

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

July 31, 2020

Number: 31

Trends for the Week Compared to a Week Ago

Slaughter Cows

\$2 to \$4 higher

Slaughter Bulls

\$2 to \$4 higher

Feeder Steers

Steady to \$4 higher

Feeder Heifers

\$2 to \$5 higher

Feeder Cattle Index: 139.24

Fed Cattle

The 5-area live price on Thursday of \$98.49 was up \$1.26. The dressed price of \$160.02 was up \$1.98

Corn

September closed at \$3.16 a bushel, down 10 cents since last Friday.

Soybeans

September closed at \$8.90 a bushel, down 8 cents since last Friday.

Wheat

September closed at \$5.31 a bushel, down 8 cents since last Friday.

Cotton

December closed at 62.66 cents per lb, up 2.56 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 primarily \$97 to \$99 while dressed prices were mainly \$160.

The 5-area weighted average prices thru Thursday were \$98.49 live, up \$1.26 compared to last week and \$160.02 dressed, up \$1.98 from a week ago. A year ago, prices were \$113.97 live and \$184.51 dressed.

Fed cattle prices continue to creep higher despite the summer heat and little to no change in pandemic news. A \$1 per hundredweight price increase may seem insignificant when cattle feeders are still in the red. However, that \$1 price increase represents \$500 per load of cattle. The additional \$500 per load adds up and can go a long way in reducing losses. At this point in the game, it would appear the summer low is in for finished cattle. That likely means a slow grind to higher prices, because the Labor Day holiday is the only grilling holiday remaining and December is several months down the road. It is tough to predict how strong this market will be, but there is a chance of reaching \$115 in December.

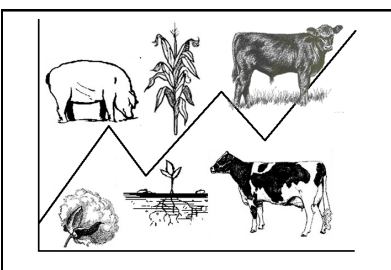
BEEF CUTOUT: At midday Friday, the Choice cutout was \$201.61 up \$1.58 from Thursday and up \$1.77 from last week. The Select cutout was \$191.06 down \$0.44 from Thursday and down \$1.02 from a week ago. The Choice Select spread was \$12.32 compared to \$9.53 a week ago.

Federally inspected beef production has been above year ago levels since the second week of June, while federally inspected cattle slaughter is down nearly 70,000 head over the same time frame compared to last year. The increase in beef production stems from heavier cattle that spent more days on feed than was anticipated. However, it is not only total beef production that is being influenced by more days on feed. The increased number of days on feed is likely the reason more cattle are grading Choice. Through the first 23 weeks of 2020, only 0.7 percent more cattle graded Choice relative

to the same 23 weeks in 2019. However, there have been 2.4 percent more cattle grading Choice in the last six weeks compared to the same weeks in 2019. This is not a matter of genetics or feeding conditions but rather more time on feed. This year-over-year increase is likely to continue through the end of the year which means more Choice beef on the market. This may keep the Choice Select spread in check the next several months compared to last year's wide spread.

OUTLOOK: Based on Tennessee weekly auction market price averages, steer prices were steady to \$4 higher compared to last week while heifer prices were \$2 to \$5 higher compared to one week ago. Slaughter cow and slaughter bull prices were \$2 to \$4 higher compared to week ago prices. It is rare this time of year to be able to say that all classes of cattle are witnessing steady to stronger prices, but that is the case in today's market. One would generally expect calf prices and slaughter cow prices to begin softening at this point in the summer. However, slaughter cow and slaughter bulls remain in strong demand. This is likely due to the demand for lean grinding beef that has skyrocketed during the COVID-19 pandemic as consumers are pulling ground beef off meat counter shelves rapidly. From the calf price standpoint, calf prices are holding their own and this is most likely due to how low prices were in the spring. Thus, it is not that calf prices are strong. They are simply trying to find where they should be given today's market. This class of cattle will start to see some pressure towards the end of summer and moving into the fall months. The group of cattle producers that are probably the most excited are those that shoot for yearling cattle sales during the August and September time frame. The yearling cattle market has found support at just the right time as feedlots look to secure cattle that will come off feed during the early winter time

(Continued on page 2)



Livestock Comments by Dr. Andrew Griffith

(Continued from page 1)

period. The market will then morph into cattle feeders looking for cattle that will come off feed to hit next year's grilling season. There is definitely optimism in the market right now, but optimism has a way of turning into pessimism rather quickly these days. Producers should take advantage of the marketing opportunity being made available to them right now. If the cattle will make money with a sale today then move them. If the cattle need a few more days of growing then try to forward contract the cattle.

ASK ANDREW, TN THINK TANK: There have been a few questions this week related to the investigation into beef and cattle price spreads during the Tyson Holcomb facility fire and the COVID-19 pandemic. There is no doubt that record price spreads were achieved during both events and that packers were the winner in both instances. The investigation report released to the public did not accuse any entity of wrong doings nor did it even suggest there was anything questionable. At the end of the day, the investigation report was simply a report of what happened during those time periods. There are sure to be cattle producers and industry participants that still think packers colluded and created a disadvantage for cattle producers. However, I think packers simply took advantage of what the market was offering them at the time which was inexpensive cattle and expensive beef. Secondly, if packers were colluding during those two events, why are they not colluding right now

to achieve higher margins than what they are currently receiving?

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 –August \$102.83 +1.10; October \$107.88 +1.13; December \$111.55 +1.10; Feeder cattle –August \$144.68 +1.65; September \$146.23 +1.80; October \$146.65 +2.13; November \$146.83 +2.25; September corn closed at \$3.16 no change from Thursday.

Crop Comments by Dr. Aaron Smith

Overview

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

For the month of July, December corn opened at \$3.50 and closed at \$3.27, down 23 cents. The trading range for the month was \$3.25 ½ to \$3.63. The trend has been for lower prices as good growing conditions and concerns over COVID-19 demand drag continue to point towards large projected ending stocks. Recent large corn export sales to China have been a positive but the relationship between Washington and Beijing remains unpredictable. For now, the trend looks to be sideways to lower – a reasonable expected trading range for August is \$3.15 to \$3.45.

November soybeans opened at \$8.82 and closed at \$8.92 ½, up 10 ½ cents. The trading range for the month was \$8.71 ½ to \$9.12 ½. Soybean prices have moved mostly sideways since the June 30th USDA Acreage report. Soybean sales to China continue to provide support to prices with an additional 71.3 million bushels sold for the 2020/21 marketing year reported in this week's USDA export sales data. For now, the trend is sideways – a reasonable expected trading range for August is \$8.70 to \$9.20.

December cotton opened at 61 cents and closed at 62.66, up 1.66 cents. The trading range for the month was 59.51 to 64.9. Cotton prices have been on a steady increase since April 2nd gaining over 10 cents, however in July prices have started to trend sideways. Export sales have been strong, but outstanding sales relative to shipments for the 2019/220 marketing year remain very high. The large amount of unshipped cotton could result in cancellations or carry over sales into the 2020/21 marketing year. For now, the trend is sideways to lower – a reasonable expected trading range for August is 58 to 66 cents.

September wheat opened at \$4.92 and closed at \$5.31 ¼, up 39 1/4 cents. The trading range for the month was \$4.87 ¾ to \$5.51 ¾. Prices jumped 30 cents in the first two weeks of July and have moved sideways in a much narrower trading range since then. For now, the trend looks to be sideways to lower – a reasonable expected trading range for August is \$5.00 to \$5.50.

	Previous	Current	Change
USD Index	94.35	93.38	-0.97
Crude Oil	41.26	40.25	-1.01
DJIA	26,494	26,184	-311

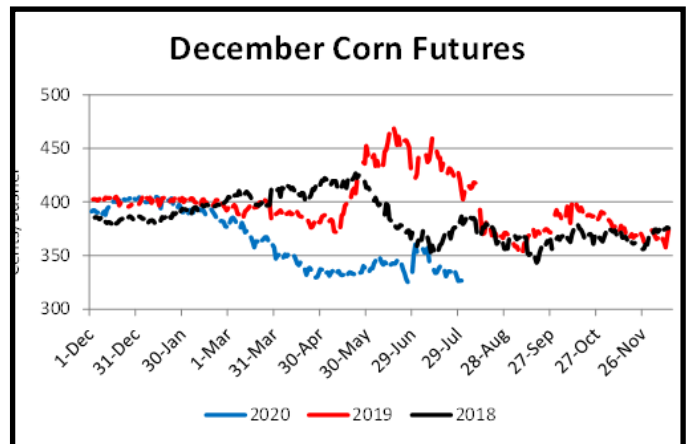
(Continued on page 3)

Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending July 24 was 0.958 million barrels per day, up 50,000 barrels from the previous week. Ethanol stocks were 20.272 million barrels, up 0.471 million barrels compared to last week. Corn net sales reported by exporters for July 17-23 were down compared to last week with net sales cancellations of 1.2 million bushels for the 2019/20 marketing year and net sales of 25.1 million bushels for the 2020/21 marketing year. Exports for the same time period were down 8% from last week at 38.2 million bushels. Corn export sales and commitments were 97% of the USDA estimated total exports for the 2019/20 marketing year (September 1 to August 31) compared to the previous 5-year average of 103%. Across Tennessee, average corn basis (cash price-nearby futures price) weakened at Memphis and Northwest Barge Points and strengthened or remained unchanged at Upper-middle and Northwest Tennessee. Overall, basis for the week ranged from 10 over to 30 over, with an average of 15 over the September futures at elevators and barge points. September 2020 corn futures closed at \$3.16, down 10 cents since last Friday. For the week, September 2020 corn futures traded between \$3.14 and \$3.27. Sep/Dec and Sep/Mar future spreads were 11 and 22 cents.

Corn	Sep 20	Change	Dec 20	Change
Price	\$3.16	-\$0.10	\$3.27	-\$0.08
Support	\$3.12	-\$0.11	\$3.23	-\$0.07
Resistance	\$3.20	-\$0.12	\$3.30	-\$0.09
20 Day MA	\$3.29	-\$0.05	\$3.38	-\$0.04
50 Day MA	\$3.30	-\$0.01	\$3.39	\$0.00
100 Day MA	\$3.34	-\$0.03	\$3.43	-\$0.02
4-Week High	\$3.55	\$0.00	\$3.63	\$0.00
4-Week Low	\$3.14	-\$0.01	\$3.25	\$0.03
Technical Trend	Down	=	Down	=



Nationally the Crop Progress report estimated corn condition at 72% good-to-excellent and 7% poor-to-very poor; corn silking at 82% compared to 59% last week, 51% last year, and a 5-year average of 75%; and corn dough at 22% compared to 9% last week, 11% last year, and a 5-year average of 17%. In Tennessee, the Crop Progress report estimated corn condition at 75% good-to-excellent and 6% poor-to-very poor; corn silking at 87% compared to 81% last week, 92% last year, and a 5-year average of 95%; and corn dough at 43% compared to 35% last week, 60% last year, and a 5-year average of 64%. In Tennessee, new crop cash corn contracts ranged from \$3.06 to \$3.55. December 2020 corn futures closed at \$3.27, down 8 cents since last Friday. Downside price protection could be obtained by purchasing a \$3.30 December 2020 Put Option costing 15 cents establishing a \$3.15 futures floor. March 2021 corn futures closed at \$3.38, down 8 cents since last Friday.

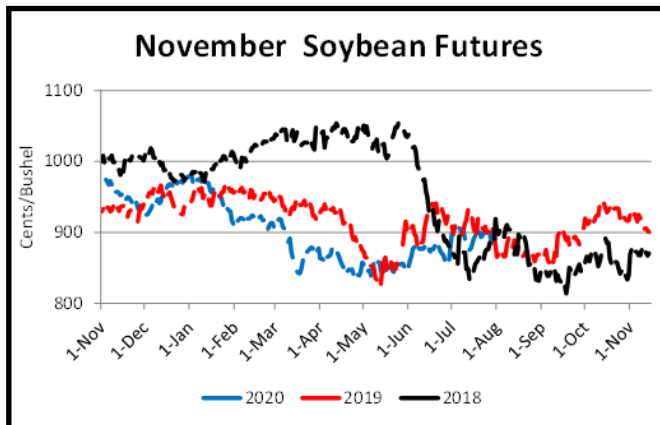
Soybeans

Net sales reported by exporters were up compared to last week with net sales of 9.5 million bushels for the 2019/20 marketing year and 122.9 million bushels for the 2020/21 marketing year. Exports for the same period were up 44% compared to last week at 24.8 million bushels. Soybean export sales and commitments were 104% 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 103%. Average soybean basis weakened at Memphis and strengthened at Northwest Barge Points, Upper-middle, and Northwest Tennessee. Basis ranged from 3 under to 31 over the August futures contract at elevators and barge points. Average basis at the end of the week was 21 over the August futures contract. September 2020 soybean futures closed at \$8.90, down 8 cents since last Friday. For the week, September 2020 soybean futures traded between \$8.79 and \$9.02. Sep/Nov and Sep/Jan future spreads were 2 and 8 cents. September soybean-to-corn price ratio was 2.82 at the end of the week.

Nationally the Crop Progress report estimated soybean condition at 72% good-to-excellent and 6% poor-to-very poor; soybeans blooming at 76% compared to 64% last week, 52% last year, and a 5-year average of 72%; and soybeans setting pods at 43% compared to 25% last week, 17% last year, and a 5-year average of 36%. In Tennessee, soybean condition was estimated at 72% good-to-excellent and 8% poor-to-very poor; soybeans blooming at 62% compared to 47% last week, 65% last year, and a 5-year average of 72%; and soybeans setting pods at 35% compared to 21% last week, 37% last year, and a 5-year average of 42%. In Tennessee, new crop soybean cash contracts ranged from \$8.73 to \$9.29. Nov/Dec 2020 soybean-to-corn price ratio was 2.73 at the end of the week. November 2020 soybean futures closed at \$8.92, down 7 cents since last Friday. Downside price protection could be achieved by purchasing a \$9.00 November 2020 Put Option which would cost 26 cents and set an \$8.74 futures floor. January 2021 soybean futures closed at \$8.98, down 6 cents since last Friday.

Crop Comments by Dr. Aaron Smith

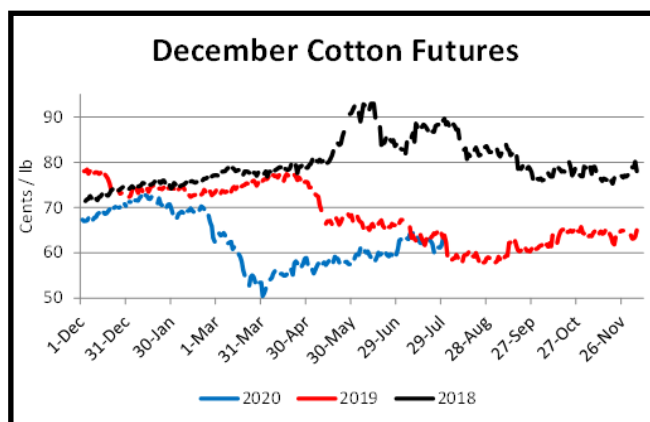
Soybeans	Sep 20	Change	Nov 20	Change
Price	\$8.90	-\$0.08	\$8.92	-\$0.07
Support	\$8.76	-\$0.14	\$8.77	-\$0.13
Resistance	\$8.93	-\$0.15	\$8.95	-\$0.10
20 Day MA	\$8.90	\$0.04	\$8.93	\$0.03
50 Day MA	\$8.74	\$0.04	\$8.79	\$0.04
100 Day MA	\$8.64	-\$0.01	\$8.68	\$0.00
4-Week High	\$9.05	\$0.00	\$9.12	\$0.00
4-Week Low	\$8.68	\$0.15	\$8.71	\$0.15
Technical Trend	Up	=	Up	-



Cotton

Net sales reported by exporters were up compared to last week with net sales of 118,700 bales for the 2019/20 marketing year and 9,500 bales for the 2020/21 marketing year. Exports for the same time period were up 18% compared to last week at 320,800 bales. Upland cotton export sales were 120% 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 109%. Delta upland cotton spot price quotes for July 30 were 59.82 cents/lb (41-4-34) and 62.07 cents/lb (31-3-35). Adjusted World Price (AWP) decreased 1.33 cents to 47.71 cents.

Cotton	Dec 20	Change	Mar 21	Change
Price	62.66	2.56	63.25	2.43
Support	61.24	1.61	61.79	1.50
Resistance	64.02	0.79	64.67	0.73
20 Day MA	62.56	0.19	63.23	0.19
50 Day MA	60.74	0.35	61.42	0.35
100 Day MA	58.58	-0.07	59.42	-0.07
4-Week High	64.90	0.00	65.39	0.00
4-Week Low	59.51	0.71	60.26	0.85
Technical Trend	Down	=	Down	=



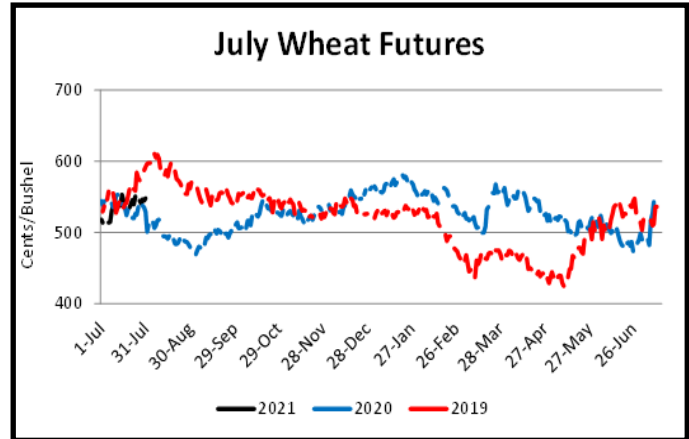
Nationally, the Crop Progress report estimated cotton condition at 49% good-to-excellent and 16% poor-to-very poor; cotton squaring at 84% compared to 73% last week, 84% last year, and a 5-year average of 84%; and cotton setting bolls at 42% compared to 27% last week, 42% last year, and a 5-year average of 44%. In Tennessee, cotton condition was estimated at 66% good-to-excellent and 14% poor-to-very poor; cotton squaring at 86% compared to 80% last week, 85% last year, and a 5-year average of 91%; and cotton setting bolls at 42% compared to 37% last week, 40% last year, and a 5-year average of 52%. December 2020 cotton futures closed at 62.66, up 2.56 cents since last Friday. For the week, December 2020 cotton futures traded between 59.75 and 63.31 cents. Dec/Mar and Dec/Dec cotton futures spreads were -0.18 cent and 0.59 cent. Downside price protection could be obtained by purchasing a 64 cent December 2020 Put Option costing 3.74 cents establishing a 60.26 cent futures floor. March 2021 cotton futures closed at 63.25 cents, up 2.43 cents since last Friday. December 2021 cotton futures closed at 62.48 cents, up 1.77 cents since last Friday.

Crop Comments by Dr. Aaron Smith

Wheat

Wheat net sales reported by exporters were up compared to last week with net sales of 24.9 million bushels for the 2020/21 marketing year. Exports for the same time period were down 4% from last week at 18.6 million bushels. Wheat export sales were 37% of the USDA estimated total annual exports for the 2020/21 marketing year (June 1 to May 31), compared to the previous 5-year average of 37%.

Wheat	Sep 20	Change	Jul 21	Change
Price	\$5.31	-\$0.08	\$5.49	-\$0.01
Support	\$5.20	-\$0.01	\$5.37	\$0.05
Resistance	\$5.39	-\$0.02	\$5.51	-\$0.03
20 Day MA	\$5.26	\$0.10	\$5.39	\$0.09
50 Day MA	\$5.13	\$0.03	\$5.31	\$0.02
100 Day MA	\$5.23	\$0.00	\$5.35	\$0.00
4-Week High	\$5.51	\$0.00	\$5.54	\$0.00
4-Week Low	\$4.87	\$0.16	\$5.09	\$0.13
Technical Trend	Up	=	Up	=



Nationally the Crop Progress report estimated winter wheat harvested at 81% compared to 74% last week, 73% last year, and a 5-year average of 82%; spring wheat condition at 70% good-to-excellent and 6% poor-to-very poor; spring wheat headed at 97% compared to 91% last week, 96% last year, and a 5-year average of 98%; and spring wheat harvested at 1% compared to 1% last year and a 5-year average of 3%. In Tennessee, July 2020 wheat cash contracts ranged from \$5.09 to \$5.58. September 2020 wheat futures closed at \$5.31, down 8 cents since last Friday. September 2020 wheat futures traded between \$5.19 and \$5.39 this week. September wheat-to-corn price ratio was 1.68. Sep/Dec and Sep/Jul future spreads were 7 and 18 cents. December 2020 wheat futures closed at \$5.38 down 7 cents since last Friday. December wheat-to-corn price ratio was 1.65. July 2021 wheat futures closed at \$5.49, down 1 cent since last Friday. Downside price protection could be obtained by purchasing a \$5.50 July 2021 Put Option costing 37 cents establishing a \$5.13 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_mdbl_w.htm

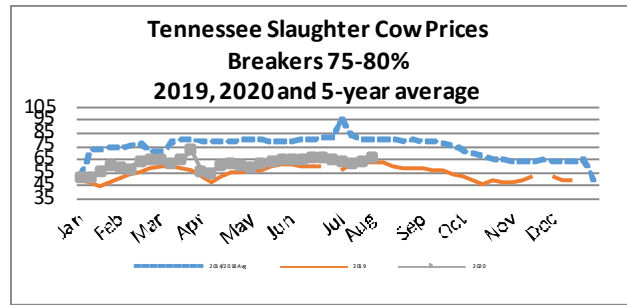
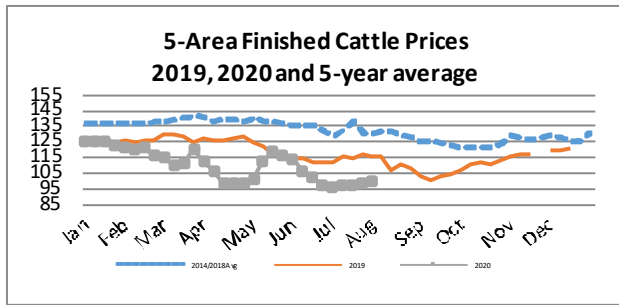
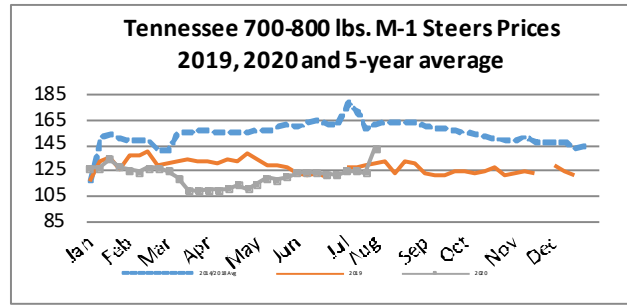
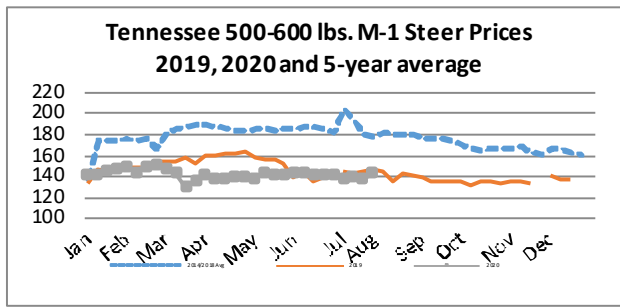
Upland Cotton Reports - <https://www.fsa.usda.gov/FSA/epasReports?area=home&subject=ecpa&topic=fta-uc>

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, July 24, 2020---Thursday, July 30, 2020										
	Friday		Monday		Tuesday		Wednesday		Thursday	
	Low	High	Low	High	Low	High	Low	High	Low	High
No. 2 Yellow Soybeans	-----\$/bushel-----									
Memphis	9.31-9.35		9.36		9.26		9.16		9.17	
N.W. B.P.	9.33-9.34		9.34		9.25		9.21		9.23	
N.W. TN	9.00-9.04		9.04		8.94		8.89		8.93	
Upper Md.	9.24-9.27		9.27		9.17		9.12		9.17	
Yellow Corn										
Memphis	3.42-3.51		3.44		3.39		3.32		3.32	
N.W. B.P.	3.56-3.58		3.52		3.50		3.35		3.32	
N.W. TN	3.33-3.39		3.35		3.30		3.26		3.26	
Upper Md.	3.36-3.43		3.40		3.35		3.31		3.31	
Wheat										
Memphis	5.45		5.33		5.29		5.38		5.35	
Cotton										
Memphis	56.96-59.21		57.69-59.94		57.59-59.84		58.03-60.28		59.82-62.07	

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, July 31, 2020

	This Week			Last Week's	Year Ago
	Low	High	Weighted Average	Weighted Average	Weighted Average
-----\$/cwt-----					
Steers: Medium/Large Frame #1-2					
300-400 lbs	130.00	172.50	154.12	156.59	158.69
400-500 lbs	132.00	160.00	146.79	148.56	152.16
500-600 lbs	127.00	157.00	141.44	136.22	144.94
600-700 lbs	119.00	145.00	134.35	131.14	138.93
700-800 lbs	113.00	136.00	123.71	121.77	129.83
Steers: Small Frame #1-2					
300-400 lbs	---	---	---	141.01	---
400-500 lbs	115.00	142.50	128.75	---	---
500-600 lbs	---	---	---	---	120.52
600-700 lbs	---	---	---	---	118.46
Steers: Medium/Large Frame #3					
300-400 lbs	125.00	152.00	137.80	143.51	143.70
400-500 lbs	120.00	145.00	133.31	133.92	145.62
500-600 lbs	108.00	136.00	126.48	127.09	139.31
600-700 lbs	107.50	130.00	121.66	119.65	135.44
700-800 lbs	107.00	124.00	114.97	122.48	125.65
Holstein Steers					
300-400 lbs	---	---	---	---	77.97
500-600 lbs	---	---	---	---	66.01
700-800 lbs	79.00	95.00	93.13	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	57.00	72.00	65.61	61.82	61.54
Boners 80-85%	57.00	74.00	65.19	61.99	61.14
Lean 85-90%	43.00	66.00	56.54	54.28	52.24
Bulls YG 1	84.00	99.00	92.41	87.62	84.61
Heifers: Medium/Large Frame #1-2					
300-400 lbs	119.00	152.50	132.14	135.14	130.49
400-500 lbs	119.00	144.00	129.90	128.00	128.31
500-600 lbs	110.00	136.00	125.49	120.52	125.00
600-700 lbs	104.00	126.00	117.31	115.05	121.02
Heifers: Small Frame #1-2					
300-400 lbs	---	---	---	---	---
400-500 lbs	100.00	110.00	104.91	112.74	117.38
500-600 lbs	---	---	---	---	---
600-700 lbs	---	---	---	---	96.45
Heifers: Medium/Large Frame #3					
300-400 lbs	111.00	135.00	124.19	128.83	125.86
400-500 lbs	107.50	131.00	121.04	120.42	122.18
500-600 lbs	100.00	125.00	114.71	114.77	116.94
600-700 lbs	100.00	112.00	106.25	110.29	114.68

Cattle Receipts

This week:7,738

Week ago:5,911

Year ago:10,430

Browning Livestock Market -Lafayette, TN

Feeder Cattle Auction

Livestock Weighted Average Report 07/29/20

Total Receipts: 924

For complete report:

https://www.ams.usda.gov/mnreports/ams_2071.pdf

Department of Agricultural and Resource Economics

314 Morgan Hall • 2621 Morgan Circle • arec.tennessee.edu

USDA / Tennessee Department of Agriculture Market News Service

<http://www.tennessee.gov/agriculture/article/ag-farms-market-news>

1-800-342-8206

Real. Life. Solutions.

