

# Look into Futures

By Peter D. Forbes

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## Grains

The recent price action in the grain markets simply shows us how much pressure the seasonal trend can have on the market. It was only two weeks ago that we were looking at contract highs in the November soybeans at 7.71 bu. and 8 month high in the December corn at 3.17. How quickly a little bit of rain can send the prices tumbling.

Currently we are looking at contract lows of 6.61 in November soybeans being broken with the price settling on Thursday at 6.53 3/4. Likewise, in the new crop corn the recent more favorable weather forecasts have dropped that contract's price to 2.94.

Most of the pressure in the markets can be attributed to current weather and weather forecasts in the central corn belt and also to pressure from outside

markets like metals, bonds and currencies.

The most recent weather forecasts indicate the major grain growing areas will experience cooler temperatures and more normal rainfall over the next two weeks. This time frame takes us into the beginning of the critical pollination stage for corn, which this year should begin around July 15 to August 6. Until we see some threat to the crop during this critical period, the market should remain under pressure.

A major factor in the recent decline in grain prices is due to the outside markets. Many farmers and grain operators are generally not aware of the significance of currency, bonds and metals. Metals tend to be a very good indicator of inflationary pressures in the market. Recently metals such

as silver, gold and copper have been making new contract lows, indicating a very deflationary trend to the commodity markets. This ultimately must pressure the inflation sensitive grain markets.

Bond prices are a direct reflection of interest rates. As current interest rates go up, traders must discount the price of their current bond holdings to "mark them to the market". As interest rates increase, the cost of holding physical commodities also increases thereby creating selling pressure on the physicals market, i.e. grain.

Currency prices are a direct reflection of the relative strength of the U.S. dollar in the world market. Recently the many major international currencies such as the Swiss frank, British pound, Canadian dollar, German mark and Japanese yen have all been making new contract lows. What this simply means is that foreign buyers have less purchasing power for American goods than at any time in the last 18 months. Since grain prices are very dependent on large export activity, the current strength of the dollar is certainly responsible for much of the pressure on grain prices.

However, the bullish fundamentals in the grains can not be overlooked. We are entering this crop year with one of the tightest levels of carry over stocks in history. Any threat to the current crop will cause trading to be very volatile. It seems that as it stands right now, the majority of the U.S. crop in corn and soybeans looks very good. With moderating weather and adequate subsoil moisture levels, indications are for a normal pollination period. Based on what we have planted, and the very favorable conditions that seem to be developing, some

market analysts are calling for an 8 billion bushel corn crop and a 2 billion bushel soybean crop. This will make the market feel very comfortable.

## Livestock

Many traders are comparing the current hog market to that of 1982 with prospects for a very strong summer rally. Currently the hog market is under a great deal of pressure for several reasons. Packers are losing money on every hog they slaughter and they are showing great unwillingness to bid up the prices for current market hogs.

Adding to this pressure on the pork products market, is the heavy inventory of frozen bellies in storage. The latest USDA report showed that as of May 31st there were 128 million pounds in storage compared to 85 million a year ago. This is the second highest level since 1962. Adding to this bearish scenario is the heavy increases in

poultry production that has been evident since the abatement of the Avian Flu problem in the east. Also lending weakness to the back months in the livestock is the current weakness in new crop grains — the logic being weakening grain prices will mean greater hog expansion and marketing early next year.

However, the market analysts who are most bullish on the pork complex point to several factors that could contribute to a summer rally. They indicate that as slaughter continues to decline in hogs, supplies of pork products in storage will be quickly cleaned up. These people are calling for bellies to rally up above 85.00 late this summer and hogs to make attempts at contract highs (i.e. 58.00 for October hogs). They also noted that the strong up trend that has developed in the cattle market will lend underlying strength to the pork complex.

## Milk security bill now in Thornburgh's hands

HARRISBURG — A bill is now in the hands of the Governor which would establish a "Milk Producers' Security Act" in order to better provide for prompt payment by milk dealers to milk producers.

The House this week concurred in Senate amendments to House Bill 1969, sponsored by state Rep. Samuel Morris, D-Chester, thus clearing the way for the Governor's signature. The bill had originally passed the House unanimously on May 15.

The bill would establish a security fund, provide for processing of claims by milk producers and provide for alternative methods through which milk dealers may protect their producers against default of payment or bankruptcy.

Senate amendments changed the definition of "milk" to include only "fluid milk sold to a dealer from a producer;" clarified bond surety provisions; added language providing that the security fund shall be a security trust for the exclusive benefit of milk producers who supply the dealers paying into the fund; and prohibited those applying for a new dealer's license, or a renewed or re-instated license, from doing so if he or she has been convicted of a felony within five years or less of application.

According to Morris, "the milk security law now in effect bill has not provided adequate protection up to this point as evidenced by a series of severe defaults and bankruptcies in the dairy industry. This bill is intended to provide that additional protection."

## Dairy goat field day set

MANHEIM — A dairy goat field day is scheduled for next Saturday, July 14 from 1 p.m. to 4 p.m. at Jacob Fisher's Windy Hill Goat Dairy, Manheim. Anyone interested in dairy goats is invited to attend.

The afternoon program will include a tour of Windy Hill Goat Dairy. A variety of management practices will be demonstrated. Milking, milk handling and mastitis will be discussed. People

are invited to bring samples of good and poor hays, and weeds they suspect might be poisonous.

Educational materials will be displayed and distributed. People are also invited to bring samples of dairy goat products and recipes. It should be an afternoon of good fellowship and an opportunity to learn more about dairy goats.

Fishers are located at Bucknoll and Holly Tree Roads, south of Manheim and east of Route 72.

## GRAIN DRYING BINS

Formerly Zartman's Roller Mill  
Roller Mill Items & Equipment from mill over 200 years old.

3 miles North of Lititz just off Rt. 501, on Zartman Mill Rd., Lanc. Co., Pa.

**THURSDAY, JULY 26**

6:30 P.M.

Fairbanks-Morse (40,000 lbs. capacity scales) 42' portable cardinal grain-8 inch auger, handy portable belt type conveyor, wooden wench w/rope & wood pullys, several augers, large steel shaft & pullys, baggers, old glass storage batteries, belts, cogs, gears, augers, flour mill equip., several brass bushings, steel, mill rollers, motors, steel tanks, 6'x8' utility type shed, old 25 KVA, 120-volt generator, (3) - 30' (diameter) x 14 corrugated grain drying bins by Long (2) - 8' diameter x 10' galv. bins, (2) corrugated feed bins good condition.

Old large safe, oil burner w/ducts, (2) good Duo-therm space heaters (1 w/blower), G.E. Clothesdrier steel drums, plenty of scrap iron & numerous items not mentioned.

Sale by  
**DENNIS PIERCE**

Aucts.  
Carl & John Diller  
AU000226L  
(717) 464-2233



## 100 YEAR OLD FRAME BARN AVAILABLE

Seeking capable party to remove 40'x80' two story barn located in center of Boyertown. Built 1880's as livery stable of peg construction. One half roof of slate. All materials free in exchange for immediate removal July to mid August 1984. Contact Tom Brunner, daytime (215) 369-7214. Nights and weekends, (215) 326-4692.

## PUBLIC AUCTION

SATURDAY, JULY 21, 1984

9:30 A.M.

Located 1 mile West of Elliptsburg, Perry Co., Pa. on rt. 74; .2 mile North of the intersection of rts. 274 & 74 (watch for sale signs):

### REAL ESTATE

To be offered at 12:00 Noon

2-Story Frame Dwelling with oil-fired steam heat and new water system; kitchen, dining room, living room and parlor downstairs; 5 bedrooms and full bath upstairs, 3 individual porches; 40x50 Frame barn and an old mill constructed in 1826 (formerly known as the Bernheisel Mill); all situated on 11.194 acres.

For inspection of property, call 717-582-2397.

Terms: 10% down; balance in 30 days.

### HOUSEHOLD GOODS, FURNITURE & ANTIQUES

Caloric Gas Stove; Frigidaire Refrigerator; Iron Skillets, Silverware, Antique Glassware of all descriptions (some Roseville & Hull), Oak Dining Room Table with 6 boards, Table Lamps, Sofa, Chair, Oak Flower Stands, Wicker Stand, Player Piano & Piano Rolls, Clocks, Quilts, Bedspreads, Wicker Rocker, Lawn Chairs, Comb Case; Electrolux Sweeper, Crosscut Saw; Hand Tools; Wooden Barrels & Bucket; Platform Scales; Horse Harness & Line; Salt & Pepper Shakers; 2 American Flour Bolts pat. 1876 by S. Bernheisel & J. Young; Wood Box; Lancaster Coal Stove; Toaster, Mixer, Dishes; D.E. McNicol Set of Dishes; Sewing Baskets; Fancy Work; Assortment of Chairs; Port. B&W T.V.; T.V. Stand; Rocking Chair; Spool Stand; Bedroom Suit; Braided Rugs; 12x16 & 9x12 Rugs & Pads; 2 Treadle Sewing Machines; Christmas Decorations; Lanterns; Crocks, Scales; Copper Wash Boiler; Kerosene Stove; Boss Stove; Pots & Pans; Lawn Mower; Chicken supplies; 2 Small Stone Burrs; Antique Rail Cart; Old Wooden Wheel Wagon.

Many More Items Too Numerous to Mention!

Not Responsible For Accidents.

I.D. Required for Bidder's No.

Lunch Stand.

**MRS. ESTHER FREEMAN,**

Owner

R.D. 1 Elliptsburg, Pa.

Wayne Freeman, Power of Attorney

Elliptsburg, Pa. 582-2397

Sale By: Kling's Auction Service

Landisburg, Pa.

Lic. #AU-000500-L

Gerald Morrison, Attorney

**KLING'S**  
AUCTION SERVICE

R. D. 1, Landisburg, PA 17040

Tel. 717-789-3883

789-3616



## PUBLIC AUCTION

FARM MACHINERY, 4 TRACTORS, DAIRY EQUIPMENT, 60 HOLSTEIN DAIRY CATTLE. Located on Farm 3 miles S. of Montgomery, Pa., 1 mile N. of Dewart, 15 miles S. of Williamsport, Just off Montgomery - Dewart Rt. 405 Highway (Northumberland Co.)

FRIDAY EVE. JULY 13, 1984

Starting 7:30 P.M. w/Machinery

FARM MACHINERY, 4 TRACTORS

J D 4020D w/f/e Tractor, 3 Pth, 540 & 1000 rpm, Dual Hyds, Diff Lock, 18 4-38" Rubber M H 444 Row Crop Tractor w/3 Pth, M H 44G Row Crop Tractor, Case 530G Industrial Utility Tractor w/Case Industrial Frontend Loader, M F 6-16" Semi-Mounted Plows, J D 14' Transport Disc, Dunham-Lehr 14' Transport Cultimulcher, Gehl 120 PTO Grinder-Mixer w/Metal Detector, Gehl 99 PTO Blower - Real Good, J D 494A 4 Row Corn Planter, N I 325 2 Row Pull Corn Picker w/no 327 12 Roll Husking Bed, J D 17-7 Sgl Disc Grain Drill, N H 461 Haybine, J D 640 Roto-Bar Rake w/Rubber Teeth, J D 24T PTO Baler, J D no 54 PTO Single Beater Manure Spreader, 2 McCurdy 225 Bu Gravity Bins - 1 w/Gehl 6 Ton Chassis, Flotation Tires, Telescopic Tongue, N H 8 Ton Gravity Bin Wagon, Grove 16' Self-Unloading PTO Forage Box w/Roof, E-Z Trail 12 Ton Tandem Chassis w/Flotation Tires, Telescopic Tongue, Sauder Frontend Loader, DAIRY EQUIPMENT INCLUDES: Escro 850 gal Bulk Tank with New 4 h p Compressor, App 130' Surge 1 1/2" Glass Pipeline for 16 Stanchions w/Washer, 4 Surge Milker Units,

60 HOLSTEIN DAIRY CATTLE 60

4 Registered — 56 Hi-Grades

Dairy Herd consists of 38 Milking Age including 7 1st Calf Heifers, 3 Fresh June, 3 Due July, 15 Due Aug, Sept, Oct Balance various stages lactation Majority of herd less than 5 yrs old 8 Bred Heifers — mostly Due Aug & Sept, 10 from Calfhood to Breeding age, 4 Baby Calves This is basically a Fall freshening herd with many young cows

30 Day Health Charts, Preg. Checked,

Dairy Sale Under Cover

Sale Order: No Small Items - Starting 7:30 P.M. with Farm Machinery, App. 8:30 Dairy Equipment, followed by Dairy Herd.

TERMS: Cash or Good Check Evening of Sale.

OWNERS

GLENN E. & RUTH ANN BRUCKHART

(717) 538-5180

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