

Tight credit teaches farm management lessons

SAN LUIS OBISPO, Cal. — taught the nation's farmers some important agricultural credit and high interest rates should have

vice president and economist with the Kansas City Federal Reserve Bank, here at the recent Livestock Marketing Congress '80.

Duncan was speaking to Session Two of this year's Congress, whose theme was "Money, Energy and Consumer Demand: Seeking A Management Strategy."

Also speaking at this Session was George Hickman, senior vice president with the Sacramento, California, Bank for Cooperatives. Hickman told his audience that there were several things they could do to keep their financing costs down.

The lessons farmers should have learned, Duncan said, include:

—Farm borrowers will experience continued

fluctuation in interest rates, due to increasing farm demand and the changed regulatory climate for banks and other money markets. Farmers will increasingly compete with other credit users for loan funds, thus driving up interest rates.

—Many of the nation's large commercial farms apparently have less resiliency to withstand periods of economic adversity than many had realized. Many of these farms are not diversified, and must now reassess the use of leverage and of product specialization.

—Energy prices, transportation problems and lack of irrigation water are changing the long-term economics of farming, and

adding new dimensions and importance to firm farm financial planning.

Noting the rapid increase of government credit aid to farmers, Duncan said it is probably time for a thoughtful evaluation of this assistance.

Hickman advised his audience to negotiate with their lender before settling on an interest rate, and to become aware of financing alternatives outside the commercial banking system, such as savings and loans, life insurance companies and the commercial

paper market.

Noting that in our economy, prices received are the "signals" that tell producers when to expand or cutback, Hickman said he was concerned that "We may be sending the wrong kinds of signals to producers through the proliferation of credit programs."

Asked how farmers could do a better job of marketing and distributing their products, Hickman suggested consideration of vertical integration, hedging, and selling through forward contracts.

Livestock market and auction news

Weekly Summary

Friday, January 2

Report supplied by PDA

CATTLE: 2991 Compared with 2440 head last week, and 2887 head a year ago. Compared with last Friday's market: Slaughter steers & bulls unevenly steady; Si. heifers, Cows & Bullocks 1.00-2.00 lower. Sl. steers: High Choice & Prime No. 3-4, 65.85-69.00; Choice No. 2-4, 65.25-69.25, Good 58.00-64.75; Standard 52.00-58.00. Sl. heifers: Choice 62.75-64.75; Good 55.00-62.50; Standard 50.00-55.00. Sl. cows: Utility & Commercial 44.50-49.50; Cutters 43.00-47.00; Canner & L. Cutter 38.00-43.50; Shells down to 26.50. Sl. Bullocks: Choice 63.00-68.75; Good 55.00-63.00. Sl. bulls: Yield Grade No. 1, 1000-2200 lbs 56.00-62.50, few down to 48.00; Yield Grade No. 2, 1000-1600 lbs. 51.00-56.50.

CALVES: 2028. Compared with 2281 head last week and 2008 head a year ago. Vealers steady to 5.00 lower, spots 10.00 lower. Few Prime 100.00-114.00; Choice 90.00-108.00; Good 75.00-95.00; 90-120 lbs. 65.00-75.00; 60-90 lbs. 50.00-70.00; Utility 50-100 lbs. 40.00-55.00.

FARM CALVES: Hol. Bulls 80-130 lbs. 70.00-111.00, mostly 80.00-104.00; Hol

Heifers 80-175 lbs. 75.00-168.00, mostly 90.00-130.00.

HOGS: 4787 Compared with 5906 head last week and 4809 head a year ago. Barrows and gilts 1.00-3.00 lower. US No. 1-2 200-245 lbs. 44.50-48.50 No. 1-3 200-250 lbs. 43.00-46.50; No. 2-3 190-270 lbs. 41.00-44.50. Few No. 1-3 140-190 lbs. 28.00-38.00; Sows 1.00-2.00 higher. US No. 1-3 300-575 lbs. 36.50-43.50; No. 2-3 300-650 lbs. 33.00-38.00. Boars 28.00-35.00.

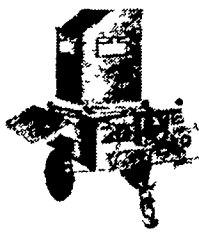
FEEDER PIGS: 700. Compared with 1311 head last week and 1073 a year ago. Steady to weak. US No. 1-3 20-35 lbs. 8.00-20.00 per head; No. 1-3 35-50 lbs. 18.00-30.00; No. 1-3 15-40 lbs. 2.00-13.50.

GRADED FEEDER PIGS: 2740. Compared with 1070 head last week, and 2302 head a year ago. All sales by CWT. Feeder Pigs highly uneven, extremes 8.00 higher to 11.00 lower. US No. 1-2 30-40 lbs. 60.00-87.00, 40-50 lbs. 60.00-86.00, 50-60 lbs. 53.00-70.50, 60-95 lbs. 48.00-64.50, US No. 2-3 30-40 lbs. 35.00-61.00, 40-50 lbs. 40.00-63.00, 50-75 lbs. 35.00-46.00.

SHEEP: 384 Compared with 338 head last week and 125 head a year ago. Woolled sl lambs uneven Choice 70-110 lbs. 59.00-69.00, Good 60-110 lbs. 45.00-60.00. Few Sl ewes. 14.00-36.00



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SCS has summer jobs for students

LANCASTER — The Soil Conservation Service, USDA, is offering summer jobs to students who have completed at least one year of college and are majoring in an agricultural field, like engineering, agronomy, biology, forestry, or environmental resource management.

The student trainee program is involved with the conservation of soil and water. As a summer employee with SCS, students are offered positions during

each summer vacation and are eligible for full-time placement upon graduation.

While on the job, students will be assisting SCS conservationists, engineers, soil scientists and plant scientists in the technical aspects of soil and water conservation.

For more information, contact the local SCS office or write Personnel Officer, Soil Conservation Service, Federal Building & U.S. Courthouse, Box 985 Federal Square Station, Harrisburg, PA 17108



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