

AG NOTES
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WHAT'S THE MARKET?

These comments were shared by Drs. Andrew Griffith and Aaron Smith, livestock and crops economists with UT Extension. (I may comment in parentheses.)

Fed cattle traded \$3 higher compared to last week on a live basis. Prices on a live basis primarily ranged from \$138 to \$140 while dressed prices were mainly \$220 to \$222. The 5-area weighted average prices through Thursday were \$139.88 live, up \$2.95 compared to last week and \$221.79 dressed, up \$3.79 from a week ago. A year ago, prices were \$113.28 live and \$179.32 dressed.

Based on Tennessee weekly auction market reports steer prices this week were steady to \$2 lower compared to a week ago while heifer prices were mainly steady to \$4 lower compared to last week. Harvest cow prices were \$3 to \$5 higher while bull prices were \$2 to \$4 higher compared to the previous week.

On the calf side of the market, prices will soon hit their stride as grass cattle demand hits full swing. It is generally March before calf prices really swell, but that does not mean they will not be supported through February. The weather may be the biggest determinant of calf prices the next few weeks. The most intriguing market at this time is the feeder cattle market. The CME feeder cattle index is just over \$159 per hundredweight, which represents the price of an 800-pound steer in a 12-state region including the Great Plains and several of the contiguous states.

(Here is part of the latest USDA report on the beef cattle population survey.) USDA-NASS released their biannual inventory estimates for January 1, 2022. Expectations before release of the report were continued contraction of the U.S. cattle inventory given significantly higher beef cow slaughter in 2021 (accumulated beef production in 2021 up 3% from 2020). This expectation was confirmed across the board with all cattle and calves (beef and dairy) in the U.S. totaling 91.9 million head. This resulted in a 2 percent decline from the January 1, 2021 estimate of 93.8 million head.

Looking specifically at beef cows, a 2 percent decline was recognized with beef cows totaling 30.1 million head. Milk cows, at 9.38 million head, were also down 1 percent from January 1, 2021. For Tennessee, beef cows that have calved was estimated at 893,000, a 1 percent decline year over year. Milk cows declined approximately 10% from last year with the January inventory reporting 27,000 milk cows that have calved.

Beef cow inventory has declined by more than 1.5 million head since the most recent inventory high in 2019. The U.S. currently has the fewest beef cows since 2015. Declines have led to not only a reduced calf crop in 2021 but also for the expected 2022 calf crop. Heifer retention, down by 3% for the U.S., signals expectations of continued herd contraction throughout 2022 as well.

In Tennessee, beef cow replacements declined by approximately 8% year over year. Ultimately, the majority of U.S. estimates resulted in inventory declines, thus pointing to the U.S. cattle herd being in a liquidation phase. With reduced beef cow numbers, the USDA-NASS Cattle report depicts a clear possibility for a bullish feeder cattle market in 2022.

Cotton and soybeans were up; wheat was down; and corn was mixed for the week. We have entered arguably the most important time of the year, for risk management, for spring planted row crops in Tennessee – the projected price determination period for corn, cotton, and soybeans. The prices established will be the starting point for many producers' risk management plans for the 2022 crop year.

As of February 4, the projected prices were, corn \$5.73, soybeans \$13.88, and cotton \$1.03 (wheat projected price was set September 15 at \$7.14). The next three weeks will determine the final projected prices, but current prices are very positive for crop producers.

March 2022 corn futures closed at \$6.20, down 16 cents since last Friday. For the week, March 2022 corn futures traded between \$6.10 and \$6.42. May 2022 corn futures closed at \$6.21, down 12 cents since last Friday. New crop cash prices at elevators and barge points ranged from \$5.33 to \$5.83. December 2022 corn futures closed at \$5.73, up 4 cents since last Friday.

For the week, March 2022 soybean futures traded between \$14.73 and \$15.64. May 2022 soybean futures closed at \$15.57, up 82 cents since last Friday. New crop cash soybean prices at elevators and barge points ranged from \$13.42 to \$15.78. November 2022 soybean futures closed at \$13.95, up 44 cents since last Friday.

Wheat cash prices at elevators and barge points ranged from \$7.86 to \$8.04. March 2022 wheat futures closed at \$7.63, down 23 cents since last Friday. March 2022 wheat futures traded between \$7.40 and \$7.98 this week. New crop wheat cash prices at elevators and barge points ranged from \$7.20 to \$7.70. July 2022 wheat futures closed at \$7.61, down 21 cents since last Friday.

SPRING 2022

I have been very quiet about Spring fever. Most of you know that I get the fever about September for the coming spring. I try to be nice to my friends who like cold weather. And I will always be respectful of one of my old friends who has passed on to the Arctic side of the sky, since I'm sure that the twinkle of one of the stars on a cold winter's night is his twinkle watching me shiver and shake!

But I've had enough! I've been cold this winter for several weeks now. But there are signs of spring coming. And it's not a day too soon!

I got a call about a sighting of a buttercup. When? It was the day we had the 9" snow storm in Bell Buckle! I told the caller that the snow would protect it from the cold weather. I haven't seen any blooms at home, but the flower bulbs are poking up tips. I keep looking.

One of the sure signs is in the air, so I've been told. I can't smell anything, haven't been able to since fall of 2018, way before COVID! But there are several skunks that I see on the side of the road, and I've been told that the aroma is quite strong in cases. In answer to a nice lady who asked why this is a sign, I told her the skunks were out to find mates to raise more little skunks. She said she had never thought about it!

Humans are not the only ones who hope for a Valentine in February! Think about it!