

From Local Ag Teachers:



Thoughts in Passing



The article this week was prepared by Lew Ayers, teacher of agriculture at Ephrata High School.

Many farmers found 1973 a hectic year for cattle and hog prices and even more unbelievable as far as feed and other production costs go.

The business of farming has changed in recent years, being less able to absorb losses from low prices. Farmers today have more machinery and equipment; they're feeding more livestock; buying more feed, and in many cases probably borrowing more money at higher interest rates. With so many purchased inputs at increased costs, farmers become caught in a tight squeeze when prices they receive go down. More and more farmers each year decide the risk is too great and get out.

An increasing number of farmers are starting to hedge their livestock and crops through future contracts. The commodities market can serve a good purpose for farmers who want protection against falling prices. The use of a hedge is nothing more than locking in a price for your livestock or crops before they are marketed.

As an example, lets assume you recently started some feeder cattle that you hope to market this October. When you figure the purchase price of the cattle - and all the production expenses - you can pretty well determine what selling price you need to insure a good profit.

The next step is to check the futures price of October cattle in the newspaper. Lets say that October cattle are quoted at \$52.00 per hundredweight. If you think \$52.00 is a good price, then

why not lock in the price with a hedge by selling your cattle.

When October rolls around and finished cattle are selling for \$45.00 per hundredweight, pat yourself on the back because you sold your cattle eight months ago on the futures market for \$52.00 per hundredweight. This actually means you probably lost money on your actual (cash) sale of your cattle, but made a good profit on your futures contract.

Don't forget the cash market for October cattle could go higher than your locked-in price of \$52.00. Which means you take a loss on your futures contract, but you can make it up by the actual cash sale of the cattle.

Remember, the future and cash price of any commodity move up and down in basically the same way. Don't forget that hedging guarantees a price, but not necessarily a profit. For the farmer, the price insurance that is obtained is the single most important reason for hedging.

The information contained in this article just scratches the surface on hedging commodities. Before you get involved in the market, make sure you talk to an

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Lew Ayers

Lebanon Co. Dairy Day to Feature Farm Panel

The pros and cons of feeding synthetic protein feed additives to dairy cattle will get major attention at the all day Dairy Day scheduled for Wednesday, Feb. 13th at 10:00 in the Municipal Building, Lebanon.

A panel of Lebanon County dairymen will relate their experience with using synthetic non-protein nitrogen (NPN) in dairy feed. Panel members will be Glenn Gingrich, Lebanon, Route 4; David Brandt, Route 1, Annville; Guy Hutz, Route 1, Annville; Victor Ziegler, Route 2, Myerstown; and Lester Kreider, Agway Fieldman. Newton

experienced broker about your situation. Talk to other farmers that use the futures market and learn all you can. Read the newspaper, and follow the prices of commodities that interest

Bair, Assistant County Agent, will moderate the panel.

In addition to the farmer panel members, Dr. Richard Adams, Dairy Specialist from the Pennsylvania State University, will be the main speaker during the morning session. Adams is in charge of the Penn State Forage Testing Laboratory and is recognized as an authority on formulating feed rations for dairy cattle.

The afternoon session will be chaired by Harold Bollinger, ABC Director. Area Supervisor Edwin Sauder and Branch Manager Lloyd Peterson will assist with arrangements. Featured on the program will be a film "The Bull Comes To Life". Lunch will be served in the Extension Service offices by ABC personnel.

Man Wins Nat'l Sewing Contest

One serious shortage was alleviated January 24 when a young California man was the first male to ever win the top spot in the national finals of the Make It Yourself With Wool contest when he sewed up the senior division of the 26-year-old program.

Gary Oden, 19, of Fremont, California was the first male to ever reach the national finals of the contest, which was open to males two years ago. He won the Senior Division with an energy-saving, 100 percent American wool navy blue suit of Anglo fabric which he designed, made and modeled himself. The 6-foot-2-inch male winner competed with 27 senior entries in the contest and won after only two years of sewing experience.

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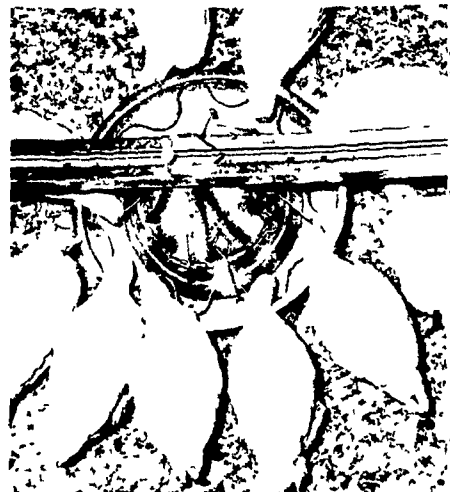
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