

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

December 20, 2019

Number: 51

Trends for the Week Compared to a Week Ago

Slaughter Cows

Mostly steady

Slaughter Bulls

Mostly steady

Feeder Steers

Unevenly steady

Feeder Heifers

Steady to \$4 higher

Feeder Cattle Index: 145.75

Fed Cattle

The 5-area live price on Thursday of \$120.20 was up \$01.39. The dressed price of \$191.85 was up \$3.74.

Corn

March closed at \$3.87 a bushel, up 6 cents since last Friday.

Soybeans

January closed at \$9.28 a bushel, up 21 cents since last Friday.

Wheat

March closed at \$5.42 a bushel, up 10 cents since last Friday.

Cotton

March closed at 67.96 cents per lb, up 1.16 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 \$120 to \$121 while dressed prices were mostly \$191 to \$193.

The 5-area weighted average prices thru Thursday were \$120.20 live, up \$1.39 from last week and \$191.85 dressed, up \$3.74 from a week ago. A year ago, prices were \$118.76 live and \$189.96 dressed.

Cattle prices finally reached the \$120 price target that has been discussed several times in this article. The market reaching this price level may be viewed as neutral information to most, but it would appear that feedlot managers are gaining a little leverage. This week's live cattle price is the highest price for finished cattle since early May, and it will provide a little momentum heading into winter and early spring. With the price of finished cattle starting to gain some steam, feedlot operators will be able to focus more of their attention on cattle health and pen conditions. Cattle feeders will be looking to avoid a repeat of last winter's mud and cattle feeding inefficiencies.

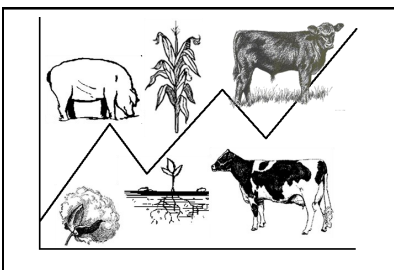
BEEF CUTOUT: At midday Friday, the Choice cutout was \$209.88 up \$0.89 from Thursday and down \$7.16 from last Friday. The Select cutout was \$200.97 down \$0.02 from Thursday and down \$3.29 from last Friday. The Choice Select spread was \$8.91 compared to \$12.78 a week ago.

The Choice cutout price has experienced a roller coaster ride since the Tyson slaughter facility fire in August. The comprehensive Choice boxed beef price jumped from \$216 to \$239 per hundredweight in two weeks before riding the wave back down to \$212 the first week of October. However, that was not the end of price swings as the weekly average price climbed to \$240 over the next six weeks and has now spent the past five weeks declining to \$210. The most recent price decline has started to eat at strongly positive packer margins, but packers have little concern at this time since

margins remain strong. The market is now shifting from strong demand for middle meats for the holidays to end cuts that will be slow cooked during the winter months. The part of the market that remains an unknown as it is every year is the winter weather. Severe weather that influences travel in densely populated areas generally slows down beef consumption and movement. The hope for the beef market is that winter storms do not wreak havoc on cattle or consumers.

OUTLOOK: Based on Tennessee weekly auction market price data, steer prices were unevenly steady compared to last week while heifer prices were steady to \$4 higher. Slaughter cow and slaughter bull prices were mostly steady compared to last week. Cattle receipts were essentially cut in half this week compared to last week which was expected given the extremely cold temperatures and the proximity to the end of the year holidays. The unfortunate part of December was that the markets did not rebound much from the lows experienced in the fall run of calves. However, the expectation is for calf prices to move significantly higher through the month of January and continuing that momentum through the end of March. The expectation is to gain \$8 to \$10 in January which would put a freshly weaned 550 pound steer close to \$145 per hundredweight with the gains in February and March pushing the same weight class of cattle to \$160. This price could prove to be profitable for some producers, but maybe not all. The same is not necessarily true for the yearling market moving into the first of the year. Feeder cattle prices have been holding fairly steady and the futures market has some optimism priced in but much of that optimism does not come about until the summer of 2020. The winter and spring prices on feeder cattle are likely profitable for stocker producers who got the cattle bought fairly inexpensively and that were able to keep

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Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

them alive, but it is doubtful that anyone will have windfall profits from the turn. Winter weather will still be a factor in final cattle performance. Most weekly livestock markets will be closed the next two weeks since both of the holidays fall in the middle of the week. This would be a good time to sit down and evaluate what can be done differently next year to achieve a greater margin than this year. Price improvement should be on the side of the seller.

The December cattle on feed report for feedlots with a 1000 head or more capacity indicated cattle and calves on feed as of December 1, 2019 totaled 12.03 million head, up 2.5% compared to a year ago, with the pre-report estimate average expecting an increase of 1.9%. November placements in feedlots totaled 2.09 million head, up 4.9% from a year ago with the pre-report estimate average expecting placements up 1.0%. November marketing's totaled 1.81 million head down 3.0% from 2018 with pre-report estimates expecting a 2.8% decrease in marketings. Placements on feed by weight: under 600 pounds up 12.7%, 600 to 799 pounds up 1.3%, 800 to 899 pounds down 1.6%, 900 pounds and over up 9.1%.

ASK ANDREW, TN THINK TANK: I am not a genetics expert, but I get several questions about bull selection. A recent question made me think what the key to buying a bull is for an individual producer. When a producer asks for input concerning

genetics from anyone and that person just starts telling the producer what they need then the producer may or may not end up with information that is useful. The key to introducing a genetic package into a herd should be based on what genetics the cow herd needs based on the intended market for the calf crop. In other words, yearling weight and marbling score should not be that important to a producer who sells the calf crop at weaning. Another question that a producer should ask themselves is if goals are being met or exceeded. Genetics is not the only piece to this puzzle, but if a producer is selecting a bull based on birthweight, calving ease, and maternal characteristics and yet they are failing to turn a profit then maybe some other EPDs should be in the selection criteria and the marketing plan adjusted. Merry Christmas.

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 \$122.23 +0.10; February \$125.80 +0.18; April \$126.73 -0.03; Feeder cattle –January \$144.28 -0.45; March \$144.38 -0.45; April \$146.50 -0.50; May \$147.48 -0.45; March corn closed at \$3.88 up 1 cent from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

Corn, soybeans, cotton, and wheat were up for the week. Futures prices are closing out 2019 with back-to-back weekly increases for corn, soybean, cotton, and wheat. For the month of December, new crop corn futures have increased 9 ¾ cents, opening at \$3.92 and closing Friday at \$4.01 ¾. While it is too early in the 2020 crop marketing year to get too aggressive with pricing production, futures prices approaching \$4.10 may be a good starting point to price a small amount of production (5-10%).

	Previous	Current	Change
USD Index	97.17	97.30	0.12
Crude Oil	59.89	60.33	0.44
DJIA	28,149	28,515	366

New crop soybean futures have appreciated 37 ½ cents since the start of the month, \$9.28 ¾ to \$9.66 ¾. Sub \$10 prices are unlikely to attract a lot of new crop sales, however putting in some downside price protection may be a solid risk management decision given the continued uncertainty with China. Progress has been made with agreement on Phase 1 of a trade deal, but I don't think we have seen the last of trade news related volatility in soybean futures.

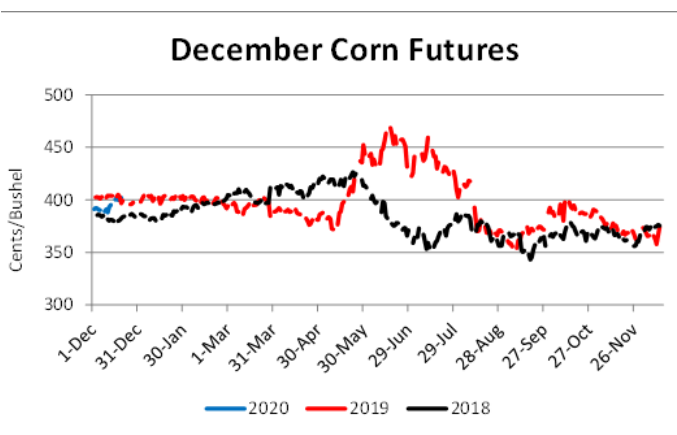
New crop (December 2020) cotton futures have rallied 13.7% since the August low of 61.2 cents. Positive trade developments with China have contributed to the rally however the primary driver in the August-December rally has been supply and demand. Estimated 2019 US production has been reduced 2.31 million bales from the August WASDE to the December WASDE, a 10.3% reduction. Over the same time period, foreign cotton production was reduced 2.19 million bales or a 2.1% reduction. Similar to December cotton, July wheat has been on a steady upward climb since the end of summer. On September 3, July wheat futures closed at \$4.69 ½, since then prices have appreciated 79 ¾ cents closing Friday at \$5.48 ¾. Futures prices above \$5.50 may be a good place to price some additional 2020 wheat production.

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Corn

Ethanol production for the week ending December 13 was 1.064 million barrels per day, down 8,000 from the previous week. Ethanol stocks were 21.798 million barrels, down 17,000 barrels compare to last week. Corn net sales reported by exporters for December 6-12 were up compared to last week with net sales of 67.3 million bushels for the 2019/20 marketing year and 21.1 million bushels for the 2020/21 marketing year. Exports for the same time period were up 36% from last week at 28.3 million bushels. Corn export sales and commitments were 37% 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 52%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened at Memphis, Northwest Barge Points, and Northwest Tennessee and weakened at Upper-middle Tennessee. Overall, basis for the week ranged from 13 under to 19 over with an average of 11 over the March futures at elevators and barge points. In Tennessee, January corn cash contracts averaged \$4.04 with a range of \$3.94 to \$4.10. March 2020 corn futures closed at \$3.87, up 6 cents since last Friday. For the week, March 2020 corn futures traded between \$3.83 and \$3.90. Mar/May and Mar/Dec future spreads were 7 and 14 cents. May 2020 corn futures closed at \$3.94, up 6 cents since last Friday.

Corn	Mar 20	Change	Dec 20	Change
Price	\$3.87	\$0.06	\$4.01	\$0.06
Support	\$3.84	\$0.17	\$3.98	\$0.14
Resistance	\$3.91	\$0.06	\$4.04	\$0.04
20 Day MA	\$3.80	\$0.02	\$3.93	\$0.01
50 Day MA	\$3.88	-\$0.01	\$3.99	-\$0.01
100 Day MA	\$3.89	-\$0.02	\$4.02	-\$0.01
4-Week High	\$3.90	\$0.04	\$4.02	\$0.03
4-Week Low	\$3.71	\$0.00	\$3.87	\$0.00
Technical Trend	Flat	+	Up	+



In Memphis, new crop cash corn contracts ranged from \$3.86 to \$3.95. December 2020 corn futures closed at \$4.01, up 6 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.10 December 2020 Put Option costing 31 cents establishing a \$3.79 futures floor.

Soybeans

Net sales reported by exporters were up compared to last week with net sales of 52.6 million bushels for the 2019/20 marketing year and 1.3 million bushels for the 2020/21 marketing year. Exports for the same period were down 3% compared to last week at 51.7 million bushels. Soybean export sales and commitments were 59% 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 72%. Average soybean basis strengthened or remained unchanged at Memphis, Northwest Barge Points, Northwest, and Upper-middle Tennessee. Basis ranged from 41 under to 31 over the January futures contract at elevators and barge points. Average basis at the end of the week was 11 over the January futures contract. January 2020 soybean futures closed at \$9.28, up 21 cents since last Friday. For the week, January 2020 soybean futures traded between \$9.12 and \$9.31. In Tennessee, January 2020 cash contracts ranged from \$8.92 to \$9.58. Jan/Mar and Jan/Nov future spreads were 10 and 38 cents. March 2020 soybean futures closed at \$9.38, up 17 cents since last Friday. March soybean-to-corn price ratio was 2.42 at the end of the week.

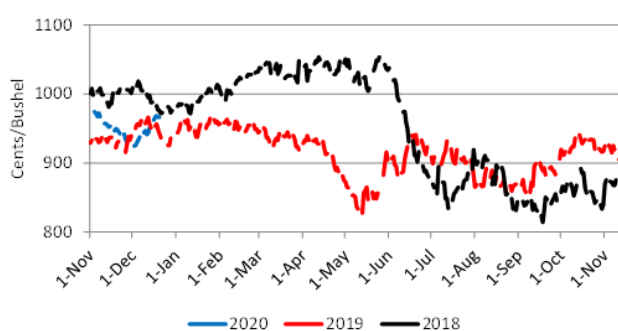
In Memphis, new crop soybean cash contracts ranged from \$9.42 to \$9.59. Nov/Dec 2020 soybean-to-corn price ratio was 2.41 at the end of the week. November 2020 soybean futures closed at \$9.66, up 15 cents since last Friday. Downside price protection could be achieved by purchasing a \$9.80 November 2020 Put Option which would cost 57 cents and set a \$9.23 futures floor.

(Continued on page 4)

Crop Comments by Dr. Aaron Smith

Soybeans	Jan 20	Change	Nov 20	Change
Price	\$9.28	\$0.21	\$9.66	\$0.15
Support	\$9.21	\$0.39	\$9.62	\$0.30
Resistance	\$9.33	\$0.24	\$9.70	\$0.18
20 Day MA	\$8.97	\$0.04	\$9.44	\$0.05
50 Day MA	\$9.18	-\$0.01	\$9.56	\$0.00
100 Day MA	\$9.07	\$0.00	\$9.48	\$0.01
4-Week High	\$9.31	\$0.08	\$9.69	\$0.12
4-Week Low	\$8.67	\$0.00	\$9.22	\$0.00
Technical Trend	Up	+	Up	=

November Soybean Futures

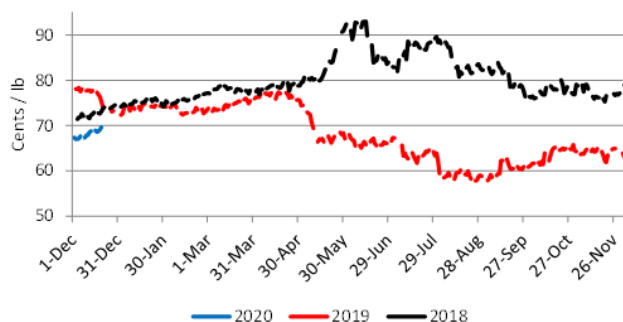


Cotton

Net sales reported by exporters were down compared to last week with net sales of 249,400 bales for the 2019/20 marketing year and 1,100 bales for the 2020/21 marketing year. Exports for the same time period were up 14% compared to last week at 213,200 bales. Upland cotton export sales were 72% 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 66%. Delta upland cotton spot price quotes for December 19 were 65.08 cents/lb (41-4-34) and 67.33 cents/lb (31-3-35). Adjusted World Price (AWP) increased 1.07 cents to 57.73 cents. March 2020 cotton futures closed at 67.96 cents, up 1.16 cents since last Friday. For the week, March 2020 cotton futures traded between 66.25 and 68.31 cents. Mar/May and Mar/Dec cotton futures spreads were 1.04 cents and 1.65 cents. May 2020 cotton futures closed at 69, up 1.03 cents since last Friday.

Cotton	Mar 20	Change	Dec 20	Change
Price	67.96	1.16	69.61	0.83
Support	66.61	1.71	68.57	1.18
Resistance	68.99	0.47	70.15	0.80
20 Day MA	65.93	0.47	67.91	0.32
50 Day MA	65.69	0.48	67.58	0.45
100 Day MA	63.21	0.12	65.47	0.15
4-Week High	68.31	0.51	69.63	0.36
4-Week Low	63.70	0.00	66.29	0.00
Technical Trend	Strong Up	=	Strong Up	=

December Cotton Futures



December 2020 cotton futures closed at 69.61, up 0.83 cents since last Friday. Downside price protection could be obtained by purchasing a 70 cent December 2020 Put Option costing 4.57 cents establishing a 65.43 cent futures floor.

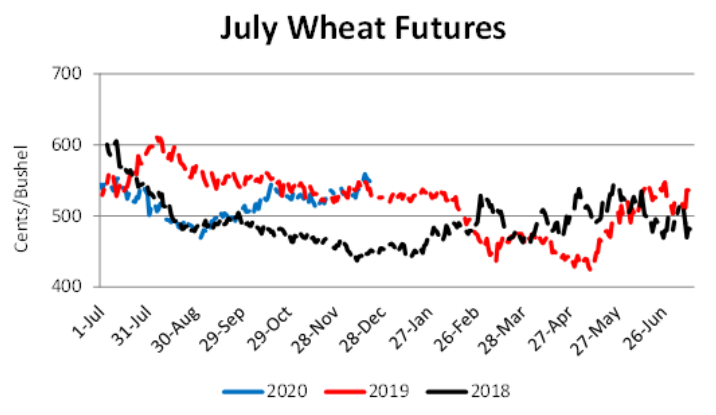
Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 31.9 million bushels for the 2019/20 marketing year. Exports for the same time period were up 36% from last week at 19.5 million bushels. Wheat export sales were 67% 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 77%. In Tennessee, December 2019 wheat cash contracts ranged from \$5.37 to \$5.92 for the week. March 2020 wheat futures closed at \$5.42, up 10 cents since last Friday. March 2020 wheat futures traded between \$5.34 and \$5.57 this week. March wheat-to-corn price ratio was 1.40. Mar/May and Mar/Jul future spreads were 4 and 6 cents. May 2020 wheat futures closed at \$5.46, up 12 cents since last Friday. May wheat-to-corn price ratio was 1.39.

In Memphis, June/July 2020 cash contracts ranged from \$5.70 to \$5.79. July 2020 wheat futures closed at \$5.48, up 11 cents since last Friday. Downside price protection could be obtained by purchasing a \$5.50 July 2020 Put Option costing 35 cents establishing a \$5.15 futures floor.

Crop Comments by Dr. Aaron Smith

Wheat	Mar 20	Change	Jul 20	Change
Price	\$5.42	\$0.10	\$5.48	\$0.11
Support	\$5.33	\$0.25	\$5.40	\$0.24
Resistance	\$5.53	\$0.09	\$5.57	\$0.08
20 Day MA	\$5.32	\$0.08	\$5.37	\$0.08
50 Day MA	\$5.24	\$0.05	\$5.31	\$0.05
100 Day MA	\$5.06	\$0.02	\$5.14	\$0.02
4-Week High	\$5.57	\$0.11	\$5.60	\$0.12
4-Week Low	\$5.11	\$0.10	\$5.17	\$0.08
Technical Trend	Strong Up	=	Strong Up	=



Additional Information:

Links for data presented:

U.S. Export Sales - <https://apps.fas.usda.gov/export-sales/esrd1.html>

USDA FAS: Weekly Export Performance Indicator – <https://apps.fas.usda.gov/esrquery/esrpi.aspx>

EIA: Weekly ethanol Plant Production - https://www.eia.gov/dnav/pet/pet_pnp_wprode_s1_w.htm

EIA: Weekly Supply Estimates - https://www.eia.gov/dnav/pet/pet_sum_sndw_a_EPOOXE_sae_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_and_Condition/

[Crop Progress & Condition/](https://www.nass.usda.gov/Statistics_by_State/Tennessee/Publications/Crop_Progress_and_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>

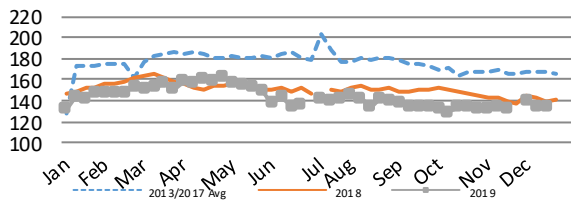
If you would like further information or clarification on topics discussed in the crop comments section or would like to be added to our free email list please contact me at aaron.smith@utk.edu.

Prices Paid to Farmers by Elevators

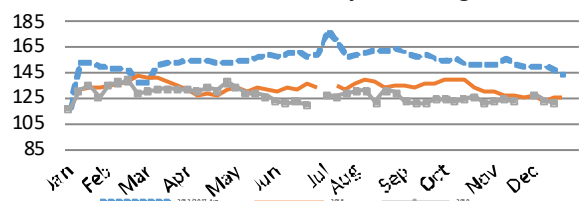
Friday, December 13, 2019---Thursday, December 19, 2019

	Friday		Monday		Tuesday		Wednesday		Thursday	
	Low	High	Low	High	Low	High	Low	High	Low	High
-----\$/bushel-----										
No. 2 Yellow Soybeans										
Memphis	9.33-9.35		9.47-9.49		9.54-9.59		9.57-9.59		9.53-9.55	
N.W. B.P.	9.32-9.35				9.57-9.58		9.57-9.57		9.55-9.55	
N.W. TN	8.78-8.92				8.87-9.15		8.96-9.13		8.94-9.13	
Upper Md.	9.17-9.20				9.32-9.40		9.37-9.44		9.40-9.43	
Yellow Corn										
Memphis	3.87-3.91		3.94-3.98		4.00-4.05		3.99-4.02		3.99-4.02	
N.W. B.P.	3.85-3.91				4.02-4.02		3.98-3.98		3.99-3.99	
N.W. TN	3.87-3.96				3.91-4.05		4.01-4.06		3.96-4.06	
Upper Md.	3.73-3.83				3.77-3.92		3.79-3.86		3.76-3.86	
Wheat										
Memphis										
Cotton										
Memphis	64.30-66.55		64.47-66.72		63.94-66.19		64.24-66.49		65.08-67.33	

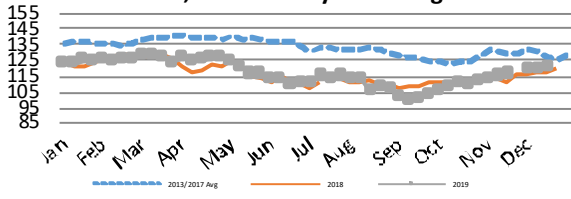
**Tennessee 500-600 lbs. M-1 Steer Prices
2018, 2019 and 5-year average**



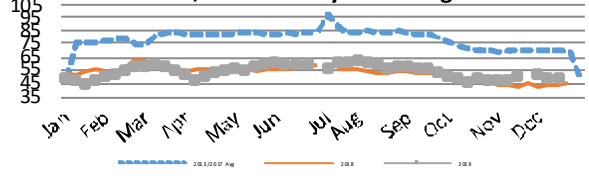
**Tennessee 700-800 lbs. M-1 Steers Prices
2018, 2019 and 5-year average**



**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>

Prices on Tennessee Reported Livestock Auctions for the week ending Friday, December 20, 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	142.00	170.00	153.96	149.98	166.08
400-500 lbs	133.00	165.00	146.27	145.48	151.69
500-600 lbs	120.00	165.00	135.10	135.15	140.81
600-700 lbs	113.00	138.00	125.78	127.23	130.82
700-800 lbs	107.00	132.00	120.23	122.78	124.95
Steers: Small Frame #1-2					
300-400 lbs	140.00	158.00	149.49	143.12	145.56
400-500 lbs	127.50	145.00	136.71	124.40	---
500-600 lbs	115.00	120.00	118.79	110.17	---
600-700 lbs	---	---	---	108.70	---
Steers: Medium/Large Frame #3					
300-400 lbs	127.50	155.00	138.59	132.89	147.50
400-500 lbs	111.00	142.50	132.54	130.09	137.41
500-600 lbs	106.00	131.00	121.31	119.17	126.19
600-700 lbs	104.00	130.00	119.80	117.59	116.39
700-800 lbs	110.00	115.00	112.52	108.68	---
Holstein Steers					
300-400 lbs	---	---	---	86.11	122.53
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	83.76	---
Slaughter Cows & Bulls					
Breakers 75-80%	40.00	55.00	47.53	47.71	44.42
Boners 80-85%	39.00	55.00	46.86	47.92	45.92
Lean 85-90%	34.50	45.00	38.96	38.72	36.36
Bulls YG 1	60.00	79.00	69.53	70.82	68.07
Heifers: Medium/Large Frame #1-2					
300-400 lbs	114.00	144.00	129.67	122.88	136.92
400-500 lbs	108.00	145.00	123.55	118.05	125.52
500-600 lbs	103.00	126.00	117.45	111.88	119.60
600-700 lbs	84.00	124.00	112.19	107.13	113.41
Heifers: Small Frame #1-2					
300-400 lbs	107.50	120.00	114.36	113.33	113.61
400-500 lbs	107.50	115.00	110.11	109.40	106.17
500-600 lbs	---	---	---	106.22	107.21
600-700 lbs	---	---	---	95.11	92.48
Heifers: Medium/Large Frame #3					
300-400 lbs	100.00	132.50	120.64	113.00	121.98
400-500 lbs	95.00	122.50	112.44	108.63	116.39
500-600 lbs	92.00	118.00	106.77	101.54	109.07
600-700 lbs	90.00	102.00	95.82	100.56	93.00

Cattle Receipts

This week: 5,883

Week ago: 10,551

Year ago: 5056 (9)

Graded Sales, Video Board Sales, Video Sales & Loads

Hardin County Stockyard-Savannah, TN

Weighted Average Report for 12/18/2019

87 hd Steers, 568 lbs, , M&L 1-2, Black/BWF Red/RWF ChX,
4-5 Flesh, \$155.50

Graded Sheep & Goat Sale

Columbia Graded Sheep and Goat Sale

Weighted Average Report for 12/16/2019

Receipts: 1,038

For complete report: 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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