

# Tennessee Market Highlights

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

December 13, 2019

Number: 50

## Trends for the Week Compared to a Week Ago

### Slaughter Cows

\$1 to \$2 lower

### Slaughter Bulls

Steady

### Feeder Steers

\$3 to \$5 higher

### Feeder Heifers

Unevenly steady (\$2 lower to \$2 higher)

Feeder Cattle Index: 143.31

### Fed Cattle

The 5-area live price on Thursday of \$118.81 was down \$0.14. The dressed price of \$188.11 was up \$0.37.

### Corn

March closed at \$3.81 a bushel, up 5 cents since last Friday.

### Soybeans

January closed at \$9.07 a bushel, up 18 cents since last Friday.

### Wheat

March closed at \$5.32 a bushel, up 8 cents since last Friday.

### Cotton

March closed at \$5.32 a bushel, up 8 cents since last Friday.

## Livestock Comments by Dr. Andrew P. Griffith

**FED CATTLE:** Fed cattle traded steady to \$1 higher compared to last week on a live basis. Prices on a live basis were mainly \$119 to \$120 while dressed prices were mostly \$188 to \$190.

The 5-area weighted average prices thru Thursday were \$118.81 live, down \$0.14 from last week and \$188.11 dressed, up \$0.37 from a week ago. A year ago, prices were \$117.00 live and \$186.51 dressed.

The strength in live cattle futures provides a little promise that finished cattle could trade over \$120 before the end of the year. Whether it does or does not, there is likely to be few complaints from cattle feeders. A few cattle traded at \$120 this week, but the weekly weighted average has yet to reach that level. The two thoughts on many cattle feeders' minds now is avoiding another tough winter like last year and avoiding another market collapse in 2020. It is likely that many feedlots have tried to address the muddy pen situation of 2019 that resulted in many inefficiencies which should be of benefit if another wet winter occurs. Similarly, many feedlots have probably been more proactive in their price risk management strategy to avoid major market losses.

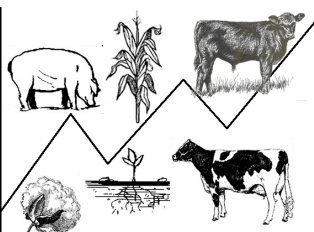
**BEEF CUTOFF:** At midday Friday, the Choice cutout was \$217.04 up \$1.39 from Thursday and down \$8.14 from last Friday. The Select cutout was \$204.26 up \$1.70 from Thursday and down \$4.03 from last Friday. The Choice Select spread was \$12.78 compared to \$16.89 a week ago.

The all fresh beef retail value registered at \$5.82 per pound in November which is 4.5 cents higher than the previous month and nearly 12 cents higher than November a year ago. The Choice beef retail value for November was even more impressive as it was over \$6.06 per pound which represented more than a 17 cent increase from

October and a 15 cent increase from one year ago. The expectation could be for retail value of beef to continue escalating given that wholesale beef prices in November were 7.7 percent higher than the previous month. Another factor that may soon influence retail beef prices is the deal with China that has been announced and that has sent equity markets soaring. It is difficult to fathom that a deal with China will result in a lot of U.S. beef going to China, but it could help clear some pork and poultry stocks which would pull down some of the meat protein stocks. This is a situation that is worthy of beef cattle producers' attention as it could provide support or continue to weigh on the market.

**OUTLOOK:** Based on Tennessee weekly auction market price data, steer prices were \$3 to \$5 higher compared to last week while heifer prices were unevenly steady with a range of \$2 lower to \$2 higher. Slaughter cow prices were \$1 to \$2 lower compared to last week while slaughter bull prices were mostly steady. The most notable aspect of the Tennessee weekly auction report is the total number of receipts. Total cattle receipts through reported markets have been extremely strong the past couple of weeks which is somewhat abnormal for December. Many producers that hold onto cattle into December generally hold them until the beginning of the next year since there is generally a bump in prices and for tax reasons. However, producers in Tennessee continue to set wheels under calves, feeder cattle, and slaughter cows. The thought is that receipts next week will be fairly small across the state, but this expectation could be incorrect since most markets will be closed the following two weeks for the end of the year holidays. What makes strong receipts even more

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## Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

puzzling is that soft prices continue to dominate the market. Many cattle producers continue to be disappointed in calf and feeder cattle prices but yet they continue to sell calves. The selloff of animals could be due to resource constraints such as feed availability or having to move one calf crop before the next one begins hitting the ground, but either way, it would appear some producers have put themselves between a rock and a hard place as it relates to marketing cattle. The silver lining in this is that most livestock marketing agencies will be closed the week of Christmas and New Year's which will provide producers an opportunity to evaluate their situation more thoroughly. At the same time, the break in the action for two weeks will likely have cattle buyers eager to purchase cattle in January which should support calf and feeder cattle prices.

**ASK ANDREW, TN THINK TANK:** Most everyone has heard the saying that "You can lead a horse to water, but you cannot make him drink." This statement is true in many facets of life, and I have found it to be true in the education business as well. The University of Tennessee along with other land grant universities have programs to edu-

cate agricultural producers and other interested parties on a variety of subjects. The goal is that research is conducted and then the information from that research is extended to the public for their benefit. In general, this is what happens, but there are times when the process is not as efficient as desired. My job is to lead the horse to water, but there are times when I feel like I am hauling the water to the horse. It is discouraging when one hauls water to the horse and it does not drink but being discouraged does not mean one stops hauling water. If one person benefits from what is being taught then it was worth my time. I am a resource for livestock producers, and I am ready to haul a little water if necessary.

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 \$122.38 +1.95; February \$127.55 +2.45; April \$128.20 +2.00; Feeder cattle –January \$145.68 +3.13; March \$146.25 +2.80; April \$148.05 +2.48; May \$148.60 +2.08; December corn closed at \$3.66 down 1 cent from Thursday.

## Crop Comments by Dr. Aaron Smith

### Overview

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

March 2020 corn futures established a new four week high (\$3.85 ½) and a new four week low (\$3.71) this week. Corn prices were buoyed at the end of the week by strong export sales commitments to Mexico and progress on Phase 1 of a trade agreement with China. Since mid-August, March corn futures have traded in a 46 cent range from \$3.65 to \$4.11. Corn prices are likely to remain in this range as we move into 2020.

January soybean futures have rallied 49 ½ cents, from \$8.67 ½ to \$9.17, since December 2. On Friday, reports that China and the U.S. agreed on Phase 1 of a trade agreement created a 17 cent bump before falling back to close the day up 9 ¼ cents. While positive trade news was welcome, markets are likely to wait for further verification before additional increases emerge.

March cotton continues to move toward 70 cents. On August 26, the March cotton contract bottomed at 57.65 cents, since then prices have appreciated 10.15 cents peaking on Friday at 67.8 cents, the highest price since July 8. Cotton futures will still have a difficult time breaching 70 cents due to 20.21 million bales of US production and projected ending stocks of 5.5 million bales despite strong projected export sales of 16.5 million bales. Continued trading between 62 and 70 cents remains likely.

Analysis and futures market reaction to the December WASDE report for corn, soybean, cotton, and wheat is available at: <https://ag.tennessee.edu/arec/Pages/MonthlyCropComments.aspx>.

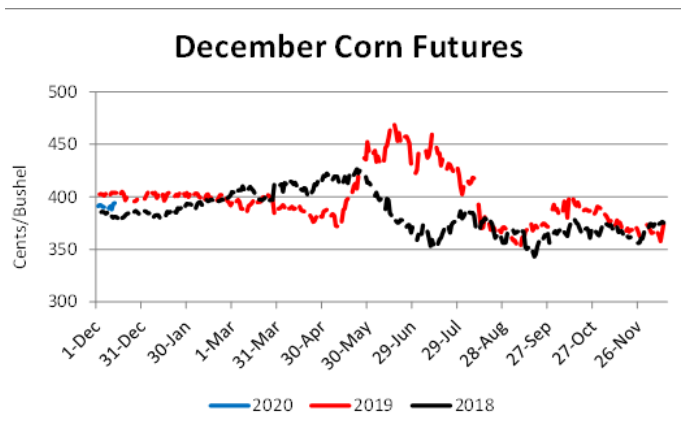
	Previous	Current	Change
USD Index	97.68	97.17	-0.51
Crude Oil	59.22	59.89	0.67
DJIA	28,003	28,149	146

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## Corn

Ethanol production for the week ending December 6 was 1.072 million barrels per day, up 12,000 from the previous week. Ethanol stocks were 21.815 million barrels, up 1.176 million barrels compare to last week. Corn net sales reported by exporters for November 29-December 5 2019 were up compared to last week with net sales of 34.4 million bushels for the 2019/20 marketing year and 0.09 million bushels for the 2020/21 marketing year. Exports for the same time period were up 7% from last week at 20.9 million bushels. Corn export sales and commitments were 33% 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 50%. Nationally, the Crop Progress report estimated corn harvested at 92% compared to 89% last week, 100% last year, and a 5-year average of 100%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened at Northwest Barge Points and Northwest Tennessee and weakened at Memphis and Upper-middle Tennessee. Overall, basis for the week ranged from 16 under to 16 over with an average of 7 over the March futures at elevators and barge points. In Tennessee, January corn cash contracts averaged \$3.90 with a range of \$3.76 to \$3.98. March 2020 corn futures closed at \$3.81, up 5 cents since last Friday. For the week, March 2020 corn futures traded between \$3.71 and \$3.85. Mar/May and Mar/Dec future spreads were 7 and 14 cents. May 2020 corn futures closed at \$3.88, up 6 cents since last Friday.

Corn	Mar 20	Change	Dec 20	Change
Price	\$3.81	\$0.05	\$3.95	\$0.05
Support	\$3.67	-\$0.05	\$3.84	-\$0.03
Resistance	\$3.85	\$0.04	\$4.00	\$0.07
20 Day MA	\$3.78	-\$0.02	\$3.92	-\$0.02
50 Day MA	\$3.89	-\$0.02	\$4.00	-\$0.01
100 Day MA	\$3.91	-\$0.03	\$4.03	-\$0.01
4-Week High	\$3.86	-\$0.06	\$3.99	-\$0.05
4-Week Low	\$3.71	-\$0.02	\$3.87	-\$0.01
Technical Trend	Down	=	Down	+



In Memphis, new crop cash corn contracts ranged from \$3.72 to \$3.84. December 2020 corn futures closed at \$3.95, up 5 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.

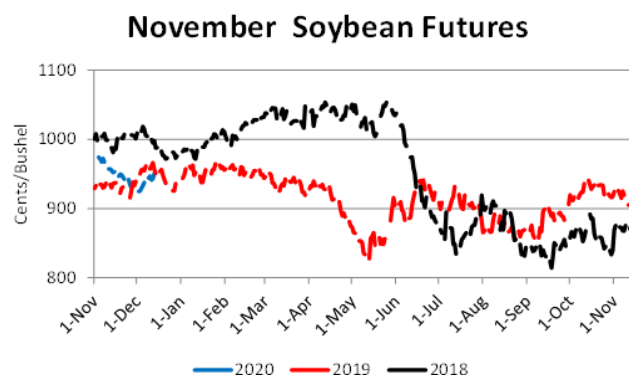
## Soybeans

Net sales reported by exporters were up compared to last week with net sales of 38.6 million bushels for the 2019/20 marketing year and 4.6 million bushels for the 2020/21 marketing year. Exports for the same period were down 4% compared to last week at 53.0 million bushels. Soybean export sales and commitments were 56% 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 69%. Average soybean basis strengthened or remained unchanged at Memphis, Northwest Barge Points, and Northwest Tennessee and weakened at Upper-middle Tennessee. Basis ranged from 34 under to 30 over the January futures contract at elevators and barge points. Average basis at the end of the week was 6 over the January futures contract. January 2020 soybean futures closed at \$9.07, up 18 cents since last Friday. For the week, January 2020 soybean futures traded between \$8.88 and \$9.17. In Tennessee, January 2020 cash contracts ranged from \$8.69 to \$9.26. Jan/Mar and Jan/Nov future spreads were 14 and 44 cents. March 2020 soybean futures closed at \$9.21, up 18 cents since last Friday. March soybean-to-corn price ratio was 2.42 at the end of the week.

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## Crop Comments by Dr. Aaron Smith

Soybeans	Jan 20	Change	Nov 20	Change
Price	\$9.07	\$0.18	\$9.51	\$0.20
Support	\$8.82	\$0.03	\$9.32	\$0.05
Resistance	\$9.09	\$0.11	\$9.52	\$0.07
20 Day MA	\$8.93	-\$0.05	\$9.39	-\$0.04
50 Day MA	\$9.19	-\$0.02	\$9.56	-\$0.01
100 Day MA	\$9.07	-\$0.01	\$9.47	-\$0.01
4-Week High	\$9.23	-\$0.15	\$9.57	-\$0.17
4-Week Low	\$8.67	\$0.00	\$9.22	\$0.00
Technical Trend	Flat	+	Up	+

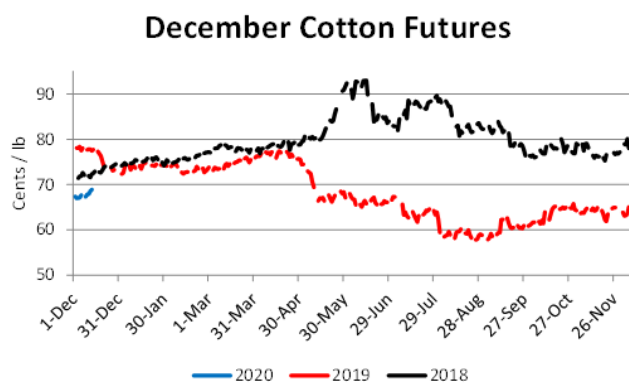


In Memphis, new crop corn cash contracts ranged from \$9.21 to \$9.32. Nov/Dec 2020 soybean-to-corn price ratio was 2.41 at the end of the week. November 2020 soybean futures closed at \$9.51, up 20 cents since last Friday. Downside price protection could be achieved by purchasing a \$9.60 November 2020 Put Option which would cost 52 cents and set a \$9.08 futures floor.

### Cotton

Net sales reported by exporters were up compared to last week with net sales of 277,100 bales for the 2019/20 marketing year and 6,600 bales for the 2020/21 marketing year. Exports for the same time period were up 12% compared to last week at 186,300 bales. Upland cotton export sales were 71% 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 64%. Nationally, the Crop Progress report estimated cotton harvested at 89% compared to 83% last week. In Tennessee, the Crop Progress report estimated cotton harvested at 97% compared to 95% last week and 97% last year. Delta upland cotton spot price quotes for December 12 were 64.67 cents/lb (41-4-34) and 66.92 cents/lb (31-3-35). Adjusted World Price (AWP) increased 0.69 cents to 56.66 cents. March 2020 cotton futures closed at 66.8 cents, up 0.8 cents since last Friday. For the week, March 2020 cotton futures traded between 64.81 and 67.8 cents. Mar/May and Mar/Dec cotton futures spreads were 1.17 cents and 1.98 cents. May 2020 cotton futures closed at 67.97, up 1.12 cents since last Friday.

Cotton	Mar 20	Change	Dec 20	Change
Price	66.80	0.80	68.78	1.14
Support	64.90	1.10	67.39	0.71
Resistance	68.52	1.10	69.35	1.81
20 Day MA	65.46	-0.01	67.59	-0.13
50 Day MA	65.21	0.43	67.13	0.39
100 Day MA	63.09	0.10	65.32	0.11
4-Week High	67.80	0.87	69.27	0.08
4-Week Low	63.70	0.00	66.29	0.00
Technical Trend	Strong Up	+	Strong Up	+



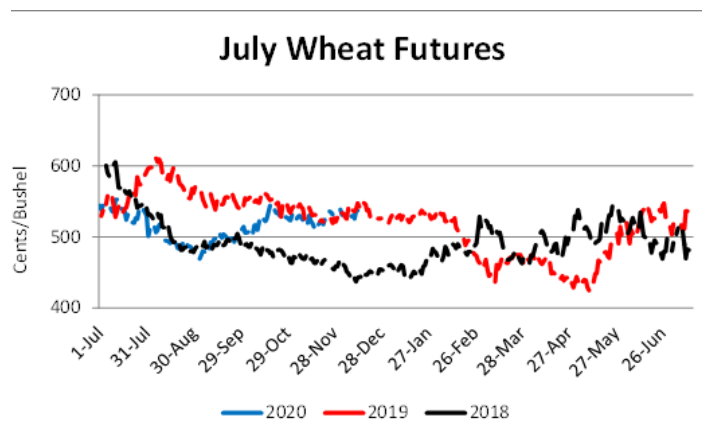
December 2020 cotton futures closed at 68.78, up 1.14 cents since last Friday. Downside price protection could be obtained by purchasing a 69 cent December 2020 Put Option costing 4.39 cents establishing a 64.61 cent futures floor.

## Crop Comments by Dr. Aaron Smith

### Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 18.5 million bushels for the 2019/20 marketing year. Exports for the same time period were up 68% from last week at 14.3 million bushels. Wheat export sales were 64% 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 75%. In Tennessee, December 2019 wheat cash contracts ranged from \$5.23 to \$5.67 for the week. March 2020 wheat futures closed at \$5.32, up 8 cents since last Friday. March 2020 wheat futures traded between \$5.16 and \$5.36 this week. March wheat-to-corn price ratio was 1.40. Mar/May and Mar/Jul future spreads were 2 and 5 cents. May 2020 wheat futures closed at \$5.34, up 7 cents since last Friday. May wheat-to-corn price ratio was 1.38.

Wheat	Mar 20	Change	Jul 20	Change
Price	\$5.32	\$0.08	\$5.37	\$0.07
Support	\$5.08	-\$0.08	\$5.16	-\$0.04
Resistance	\$5.44	\$0.13	\$5.49	\$0.13
20 Day MA	\$5.24	\$0.03	\$5.29	\$0.02
50 Day MA	\$5.19	\$0.03	\$5.26	\$0.02
100 Day MA	\$5.04	\$0.00	\$5.12	\$0.00
4-Week High	\$5.46	\$0.00	\$5.48	\$0.00
4-Week Low	\$5.01	\$0.00	\$5.09	\$0.00
Technical Trend	Strong Up	+	Strong Up	+



In Memphis, June/July 2020 cash contracts ranged from \$5.31 to \$5.41. July 2020 wheat futures closed at \$5.37, up 7 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.40 July 2020 Put Option costing 32 cents establishing a \$5.08 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>

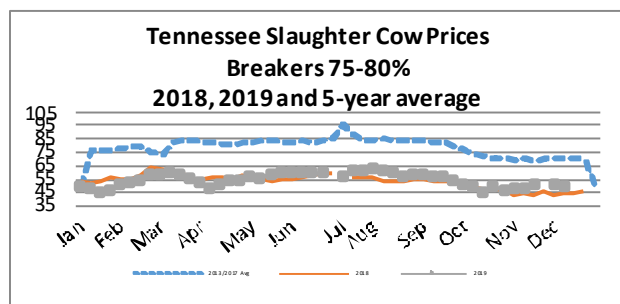
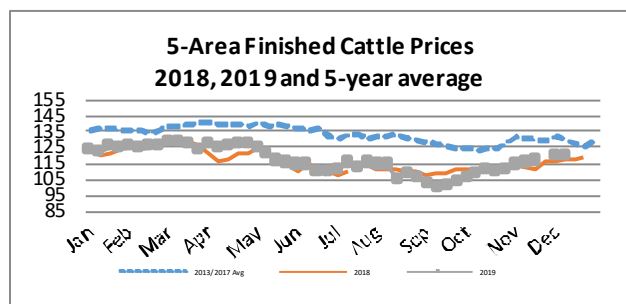
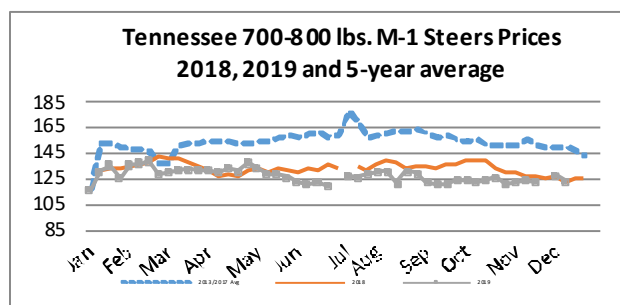
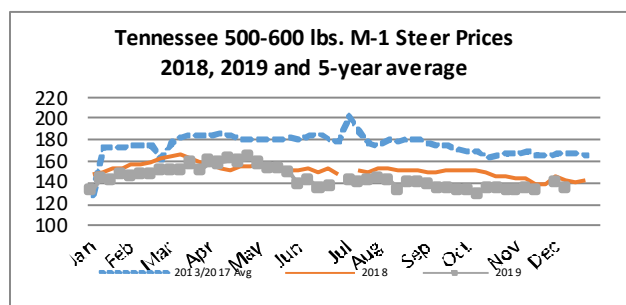
USDA AMS: Market News - <https://www.ams.usda.gov/market-news/search-market-news>

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, December 6, 2019---Thursday, December 12, 2019									
		Friday		Monday		Tuesday		Wednesday		Thursday	
		Low	High	Low	High	Low	High	Low	High	Low	High
No. 2 Yellow Soybeans		-----\$/bushel-----									
	Memphis	9.08-9.10		9.15-9.19		9.19-9.28		9.12-9.21		9.16-9.25	
	N.W. B.P.	9.08-9.11		9.19-9.19		9.22-9.25		9.21-9.23		9.25-9.26	
	N.W. TN	8.64-8.70		8.69-8.78		8.69-8.80		8.70-8.81		8.64-8.84	
	Upper Md.	8.98-8.98		9.03-9.05		9.07-9.07		9.06-9.10		9.01-9.10	
<b>Yellow Corn</b>											
	Memphis	3.87-3.89		3.87-3.89		3.88-3.90		3.77-3.84		3.84-3.91	
	N.W. B.P.	3.83-3.85		3.85-3.85		3.87-3.89		3.76-3.83		3.83-3.85	
	N.W. TN	3.81-3.86		3.80-3.91		3.82-3.92		3.76-3.86		3.79-3.94	
	Upper Md.	3.68-3.83		3.66-3.83		3.63-3.85		3.67-3.74		3.62-3.81	
<b>Wheat</b>											
	Memphis										
<b>Cotton</b>											
	Memphis	63.50-65.75		62.88-65.13		63.43-65.68		63.38-65.63		64.67-66.92	



## 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, December 13, 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	170.00	149.98	151.13	155.33
400-500 lbs	128.00	158.00	145.48	143.84	146.38
500-600 lbs	117.00	152.00	135.15	140.04	139.61
600-700 lbs	110.00	138.00	127.23	131.72	132.19
700-800 lbs	110.00	135.00	122.78	127.57	122.37
Steers: Small Frame #1-2					
300-400 lbs	120.00	155.00	143.12	---	139.83
400-500 lbs	109.00	145.00	124.40	128.71	132.89
500-600 lbs	101.00	117.50	110.17	111.07	107.60
600-700 lbs	107.50	110.00	108.70	---	---
Steers: Medium/Large Frame #3					
300-400 lbs	111.00	150.00	132.89	139.47	136.41
400-500 lbs	110.00	145.00	130.09	138.00	135.87
500-600 lbs	105.00	135.00	119.17	131.80	129.02
600-700 lbs	110.00	125.00	117.59	125.31	117.49
700-800 lbs	105.00	115.00	108.68	112.42	136.26
Holstein Steers					
300-400 lbs	82.00	89.00	86.11	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	83.00	85.00	83.76	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	41.00	57.00	47.71	50.44	42.40
Boners 80-85%	42.00	59.00	47.92	49.80	44.52
Lean 85-90%	30.00	50.00	38.72	40.30	35.16
Bulls YG 1	63.00	80.00	70.82	70.24	64.78
Heifers: Medium/Large Frame #1-2					
300-400 lbs	107.50	138.00	122.88	127.69	128.00
400-500 lbs	106.50	132.00	118.05	124.99	123.49
500-600 lbs	95.00	123.00	111.88	118.44	119.47
600-700 lbs	87.00	123.00	107.13	117.88	112.46
Heifers: Small Frame #1-2					
300-400 lbs	100.00	120.00	113.33	117.37	---
400-500 lbs	102.50	115.00	109.40	109.24	114.99
500-600 lbs	100.00	113.00	106.22	---	106.97
600-700 lbs	80.00	111.00	95.11	---	95.90
Heifers: Medium/Large Frame #3					
300-400 lbs	100.00	122.50	113.00	109.11	118.11
400-500 lbs	90.00	118.00	108.63	110.81	113.04
500-600 lbs	83.00	115.00	101.54	98.64	109.32
600-700 lbs	81.00	110.00	100.56	---	101.70

## Cattle Receipts

This week: 10,551      Week ago:11,008      Year ago:5,968 (10)

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

### Tennessee Livestock Center Graded Holstein Steer Sale

Sweetwater, TN 12/6/19

[https://www.ams.usda.gov/mnreports/lst\\_mars\\_2072.pdf](https://www.ams.usda.gov/mnreports/lst_mars_2072.pdf)

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

Columbia, TN 12/6/19

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

## Graded Sheep & Goat Sale

### Department of Agricultural and Resource Economics

314 Morgan Hall • 2621 Morgan Circle • [arec.tennessee.edu](http://arec.tennessee.edu)

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

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