

Farming's Futures

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This week we conclude the alphabetical list of common terms in the futures industry and the definitions for these terms.

*** Selling Hedge (or Short Hedge)** - Selling futures contracts to protect against possible decreased prices of commodities which will be sold in the future. See also "hedging."

*** Short** - As a noun, one who has sold futures contracts or the cash commodity (depending upon the market under discussion) and has not yet offset that position. As a verb, the action of taking a position in which one has sold futures contracts (or made a forward contract for sale of the cash commodity) without taking the offsetting action.

For example, if you had no position and you sold five contracts, your action would be "shorting the futures," and you

would then be a "short." However, if your previous position was one of having bought five contracts (i.e., "being long five"), and you then sold five contracts to offset that position, your second action would not be referred to as "shorting," because your position when the second action was concluded would be zero.

*** Speculator** - In an economic sense, one who attempts to anticipate commodity price changes and to profit through the sale and purchase or purchase and sale of commodity futures contracts or of the physical commodity; provides liquidity to the market by acting as buyer or seller to the long and short hedger.

*** Spreading** - The purchase of one futures contract and sale of another, in the expectation that the price relationships between the two will change so that a sub-

sequent offsetting sale and purchase will yield a new profit.

Examples include the purchase of one delivery month and the sale of another in the same commodity on the same exchange, or the purchase and sale of the same commodity on different exchanges, or the purchase of one commodity on different exchanges, or the purchase of one commodity and the sale of another (wheat vs. corn or corn vs. hogs), or the purchase of one commodity and the sale of the products of that commodity (soybeans vs. soybean oil and soybean meal).

*** Ticket Tape** - A continuous paper tape transmission of commodity or security prices, volume and other trading and market information, sent on private leased wires by the exchanges, available to their member firms and other interested parties on a subscription basis.

*** Variation Margin Call** - A call for additional margin deposits made by a clearinghouse to a clearing member while trading is in progress when current price trends have substantially reduced the clearing member's margin deposits. Variation calls are payable within the hour.

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

Federal meat inspectors get paid to clean up

WASHINGTON, D.C. - Up to 15 minutes a day that inspectors in slaughter plants spend preparing for the job and cleaning up after work will be counted as part of the eight-hour inspection day provided to meat and poultry plants at government expense, under a new proposal by the U.S. Department of Agriculture.

Up-to-now USDA contended that changing clothes and cleaning up were not "hours of work" and an integral part of the inspector's job. However, the union representing government meat and poultry inspectors disagreed and presented the matter to the Office of Personnel Management, which upheld the union. USDA appealed the OPM ruling to the comptroller general, who sustained the OPM and union position, according to Donald L. Houston, administrator of USDA's Food Safety and Inspection Service.

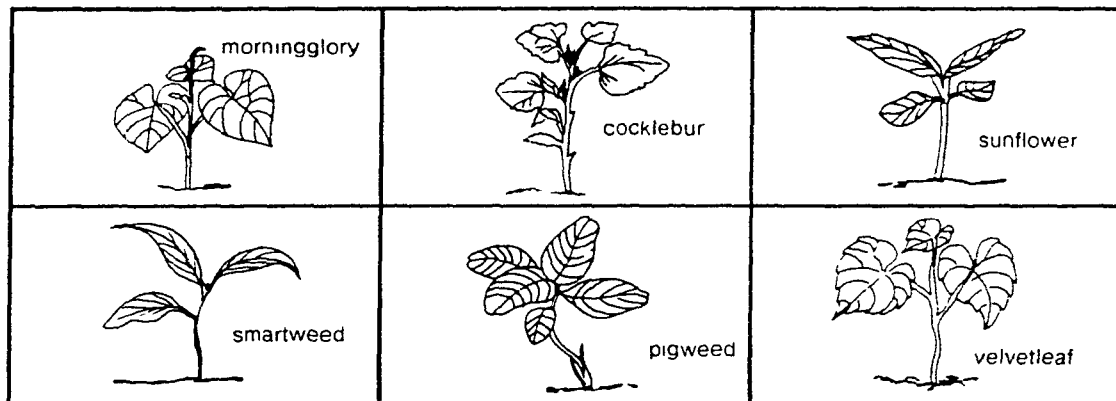
The proposal provides that the time spent on preparatory and

cleanup activities - up to 15 minutes per inspector per day - would be treated as any other inspection service for the purpose of determining hours of work and the overtime and holiday work costs to be reimbursed by federally-inspected plants.

Under federal regulations, five consecutive eight hour days of inspection per week are provided to a plant at government expense. Any inspection service provided in excess of these amounts is overtime, the cost of which is borne by the plant which has requested the additional service.

A notice concerning the proposal was published in the May 7 Federal Register, available in many public libraries. Comments, in duplicate, are due by July 6. They should be addressed to Regulations Office, Attention Annie Johnson, Room 2637-S, USDA, Food Safety and Inspection Service, Washington, D.C. 20250.

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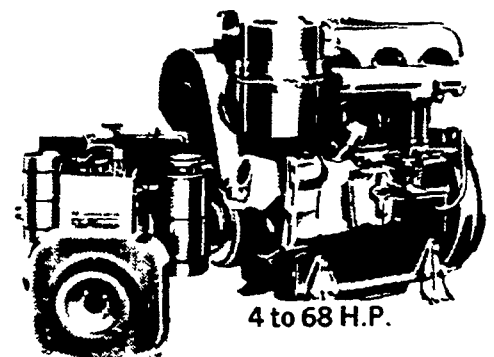
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