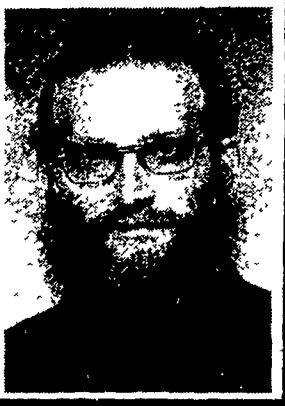


Farming's Futures

By David K. Sauder
Commodity Advisor
Trade Tech, Lancaster



This week, let's take a look at the historical background of the Commodities Market.

The first links between commodities and organized commerce are lost in the mists of antiquity, but it is well-established that active commodity markets — operated under rules and regulations — existed in China, Egypt, Arabia, and India 12 centuries before the birth of Christ.

Futures markets, as we know them today, probably had their roots in seasonal festivals in medieval Europe that eventually became year-round markets in areas associated with particular commodities. Perhaps those that most closely resemble today's markets were those developed by the shoguns of Japan starting in the late 17th century. They incorporated many elements found in today's futures markets.

In the early 1800s, futures trading took hold in England and other European countries. By 1848, Chicago became the crossroads for buyers and sellers of grain, and an early U.S. commodity exchange was born.

Chicago Mercantile Exchange

Butter and egg merchants soon felt a need for a central marketplace, and in 1898 the Chicago Butter and Egg Board, forerunner of the Chicago Mercantile Exchange, evolved from the Chicago Produce Exchange (1874). The Board set as its objectives: "1. the establishment of daily market quotations on butter, eggs, and other products; 2. the provision of general information regarding the market for such commodities; 3. the location of a convenient place to buy and sell commodities, and 4. the machinery to quickly adjust business disputes among its members."

The advent of effective refrigeration made it possible to store eggs during periods of heavy supply in the spring. These eggs were then used in the less productive fall and winter seasons. Time contracts were written to help producers and processors in their marketing programs. These time contracts were the ancestors of futures contracts.

In 1919, members of the Butter and Egg Board formed committees to obtain data concerning futures trading in grain, cotton, and other commodities. Later that year, the Board's name, was

changed to the Chicago Mercantile Exchange and a Clearing House was set up to handle futures transactions.

Prior to World War II, the Exchange initiated trading in potatoes, onions, and hides; but wartime price controls stopped virtually all futures trading. Government price-support policies and changing technology after the war sent C.M.E. members looking for other industries that might use futures advantageously in their financial planning. Turkeys and frozen eggs were added, and turkey trading volume was significant in the '50s.

The modern expansion of the Exchange, however, began in 1961 with the introduction of the frozen pork belly contract. After a slow start, bellies became one of the most actively traded commodities in the world, and the cornerstone of the Exchange's highly successful meat complex.

The first successful futures contract for a live, nonstorable commodity was introduced in 1964 for live cattle. It was so well-accepted from the start that a contract in live hogs was listed early in 1966, and a feeder cattle contract was added in 1971.

The phenomenal growth of the C.M.E. is indicated by its trading volume, which increased 31 times over from 250,000 contracts traded in 1964 to more than 6 million in 1973, 1975, and 1976 and a record 7,878,247 in 1977. The price of a membership ("seat") rose from \$3,000 in 1964 to a record \$200,000 early in 1978.

To achieve certain objectives and solve certain incipient problems associated with this growth, the membership voted in November 1975 to implement a plan of merger and reorganization. Under this plan, the C.M.E. as a division, and the Associate Mercantile Market Division (A.M.M.) was formed. The 500 C.M.E. members may trade in live and feeder cattle, frozen pork bellies, and live hogs as well as all of the commodities listed on its two divisions.

We'll continue our look at the history of the commodities market next week.

Send your questions about futures trading to Farming's Futures, Lancaster Farming Newspaper, Box 366, Lititz, PA 17543.



New officers and committee representatives of the Northeastern Weed Science Society are: front row Past President Ray Taylorson; Editorial Committee Representative Ben Coffman; Vice President James Graham; Public Relations Committee Representative Carolyn Goulding; Sustaining Membership Committee Representative Barbara Emerson;

and Weed Science Society of America Representative Dean Linscott. Second row, President-Elect Tom Watschke; President Stephan Dennis; Secretary-Treasurer-Elect Dick Ashley; and Secretary-Treasurer Russ Hahn. Not pictured was Research Coordinator Richard Henne.

N.Y. hosts Weed Science symposium

NEW YORK — "The Big Apple" played host to the 36th Annual Northeastern Weed Science Society meeting. Nearly 400 participants gathered at the Sheraton Centre in early January.

The three-day meeting focused on 154 scientific papers, presented in separate sessions including agronomy; horticulture; tree and small fruit; industrial, forestry, & conservation; ornamentals; turf; and ecology, physiology, & soils. A special Herbicide-Environment Update Symposium featured speakers from USDA, and Dow Chemical Co. discussing the latest findings on 2, 4-D and its effects on human health.

President Ray Taylorson, of USDA-SEA-AR, opened the general session by explaining how long term weed control can be achieved after breaking weed seed dormancy. Keynote speaker Menashe Horowitz, of the Agricultural Research Organization, followed with a review of his research findings on weed control in both Israel and the U.S.

Awards Chairman Garry Schnappinger of Ciba-Geigy presented awards to two member scientists for their dedicated service and outstanding contribution. Honored with the Distinguished Member Award were Hugh J. Murphy, a professor at the University of Maine, Orono; and Walter A. Gentner, a plant

physiologist for the USDA-SEA-AR, Beltsville, MD.

The Award of Merit — established in recognition of meritorious service to NEWSS members nearing retirement or who have retired — was presented to Robert D. Shipman, a professor at Penn State, University Park.

The best paper and graduate student presentation awards, funded by BASF Wyandotte Corporation, were presented to the following:

Best Paper Award (\$200) - Prasanta C. Bhowmik, University of Massachusetts, Amherst. Title: "Differential Growth Response to Temperature Between Two Biotypes of *Chenopodium album*." **Runner-Up (\$100)** - J.S. Ebdon, University of Rhode Island, Kingston. Title: "Chemical Control of Spurge and Other Broadleaf Weeds in Turfgrass."

Graduate Student Presentation Award (\$200) - Tom Harris, University of Maryland, College Park, (co-author R.L. Rittle). Title: "Fall Panicum and Giant Green Foxtail Interference in Soybeans." **Runner-Up (\$100)** - Barbara J. Hook, University of Maryland, College Park, (co-author S. Glenn). Title: "Agronomic and Physiological Activity of Acifluorfen Influence by Mefluidide."

New officers for 1982 include: President Stephan Dennis, Stauffer Chemical Co., Dayton,

N.J.; President-Elect Tom Watschke, Penn State, University Park; Vice President James Graham, Monsanto, St. Louis, Mo; and Secretary-Treasurer Dick Ashley, University of Connecticut, Storrs, CT.

Committee Representative appointed by Dennis are: Awards, Ray Taylorson, USDA-SEA-AR, Beltsville, MD; Weed Science Society of America Representative, Dean L. Linscott, USDA-SEA-AR, Department of Agronomy, Cornell University, Ithaca, NY; Editorial, Ben Coffman, USDA-SEA-AR, Beltsville, MD; Sustaining Membership, Barbara Emerson, Union Carbide Agricultural Products Co., Inc., Research Triangle Park, NC; Public Relations, Carolyn Goulding, Gibbs & Soell, Inc., New York, NY; and Research Coordinator, Richard Henne, Campbell Institute for Agricultural Research, Napoleon, OH.

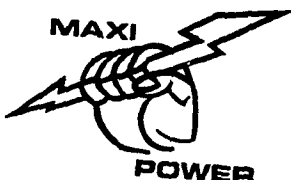
For copies of the NEWSS Proceedings, which contains copies of the papers presented at the meeting, contact Russ Hahn, Department of Agronomy, Cornell University, Ithaca, NY 14853.

Next year's meeting is scheduled for the Grossinger Hotel & Country Club, Grossinger, NY, January 4-6, 1983.

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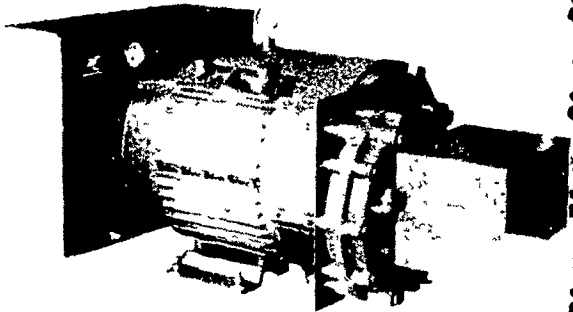


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