

Look into Futures

By Dick Slay

THOMSON MCKINNON SECURITIES INC.

(800) 336-0241

Tuesday, March 20:

Grains

Light stocks will continue to give underlying strength to the grain markets. Shortages of quality corn persist and any further export activity will make #2 corn even scarcer. PIK corn movement has not pressured the market as many analysts had forecasted. Recent deliveries against the March futures contract have gone into "strong hands" and that absence of re-delivery has been supportive.

The market has moved through recent chart resistance points — 346 basis the May. Having Traded several days above that point, the former resistance now becomes support.

However, both technical indicators and "contrary open numbers" indicate an over-bought condition in corn. Some believe we are due for some set back in the nearby contracts; but this will not overshadow the underlying bullish fundamentals in corn.

An ever present damper on corn prices will, of course, be wheat feeding — both domestic and foreign. South Africa's recent split purchase of one million metric tons each of Australian feed wheat and American corn are a clear reminder that world stocks of wheat are burdensome and

displacement of corn will continue until normal price relationships again prevail.

Ironically, despite the long term wheat supply situation, short term supplies are tight. Wheat stocks in Chicago are 9.0 million bushels vs. 18.7 million bushels last year. Wheat basis nationally remains relatively strong and this will most likely continue until new crop supplies hit the market.

Tuesday afternoon, March 20, soybeans made dramatic moves to the upside. Led by heavy demand for soybean oil and indications of a small Brazilian crop, made beans strongly moved through the eight dollar resistance — settling at 8.0750. The next price objective is a chart gap at 8.25.

Soybean exports were disappointing this week — 14.8 million bushels, 30% below trade expectations, but above the 11 million bushels per week needed to reach the USDA export forecast for 1983-84. If meal demand remains poor worldwide, exports could strongly favor just oil vs. whole beans, creating large domestic meal stocks and lower prices.

As of this writing, secretary of Agriculture John Block remains adamant that the 1984 wheat

program not be reviewed without assessing the seed grains also. There are indications that Representative Heflin, who earlier blocked passage of amendments to the bill, supposedly has reached an agreement with the administration. We will have to wait for final outcome on these deliberations.

Livestock

This week's major fundamental report was the Hogs & Pigs Quarterly Report from USDA. Direction in both hog and cattle prices may be found from Tuesday's numbers. In general, the report was neutral to bearish for nearby contracts. Bullish for deferreds.

Inventories in the group 120 to 179 lbs. were 1% above last year; over 180 lbs., 6% above. This could put some pressure on both nearby hog and cattle contracts but many of the animals in the over 180 group are already in the market channels. The April contract remains on a strong up trend from recent loss of \$44.00 cwt. The most bullish aspects of the report were the farrowing intentions. Kept for breeding numbers (90%) were almost 4% below trade expectations and intentions (March/May — 89% and June/August — 87% of last year) were 2.3 and 5.5% below trade expectations.

These numbers should be very friendly to distant contracts (Oct. & Dec.) and spreads between nearby and deferred contracts may widen accordingly. Cattle to some extent will follow suit.

The recently bullishly construed Cattle On Feed Report has done little to sustain the rally in that market. After recent high, above \$72.00 cwt basis the April, this contract has settled back to support in the \$70.00 vicinity.

Box beef intentions are burdensome — not having moved much above \$107.00 cwt. But with cattle feedlots very current and weather problems adding to the shortage of quality slaughter cattle, these markets are potentially poised for a rally.

As long as there are discounts in the June and August contracts,

cattle feeders will be scared to keep cattle on expensive feed for long periods of time.

As of this writing early Wednesday morning, nearby contracts in hogs are up slightly and deferreds are up the \$1.50 limit. Nearby cattle prices are still under pressure, but deferred contracts appear to show more strength.

Johnson re-elected

ADA/DC president

SYRACUSE, NY — Raymond Johnson, a dairy farmer from Schaghticoke, New York has been re-elected president of the American Dairy Association and Dairy Council. The election took place as part of ADA/DC's 24th Annual Meeting, March 13-14 in Syracuse.

Over 300 dairy farmers and industry leaders from New York, New Jersey and Pennsylvania attended the meeting to learn more about their milk promotion program. The highlight of the event was the presentation of the new "Milk's Got More" advertising theme. This campaign, currently running on radio and television, highlights the nutritional benefits of milk as compared to the empty calories of competitive beverages.

A by-laws change was approved, allowing for the consolidation of the following three boards of directors: American Dairy Association and Dairy Council; Dairy, Food and Nutrition Council; and Dairy Council of Metro New York. The presidents of the latter two boards will now serve as second vice presidents. They are S. Robert Conrad from Bell Mead, NJ and Paris Ives from Bainbridge, NY.

Also re-elected as officers were: Allen Ostrander, Vice President from Theresa, NY; Eugene Brace, secretary from West Winfield, NY; and Paul Fishel, treasurer from Ogdensburg, New York. They will serve one-year terms.

The American Dairy Association and Dairy Council is a producer funded and directed milk promotion agency serving New York, New Jersey and Pennsylvania.

Warren buys

Angus bred

heifer

Highest selling bred heifer at the Pennsylvania "Angus On Parade" Sale held March 9, at the Farm Show Building, was PS Elegant 220, a Power Play daughter purchased by Warren Angus, of Furlong.

Consigned by Penn State, the two-year-old was sold, with her heifer calf by Premier Progressor, for \$1900.00



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- 0-10-30 ALFALFA SPECIAL
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- 4-8-12 TOBACCO

REGULAR ANALYSIS

- | | |
|----------|----------|
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| 20-10-10 | 10-10-10 |
| 15-15-15 | 5-10-10 |

10-6-4
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