

particular, it has been alleged that the small investor not wise in the ways of futures can be taken advantage of by professional traders.

Because of the dynamic in-

fluences in commodity markets, the established arrangements for trading tend to get out of date, and even to inject artificial influences into prices. This underlines the mounting concern in

many quarters. The U. S. Congress is currently taking a critical look at futures trading to see what kinds of changes may be needed. The General Accounting Office, the accounting arm of government, has appointed a team of auditors to review the regulation of futures trading.

The Small Business Committee of the U. S. House of Representatives is also planning to hold hearings that would include a critical look at grain futures. The Commodity Exchange Authority and the exchanges themselves also continually seek ways for improving trading rules.

Whatever the outcome of these investigations, and however valid some objections to futures trading may be, the futures market does bring prices out into the open. It increases the range of information and judgments brought to bear on price, and makes it easier for farmers and other businessmen to choose a preferred course of action.

A Futures Glossary

Basis -- The difference between the price of a futures contract and the price of the same or similar commodity in spot transactions.

Delivery Month -- The calendar month during which a futures contract matures.

Futures Contract -- An agreement set forth in standardized terms under rules of an organized commodity exchange to buy and receive, or to sell and deliver, a commodity at a future date.

Hedging -- Using the futures market to reduce exposure to price risk and to help assure profits on business activities.

Long Position -- One in which an individual's inventory plus forward purchases exceed his forward sales, also, the buying side of an open futures contract.

Margin -- The amount deposited by a trader with his broker to insure performance on contract commitments.

Open Interest -- The total of unfilled or unsatisfied futures contracts on either side of the market.

Regulated Commodities -- Those regulated by the Commodity Exchange Authority (CEA) under specific provisions of the Commodity Exchange Act. The CEA is concerned with safeguarding futures trading against price manipulation and abusive trading practices.

Short Position -- One in which an individual's forward sales exceed his inventory plus forward purchases; also, the selling side of an open futures contract.

Straddle or Spread -- The purchase of one future against the sale of another future of the same commodity or a different commodity in the same or different markets.

Volume of Trading -- The total purchases or sales of a commodity future during a specified period.

FARM TRENDS

(Continued From Page 1)
Commodities -

Up Against the Limits

As LANCASTER FARMING went to press on Friday morning, commodity markets were opening for trading. All important agricultural commodities opened up the trading limit. Cattle, eggs, broilers, hogs, soybean meal, corn and wheat futures went as high as they could on Friday, responding to the government report of lowered crop estimates.

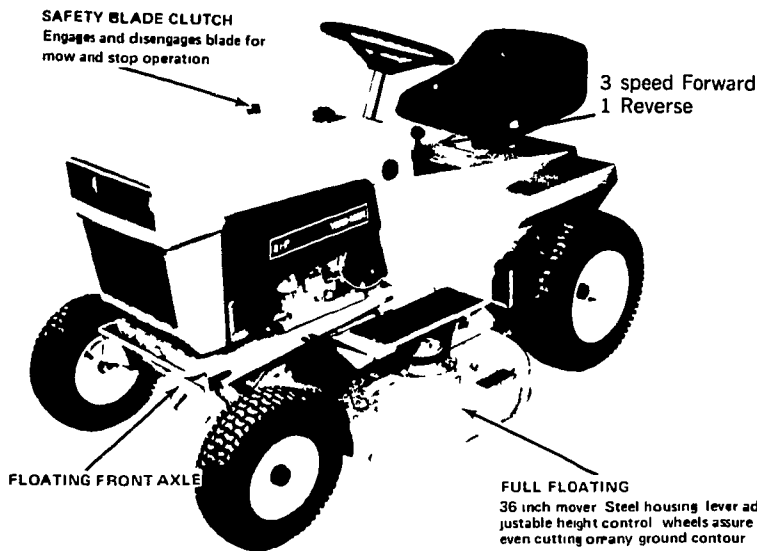
Do You Know Where Your Steers Are Tonight?

Cattle rustling is burgeoning in some parts of the country, including at least one report from a western Pennsylvania farmer who found piles of entrails one morning where he should have found five heifers. County Agent Max Smith has some good advice in his column this week for the cattleman who wants to foil rustlers.

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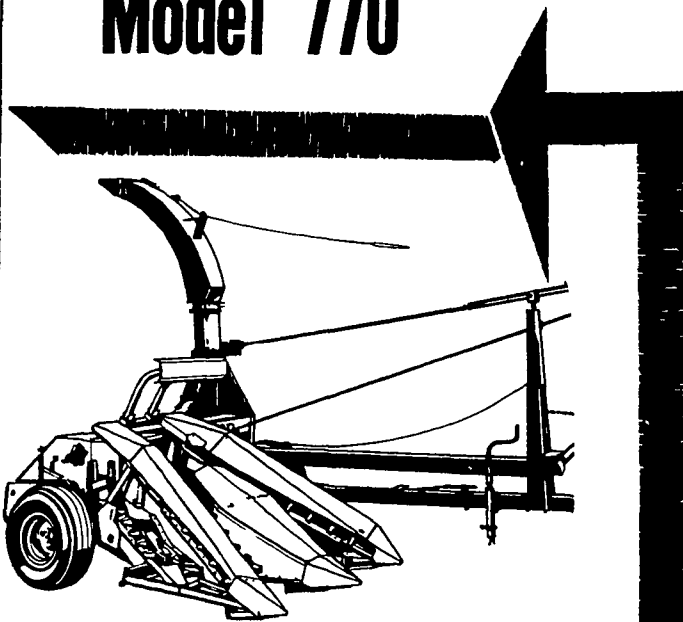
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Short Takes

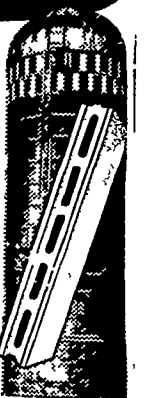
Failed at First
Fidel Castro failed in his first attempt to overthrow the Cuban regime of Fulgencio Batista in 1953, when he led an unsuccessful attack on a Santiago army barracks.

First Negro University
Lincoln University, formerly Ashmun Institute, in Chester Co., Pa., was the first Negro university in the United States. It was chartered by act of the legislature of Pennsylvania, April 29, 1854.

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