

# Look into Futures

By Peter D. Forbes

THOMSON MCKINNON SECURITIES INC.

(800) 336-0241

## LIVESTOCK

In the pork complex, analysts are becoming concerned that farmers are temporarily withholding hogs from the market. That attributes this to two things: (1) That the recent hogs & pigs report, which has depressed prices, was a disappointment to farmers and they are reluctant to sell at these levels. (2) Due to heavy involvement in grain planting and wheat harvesting, many farmers are simply not finding the time to send animals to slaughter.

Recent slaughter numbers have fallen below 300,000, but last week the number dropped below 275,000. Analysts believe that such a drop in markets should not be occurring this rapidly. Average weight for hogs have been about 244 lbs. (2 lbs. above a year ago). Some sources indicate that slaughter weights are coming down again. Also, with the recent hot weather and indications that feed lots are becoming current, market weights should decline.

The fear in the market is that once the withheld hogs do come to market, prices could be depressed greatly. There is a sharp out-movement of pork bellies from cold storage. Last week 2.3 million lbs. were moved out compared to 276,000 lbs. the week before. Despite the continued large amounts in storage, continued out-movement will be a great pressure to the pork product market. There is some talk that cash bellies could decline to \$61-\$62 CWT in the two weeks. With the July high contract coming into the delivery period, the whole pork complex could be under pressure.

The cattle market seems to be finding new life again. After touching \$62, August cattle appear ready to make an attempt at recent highs above \$66. Trading at the Mercantile Exchange has become more lively and can increase buying from both commercial and commission houses has been evident. You may remember that in the recent cattle, downtown rallies have shown very little follow through interest. While the market is gaining momentum to test the recent highs, we are going to need some productive fundamental news to provide the market with new ammunition. Steer beef has been trading between 99 cents and \$1.00. Cash cattle prices are still trading at \$66 on the heavy choice steers. These prices need to move higher in order to give the back months in the cattle market a reason to rally.

Cornbelt and Plains feedlots seem to be current as far as heavy choice steers are concerned. There will be a 7 and 13 state cattle on feed report released July 18, which is expected to be positive for prices. There are indications that these bullish expectations are already getting into the market. The futures seem to be easing the discount that the market is maintaining to the cash prices. This most likely will make the market much more sensitive to cash developments in the next 3 weeks.

## GRAIN

The big news this week was the USDA average planting report released Thursday, June 28. The results of the report are as follows:

Crop	Actual	Expectation (Million Acres)	84 Vs 83
Corn	79.9	81.5	+33%
Soybean	68.0	68.0	+8%
Wheat	79.5		4%

The preliminary reaction to this report will be neutral for wheat, bullish for corn, and neutral to slightly bullish for soybean. Some market analysts believe that the soybean acres number does significantly less since the price ratio of soybeans to corn during the planting season did not favor a heavy shift into soybeans. However, since the government has imposed a \$50,000 per ceiling on corn deficiency payments (the equivalent of a 48 cents per bushel maximum payment on 1,000 acres in corn), these farmers must likely put their additional acres into soybean.

Nevertheless, the corn market is expected to firm up this week and perhaps make attempts at the recent contract highs made last week. Soybean could rally in sympathy with the corn, however, the market will soon begin to trade again strictly according to weather forecasts.

The most recent 6-10 day forecast issued by the National Weather Service indicates that temperatures are moderate and those areas that up to now have received below average rainfall (Eastern Cornbelt & Southeast) should be returning to more normal precipitation patterns. Also, the Eastern Cornbelt, which has expected extensive flooding and the loss of 1.5 million acres of corn, is expected to have less rainfall in the few weeks.

All of this weather information points to the fact that in general the grain crops have gone in fairly well this year and that heavy seasonal pressure should be expected over the near term. Market optimists continually point to the prospects of a hot July and August during crop pollination then as a reason for a big summer release in prices. Clearly the weather is all important right now.

Wheat has shown signs of improvement in price despite the

heavy harvest pressure. Roomers beginning to circulate again that China may be re-entering the wheat market. So far there is no clear indication as to what the

publics' intentions are, but some sources indicate that the Chinese are trying to buy wheat through private traders.

## Gain gets Corn Growers post

INDIANAPOLIS, Ind. — The National Corn Growers Association has appointed Jeffrey W. Gain as its chief executive officer, to head the new St. Louis headquarters which is to open later this year.

The NCGA is a farmer-backed commodity organization made up of 16 affiliated state groups, with members in 47 states. The association speaks for approximately 90 percent of the nation's corn production.

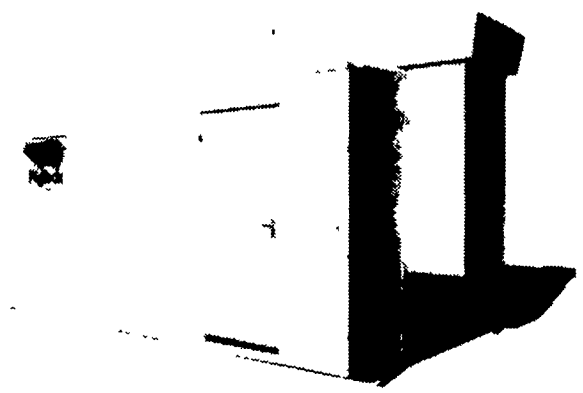
Gain, 44, served as executive director of the St. Louis-based American Soybean Association prior to joining the NCGA. His duties will include administration of the National Corn Development Foundation which allocates funds from state checkoff boards to various national projects.

The NCGA's announcement of

Gain's hiring was made by NCGA president John Stevenson of Circleville, Ohio. "Jeff has an excellent background of administrative expertise, a lifetime of experience working with farmers and an impeccable reputation in the agri-business community," Stevenson said. "His abilities were recognized earlier in careers with the Illinois Farm Bureau and, most recently, with the American Soybean Association."

In making the announcement, Stevenson noted that NCGA representation in Washington D.C. will continue to be handled by Michael Hall, NCGA Washington representative.

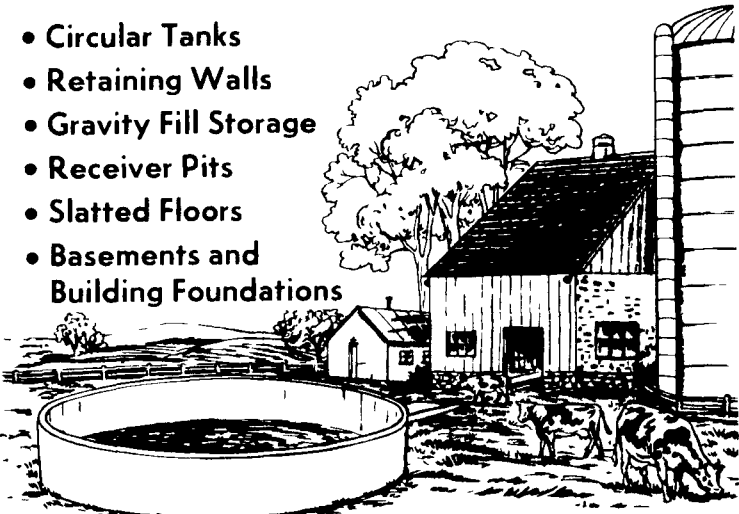
Announcement of Gain's hiring was made in Indianapolis on June 21. Gain, his wife and two daughters reside in St. Louis.



Farmer Boy Ag has been appointed distributors for the Pigiplan, range of hog buildings. Pigiplan originated from England, the forefront of European technology in the field of farm weaning and developed the world famous "Pigibox" nursery buildings which allow pigs to be weaned at 14 days.

## POURED REINFORCED CONCRETE CONSTRUCTION

- Circular Tanks
- Retaining Walls
- Gravity Fill Storage
- Receiver Pits
- Slatted Floors
- Basements and Building Foundations



### SIZES & LAYOUTS TO YOUR SPECIFICATIONS

We are qualified to handle any poured concrete job you may need. We use a practical aluminum forming system to create concrete structures of maximum strength and durability. For a highly satisfactory job at an affordable price, get in touch with us.

### POURED FOR DURABILITY

# Groffdale

concrete walls, inc.

BRICK CHURCH RD. LEOLA, PA. 17540

FOR SALES & LAYOUT CONTACT  
GROFFDALE POURED WALLS (717) 656-2016  
JAKE KING (717) 656-7566

## KEYSTONE STUD RAM & EWE SALE

NEW LOCATION!

CARLISLE FAIRGROUNDS  
CARLISLE, PENNSYLVANIA

Sponsored by PA SHEEP & WOOL GROWERS

**SHOW: FRIDAY - JULY 13th - 8:00 A.M.**  
**SALE: SATURDAY - JULY 14th - 9:00 A.M.**

### SPECIAL HO-DOWN

A Lamb Roast And Square Dance Catered by Bob Finkenbinder Will Be Held On Friday Evening Following The Show. An All-You-Can-Eat Dinner for \$7.00 Reserved Price. Please Send Your Reservation To BLM No Later Than July 8th.

**FEATURING:** Suffolks, Hampshires, Dorsets, Oxfords, Southdowns, Shropshires, Montadales, Corriedales, Columbias, Ramboullets, Merinos, Cheviots, Over 500 Entries!

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_

SEND TO: KEN BRUBAKER  
Box 149  
Westtown, PA 19395  
Phone: 215/696-5483



Sale Managed by  
**SHEEP BREEDER  
SALE MANAGEMENT**  
Box 796  
Columbia, MO 65205