

# Look into Futures

THOMSON MCKINNON SECURITIES INC.

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## GRAINS

The big news this week will be Friday's USDA Production Report. By the time this article is printed, the report will be out, but as of Thursday afternoon, the trade expectations were as follows:

Corn - 7.712 billions bushels.  
Soybeans - 2.04 billion bushels.  
Total Spring Wheat - .467 billion bushels.

Depending on what the actual USDA numbers are relative to the expected, the market will trade accordingly.

Most analysts expect that the recent short covering in the grains is in anticipation of the USDA report and that once the report is released, new selling and hedging in the futures market will occur.

The most recent weather forecasts are very good. The long range forecast for the corn belt is for normal temperatures and normal precipitation for the rest of the crop year.

U.S. corn sales to the U.S.S.R. have been very strong. Grain sales have surpassed 6 million tons. The long term agreement calls for Russia to purchase a minimum of 9

million tons each year for 4 years beginning October 1, 1983, with a maximum of 12 million tons.

Hot dry weather persists in Russia and could lower their crop to 160 million tons which compares to the recent USDA of 190 million tons. This situation could force the Russians to purchase their maximum capacity of imports - 45 million tons of which 15 million tons could be from U.S. sources.

In domestic grain news, one of the causes for the recent rally was the fear that a strike by the International Longshoremen's Assoc. could divert export shipments through the Gulf of Mexico. This rumor caused short covering in the futures market and the September - December spread to widen out to 17 cents. Now that the situation is calmer, the spread has gone back to 12 cents and is anticipated to eventually go to even money before September goes off the board.

The U.S. Customs Service has recently proposed new requirements regulating textile imports. This could have a grave effect on wheat exports between

the U.S. and China. Analysts fear that China might use this squabble as a reason to renege on its grain agreement for this year.

China's long term agreement calls for purchasing no less than 6 million tons of grain each year from 1981 to 1984. The agreement was fulfilled in the first 2 years, but China has only purchased 3.8 million tons this year and has made commitments of only 4.3 million for next year.

As I have said before in this article, the Chinese can reduce their U.S. purchases so long as they reduce purchases from other countries proportionately. One might assume that either this or the textile issue would be sufficient reason for the Chinese to refuse further imports, especially since they have just harvested their second bumper crop in a row.

Chinese officials have vowed to not only make up their 1983 shortfall, but also fulfill their 1984 commitments, but the trade is becoming very suspicious of those prospects.

Of note this week, the USDA has received official comment on its proposed feed grain program for 1985. The disparity in comments shows how divided the agricultural community is on the issue of solving the long term over production problems in the grain industry.

Cargill, the largest grain company in the world and also the largest privately owned company in the world, favors a 2.30 per bushel loan rate, which they say would more accurately reflect the world market value for corn and would make the U.S. more com-

petitive. Cargill recognizes that a 2.30 loan rate could be very difficult for producers, but suggested a target price 3.30 which would cause a 1.50 per bushel maximum deficiency payments.

Clearly opposed to Cargill's market oriented solution, the National Farmers Union called for a 3.00 loan rate, a 3.25 target price, a 12½% acreage reduction and a 7½% cash land diversion provision with a reserve loan rate of 4.00 per bushel for corn. They also support a 30 cent storage payment and a trigger price of 5.00 for corn. Such a program would require massive subsidies from the government and would be very difficult to pass in Congress given the recent attempts at deficit reductions.

## LIVESTOCK

Analysts are expecting cash hog prices to rally as high as 56.00 by the end of August.

With estimated hog slaughter 7 to 10% below last year's levels and daily kills averaging between 250,000 and 290,000, the near term prospects are very bullish.

However, with grain prices expected to be cheaper in the fall, one could expect aggressive hedging in the hog futures market if the price approached 56.00.

One of the things holding back the live hog market has been the overwhelming supply of frozen pork products in storage. Some traders are waiting for the August pork belly contract to go off the board before a major rally in the nearby contracts can be expected.

Demand for pork products could improve this fall after farmers year end farrowing intentions are established in the September Hogs & Pigs Report. If intentions are lower, retail demand would increase which would provide support for the cash market.

Pork featuring by retailers has continued sluggish and supplies have been taken on a hand-to-mouth basis from the fresh market. This is why the large frozen stocks has continued to be a black cloud over the market. Until warehouse supplies are cleaned up, one should not expect aggressive buying by retailers.

# Lebanon Fair results

(Continued from Page A21)

- |   |   |
|---|---|
| Reserve Jr Champion Female<br>Christine Habecker<br>Jr 2 Year Old               | Senior Yearling Heifer<br>1 Brenda Kay Dice                         |
| 1 Karen Heilinger   | Junior Champion Female<br>Michelle Bushong                          |
| Senior Champion Female<br>Karen Heilinger                                       | Reserve Jr Champion Female<br>Matthew Bushong                       |
| Grand Champion Female<br>Karen Heilinger  | Jr 2-Year Old<br>1 Louise Landis 2 Edward Dice 3 Blue Mt<br>Jerseys |
| Reserve Grand Champion Female<br>Robert Smith<br>Produce of Dam                 | 3 Year Old Cow<br>1 Bryan Blatt                                     |
| 1 Karen Heilinger   | 4-Year-Old Dry Cow<br>1 Ellen Hanson 2 Bryan Blatt                  |
| Jersey Open<br>Intermediate Heifer Calf   | Aged Cow<br>1 Kenneth Heisey  |
| 1 Matthew Bushong   | Senior Champion Female<br>Kenneth Heisey                            |
| Senior Heifer Calf<br>1 Kenneth Heisey 2 Ellen Hanson 3 Andrew<br>Dice          | Reserve Sr Champion Female<br>Ellen Hanson                          |
| Junior Yearling Heifer<br>1 Michelle Bushong 2 Dianne Kay Dice 3<br>Bryan Blatt | Grand Champion Female<br>Kenneth Heisey                             |
| Intermediate Yearling Heifer<br>1 Melanie Bushong                               | Reserve Grand Champion Female<br>Ellen Hanson                       |
|   | Udder Class<br>1 Kenneth Heisey 2 Louise Landis                     |

# AUCTION

## REAL ESTATE & HOUSEHOLD EQUIPMENT

William McKinley Stone Estate  
291 ACRE DRYSTOCK FARM  
Georgetown, N.Y.

We have been commissioned to offer the following equipment, household, and real estate at public auction. ½ mile off N.Y.S. Route 80 between Georgetown and Sheds on the Chapin Rd. From Rte. 26 between Georgetown & Otselic take Bronder Hollow Rd. to Chapin Road.

**TUESDAY NIGHT, AUGUST 21, 1984**

5:00 P.M.

**TRACT #1**, 217 acres 70 plus tillable, with old style bank built barn with 29 stanchions, 3 horse stalls, water buckets, 28'x36' addition, 14'x40' CS silo. 9 room home with eat-in kitchen, dining room, living room, 4 bedrooms, utility room, 1½ baths. To be offered in parcels. House and barn with approximately 5 acres; balance in 4 parcels and offered in combinations. Buy as little or as much as you desire. This farm has an extremely nice maple sugar bush and quantity of saleable timber.

**TRACT #2**, 74 acres fronts on Chapman Road and on Muller Hill Road. Mostly tillable offered in 2 parcels.

**TERMS ON REAL ESTATE:** \$1,500 per parcel deposit at auction, 25% total down payment (deposit included) at closing within 30 days, owner will hold balance as mortgage at 12% interest up to 20 years.

**PERSONAL PROPERTY:** IHC 544 Hydro, just like new, has 265 actual hours; John Deere 55A-B-H 3 bottom plow; 16 hoe Ontario grain drill; Allis Chalmer 12' transport disc; New Idea 7 trailer mower; New Idea crusher; IHC 10-20 on rubber; 3 wagon running gears; 2 old thrashing machines; case chopper/blower; DeLaval milkers and pump; loose hay loader; 2 side rakes; dump rake; drags; IHC grain/hay elevator; horse drawn spreader; wood trailer; stock tanks; 25 bundles of cedar shingles; buzz saw; milk cans; horse thills; poles; yokes; eveners; etc. 18" thickness planer; lots of scrap iron; G.E. refrigerator; combination wood/gas kitchen stove; large Franklin stove; all of the household furnishings and tons and tons of miscellaneous.

**NOTE:** This has been over 50 years in the same family. They didn't really have a lot, but they never threw anything out. It will be a good old fashioned country auction.

**TERMS ON PERSONAL PROPERTY:** Cash or good check.

Personal property at 5:00 PM, Real Estate at 7:00 PM, then Equipment.

Lunch.

Dress for weather.

**RICHARD LOLLMAN** - Owner  
PARKER AUCTION & REALTY CO.  
Col. Hugh R. Parker, CAI RES  
Auctioneer & Real Estate Broker  
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# PUBLIC SALE

Having rented farm and discontinuing farming the undersigned will sell located north of Hagerstown, MD and south of Greencastle, PA off I-81 on Pa. Exit #1 ½ mile west on Rt. 163 first farm on right.

**SATURDAY, AUGUST 18, 1984**

10:30 A.M.

## 3 TRACTORS & MACHINERY

MF 265 diesel tractor w/ PS, 1400 hrs., runs and looks like new; MF 65 tractor, WF, PS; Massey Harris 101 Junior Tractor; MF 72 SP combine w/10' head; MF 82 trip back 316 plow; (2) 12' disks; (2) 20 tooth frame harrows; wooden drag; Int. 33 hay conditioner; NH 56 side rack; NH 68 Baler w/thrower; (2) Wagons w/hay sides, Farmette 36' Elevator w/1 h.p. motor; JD 494 4 row corn planter; JD 290 2 row corn planter; NI 323 1 row, PTO corn picker good; Int. 16/7 Disk grain drill; 2 Gravity Wagons; Int. #5 Flail Chopper; NH 352 portable grinder mixer w/sheller; NI 213 PTO manure spreader; Clipper seed cleaner; Platform scale; David Bradley Hammer mill; 3 pt. Post Hole digger; cylinders; tractor chains; front tractor weights.

## FEEDERS, FEED, VET. SUPPLIES, ETC.

Smidley 12 hole, 2200 lb. hog feeder; Smidley 8 hole, 1,000 lb. hog feeder; Smidley 4 hole, 400 lb. hog feeder; Trojan hog wash auto. cooling system; (2) 16' feeders made w/1½" treated lumber; feed cart; heat lamps; dehorners; syringes; pill gun; leads; barn tools; Approx. 1300 bales of mixed hay, buy bale; Approx. 1500 bales of straw, buy bale.

## HOUSEHOLD & MISC.

Happy cooking gas & wood cook stove; wood air tight stove; oil burning stove; butcher kettle; wooden barrel butter churn; charcoal grill, like new; recliner; aluminum frame, wooden folding chairs; apple peeler, turf master tiller, needs work; other useful articles.

Terms: Cash  
Not responsible for accidents

Owners:  
**CLARENCE & DOROTHY GROVE**  
717-597-3879

Auctioneer:  
**Robert C. Mullendore**