November 2020 soybean futures closed at \$9.12, down 26 cents since last Friday. Downside price protection could be achieved by purchasing a \$9.20 November 2020 Put Option which would cost 46 cents and set an \$8.74 futures floor.

### Cotton

Net sales reported by exporters were up compared to last week with net sales of 347,100 bales for the 2019/20 marketing year and 50,200 bales for the 2020/21 marketing year. Exports for the same time period were up 16% compared to last week at 327,100 bales. Upland cotton export sales were 81% 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 77%. Delta upland cotton spot price quotes for January 30 were 66.3 cents/lb (41-4-34) and 68.55 cents/lb (31-3-35). Adjusted World Price (AWP) decreased 0.70 cents to 60.59 cents. March 2020 cotton futures closed at 67.5 cents, down 1.9 cents since last Friday. For the week, March 2020 cotton futures traded between 67.4 and 70.92 cents. Mar/May and Mar/Dec cotton futures spreads were 0.81 cents and 1.23 cents. May 2020 cotton futures closed at 68.31, down 1.89 cents since last Friday.

Cotton	Mar 20	Change	Dec 20	Change
Price	67.50	-1.90	68.73	-1.81
Support	66.13	-2.64	67.62	-2.57
Resistance	70.03	-0.54	70.58	-0.51
20 Day MA	70.10	0.05	71.32	-0.11
50 Day MA	67.94	0.30	69.57	0.15
100 Day MA	65.89	0.50	67.72	0.42
4-Week High	71.96	0.00	73.00	0.00
4-Week Low	67.40	-1.06	68.55	-1.22
Technical Trend	Down	-	Down	-



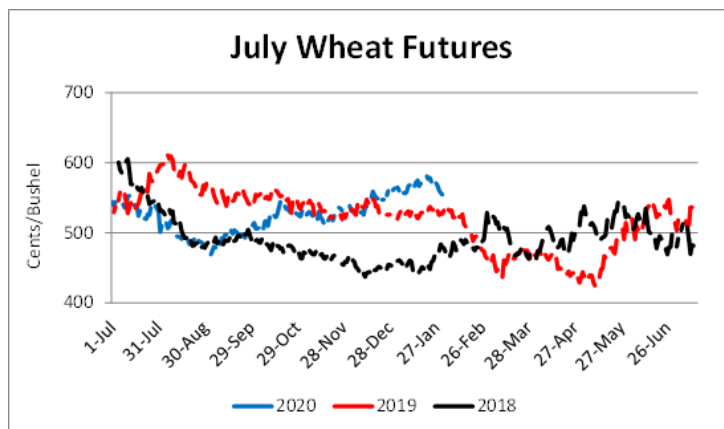
December 2020 cotton futures closed at 68.73, down 1.81 cents since last Friday. Downside price protection could be obtained by purchasing a 69 cent December 2020 Put Option costing 4.09 cents establishing a 66.91 cent futures floor.

### Wheat

Wheat net sales reported by exporters were down compared to last week with net sales of 23.7 million bushels for the 2019/20 marketing year and 0.03 million bushels for the 2020/21 marketing year. Exports for the same time period were down 58% from last week at 8.0 million bushels. Wheat export sales were 79% 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 85%. March 2020 wheat futures closed at \$5.53, down 20 cents since last Friday. March 2020 wheat futures traded between \$5.50 and \$5.76 this week. March wheat-to-corn price ratio was 1.45. Mar/May and Mar/Jul future spreads were -1 and -1 cent. May 2020 wheat futures closed at \$5.52, down 20 cents since last Friday. May wheat-to-corn price ratio was 1.43.

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Wheat	Mar 20	Change	Jul 20	Change
Price	\$5.53	-\$0.20	\$5.52	-\$0.21
Support	\$5.44	-\$0.18	\$5.44	-\$0.19
Resistance	\$5.70	-\$0.17	\$5.66	-\$0.18
20 Day MA	\$5.65	\$0.02	\$5.66	\$0.00
50 Day MA	\$5.47	\$0.05	\$5.51	\$0.05
100 Day MA	\$5.27	\$0.05	\$5.33	\$0.04
4-Week High	\$5.92	\$0.00	\$5.89	\$0.00
4-Week Low	\$5.45	\$0.05	\$5.49	\$0.03
Technical Trend	Up	-	Down	-



In Tennessee, June/July 2020 cash contracts ranged from \$5.62 to \$6.14. July 2020 wheat futures closed at \$5.52, down 21 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.60 July 2020 Put Option costing 34 cents establishing a \$5.26 futures floor.

### 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>

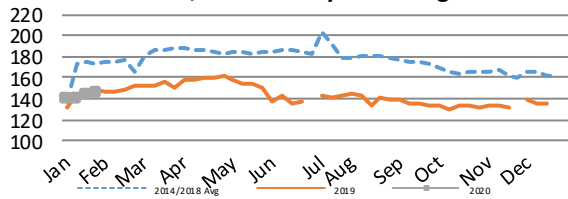
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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).

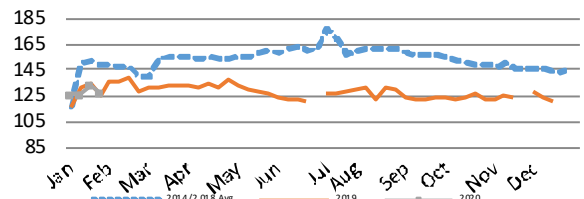
## Prices Paid to Farmers by Elevators

Friday, January 24, 2020---Thursday, January 30, 2020										
	Friday		Monday		Tuesday		Wednesday		Thursday	
	Low	High	Low	High	Low	High	Low	High	Low	High
-----\$/bushel-----										
<b>No. 2 Yellow Soybeans</b>										
Memphis	9.22-9.27		9.17-9.22		9.15		9.09-9.13		8.92-8.96	
N.W. B.P.	9.27-9.27		9.21-9.23		9.15-9.15				8.96-8.96	
N.W. TN	8.87-8.92		8.82-8.87		8.78-8.85				8.61-8.78	
Upper Md.	9.15-9.19		8.95-9.11		8.95-9.07				8.87-8.95	
<b>Yellow Corn</b>										
Memphis	4.12-4.14		4.03-4.08		4.07-4.09		4.02-4.04		4.00	
N.W. B.P.	4.07-4.11		4.00		4.07-4.07				3.97-3.98	
N.W. TN	4.02-4.07		3.94-4.02		3.95-4.06				3.89-3.95	
Upper Md.	3.79-3.99		3.71-3.92		3.69-3.98				3.72-3.92	
<b>Wheat</b>										
Memphis										
<b>Cotton</b>										
Memphis	66.65-68.90		66.76-69.01		67.61-69.86		67.31-69.56		66.30-68.55	

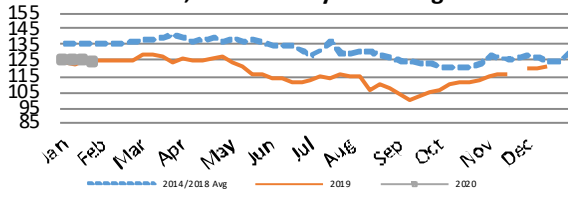
**Tennessee 500-600 lbs. M-1 Steer Prices  
2019, 2020 and 5-year average**



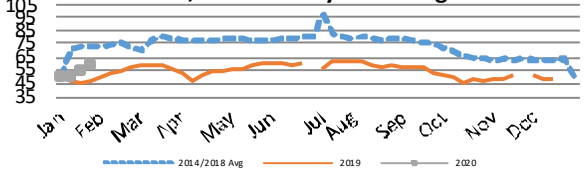
**Tennessee 700-800 lbs. M-1 Steers Prices  
2019, 2020 and 5-year average**



**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 31, 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	140.00	180.00	166.17	164.52	160.29
400-500 lbs	144.00	173.00	159.92	158.35	154.14
500-600 lbs	130.00	164.00	146.22	144.73	146.70
600-700 lbs	120.50	146.00	134.67	132.16	136.96
700-800 lbs	118.00	147.00	126.73	132.96	135.00
Steers: Small Frame #1-2					
300-400 lbs	---	---	---	145.36	---
400-500 lbs	120.00	152.50	135.48	153.73	142.86
500-600 lbs	130.00	135.00	133.33	129.74	111.43
600-700 lbs	110.00	125.00	115.55	118.79	---
Steers: Medium/Large Frame #3					
300-400 lbs	---	---	---	148.67	140.53
400-500 lbs	---	---	---	138.36	137.70
500-600 lbs	---	---	---	129.41	133.45
600-700 lbs	---	---	---	122.69	119.30
700-800 lbs	---	---	---	---	116.40
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	49.00	66.00	58.44	53.76	49.50
Boners 80-85%	41.00	52.00	46.57	52.02	50.26
Lean 85-90%	36.00	55.00	46.05	42.94	39.71
Bulls YG 1	68.00	89.00	79.63	73.73	70.75
Heifers: Medium/Large Frame #1-2					
300-400 lbs	120.00	160.00	136.74	135.92	130.79
400-500 lbs	114.00	145.00	131.17	133.05	127.87
500-600 lbs	110.00	138.00	125.48	122.57	122.53
600-700 lbs	108.00	129.00	119.22	116.56	116.94
Heifers: Small Frame #1-2					
300-400 lbs	121.00	135.00	128.43	126.49	135.14
400-500 lbs	114.00	120.00	116.94	119.74	111.29
500-600 lbs	110.00	120.00	116.67	111.22	107.08
600-700 lbs	91.00	100.00	95.50	98.55	---
Heifers: Medium/Large Frame #3					
300-400 lbs	---	---	---	126.15	122.49
400-500 lbs	---	---	---	126.23	119.18
500-600 lbs	102.00	113.00	105.73	114.31	115.98
600-700 lbs	---	---	---	109.96	106.19

Cattle Receipts

This week:7,782

Week ago:6,558

Year ago:5,275 (8)

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

### East TN Livestock Center Video/Board Sale

Sweetwater, TN

Weighted Average Report for 01/29/2020

1 load of steers, avg. wt. 835 lbs.; \$130.00

1 load of heifers, avg. wt. 740 lbs.; \$124.75

## Graded Sheep & Goat Sale

### Columbia Graded Sheep and Goat Sale

Weighted Average Report for 1/27/2020

Receipts: 534

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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