

Tennessee Market Highlights

UT EXTENSION
INSTITUTE OF AGRICULTURE
THE UNIVERSITY OF TENNESSEE

November 13, 2020

Number: 46

Trends for the Week Compared to a Week Ago

Slaughter Cows

Steady to \$2 higher

Slaughter Bulls

Steady to \$4 higher

Feeder Steers

\$4 to \$6 higher

Feeder Heifers

\$2 to \$5 higher

Feeder Cattle Index: 136.70

Fed Cattle

The 5-area live price on Thursday of \$109.46 was up \$3.11. The dressed price of \$171.88 was up \$6.58.

Corn

December closed at \$4.10 a bushel, up 4 cents since last Friday.

Soybeans

January closed at \$11.48 a bushel, up 47 cents since last Friday.

Wheat

December closed at \$5.93 a bushel, down 9 cents since last Friday.

Cotton

December closed at 68.46 cents per lb, down 0.16 cents since last Friday.

Livestock Comments by Dr. Andrew P. Griffith

FED CATTLE: Fed cattle traded \$3 higher compared to last week on a live basis. Prices on a live basis were primarily \$108 to \$110 while dressed prices were mainly \$171 to \$174.

The 5-area weighted average prices thru Thursday were \$109.46 live, up \$3.11 compared to last week and \$171.88 dressed, up \$6.58 from a week ago. A year ago, prices were \$115.15 live and \$181.95 dressed.

The week containing Friday the 13th was not frightening to cattle feeders. The finished cattle market has started to move in a favorable direction for cattle feeders as large gains were evident this week. The value of cattle this week compared to last week represents a \$35 to \$40 per head increase, which makes hitting the \$115 per hundredweight price that much more achievable before the end of the year. The strong margins at the packer level and good beef demand have packers salivating for cattle. Some of the strong margins up stream have been passed down to cattle feeders, and cattle feeders are doing the same when purchasing feeder cattle. Optimism in the market is strong heading toward December.

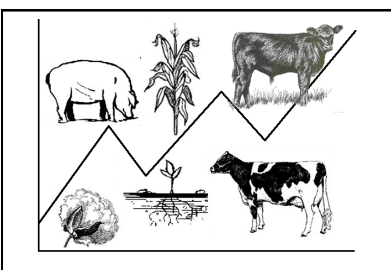
BEEF CUTOUT: At midday Friday, the Choice cutout was \$226.44 down \$0.06 from Thursday and up \$13.13 from last week. The Select cutout was \$209.81 up \$1.57 from Thursday and up \$12.05 from a week ago. The Choice Select spread was \$16.63 compared to \$15.55 a week ago.

It would appear that end of the year holiday beef purchasing has started to take off. Choice beef box movement is fairly strong and showing a few signs of trying to outpace Select beef boxes. However, Select grade beef continues to see fairly decent demand during a time when Choice grade prime rib and other holiday cuts take center stage. There is no doubt some holiday purchasing is taking place, but the strong prices for boxed beef could just be simply demonstrating that beef prices are being

supported by good demand at the consumer level. There always seems to be concern that consumer discretionary spending may move away from beef when things get tight. However, due to the pandemic, many consumers have more than ample discretionary dollars, because they are not able to participate in many of their extracurricular activities. Thus, lower incomes may be evident in many households, but leisure expenditures have also been reduced. It will be interesting to see if consumer expenditures revert back to pre-pandemic tendencies moving forward.

OUTLOOK: Based on Tennessee weekly auction market price averages, steer prices were \$4 to \$6 higher compared to last week while heifer prices were \$2 to \$5 higher compared to a week ago. Slaughter cow prices were steady to \$2 higher while bull prices were steady to \$4 higher compared to last week's prices. October was a tough month for calf prices, but if the first two weeks of November is any indication of what is to come then cattle producers should be seeing the light at the end of the tunnel. Steer and heifer calf prices have surged the past two weeks based on Tennessee weekly auction market average prices. It is clear that stocker and backgrounding operations still have a strong demand for weaned and preconditioned cattle, but calves being weaned on the truck have also seen a price boost. The average value of 525 pound freshly weaned steers in Tennessee has increased \$27 per head the past two weeks. This may seem as a small price improvement to some, but this is a significant price improvement given that the fall run of cattle is still in full force. It is tough to imagine that the gains the past two weeks will be replicated the next several weeks, but there tends to be positive price movement following the Thanksgiving holiday. With that said, there is only one full week of trade before the Thanksgiving holiday. There is a good chance that freshly weaned

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Livestock Comments by Dr. Andrew Griffith

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calf values increase \$20 to \$30 per head before the end of the year if there is any bounce in the market at all heading into December. The slaughter cow market remains relatively strong for this time of year as well. However, this comes as no surprise given that the slaughter cow market has been strong most of the year. The demand for ground beef continues to be strong, which will continue to support slaughter cow and bull prices. It is unlikely cow prices will move much lower than they already have. They will begin to see value increases after the first of the year.

ASK ANDREW, TN THINK TANK: I had the opportunity this week to give a presentation for the virtual Tennessee Master Beef Course on farm business succession planning. Due to time limitations, I did not have much time to answer questions. In reality, I doubt I could have answered many of the questions, because I am not an authority on the subject but rather a novice. However, as I was speaking on the subject matter that I knew a little about, several questions came to my mind. Some of those questions included, how many farm business owners die without any type of estate and succession plan, or how many farm business owners die thinking they have a pretty good plan but it turns out to be fair at best. Even more questions came to mind after those as I thought about what it cost if a poor plan or no plan was in place. There is no doubt that it will have a high monetary cost if no plan is in place, but it could also result

in family conflict, which may result in more than monetary loss. Succession planning is important, and it is important for farm businesses to have a plan.

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 \$109.93 - 2.05; February \$112.23 -2.58; April \$116.20 -2.15; Feeder cattle –November \$137.48 -2.60; January \$137.88 -2.88; March \$137.15 -2.55; April \$138.63 -2.40; December corn closed at \$4.11 up 2 cents from Thursday.

Overview

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

The November USDA WASDE report fueled a sharp rally in corn and soybean futures. Both national average yields were decreased compared to last month. Corn decreased 2.6 bpa, to 175.8 bpa and soybeans decreased 1.2 bpa to 50.7 bpa. The other major revision for corn was an increase in exports of 325 million bushels to 2.65 billion for the 2020/21 marketing year. Soybean exports were left unchanged at 2.2 billion bushels, in spite of the strong export sales pace year-to-date. With soybean ending stocks now projected at 190 million bushels, the lowest amount in seven years, it would be challenging for USDA to increase projected exports unless crush is reduced or production is increased. The report was received by markets as very bullish with corn futures up about 15 cents and soybean futures up 35 cents for the day.

Soybean futures have now had back-to-back weeks with 40+ cent increases and with the new USDA supply and demand ending stocks projection of 190 million, a reasonable argument can be made for \$12.00 soybeans (however a pullback in the short term is also a distinct possibility). With U.S. stocks tightening and Brazil/Argentina production uncertain, volatility should be expected.

Cotton futures have slid 3-4 cents off the highs three weeks ago. U.S. stocks (7.2 million bales) and global stocks (101.44 million bales) remain problematic for higher prices. Additionally, COVID-19 lockdowns, domestically and globally, create an uncertain demand picture as we move into the holiday season. Improvement in demand seems to be the only path toward higher cotton prices, but that is challenging to project given current circumstances.

July wheat futures have moved mostly sideways over the past four weeks between \$5.85 and \$6.25. Currently, markets are weighing drought in the US plains, weather concerns in Argentina, Russia, EU, and Ukraine, and record global stocks.

	Previous	Current	Change
USD Index	92.25	92.76	0.51
Crude Oil	37.28	40.23	2.95
DJIA	28,271	29,462	1,191

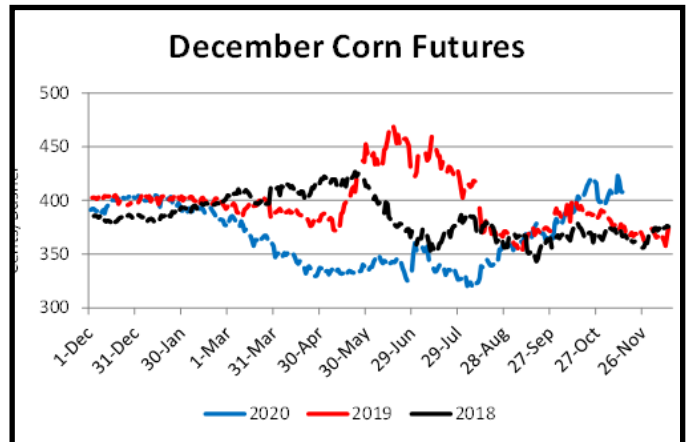
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Crop Comments by Dr. Aaron Smith

Corn

Ethanol production for the week ending November 6 was 0.977 million barrels per day, up 16,000 barrels from the previous week. Ethanol stocks were 20.159 million barrels, up 0.484 million barrels compared to last week. Corn net sales reported by exporters for October 30-November 5 were down compared to last week with net sales of 38.5 million bushels for the 2020/21 marketing year. Exports for the same time period were up less than 1% from last week at 28.8 million bushels. Corn export sales and commitments were 51% of the USDA estimated total exports for the 2020/21 marketing year (September 1 to August 31) compared to the previous 5-year average of 38%.

Corn	Dec 20	Change	Mar 21	Change
Price	\$4.10	\$0.04	\$4.19	\$0.06
Support	\$3.98	\$0.02	\$4.08	-\$0.01
Resistance	\$4.23	\$0.00	\$4.32	\$0.13
20 Day MA	\$4.09	\$0.05	\$4.14	\$0.05
50 Day MA	\$3.89	\$0.05	\$3.96	\$0.05
100 Day MA	\$3.64	\$0.03	\$3.73	\$0.03
4-Week High	\$4.28	\$0.06	\$4.35	\$0.13
4-Week Low	\$3.88	\$0.04	\$3.95	\$0.02
Technical Trend	Up	+	Up	+

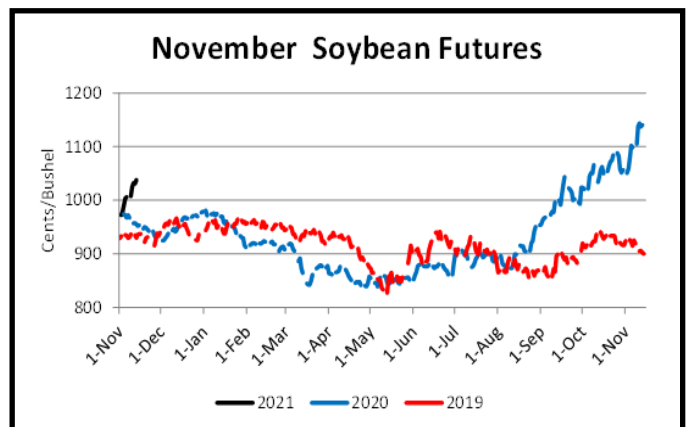


Nationally the Crop Progress report estimated corn harvested at 91% compared to 82% last week, 62% last year, and a 5-year average of 80%. In Tennessee, the Crop Progress report estimated corn harvested at 97% compared to 94% last week, 100% last year, and a 5-year average of 99%. Across Tennessee, average corn basis (cash price-nearby futures price) strengthened or remained unchanged at Northwest and North-Central and weakened at Mississippi River, West-Central, and West elevators and barge point. Overall, basis for the week ranged from 20 under to 13 over, with an average of 7 under the December futures. December 2020 corn futures closed at \$4.10, up 4 cents since last Friday. For the week, December 2020 corn futures traded between \$4.01 and \$4.28. Dec/Mar and Dec/Dec future spreads were 9 and -6 cents. March 2021 corn futures closed at \$4.19, up 6 cents since last Friday. December 2021 corn futures closed at \$4.04, up 9 cents since last Friday. Downside price protection could be obtained by purchasing a \$4.10 December 2021 Put Option costing 31 cents establishing a \$3.79 futures floor.

Soybeans

Net sales reported by exporters were down compared to last week with net sales of 54.0 million bushels for the 2020/21 marketing year. Exports for the same period were up 27% compared to last week at 117.9 million bushels (a marketing year high). Soybean export sales and commitments were 83% of the USDA estimated total annual exports for the 2020/21 marketing year (September 1 to August 31), compared to the previous 5-year average of 55%.

Soybeans	Jan 21	Change	Nov 21	Change
Price	\$11.48	\$0.47	\$10.40	\$0.34
Support	\$11.32	\$0.41	\$10.19	\$0.22
Resistance	\$11.60	\$0.45	\$10.55	\$0.43
20 Day MA	\$10.88	\$0.22	\$9.92	\$0.14
50 Day MA	\$10.48	\$0.18	\$9.74	\$0.08
100 Day MA	\$9.76	\$0.13	\$9.37	\$0.07
4-Week High	\$11.62	\$0.50	\$10.45	\$0.38
4-Week Low	\$10.38	\$0.04	\$9.61	\$0.03
Technical Trend	Up	=	Up	=



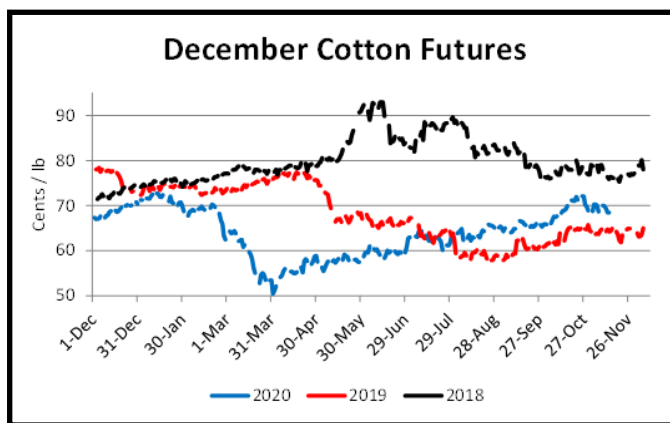
Crop Comments by Dr. Aaron Smith

Nationally the Crop Progress report estimated soybeans harvested at 92% compared to 87% last week, 82% last year, and a 5-year average of 90%. In Tennessee, soybeans harvested at 71% compared to 58% last week, 79% last year, and a 5-year average of 78%. Across Tennessee, average soybean basis weakened at Mississippi River, West, West-Central, North-Central, and Northwest elevators and barge points. Basis ranged from 37 under to even the January futures contract. Average basis at the end of the week was 27 under the January futures contract. January 2021 soybean futures closed at \$11.48, up 47 cents since last Friday. For the week, January 2021 soybean futures traded between \$10.99 and \$11.62. Jan/Mar and Jan/Nov future spreads were 0 and -108 cents. March 2021 soybean futures closed at \$11.48, up 49 cents since last Friday. November 2021 soybean futures closed at \$10.40, up 34 cents since last Friday. Downside price protection could be achieved by purchasing a \$10.60 November 2021 Put Option which would cost 90 cents and set a \$9.70 futures floor. Nov/Dec 2021 soybean-to-corn price ratio was 2.57 at the end of the week.

Cotton

Net sales reported by exporters were up compared to last week with net sales of 236,800 bales for the 2020/21 marketing year and 14,800 bales for the 2021/22 marketing year. Exports for the same time period were up 9% compared to last week at 293,000 bales. Upland cotton export sales were 67% of the USDA estimated total annual exports for the 2020/21 marketing year (August 1 to July 31), compared to the previous 5-year average of 59%. Delta upland cotton spot price quotes for November 12 were 66.23 cents/lb (41-4-34) and 68.46 cents/lb (31-3-35). Adjusted World Price (AWP) increased 0.7 cents to 56.71 cents.

Cotton	Dec 20	Change	Mar 21	Change
Price	68.46	-0.16	70.40	0.25
Support	67.93	0.50	69.87	0.68
Resistance	69.03	-1.84	71.01	-0.90
20 Day MA	70.17	0.04	71.29	0.33
50 Day MA	67.88	0.42	68.83	0.52
100 Day MA	65.51	0.49	66.36	0.54
4-Week High	72.60	0.00	73.27	0.00
4-Week Low	68.06	1.64	68.91	1.59
Technical Trend	Down	-	Down	-



Nationally, the Crop Progress report estimated cotton harvested at 61% compared to 52% last week, 59% last year, and a 5-year average of 57%. In Tennessee, cotton harvested was estimated at 64% compared to 52% last week, 71% last year, and a 5-year average 76%. December 2020 cotton futures closed at 68.46, down 0.16 cents since last Friday. For the week, December 2020 cotton futures traded between 68.22 and 70.44 cents. Dec/Mar and Dec/Dec cotton futures spreads were 1.94 cents and 0.39 cents. March 2021 cotton futures closed at 70.40 cents, up 0.25 cents since last Friday. December 2021 cotton futures closed at 68.85 cents, up 0.18 cents since last Friday. Downside price protection could be obtained by purchasing a 69 cent December 2021 Put Option costing 5.09 cents establishing a 63.91 cent futures floor.

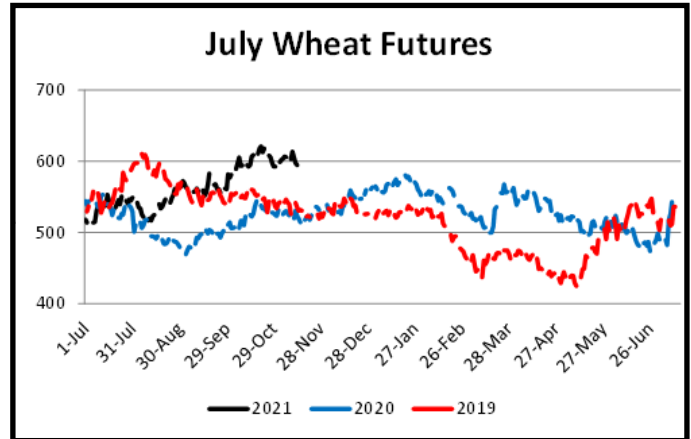
Wheat

Wheat net sales reported by exporters were down compared to last week with net sales of 11.0 million bushels for the 2020/21 marketing year. Exports for the same time period were up 11% from last week at 13.0 million bushels. Wheat export sales were 65% 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 64%.

Nationally the Crop Progress report estimated winter wheat condition at 45% good-to-excellent and 17% poor-to-very poor; winter wheat planted at 93% compared to 89% last week, 91% last year, and a 5-year average of 91%; and winter wheat emerged at 79% compared to 71% last week, 76% last year, and 5-year average of 78%. In Tennessee, winter wheat condition was estimated at 69% good-to-excellent and 3% poor-to-very poor; winter wheat planted was estimated at 78% compared to 64% last week, 65% last year, and a 5-year average of 71%; and winter wheat emerged at 60% compared to 48% last week, 45% last year, and a 5-year average of 48%. December 2020 wheat futures closed at \$5.93, down 9 cents since last Friday. December 2020 wheat futures traded between \$5.80 and \$6.13 this week. December wheat-to-corn price ratio was 1.45. Dec/Mar and Dec/Jul future spreads were 9 and 9 cents. March 2021 wheat futures closed at \$6.02, down 7 cents since last Friday. In Tennessee, new crop wheat cash contracts ranged from \$5.84 to \$6.24. July 2021 wheat futures closed at \$6.02, down 3 cents since last Friday. Downside price protection could be obtained by purchasing a \$6.10 July 2021 Put Option costing 50 cents establishing a \$5.60 futures floor.

Crop Comments by Dr. Aaron Smith

Wheat	Dec 20	Change	Jul 21	Change
Price	\$5.93	-\$0.09	\$6.02	-\$0.03
Support	\$5.74	-\$0.18	\$5.84	-\$0.13
Resistance	\$6.06	-\$0.14	\$6.13	-\$0.01
20 Day MA	\$6.10	-\$0.02	\$6.05	\$0.01
50 Day MA	\$5.85	\$0.04	\$5.87	\$0.04
100 Day MA	\$5.55	\$0.05	\$5.62	\$0.05
4-Week High	\$6.38	\$0.00	\$6.24	\$0.00
4-Week Low	\$5.80	-\$0.12	\$5.86	\$0.00
Technical Trend	Down	=	Down	=



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_mbbl_w.htm

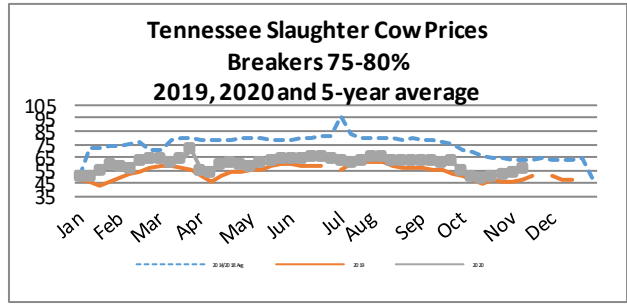
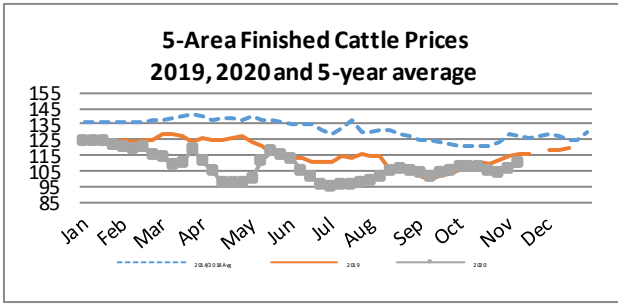
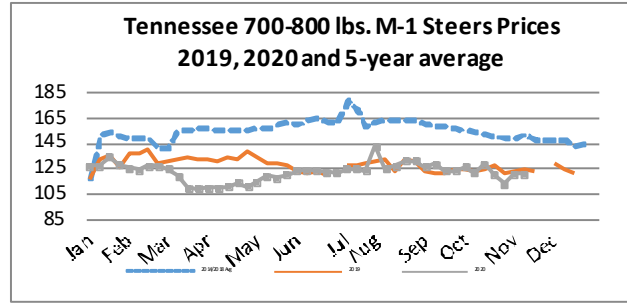
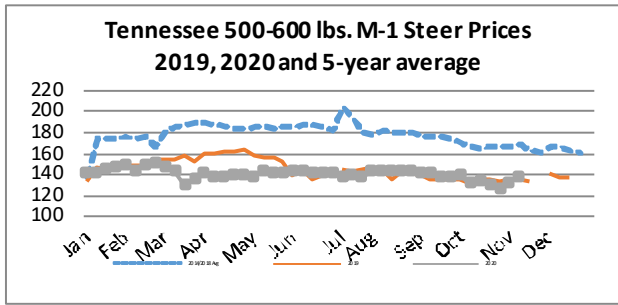
Upland Cotton Reports - <https://www.fsa.usda.gov/FSA/epasReports?area=home&subject=ecpa&topic=fta-uc>

Tennessee Crop Progress - [https://www.nass.usda.gov/Statistics by State/Tennessee/Publications/Crop Progress & Condition/](https://www.nass.usda.gov/Statistics%20by%20State/Tennessee/Publications/Crop%20Progress%20&%20Condition/)

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

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

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



Prices Paid to Farmers by Elevators					
Friday, November 6, 2020---Thursday, November 12, 2020					
	Friday Average	Monday Average	Tuesday Average	Wednesday Average	Thursday Average
No. 2 Yellow Soybeans	-----\$/bushel-----				
Northwest	10.85	10.86	11.15		11.09
North Central	11.12	11.11	11.36		11.21
West Central	11.02	10.96	11.21		11.14
West	10.99	11.02	11.34		11.31
Mississippi River	10.96	10.95	11.23		11.17
Yellow Corn					
Northwest	4.18	4.20	4.36		4.21
North Central	3.87	3.88	4.03		3.88
West Central	4.11	4.03	4.12		3.97
West	4.17	4.11	4.17		4.05
Mississippi River	4.06	4.02	4.18		3.95
Wheat					
Northwest					
North Central					
West					
Mississippi River					
Cotton	-----\$/pound-----				
Memphis	66.37-68.62	67.75-70.00	67.60-69.85		66.23-68.46

Futures Settlement Prices: Crops & Livestock

- Corn: <https://www.cmegroup.com/trading/agricultural/grain-and-oilseed/corn.html>
- Soybeans: <https://www.cmegroup.com/trading/agricultural/grain-and-oilseed/soybean.html>
- Wheat: <https://www.cmegroup.com/trading/agricultural/grain-and-oilseed/wheat.html>
- Soybean Meal: <https://www.cmegroup.com/trading/agricultural/grain-and-oilseed/soybean-meal.html>
- Cotton: <https://www.theice.com/products/254/Cotton-No-2-Futures/data?marketId=5352193>
- Live Cattle: <https://www.cmegroup.com/trading/agricultural/livestock/live-cattle.html>
- Feeder Cattle: <https://www.cmegroup.com/trading/agricultural/livestock/feeder-cattle.html>
- Lean Hogs: <https://www.cmegroup.com/trading/agricultural/livestock/lean-hogs.html>
- Class III Milk: <https://www.cmegroup.com/trading/agricultural/dairy/class-iii-milk.html>

Prices on Tennessee Reported Livestock Auctions for the week ending Friday, November 13, 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	138.00	185.00	159.16	153.08	151.85
400-500 lbs	133.00	165.00	148.28	143.94	144.48
500-600 lbs	121.00	148.00	136.24	131.55	134.32
600-700 lbs	113.00	136.00	128.12	125.06	130.09
700-800 lbs	102.00	127.00	119.59	119.89	123.92
Steers: Small Frame #1-2					
300-400 lbs	---	---	---	127.59	132.58
400-500 lbs	127.00	132.50	129.64	---	---
500-600 lbs	---	---	---	115.49	116.57
600-700 lbs	---	---	---	---	113.02
Steers: Medium/Large Frame #3					
300-400 lbs	122.00	155.00	143.50	137.10	139.11
400-500 lbs	122.50	146.00	133.42	130.15	138.28
500-600 lbs	112.50	134.00	124.10	121.08	129.95
600-700 lbs	100.00	121.00	111.68	113.73	128.41
700-800 lbs	106.00	115.00	110.10	---	122.01
Holstein Steers					
300-400 lbs	---	---	---	---	---
500-600 lbs	---	---	---	---	---
700-800 lbs	---	---	---	---	---
Slaughter Cows & Bulls					
Breakers 75-80%	46.50	64.00	55.78	53.30	46.88
Boners 80-85%	46.00	64.50	54.13	52.45	47.63
Lean 85-90%	35.00	57.00	44.80	45.20	38.24
Bulls YG 1	70.00	89.00	80.32	77.41	68.83
Heifers: Medium/Large Frame #1-2					
300-400 lbs	117.00	144.00	130.03	128.87	123.45
400-500 lbs	108.00	139.00	125.32	121.04	121.48
500-600 lbs	105.00	133.00	120.20	116.60	117.16
600-700 lbs	91.00	125.00	113.73	110.69	115.67
Heifers: Small Frame #1-2					
300-400 lbs	115.00	122.00	118.89	---	114.45
400-500 lbs	110.00	122.50	115.96	111.49	---
500-600 lbs	102.50	111.00	106.71	110.01	96.21
600-700 lbs	---	---	---	---	---
Heifers: Medium/Large Frame #3					
300-400 lbs	112.00	130.00	118.78	111.88	115.49
400-500 lbs	105.00	125.00	116.83	112.51	113.04
500-600 lbs	102.50	119.00	113.71	106.04	111.58
600-700 lbs	90.00	110.00	101.80	97.64	103.24

Cattle Receipts

This week:7,935

Week ago:5,513

Year ago:10,827

Graded Sales, Video Board Sales, Video Sales & Loads

Graded Sheep & Goat Sale

East Tennessee Cattle Alliance Graded Feeder Sale Greenville, TN

Weighted Average Report for 11/12/2020

Total Receipts: 494

For complete report:

https://www.ams.usda.gov/mnreports/ams_2075.pdf

East Tennessee Livestock Center Graded Holstein Sale Sweetwater, TN

Weighted Average Report for 11/6/2020

Total Receipts: 482

For complete report:

https://www.ams.usda.gov/mnreports/ams_2072.pdf

Hardin County Stockyard-Savannah, TN

Weighted Average Report for 11/11/2020

Total Receipts: 1,731

1 load of 83 steers; avg. wt. 628lbs., 68 Black/BWF 15 Red/RWF & ChX, M&L 1-2, 5 flesh; \$143.25

Video

1 load steers; avg. wt. 625lbs., 70% Black 30% Red/RWF & ChX, M&L 1-2, 4 flesh; \$144.25

Columbia Graded Sheep and Goat Sale-Columbia, TN

Weighted Average Report for 11/9/2020

Total Receipts: 806

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