

# Tennessee Market Highlights

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

November 29, 2019

Number: 48

## Trends for the Week Compared to a Week Ago

### Slaughter Cows

### Slaughter Bulls

### Feeder Steers

### Feeder Heifers

### Feeder Cattle Index:

### Fed Cattle

The 5 area live price of \$118.21 was up \$2.25. The dressed price of \$186.80 was up \$3.24.

### Corn

March closed at \$3.81 a bushel, up 3 cents since last Friday.

### Soybeans

January closed at \$8.76 a bushel, down 21 cents since last Friday.

### Wheat

March closed at \$5.41 a bushel, up 23 cents since last Friday.

### Cotton

March closed at 65.36 cents per lb, up 0.51 cents since last Friday.

## Livestock Comments by Dr. Andrew P. Griffith

**FED CATTLE:** Fed cattle traded \$2 to \$3 higher compared to last week on a live basis. Prices on a live basis were mainly \$117 to \$120 while dressed prices were mostly \$185 to \$187.

The 5-area weighted average prices thru Thursday were \$118.21 live, up \$2.25 from last week and \$186.80 dressed, up \$3.24 from a week ago. A year ago, prices were \$115.46 live and \$183.08 dressed.

The fat cattle market continues to push higher to the delight of cattle feeders. An earlier writing indicated that the market has the ability to hit \$120 before the end of the year, and this week's price movement provides more hope that a weekly average price will actually hit that mark. The December live cattle futures contract is pricing cattle at \$121 before the end of the year, but it would still be a great feat to hit the \$120 mark before the new year. The market could just as easily stall the next several weeks, but it is likely that some late holiday beef buying will keep packers hungry for cattle which will provide feedlot managers with a little leverage. A price of \$120 sounds good right now, but \$130 or higher next spring sounds better.

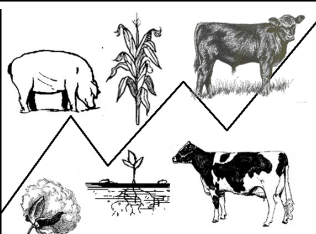
**BEEF CUTOUT:** At midday Friday, the Choice cutout was \$232.20 down \$0.04 from Thursday and down \$1.63 from last Friday. The Select cutout was \$210.03 down \$0.61 from Thursday and down \$2.91 from last Friday. The Choice Select spread was \$22.17 compared to \$20.89 a week ago.

The Thanksgiving holiday shortened production week supported beef cutout prices to some extent, but the softer prices provide some confirmation that end of the year holiday beef buying is complete for most in the market place. It is likely that the beef market will see a week of frenzied buying during the first few weeks of December, but that will provide the last

rally of the year. There is a good chance that retailers will support prices for a short period after the first of the year while they restock the meat counter. However, it will be a short lived boost to beef prices. The October cold storage report was released last week and it stated that beef in cold storage at the end of October totaled 466 million pounds which is 49 million fewer pounds than October 2018. The quantity of beef in cold storage is extremely manageable and a good sign for the industry. There is a good chance that beef production in the United States during the 2020 production year will be less than 2019 which should further support beef prices.

**OUTLOOK:** Few local auctions hosted sales this week due to the Thanksgiving holiday, and those that did host a sale had extremely light receipts. Thus, any type of trend compared to a week ago would hold little to no value given the small number of animals being marketed. Given these conditions, now is a good time to talk about the futures market and where the cattle markets are heading going into 2020. January feeder cattle futures have been trading north of \$140 for five weeks except for one day in which the market closed at \$139.28. There appears to be support in the feeder cattle market at the \$140 level moving all the way through the April contract. The market has further support in the summer and fall feeder cattle contracts as they are all trading near or above \$150. This is a good sign for cattle producers in that the market is predicting prices in 2020 to be higher than 2019. What may be an even better sign for cattle producers is the strong basis (local cash price minus the futures price). Several load lots of cattle have been traded in Tennessee in the past week and basis for most weight classes of steers is running \$5 to \$10 per hundredweight strong than the

(Continued on page 2)



## Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

historic average. In other words, producers are receiving prices on feeder cattle that are \$5 to \$10 per hundredweight higher than the market is predicting. A similar story is true for heifers ready to enter the feedlot. These market signals point to strong demand for low risk feeder cattle. Strong demand for low risk cattle can be confirmed by the basis for high risk auction barn run cattle being softer than the historical average. The pump is primed for a year of higher cattle prices in 2020 than in 2019, but it would not take much support to the market to result in higher prices. Producers should not be expecting a huge bump in profitability in the next 12 months, but the next few years should be satisfactory to most.

**ASK ANDREW, TN THINK TANK:** Why do cattle producers make certain decisions? What is a cattle producer's motivation? A producer told me recently that he made a decision about a group of cattle in his cattle herd that was probably not the correct decision from a profitability standpoint. Why would someone make a decision that is likely less profitable than the alternative? The only reason I can think of is that profitability is not this producer's primary objective for the operation. Why would profitability not be the primary objective? It may all come down to who the decision makers are and where the primary source of the income is being generated. There are many part time farmers and beef cattle produc-

ers. Many of them have a profit objective, but it is not always first on the list. There are several full-time farmers that run an entire operation by themselves and profitability is generally the key objective. There are other operations with employees who make decisions, and the decisions of the employees may or may not be in line with maximizing profitability. 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 –December \$121.20 - 0.23; February \$126.20 -0.50; April \$126.38 -0.50; Feeder cattle –January \$142.28 -1.05; March \$143.03 -0.90; April \$144.98 -0.65; May \$146.15 -0.50; December corn closed at \$3.71 up 9 cents from Thursday.

## Crop Comments by Dr. Aaron Smith

### Overview

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

March corn opened November at \$3.98  $\frac{1}{4}$  and closed at \$3.81  $\frac{1}{4}$ , down 17 cents for the month. Trading range for the month was 27 cents (high of \$4.00; low of \$3.73). Corn prices continue to be influenced by the late maturing crop and slow harvest pace. Percent harvested (5-year average) for: Wisconsin – 57% (85%); Michigan - 56% (83%); North Dakota – 30% (91%), and South Dakota – 68% (96%) are well behind typical pace. This will continue to influence USDA projections of harvested acres, average yield, and production into 2020.

January soybeans opened November at \$9.31 and closed at \$8.76  $\frac{3}{4}$ , down 54  $\frac{1}{4}$  cents for the month. Trading range for the month was 66  $\frac{1}{2}$  cents (high of \$9.42  $\frac{1}{4}$ ; low of \$8.75  $\frac{3}{4}$ ). Soybean futures dropped the whole month as continuation of the U.S.-China trade war appears likely. South America is expected to plant a record crop with growing conditions to date mostly supportive for crop planting and development.

March cotton opened November at 65.84 and closed at 65.36, down 0.48 cents for the month. Trading range for the month was 3.23 cents (high of 66.93; low of 63.70). Given the estimated size of the U.S. cotton crop (20.82 million bales), strong export sales will need to be maintained to support prices at current levels. An advance over 70 cents before 2020 seems very unlikely. A trading range of 63-67 cents remains the most likely scenario for the remainder of 2019.

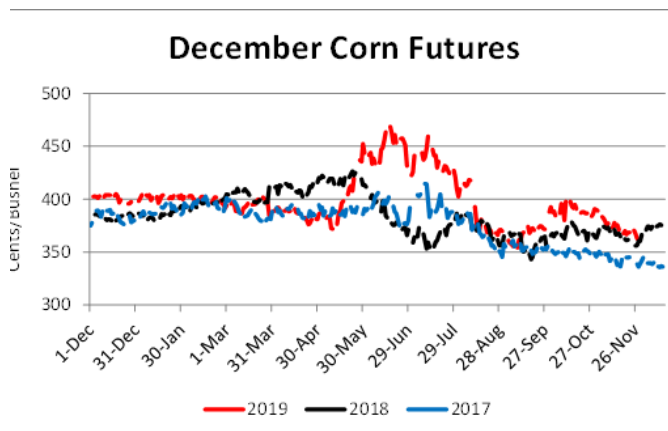
March wheat opened November at \$5.14  $\frac{1}{2}$  and closed at \$5.41  $\frac{3}{4}$ , up 27  $\frac{1}{4}$  cents for the month. Trading range for the month was 44  $\frac{1}{4}$  cents (high of \$5.46; low of \$5.01  $\frac{3}{4}$ ). Wheat futures have benefitted from concerns over wheat production in Europe and Russia as a result of unsupportive weather. However, it is important to note that global and domestic stocks remain high, so a large scale production failure would be necessary to see a dramatic change in wheat prices.

(Continued on page 3)

## Corn

Ethanol production for the week ending November 22 was 1.059 million barrels per day, up 26,000 from the previous week. Ethanol stocks were 20.277 million barrels, down 0.237 million barrels compare to last week. Corn net sales reported by exporters for November 15-21 were down compared to last week with net sales of 31.8 million bushels for the 2019/20 marketing year. Exports for the same time period were down 6% from last week at 25.0 million bushels. Corn export sales and commitments were 30% 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 45%. Nationally, the Crop Progress report estimated corn harvested at 84% compared to 76% last week, 93% last year, and a 5-year average of 96%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened at Northwest Barge Points and Upper-middle Tennessee and weakened at Memphis and Northwest Tennessee. Overall, basis for the week ranged from 31 under to 10 over with an average of 1 under the March futures at elevators and barge points. In Tennessee, January corn cash contracts averaged \$3.93 with a range of \$3.81 to \$4.01. March 2020 corn futures closed at \$3.81, up 3 cents since last Friday. For the week, March 2019 corn futures traded between \$3.73 and \$3.82. Mar/May and Mar/Dec future spreads were 4 and 10 cents. May 2020 corn futures closed at \$3.85, up 2 cents since last Friday.

Corn	Mar 20	Change	Dec 20	Change
Price	\$3.81	\$0.03	\$3.91	-\$0.01
Support	\$3.71	-\$0.04	\$3.86	-\$0.05
Resistance	\$3.86	\$0.04	\$3.95	\$0.00
20 Day MA	\$3.83	-\$0.04	\$3.97	-\$0.02
50 Day MA	\$3.91	-\$0.01	\$4.03	-\$0.01
100 Day MA	\$3.98	-\$0.03	\$4.06	-\$0.01
4-Week High	\$4.00	-\$0.02	\$4.07	-\$0.03
4-Week Low	\$3.73	-\$0.03	\$3.88	-\$0.04
Technical Trend	Strong Down	=	Strong Down	=



December 2020 corn futures closed at \$3.91, down 1 cent since last Friday. Downside price protection could be obtained by purchasing a \$4.00 December 2020 Put Option costing 31 cents establishing a \$3.69 futures floor.

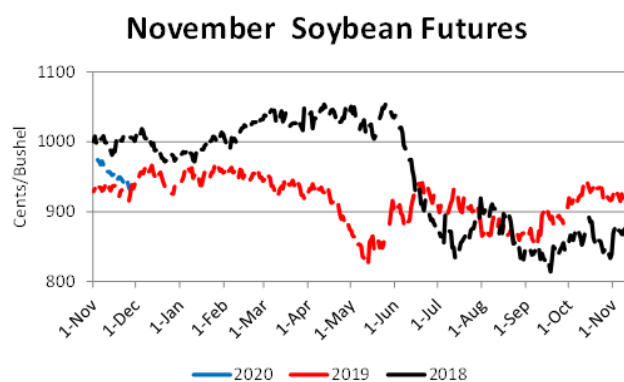
## Soybeans

Net sales reported by exporters were up compared to last week with net sales of 61.1 million bushels for the 2019/20 marketing year. Exports for the same period were up 36% compared to last week at 82.5 million bushels. Soybean export sales and commitments were 52% 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 65%. Nationally, the Crop Progress report estimated soybeans harvested at 94% compared to 91% last week, 94% last year, and a 5-year average of 97%. In Tennessee, the Crop Progress report estimated soybeans harvested at 91% compared to 85% last week, 82% last year, and a 5-year average of 91%. In Tennessee, January 2020 cash contracts ranged from \$8.72 to \$9.17. Average soybean basis strengthened at Memphis, Northwest Barge Points, Northwest, and Upper-middle Tennessee. Basis ranged from 35 under to 20 over the January futures contract at elevators and barge points. Average basis at the end of the week was 1 over the January futures contract. January 2020 soybean futures closed at \$8.76, down 21 cents since last Friday. For the week, January 2020 soybean futures traded between \$8.75 and \$9.02. Jan/Mar and Jan/Nov future spreads were 15 and 51 cents. March 2020 soybean futures closed at \$8.91, down 20 cents since last Friday. March soybean-to-corn price ratio was 2.34 at the end of the week.

(Continued on page 4)

## Crop Comments by Dr. Aaron Smith

Soybeans	Jan 20	Change	Nov 20	Change
Price	\$8.76	-\$0.21	\$9.27	-\$0.15
Support	\$8.70	-\$0.24	\$9.23	-\$0.14
Resistance	\$8.88	-\$0.24	\$9.34	-\$0.13
20 Day MA	\$9.12	-\$0.10	\$9.53	-\$0.07
50 Day MA	\$9.23	-\$0.02	\$9.59	-\$0.01
100 Day MA	\$9.10	-\$0.01	\$9.49	\$0.00
4-Week High	\$9.42	-\$0.11	\$9.75	-\$0.03
4-Week Low	\$8.75	-\$0.20	\$9.26	-\$0.14
Technical Trend	Strong Down	-	Strong Down	-

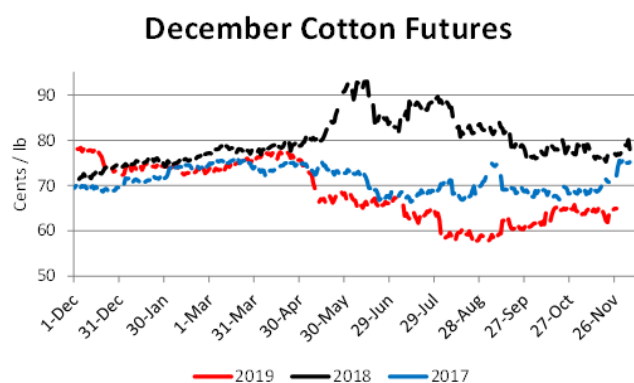


Nov/Dec 2020 soybean-to-corn price ratio was 2.37 at the end of the week. November 2020 soybean futures closed at \$9.27, down 15 cents since last Friday. Downside price protection could be achieved by purchasing a \$9.40 November 2020 Put Option which would cost 52 cents and set an \$8.88 futures floor.

### Cotton

Net sales reported by exporters were up compared to last week with net sales of 281,500 bales for the 2019/20 marketing year and 23,800 bales for the 2020/21 marketing year. Exports for the same time period were up 34% compared to last week at 184,400 bales. Upland cotton export sales were 68% 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 61%. Nationally, the Crop Progress report estimated cotton harvested at 78% compared to 68% last week, 68% last year, and a 5-year average of 74%. In Tennessee, the Crop Progress report estimated cotton harvested at 88% compared to 79% last week, 91% last year, and a 5-year average of 92%. Delta upland cotton spot price quotes for November 26 were 62.95 cents/lb (41-4-34) and 65.20 cents/lb (31-3-35). Adjusted World Price (AWP) decreased 0.16 cents to 56.2 cents. March 2020 cotton futures closed at 65.36, up 0.51 cents since last Friday. For the week, March 2020 cotton futures traded between 64.75 and 66.14 cents. Mar/May and Mar/Dec cotton futures spreads were 1.03 cents and 1.48 cents. May 2020 cotton futures closed at 66.39, up 0.45 cents since last Friday.

Cotton	Mar 20	Change	Dec 20	Change
Price	65.36	0.51	66.84	-0.20
Support	64.75	1.13	66.31	0.04
Resistance	66.09	0.57	67.81	0.36
20 Day MA	65.65	-0.07	67.84	-0.01
50 Day MA	64.42	0.32	66.38	0.23
100 Day MA	62.96	-0.01	65.14	0.02
4-Week High	67.13	0.00	69.19	0.00
4-Week Low	63.70	0.00	66.29	0.00
Technical Trend	Up	-	Flat	=



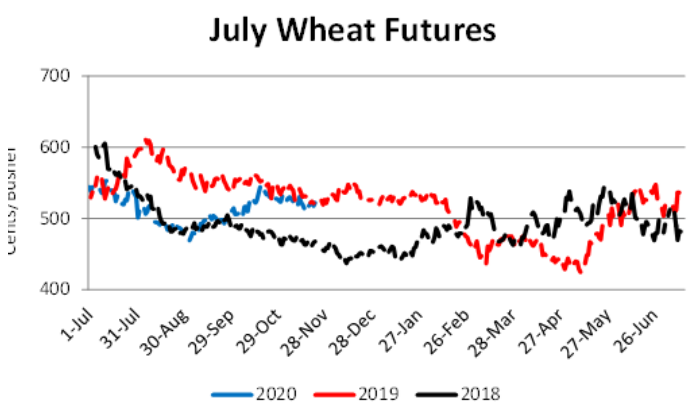
December 2020 cotton futures closed at 66.84, down 0.2 cents since last Friday. Downside price protection could be obtained by purchasing a 67 cent December 2020 Put Option costing 4.11 cents establishing a 62.89 cent futures floor.

## Crop Comments by Dr. Aaron Smith

### Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 22.5 million bushels for the 2019/20 marketing year. Exports for the same time period were down 8% from last week at 16.4 million bushels. Wheat export sales were 63% 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 71%. In Tennessee, November 2019 wheat cash contracts ranged from \$5.17 to \$5.65 for the week. March 2020 wheat futures closed at \$5.41, up 23 cents since last Friday. March 2020 wheat futures traded between \$5.18 and \$5.46 this week. March wheat-to-corn price ratio was 1.42. Mar/May and Mar/Jul future spreads were 3 and 1 cents. May 2020 wheat futures closed at \$5.44, up 22 cents since last Friday. May wheat-to-corn price ratio was 1.41.

Wheat	Mar 20	Change	Jul 20	Change
Price	\$5.41	\$0.23	\$5.42	\$0.18
Support	\$5.21	\$0.15	\$5.26	\$0.13
Resistance	\$5.56	\$0.28	\$5.56	\$0.24
20 Day MA	\$5.19	\$0.04	\$5.26	\$0.02
50 Day MA	\$5.13	\$0.04	\$5.21	\$0.03
100 Day MA	\$5.04	\$0.00	\$5.12	\$0.00
4-Week High	\$5.46	\$0.17	\$5.48	\$0.11
4-Week Low	\$5.01	\$0.00	\$5.09	\$0.00
Technical Trend	Strong Up	+	Strong Up	+



Nationally, the Crop Progress report estimated winter wheat condition at 52% good-to-excellent and 14% poor-to-very poor; and winter wheat emerged at 87% compared to 83% last week, 85% last year, and a 5-year average of 90%. In Tennessee, winter wheat condition was estimated at 61% good-to-excellent and 8% poor-to-very poor; winter wheat planted was estimated at 87% compared to 81% last week, and 82% last year; and winter wheat emerged at 72% compared to 58% last week, and 66% last year. In Memphis, June/July 2020 cash contracts ranged from \$5.39 to \$5.41. July 2020 wheat futures closed at \$5.42, up 18 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.50 July 2020 Put Option costing 36 cents establishing a \$5.14 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).

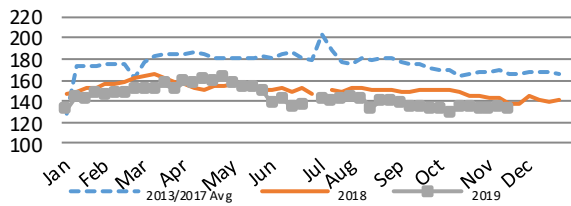


## Prices Paid to Farmers by Elevators

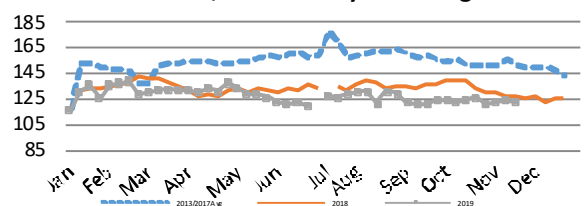
Friday, November 22, 2019---Thursday, November 28, 2019

		Friday		Monday		Tuesday		Wednesday		Thursday	
		Low	High	Low	High	Low	High	Low	High	Low	High
No. 2 Yellow Soy-		-----\$/bushel-----									
	Memphis	9.13-9.15		9.08-9.12		9-9.04					
	N.W. B.P.	9.12-9.12		9.11-9.11		9.02-9.03		9.01-9.01		0-0	
	N.W. TN	8.62-8.82		8.58-8.78		8.49-8.69		8.49-8.69		0-0	
	Upper Md.	8.99-9.1		8.95-9.1		8.87-9.02		8.88-8.95		0-0	
Yellow Corn											
	Memphis	3.87-3.89		3.87-3.9		3.85-3.88					
	N.W. B.P.	3.84-3.84		3.85-3.85		3.833-3.88		3.82-3.84		0-0	
	N.W. TN	3.73-3.79		3.73-3.8		3.75-3.77		3.72-3.73		0-0	
	Upper Md.	3.49-3.69		3.5-3.7		3.5-3.71		3.62-3.67		0-0	
Wheat											
	Memphis										
Cotton											
	Memphis	61.85-64.1		62.8-65.05		62.95-65.2		62.81-65.06		0-0	

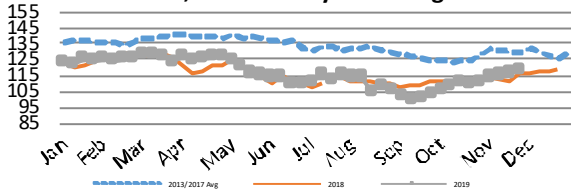
**Tennessee 500-600 lbs. M-1 Steer Prices  
2018, 2019 and 5-year average**



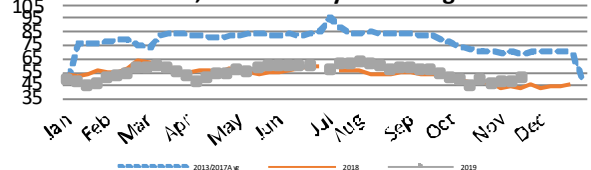
**Tennessee 700-800 lbs. M-1 Steers Prices  
2018, 2019 and 5-year average**



**5-Area Finished Cattle Prices  
2018, 2019 and 5-year average**



**Tennessee Slaughter Cow Prices  
Breakers 75-80%  
2018, 2019 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>