

Tennessee Market Highlights

UTEXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

November 22, 2019

Number: 47

Trends for the Week Compared to a Week Ago

Slaughter Cows

Steady to \$3 higher

Slaughter Bulls

Steady to \$2 higher

Feeder Steers

Unevenly steady

Feeder Heifers

Steady to \$3 lower

Feeder Cattle Index: 145.86

Fed Cattle

The 5-area live price on Thursday of \$115.96 was up \$0.81. The dressed price of \$183.56 was up \$1.61.

Corn

December closed at \$3.68 a bushel, down 3 cents since last Friday.

Soybeans

January closed at \$8.97 a bushel, down 21 cents since last Friday.

Wheat

December closed at \$5.15 a bushel, up 13 cents since last Friday.

Cotton

December closed at 63.42 cents per lb, down 1.44 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

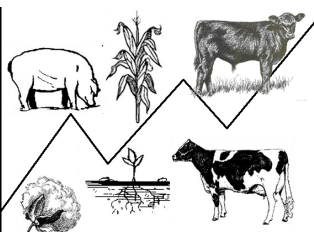
FED CATTLE: Fed cattle traded \$1 higher compared to last week on a live basis. Prices on a live basis were mainly \$115 to \$117 while dressed prices were mostly \$183 to \$184. The 5-area weighted average prices thru Thursday were \$115.96 live, up \$0.81 from last week and \$183.56 dressed, up \$1.61 from a week ago. A year ago, prices were \$115.37 live and \$181.49 dressed. Finished cattle prices experienced another nice week as packers were willing to bid a little higher given the strong beef cutout values. There is no doubt that cattle feeders would have preferred to see \$2 or \$3 gains compared to last week, but packers were not willing to pay such a price unless the lot was of high quality. The holiday market is helping support finished cattle prices and will continue to do so the next couple of weeks. The one slowdown will be the Thanksgiving holiday which will shorten the production week for packers. However, packers should jump back into buying cattle next week to fill shackles the first full production week of December. The next few weeks should be encouraging to cattle feeders.

BEEF CUTOUT: At midday Friday, the Choice cutout was \$233.83 down \$1.33 from Thursday and down \$7.75 from last Friday. The Select cutout was \$212.94 down \$0.92 from Thursday and down \$2.13 from last Friday. The Choice Select spread was \$20.89 compared to \$26.51 a week ago. Beef cutout prices softened this week compared to last week but there is little cause for concern. The largest portion of holiday beef buying is coming to an end just prior to the Thanksgiving holiday. The market will likely decline further with the short week of trading next week. However, there is likely to be some frenzied beef buying in the couple of weeks leading up to Christmas as some will realize they are short bought and need a little more inventory to meet consumers' de-

mand. Thus, beef cutout prices will be well supported through the end of the year. With the change in the calendar year, cutout prices are expected to soften as beef demand seasonally softens during the winter months and as consumers focus more on end meats instead of middle meats. Another dynamic to watch in the coming weeks is the Tyson facility in Holcomb, Kansas coming back on line. It is very unlikely that it will have the same negative effect on beef cutout prices as it did a positive effect. Similarly, it is probably not going to send finished cattle prices soaring to new heights either.

OUTLOOK: Based on Tennessee weekly auction market price averages, steer prices were unevenly steady compared to last week while heifer prices were steady to \$3 lower compared to a week ago. Slaughter cow prices were steady to \$3 higher compared to the previous week while bull prices were steady to \$2 higher compared to a week ago. The slaughter cow and slaughter bull markets are attempting to move against the seasonal trend. The market is being led by strong 90 percent lean beef prices which are at their highest level in four years and are above \$240 per hundredweight. Cow slaughter, which is the primary source of 90 percent lean manufacturing beef, in 2019 is about 163,000 head higher than the same time period in 2018. One would think that increased production would result in lower prices, but there are more factors at play. Australia is generally the largest import source of such beef to the United States, but high prices on Australian beef have tempered imports of lean manufacturing beef. Australia is sending considerable quantities of manufacturing beef to China which is searching for meat protein to make up for the decline in pork production. This same situation has bolstered fresh 50 percent lean beef which is sourced from trimmings

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

of finished cattle. This has added some value to finished cattle which should make its way down the production line. However, producers down the production line are unlikely to feel as if these market conditions are influencing the prices they are receiving for calves. It is difficult to make a case where any value is being passed down the line, but feedlots have been bidding hard for good quality yearling cattle. Many feedlot pens have been filled with high risk lightweight calves which are not going to see strong demand. This is a situation which occurs every fall in which feedlots take on huge morbidity and mortality risk with the hope of a profit. The market will rebound, but it will be 2020 before prices bounce off the lows.

The November cattle on feed report for feedlots with a 1000 head or more capacity indicated cattle and calves on feed as of November 1, 2019 totaled 11.83 million head, up 1.2% compared to a year ago, with the pre-report estimate average expecting an increase of 1.3%. October placements in feedlots totaled 2.48 million head, up 10.2% from a year ago with the pre-report estimate average expecting placements up 12.2%. October marketing's totaled 1.88 million head down 0.6% from 2018 with pre-report estimates expecting a 0.4% decrease in marketings. Placements on feed by weight: under 700 pounds down 2.1%, 700 to 899 pounds up 22.0%, 900 pounds and over up 27.8%.

ASK ANDREW, TN THINK TANK I was reminded this week how small the beef cattle producing community is from a seller and buyer standpoint. Based on the 2017 Census of Agriculture, there were 882,611 farms with cattle and calves with only 283,862 of those farms maintaining 50 or more head of cattle and calves. The number of producers in each sector is sure to be lower the further up the line one looks. In other words, there are more cow-calf producers than stocker producers and more stocker producers than feedlots. This is of importance because there has been a lot of chatter about concentration in the packing industry. The packing industry is concentrated with JBS, Tyson, Cargill, and National Beef leading the way while several smaller packers are also in the game. Beef production is big business with very few players and reputation is a big part of the game. Even the smallest producers are developing a reputation in the business which will influence what a producer gets paid. This is a challenge to make decisions that enhance a reputation.

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 –December \$118.68 -0.65; February \$123.85 -1.20; April \$124.18 -1.60; Feeder cattle –January \$139.28 -3.33; March \$139.60 -3.20; April \$141.10 -3.00; May \$142.03 -2.90; December corn closed at \$3.69 no change from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

Harvest has been later than normal this year, due to delayed planting, as such USDA will continue to provide harvest updates for corn and soybeans through the Crop Progress report beyond November 24. Information will continue to be released as deemed necessary by the USDA.

Wet, cold weather has delayed harvest in Northern states and could result in additional reductions to the size of the 2019 corn and soybean crops. However, the scope of the reductions will likely remain uncertain until the January Crop Production / WASDE reports. For now, markets will focus on finishing the U.S. harvest, South American weather and crop conditions, and potential resolution of trade disputes. USMCA remains unratified and will likely remain so until 2020. The Phase 1 trade agreement with China appears to have hit some roadblocks leaving many to speculate that a short or long term resolution to the tariffs on U.S. agricultural exports to China will continue indefinitely.

March corn futures have retreated over 30 cents since the 3 month high of \$4.11 ¾ on October 14. A retest of the contract low of \$3.65 ¾ cannot be ruled out at this time. Similarly, January soybean futures had a three month high on October 14th at \$9.59 ½, before sliding below \$9 this week. January soybean futures have significant support at \$8.80 bushel. Barring a deterioration in China trade talks or amplification of African swine fever in southeast Asia, soybeans will likely continue to trade \$9.00-9.40 through the end of the year.

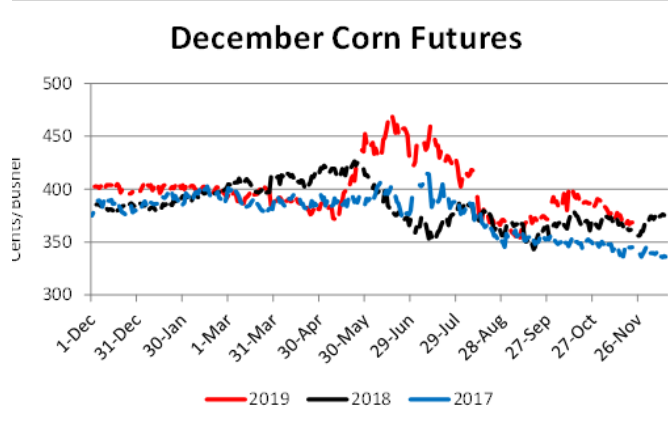
	Previous	Current	Change
USD Index	97.87	98.18	0.31
Crude Oil	57.75	57.95	0.2
DJIA	27,981	27,869	-112

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Corn

Ethanol production for the week ending November 15 was 1.033 million barrels per day, up 3,000 from the previous week. Ethanol stocks were 20.514 million barrels, down 0.471 million barrels compare to last week. Corn net sales reported by exporters for November 8-14 were up from last week with net sales of 31.0 million bushels for the 2019/20 marketing year and 1.8 million bushels for the 2020/21 marketing year. Exports for the same time period were up 12% from last week at 26.5 million bushels. Corn export sales and commitments were 28% 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 43%. Nationally, the Crop Progress report estimated corn harvested at 76% compared to 66% last week, 89% last year, and a 5-year average of 92%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened at Northwest Tennessee and weakened at Memphis, Northwest Barge Points, and Upper-middle Tennessee. Overall, basis for the week ranged from 21 under to 25 over with an average of 9 over the December futures at elevators and barge points. December 2019 corn futures closed at \$3.68, down 3 cents since last Friday. For the week, December 2019 corn futures traded between \$3.65 and \$3.73.

Corn	Dec 19	Change	Dec 20	Change
Price	\$3.68	-\$0.03	\$3.92	-\$0.03
Support	\$3.64	-\$0.06	\$3.91	-\$0.03
Resistance	\$3.71	-\$0.07	\$3.95	-\$0.05
20 Day MA	\$3.77	-\$0.05	\$3.99	-\$0.04
50 Day MA	\$3.81	\$0.00	\$4.04	-\$0.01
100 Day MA	\$3.90	-\$0.04	\$4.07	-\$0.01
4-Week High	\$3.91	-\$0.06	\$4.10	-\$0.01
4-Week Low	\$3.65	-\$0.06	\$3.92	-\$0.04
Technical Trend	Strong Down	=	Strong Down	=



Dec/Mar and Dec/Dec future spreads were 10 and 24 cents. In Tennessee, January corn cash contracts averaged \$3.92 with a range of \$3.79 to \$4.02. March 2020 corn futures closed at \$3.78, down 2 cents since last Friday. December 2020 corn futures closed at \$3.92, down 3 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.

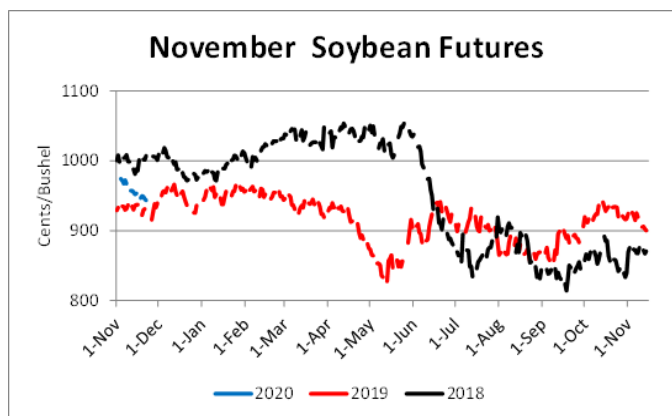
Soybeans

Net sales reported by exporters were up compared to last week with net sales of 55.7 million bushels for the 2019/20 marketing year. Exports for the same period were up 35% compared to last week at 62.7 million bushels. Soybean export sales and commitments were 49% 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%. Nationally, the Crop Progress report estimated soybeans harvested at 91% compared to 85% last week, 91% last year, and a 5-year average of 95%. In Tennessee, the Crop Progress report estimated soybeans harvested at 85% compared to 80% last week, 74% last year, and a 5-year average of 85%. Average soybean basis strengthened at Northwest Tennessee and weakened at Memphis, Northwest Barge Points, and Upper-middle Tennessee. Basis ranged from 36 under to 30 over the January futures contract at elevators and barge points. Average basis at the end of the week was even the January futures contract. January 2020 soybean futures closed at \$8.97, down 21 cents since last Friday. For the week, January 2020 soybean futures traded between \$8.95 and \$9.21. January/December 2019 soybean-to-corn price ratio was 2.44 at the end of the week.

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Crop Comments by Dr. Aaron Smith

Soybeans	Jan 20	Change	Nov 20	Change
Price	\$8.97	-\$0.21	\$9.42	-\$0.11
Support	\$8.94	-\$0.14	\$9.37	-\$0.08
Resistance	\$9.12	-\$0.09	\$9.47	-\$0.12
20 Day MA	\$9.22	-\$0.10	\$9.60	-\$0.07
50 Day MA	\$9.25	\$0.01	\$9.60	\$0.00
100 Day MA	\$9.11	-\$0.01	\$9.49	\$0.00
4-Week High	\$9.53	-\$0.06	\$9.78	-\$0.02
4-Week Low	\$8.95	-\$0.16	\$9.40	-\$0.09
Technical Trend	Down	=	Down	=

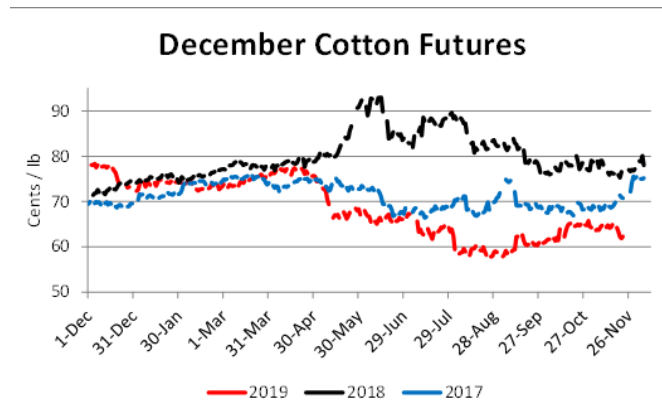


Jan/Mar and Jan/Nov future spreads were 14 and 45 cents. March 2020 soybean futures closed at \$9.11, down 19 cents since last Friday. In Tennessee, January 2020 cash contracts ranged from \$8.98 to \$9.31. Nov/Dec 2020 soybean-to-corn price ratio was 2.40 at the end of the week. November 2020 soybean futures closed at \$9.42, down 11 cents since last Friday. Downside price protection could be achieved by purchasing a \$9.60 November 2020 Put Option which would cost 55 cents and set a \$9.05 futures floor.

Cotton

Net sales reported by exporters were down compared to last week with net sales of 227,600 bales for the 2019/20 marketing year and 58,200 bales for the 2020/21 marketing year. Exports for the same time period were up 9% compared to last week at 137,900 bales. Upland cotton export sales were 66% 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 59%. Nationally, the Crop Progress report estimated cotton harvested at 68% compared to 62% last week, 58% last year, and a 5-year average of 66%. In Tennessee, the Crop Progress report estimated cotton harvested at 79% compared to 73% last week, 86% last year, and a 5-year average of 83%. Delta upland cotton spot price quotes for November 21 were 61.01 cents/lb (41-4-34) and 63.26 cents/lb (31-3-35). Adjusted World Price (AWP) decreased 0.7 cents to 56.36 cents. December 2019 cotton futures closed at 63.42, down 1.44 cents since last Friday.

Cotton	Dec 19	Change	Mar 20	Change
Price	63.42	-1.44	64.85	-1.84
Support	61.75	-1.53	63.62	-1.46
Resistance	64.45	-0.97	65.52	-1.68
20 Day MA	64.08	-0.43	65.72	-0.17
50 Day MA	63.02	0.26	64.10	0.39
100 Day MA	61.99	-0.18	62.97	-0.13
4-Week High	65.99	0.00	67.13	0.00
4-Week Low	61.73	-1.31	63.70	0.14
Technical Trend	Up	=	Flat	-



day. For the week, December 2019 cotton futures traded between 61.73 and 64.9 cents.

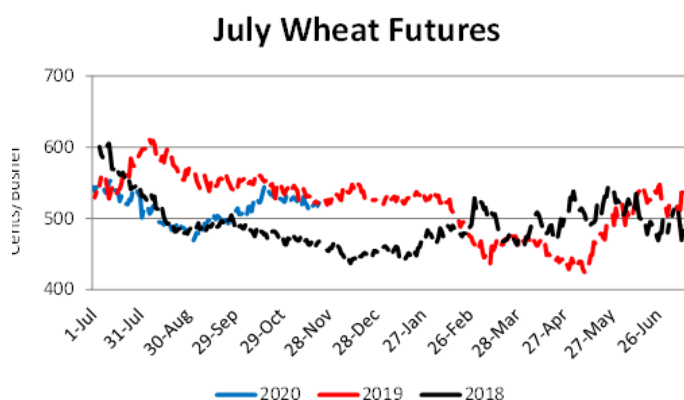
Dec/Mar and Dec/Dec cotton futures spreads were 1.43 cents and 3.62 cents. March 2020 cotton futures closed at 64.85, down 1.84 cents since last Friday. December 2020 cotton futures closed at 67.04, down 1.77 cents since last Friday. Downside price protection could be obtained by purchasing a 68 cent December 2020 Put Option costing 4.99 cents establishing a 63.01 cent futures floor.

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Wheat

Nationally, the Crop Progress report estimated winter wheat condition at 52% good-to-excellent and 14% poor-to-very poor; winter wheat planted at 95% compared to 92% last week, 92% last year, and a 5-year average of 95%; and winter wheat emerged at 83% compared to 78% last week, 80% last year, and a 5-year average of 86%. In Tennessee, winter wheat condition was estimated at 64% good-to-excellent and 7% poor-to-very poor; winter wheat planted was estimated at 81% compared to 68% last week, 73% last year, and a 5-year average of 83%; and winter wheat emerged at 58% compared to 48% last week, 57% last year, and a 5-year average of 63%. Wheat net sales reported by exporters were up compared to last week with net sales of 16.1 million bushels for the 2019/20 marketing year. Exports for the same time period were up 7% from last week at 17.8 million bushels. Wheat export sales were 60% 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 69%. In Tennessee, November 2019 wheat cash contracts ranged from

Wheat	Dec 19	Change	Jul 20	Change
Price	\$5.15	\$0.13	\$5.24	\$0.10
Support	\$5.03	\$0.02	\$5.13	-\$0.01
Resistance	\$5.24	\$0.10	\$5.32	\$0.05
20 Day MA	\$5.11	-\$0.02	\$5.24	-\$0.03
50 Day MA	\$5.04	\$0.03	\$5.18	\$0.03
100 Day MA	\$4.97	-\$0.01	\$5.12	-\$0.02
4-Week High	\$5.23	-\$0.12	\$5.37	-\$0.08
4-Week Low	\$4.98	-\$0.03	\$5.09	-\$0.05
Technical Trend	Strong Up	+	Up	+



\$5.09 to \$5.53 for the week. December 2019 wheat futures closed at \$5.15, up 13 cents since last Friday. December 2019 wheat futures traded between \$4.98 and \$5.19 this week. December wheat-to-corn price ratio was 1.40. Dec/Mar and Dec/Jul future spreads were 3 and 9 cents. March 2020 wheat futures closed at \$5.18, up 12 cents since last Friday. March wheat-to-corn price ratio was 1.37. In Memphis, June/July 2020 cash contracts ranged from \$5.22 to \$5.28. July 2020 wheat futures closed at \$5.24, up 10 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.30 July 2020 Put Option costing 37 cents establishing a \$4.93 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

EIA: Weekly Supply Estimates - https://www.eia.gov/dnav/pet/pet_sum_sndw_a_EPOOXE_sae_mbb1_w.htm

Upland Cotton Reports - <https://www.fsa.usda.gov/FSA/epasReports?area=home&subject=ecpa&topic=fta-uc>

Tennessee Crop Progress - https://www.nass.usda.gov/Statistics_by_State/Tennessee/Publications/

[Crop Progress & Condition/](#)

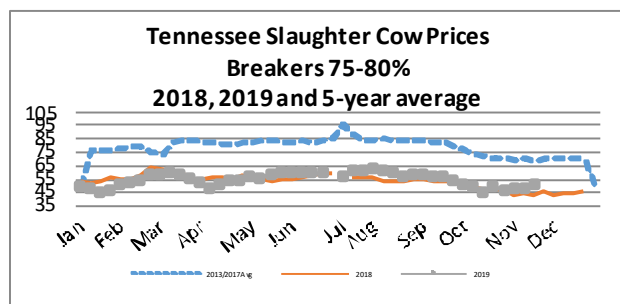
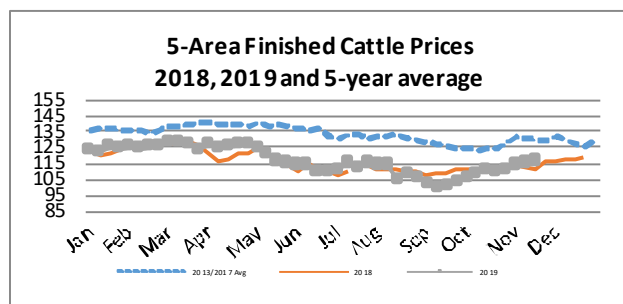
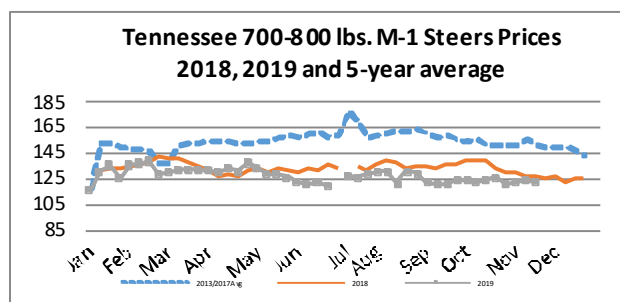
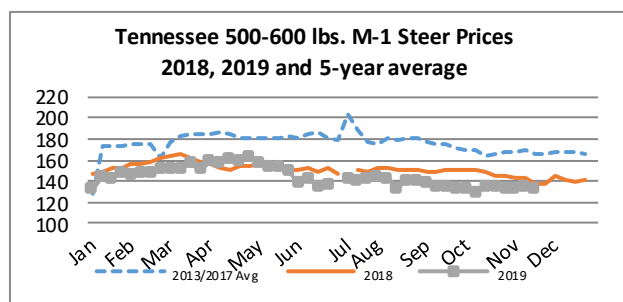
U.S. Crop Progress - <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1048>

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, November 15, 2019---Thursday, November 21, 2019									
		Friday		Monday		Tuesday		Wednesday		Thursday	
		Low	High	Low	High	Low	High	Low	High	Low	High
No. 2 Yellow Soybeans		-----\$/bushel-----									
	Memphis	9.48		9.40		9.38-9.42		9.28-9.31		9.17-9.19	
	N.W. B.P.	9.40-9.41		9.32-9.33		9.31-9.31		9.24-9.24		9.17-9.18	
	N.W. TN	8.84-9.07		8.75-9.00		8.76-9.01		8.72-8.95		8.67-8.87	
	Upper Md.	9.26-9.28		9.20-9.29		9.21-9.22		9.08-9.24		9.04-9.14	
Yellow Corn											
	Memphis	3.96		3.90-3.93		3.92-3.94		3.82-3.87		3.84-3.89	
	N.W. B.P.	3.92-3.93		3.88-3.88		3.82-3.90		3.82-3.82		3.84-3.84	
	N.W. TN	3.66-3.81		3.66-3.78		3.75-3.80		3.70-3.77		3.66-3.79	
	Upper Md.	3.56-3.82		3.52-3.76		3.49-3.76		3.48-3.67		3.48-3.69	
Wheat											
	Memphis										
Cotton											
	Memphis	63.69-65.94		62.97-65.22		62.35-64.60		61.28-63.53		61.01-63.26	



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, November 22, 2019

	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	127.00	169.00	148.08	151.85	151.96
400-500 lbs	127.00	159.00	142.46	144.48	149.74
500-600 lbs	120.00	147.00	132.41	134.32	137.91
600-700 lbs	110.00	138.00	126.32	130.09	130.71
700-800 lbs	110.00	160.00	122.16	123.92	126.49
Steers: Small Frame #1-2					
300-400 lbs	107.50	142.50	124.93	132.58	---
400-500 lbs	90.00	124.00	117.20	---	---
500-600 lbs	111.00	120.00	116.18	116.57	---
600-700 lbs	100.00	115.00	108.24	113.02	---
Steers: Medium/Large Frame #3					
300-400 lbs	120.00	160.00	135.18	139.11	130.73
400-500 lbs	116.00	142.00	126.49	138.28	135.73
500-600 lbs	110.00	135.00	120.53	129.95	121.01
600-700 lbs	107.50	123.00	116.43	128.41	120.50
700-800 lbs	101.00	121.00	110.97	122.01	---
Holstein Steers					
300-400 lbs	58.00	61.00	59.45	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	43.00	58.00	49.92	46.88	44.78
Boners 80-85%	42.00	58.50	49.35	47.63	46.18
Lean 85-90%	31.00	47.00	39.14	38.24	37.30
Bulls YG 1	60.00	79.00	69.96	68.83	70.24
Heifers: Medium/Large Frame #1-2					
300-400 lbs	109.00	136.00	123.76	123.45	128.91
400-500 lbs	105.00	130.00	118.65	121.48	118.25
500-600 lbs	100.00	125.00	114.30	117.16	118.25
600-700 lbs	88.00	124.00	112.52	115.67	116.62
Heifers: Small Frame #1-2					
300-400 lbs	102.50	115.00	108.47	114.45	---
400-500 lbs	87.50	112.50	100.78	---	---
500-600 lbs	97.50	106.00	102.41	96.21	---
600-700 lbs	93.00	98.00	94.66	---	---
Heifers: Medium/Large Frame #3					
300-400 lbs	100.00	121.00	115.06	115.49	111.44
400-500 lbs	101.00	120.00	109.71	113.04	112.73
500-600 lbs	97.00	114.00	105.69	111.58	111.38
600-700 lbs	92.50	110.00	102.56	103.24	106.77

Cattle Receipts

This week:10,143

Week ago:10,827

Year ago:3,728 (5)

Graded Sales, Video Board Sales, Video Sales & Loads

East TN Cattle Alliance Preconditioned Graded Feeder Sale Greeneville TN

Weighted Average Report for 11/21/2019

Total Receipts: 607

For complete report:

https://www.ams.usda.gov/mnreports/lsd_mars_2075.pdf

Graded Sheep & Goat Sale

Columbia Graded Sheep and Goat Sale

Weighted Average Report for 11/18/2019

Receipts: 1,160

For complete report: https://www.ams.usda.gov/mnreports/lsd_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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