



OPINION

Beef In The Barn

The Futures Market has come under scrutiny in recent months, especially the Cattle Futures. At the urging of the National Cattlemen's Association, the house and senate agricultural committees in Washington have begun to organize an investigation of this highly volatile market. The cattlemen want to know what effect this market has on the cash markets. This came about for one reason because of the reported lowering of a bid by packer to a farm after the packer saw the Futures Market prices were lower from the whole herd dairy buyout.

The cattlemen get the impression that the markets are being manipulated and that the Futures Market creates a downward bias on cash prices. If this is true then we suppose an upward Futures Market could have an upward bias on the market, too. But that's not the point of this discussion.

To understand a little about the Futures Market, you need to realize we are dealing with a highly leveraged market. In no other contract situation can you put up only about 10 percent of the value of the product and in essence control the total product. For example, for about \$600 depending on the brokerage house, you can buy or sell a 5,000 bushel contract of corn. Five thousand bushels of corn at \$2 per bushel is worth \$10,000. So for \$600, you can add \$10,000 of corn to your net worth.

However, here's what most farmers don't understand. The price moves on the \$10,000 value, not on the \$600 investment. So for every cent move in the price of corn the value of your contract moves \$50. If it moves in your favor, you're happy. But if it moves against your position, it doesn't take long to eat into the \$600 leverage money you have put up to hold the contract.

The whole idea behind the Futures Market is to allow the producer/farmer to transfer some of the risks of production to the speculators. And because of the intense speculative pressures created by the highly leveraged market, speculators run scared very easily. And the Futures Market moves accordingly.

But that shouldn't bother the farmers as long as the farmer has

not joined the speculators. To use the market as it's intended for a hedge, the farmer must always enter the Futures Market from the opposite side of the product he has in his barn or fields. If he owns cattle in the barn and wants to hedge park of them, he should sell cattle in the Futures Market when the speculators run the price high enough that the farmer can make a good profit by selling.

Certainly the cattlemen are right. The Futures Market needs to be constantly investigated to make sure there are no manipulating practices going on other than the normal speculative pressures.

They are also right to ask other things, such as: In the absence of Cattle Futures, what changes would occur in relationships between feeder cattle prices and fed cattle prices? What changes would occur in the price discovery process and would the cattle market be competitive?

They are right to ask about packer contracting with feeders. Sometimes packers become short hedgers in the market despite their being purchasers of the product they are hedging. What effect does this have on the futures and cash prices? If forward contracting by packers becomes the dominate method of marketing fed cattle, how well will cash markets reflect current true values of cattle? Also does the present delivery system for Cattle Futures contracts provide enough incentive to keep long hedgers in the market through the delivery month? When the price converges in the spot month at the delivery point with the lowest price, does this result in a downward bias in cattle prices? And also, do Cattle Futures and cash prices accurately reflect cattle supply and demand?

All these things are being investigated. And all are proper questions from the cattlemen. But as long as we still have the Futures Market, the most important question for the farmer to ask is, Can I lock in a good profit by selling a Futures contract now? If I can, I will do it. If I can't, I will stay out of the market.

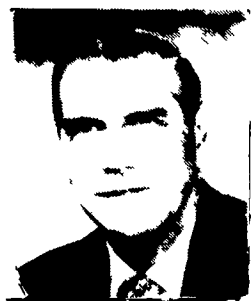
And in addition, the farmer must ask, Have I resisted the temptation to join the speculators and add to my risk by buying cattle in the Futures Market when I already have plenty of beef in the barn?

milking cows and doing farm work. Sometimes he will fall into the gutter but picks himself up and keeps going.

I have wh. face polled herefords, chickens and am interested in vegetables.

I enjoy reading Lancaster Farming. You're doing a good job as editor. Hope to hear from you Take care. Have a nice day.

Sincerely
Roland Kamod
Monongahela, PA



NOW IS THE TIME

By Jay Irwin

Lancaster County Agriculture Agent

To Evaluate Weed Control

By this time of year, any weed problems in your fields are fairly evident and probably beyond control. But now is a good time to develop an effective program for next year.

The easiest way to check for the effectiveness of different herbicides is to leave a small part of your field untreated. This gives you a chance to tell what weeds were controlled and the ones that were missed. However, if you didn't do this, you should be able to find spots where the sprays missed. There will usually be areas near the ends of the fields and will serve your purpose quite well.

If several types of weeds seemed to have escaped control, you should check the herbicide con-

tainer label as to whether the material was designed to eliminate those weeds.

If your entire weed control program seemed to be ineffective, re-read the label to see if you followed instructions. Just a few simple mistakes during application can result in complete failure.

Either too much or too little rain too soon after application can often cause a great loss of effectiveness in many herbicides.

To Beware of Lightning Danger

Summer temperatures often bring severe thunder and lightning storms; and we've had some in certain areas in recent weeks, and no doubt there will be more to come. We urge parents to warn their youngsters of the danger of seeking shelter under a tree or swimming in a pond or creek before and during a storm. Safety in a truck, car or building should be encouraged as the storm approaches as well as during the storm. Stay away from electric fences and farm equipment that is out in the open.

Buildings with lightning rods should be checked to be sure the rods are grounded in moist soil and free of debris that would prevent the cable from taking the charge into the ground.

To Prepare The Silo

The corn crop is developing and soon it will be silo filling time. The condition of the silo should receive

some attention before the new corn crop is ensiled. Many of the concrete silos may be pitted and have a rough inside surface. This will allow air pockets and cause moldy silage. Some inside joints may need to be repointed in order to keep out the air and have a smooth surface.

Don't wait until the silo filler is coming before you make these repairs.

Silage is one of the best and most economical feeds on our farms today; let's not spoil it after it is in the silo.

To Fertilize Strawberry Plants

Most strawberry growers have realized very good returns from their plants in recent years. The prices are favorable and the market is there. In order to realize the maximum yield next spring, we suggest the plants be well fertilized this summer.

An application of 20 to 30 pounds of actual nitrogen per acre over the plants during July or August should give strength to new runners and increase fruit yields. This application should be made when the plants are dry in order to avoid burning the leaves.

Ammonium nitrate is one of the good nitrogen fertilizers to use. In the home strawberry patch use about a quarter ammonium nitrate per 100 square feet of bed space. Good care of the strawberry plants this summer will bring about better yields next June.

Farm Calendar

Saturday, July 26

Berks County 4-H Fair, 4-H and Ag Centers, Leesport.
Huntingdon County 4-H Horse Roundup, Wood Valley
Wrangler Ring, 9 a.m.

Sunday, July 27

North American Alfalfa Improvement Conference, St. Paul, Minn., Saint Paul Hotel; continues through July 31.
Annual Meeting, Pa. Bakers

Association, Hershey Pocono Resort, White Haven.

Lebanon Area Fair, Lebanon; continues through Aug. 2.

Mercer County Pomona Grange Fair, Mercer; continues through Aug. 2.

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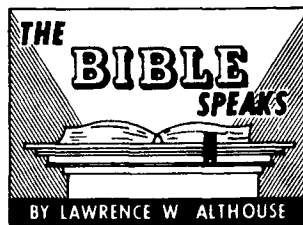
Dear Editor:

I've read the market reports and noted under the Leola report zoning restrictions that only produce from Lancaster county is allowed to be sold there. This is an unjust and unlawful case of protectionism. The 14th amendment of the U.S. Constitution plainly says "that no state may enact or enforce a law which shall abridge the privileges or immunities of citizens of the United States; nor shall any state deprive any person of life, liberty or property, without due process of law, nor deny any person within its jurisdiction the equal protection of the laws."

This means that no one or law making body can say that only Lancasterians may sell produce in Lancaster or Leola while other persons in Pennsylvania may not.

The markets are and must be open to all in this free country. And no local smart politicians may interfere with it.

Paul Holowka
York, PA



TOO MUCH COMPASSION?

July 27, 1986

Background Scripture: Ezekiel 22.
Devotional Reading: Ezekiel 33:30-33.

Biblical scholars believe that Ezekiel 22 was probably written considerably after the fall of Jerusalem. Ezekiel probably spoke these words long afterward to help the Jews in exile to understand why they were forced to be aliens in a strange land. So the chapter is a recounting of the evil in Jerusalem that brought about its downfall.

There are many such chapters in the Old Testament, particularly in the prophetic books. But, have you ever noticed, that although there are various kinds of behaviour

condemned in these chapters, there is never a suggestion that Jerusalem would or did fall because there had been too much justice in the land, too much honesty, or too much compassion. Never once did God say, "Look people, righteousness is fine, but you can carry it too far!"

GOD'S INDIGNATION

Nor do we ever find God warning people that they should fix some limits to compassion and benevolence lest the recipients become too dependent upon it and begin to take it for granted. I'm not saying that people may not become too dependent upon it or that they won't take it for granted, but simply that God never said either of those things through his prophets. Don't you find that curious? Particularly in light of the fact that lots of us say those things will all sincerity?

Probably God never mentions either of these two realities because he knows none of us are ever likely to overdue the compassion bit. There may be some things which we do to excess, but God rarely has to worry about us going overboard in that department. I really don't know why we spend so much time telling each other not to go "off the deep end" with compassion, because it is a risk none of us are likely to run — with or without admonition from others.

I have never known a church that endangered itself because it was too compassionate, too responsive to the needs of other people. I have never known of a church that has spent itself into bankruptcy because it gave away too much. (I've known of some churches, however, that failed or desperately needed help because they spent too much on themselves.)

EVERYONE

If you read Ezekiel 22 carefully, you'll find that it wasn't a case of a "few bad apples in a good barrel." Everyone, not just a few, was corrupt and unresponsive to God: the princes (22:25), the priests (26), the prophets (28), and the people of the land (29). So, we can understand why God would say, "And I sought for a man among them who should build up the wall and stand in the breach before me for the land, that I should not destroy it; but I found none" (30).

It is impossible to be excessively compassionate.

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FARM FORUM

OUR READERS WRITE

Dear Editor:

Many thanks to you for printing such good advice in "OPINION" on Saturday, July 19, 1986. I do hope you have many more write ups in future issues of Lancaster Farming.

I have a friend that had his hand in a corn picker and lost some fingers. He is working hard again

