

# Look into Futures

By Peter D. Forbes

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### GRAINS

Grain traders and market analysts have both been surprised by the weakness in recent corn and soybean markets. In the last three weeks new crop soybeans have dropped 1.00 and corn has dropped 20 cents, despite the fact that we are now entering a critical stage in crop development.

It is ironic that this time last year grain prices were beginning

their long rally which became the drought of '83. Analysts are quick to note that this year's underlying fundamentals are quite different than last year's.

Most notably the greatly increased acreage this year will add to this year's grain stocks even with average yields. Also the unprecedented strength in the U.S. dollar and deflationary trends in the general commodity markets is

painting a very negative picture for U.S. exports.

What has been most disturbing in this recent price drop is that many small traders, farmers, and other hedgers have become very discouraged. Open interest in soybeans dropped below 400 million bushels last week, with most of the trading activity confined to liquidation and day-trading (buying in the morning, selling in the evening).

The USDA has recently released revised Supply & Demand and Domestic Stocks Reports.

In soybeans 1984-85 ending stocks are forecast at 225 million bushels, up 10 million from the June estimate. This figure reflects both reduced crush and export estimates. Soybean meal and soybean oil ending stocks were also changed — soybean meal stocks up 70,000 and soybean oil down 20 million from June. This

indicates that the USDA believes that next year we will still be crushing primarily for soybean oil and that soybean meal stocks will continue to pile up. This should be very good for livestock feeders who use this has a protein supplement.

In the export area, activity has been very disappointing in soybeans. Recent weekly exports have fallen well below the 10 million bushel per week required to meet this year's USDA forecast. As an example of this slow down in export trade, Japanese soybean crushers completed their summer purchases of soybeans this week. Due to the very strong dollar and forecasts for a 2 billion bushel soybean crop this year, many foreign importers will "set on their hands" until cheaper fall supplies become available.

In corn, the USDA revised its 1984-85 ending stocks to 1.173

billion bushels, down from 1.238 billion in the June report. They also left unchanged their 1983-84 ending stocks estimate — 512 million bushels.

An interesting note in the export area concerns the resumption of "prefixation" of corn import levies this week in Europe. Traders hope that this resumption will bring European demand for U.S. corn back to more normal levels. Since prefix levies were suspended in April, U.S. corn exports to the EEC totaled 185,000 tons compared with 630,000 during the previous three month period and one million during the same period last year. My source for this information is the Commodity News Service.

The USDA forecast for 1984-85 wheat ending stocks was put at 1.414 billion bushels as compared to 1.472 in the June report. Export (Turn to Page A29)

## Jack Hess, of **HESS MILLS** Would Like You To Meet



### Glenn Hershey

Kinzers, PA.

Glenn gives a true blue account of what Ralston-Purina feeds and better management techniques can do for dairy herds. He's been buying Purina-quality feeds from Hess Mills of South Vintage Road in Paradise since April 1983. After consulting with Hess Mills' Dairy Specialists, Glenn changed his own feeding program to include 56% roughage and 44% grain, totally. Thus, he increased the general nutrition (energy & protein) and bulk roughage for his cows by adding to their diet ingredients such as Hess' High Energy 14% (using Hi-0-36 Concentrate) and good forages and grains. In tune with better management practices, Glenn watches his herd of 65 cows very carefully and fresh-mixes the grain mix every 4 to 5 days. He is meticulous about the quality and quantity of the forages he produces on the farm. As a result, he maintains a herd free from overweight and continues to observe increased milk and but-terfat production. His yields speak for themselves and for the many benefits and sound, positive results a Purina feeding program has to offer.



A young working "partnership", Nate (left) and older brother, Glenn (right) tend to the stalled heifers on a pleasant afternoon.

DATE	BSA	% BUTTER-FAT	LBS. FAT	LBS. MILK TEST DAY
April 13, 1982	16,410	3.7	609	—
** April 16, 1983	17,368	3.7	649	57.6
February 10, 1984	18,273	3.8	691	54.1
April 11, 1984	18,524	3.8	703	57.7
May 10, 1984	18,573	3.8	707	58.3

\*\* Started on Purina Concentrate



Behind the scenes, Glenn shows Nate how their new feeding program pays off — where it really counts!

#### FEEDING PROGRAM: (Milking Cows)

CORN SILAGE - 40 LBS.

HAYLAGE — 30 LBS.

\* GRAIN MIX - HESS HIGH ENERGY 14%

HI-0-36

SHELLED CORN

COB CORN

DAIRY MINERAL

MOLASSES

AND CRIMPED OATS

#### DRY COWS

MIXED HAY - FREE CHOICE

HESS'S HEIFER - 4 LBS.

(SHE IS FED 1) COB CHOP AND 2) D & H CONCENTRATE FOR RAPID, STRONG GROWTH.)

#### HERD SIZE

65 REGISTERED HOLSTEIN COWS

FORAGES AND GRAIN ARE FED AS A TOTAL MIXED RATION.

Don't you think your dairy herd could benefit from an effective feeding program like **GLENN HERSHEY'S?**

For Complete Satisfaction,  
CALL YOUR  
**RALSTON-PURINA**  
DEALER TODAY

YOUR PURINA DEALER IN PARADISE SINCE 1918!

# HESS MILLS



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