

AG NOTES
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MEETING

The Middle Tennessee Beef Producers will meet on Thursday, March 4, at the Moto-Gear and Massey Ferguson Tractor Dealership on Hwy 231 N next to Victory Baptist Church. The meeting will start at 6:30 pm. A meal and an educational program will be provided. Please call the Extension office at 684-5971 to register for the meal.

WHAT'S THE MARKET?

Drs. Andrew Griffith and Aaron Smith, livestock and crops economists for UT Extension, shared these comments on the market for the past week.

Fed cattle traded steady compared to last week on a live basis. Prices on a live basis were primarily \$113 to \$115 while dressed prices were mainly \$181 to \$182. The 5-area weighted average prices thru Thursday were \$114.12 live, up \$0.01 compared to last week and \$181.69 dressed, up \$0.98 from a week ago. A year ago, prices were \$115.07 live and \$185.45 dressed.

Trends compared to two weeks ago were difficult to establish due to lingering snow and ice early in the week. However, steer and heifer prices were mainly steady to \$6 higher compared to two weeks ago with the biggest price gains on cattle weighing less than 600 pounds.

Harvest cow and bull prices were steady to \$3 higher. The snow and ice that blanketed the western two-thirds of Tennessee and many other parts of the nation slowed cattle movement last week and had lingering effects for early week auctions this week. Despite the early week slow down, middle of the week and late week auctions experienced fairly strong runs of cattle and strengthening prices.

The primary driver of lightweight calf prices is "grass fever". Grass is slowly beginning to green and some marginal growth is evident in fescue pastures while cool season annuals should really take off over the next couple of weeks. The strengthening prices is not based on what grass is available but what is expected to be available. Thus, this is just the start of the price run as some producers are attempting to get a few cattle purchased before prices peak.

The second driver of prices is the futures market. It is not as if the nearby feeder cattle futures have really made a strong run though they have a positive trend. The strength in feeder cattle futures that are driving calf prices today are the summer and fall contract months. If the summer and fall contract months remain at current levels or push higher, one can expect calf prices to continue to increase over the next six to eight weeks.

Corn, soybeans, and wheat were up; cotton was down for the week. Corn (\$4.79), soybeans (\$12.52 $\frac{3}{4}$), wheat (\$6.72 $\frac{3}{4}$), and cotton (89.28 cents) all set harvest contract highs this week. Tight global stocks and export demand for grain, oilseeds, and cotton continue to drive prices higher.

China has been the major purchaser of US agricultural products, however demand from other countries has also been robust. While prices may continue the uptrend producers should consider having a price established on some of their estimated 2021 production.

Using pricing strategies that allow for producers to participate in additional rallies can be considered. Buying put options establish a futures price floor while leaving the potential for upside gains. Another alternative is selling cash forward or futures contracts and buying call options. This will establish a price and allow gains above the call strike. These risk management strategies come at a premium and/or margin cost, but provide downside protection. For those new to futures and options, working with a broker or grain merchandise, to develop a strategy is recommended.

Brazil's soybean harvest continues to be 2-3 weeks behind normal pace, limiting exports of soybeans to global purchasers. The cold weather across the southern plains last week has many concerned that winter kill could affect hard red winter wheat production. After setting the December contract high cotton futures dropped 5 cents on Thursday and Friday, closing the week just under 85 cents.

These comments were written last Friday and were based on observations of the market compared to the week before. For more comments and details of the market see Tennessee Market Highlights from February 26 at <https://arec.tennessee.edu/wp-content/uploads/sites/17/2021/02/market022621.pdf>

You are welcome to call me at 684-5971 or email me at jteague1@utk.edu for the link.