

# 'Ban on Cattle Futures Would Hurt Industry'

FOLT COLLINS, CO — Uncertainty and risk underlie any farming operation, but some cattle farmers have reduced their operating risk with a commodities market strategy — cattle futures.

Colorado State University marketing department Chairman Robert Hoel just completed a nationwide poll of 60 livestock marketing specialists in 42 states about their views on the viability and effectiveness of the cattle futures market, which has come under fire recently.

Some cattlemen, state cattlemen's associations and National Cattlemen's Association members have contended that cattle futures trading, which allows farmers to contract in advance to sell or buy their cattle for a given price, has injured cattle producers by creating volatile and soft cattle prices.

"Our survey respondents said overwhelmingly that cattle futures should continue. Our results indicate that banning cattle futures would be injurious to the health of the cattle industry," said Hoel, whose research was funded by the Chicago Mercantile Exchange.

Cattle futures, a transaction conducted through the Chicago exchange, allows farmers to hedge

against the market and lock in a selling or buying price. For instance, a farmer can lock in a price for his cattle today, but contract to sell his herd in nine months.

Ninety-two percent of those surveyed said futures trading should continue in live and feeder cattle, Hoel said.

"One of the main contentions in support of futures was that they reduce the risk to the cattle industry. Many farmers can't take the chance of wildly fluctuating prices in either selling or buying cattle."

Ninety-eight percent of those surveyed felt that cattle futures provide a tool that cattlemen can use to reduce their exposure to risk.

Seventy-three percent of the respondents said the elimination of cattle futures and options would increase the risk involved in cattle feeding. They also predicted that cattle feeders would compensate for this increased risk by bidding lower prices for feeder cattle and calves.

The survey respondents were livestock specialists at land grant universities and other publicly-funded institutions. "I attempted to poll the most qualified people available who didn't have a vested

interest in the outcome of the survey," Hoel said.

In the past year the beef industry has felt the effects of the sagging agricultural economy. As the cattle market has become more volatile, cattlemen have targeted the cattle futures market as the scapegoat for low prices, Hoel said.

At the urging of the NCA, the federal government's General Accounting Office initiated a study of cattle options. The House Agricultural Committee also is conducting a study.

Last summer beef prices plunged to the lowest level since 1978 with choice steers hitting a low of \$49 per 100 lbs. in July, 1985.

In the last year cattle prices

have recovered somewhat, ranging over the last six months from \$55 to \$62 per 100 lbs.

"The cattle industry is searching now for options to improve its health and stability," Hoel said. "Ironically, one of the solutions being pursued — banning cattle futures — may hurt the industry instead of helping it."

## Bulls Enter Atlantic Breeders Program

LANCASTER — Five Pennsylvania-bred Holstein bulls are currently in the random sampling program for young sires conducted by Atlantic Breeders Cooperative, according to General Manager Harry Roth. Each bull results from specially-planned matings between well-proven sires and outstanding cows owned by Holstein breeders.

8H2026 Shey-Land Rem-Brandt was bred by George and Paul Sheypuk of Jermyn. He is sired by Atlantic's popular proven bull, 8H341 Crescentmead Chief Stewart, and his dam is an "Excellent" Valiant daughter, Star-Bright-Vu S-W-D Roxann-ET. She has a two-year-old record of 29,820M and 1,233F and a cow index of +1,303M and +66F. Her dam is

EX-93 and Gold Medal.

Richard Troutman and Sons of Richland are the breeders of 8H2031 Oakenbound Valor Valve-ET. A son of Sir C Valor, his dam is Oakenbound-W Chief Fern-ET. This "Very Good" cow averages 4.1% fat test and has an index of +861M and +59F. Her VG dam also has high test.

Also coming to Atlantic from the Richland area is 8H2037 Russelldale Enchant Shiloh-ET, bred by Ray Bicksler. Shiloh's sire is CorVel Enchantment and his dam is Russelldale Pete Precious-VG. Precious averages 4.0% fat test and is indexed at +1,091M and +48F. Her EX dam has an average test of 4.1%.

8H2045 Yules-Pride Bumper-ET, a son of Rockalli Son Of Bova, was

bred by Richard and Virginia Yule of Millville. Bumper's dam is Yules-Pride Glendell Betty-VG, with a record of 28,060M and 1,062 F in 365 days at 2-1y. Her USDA index is +898M and +36F, and her VG dam is Gold Medal.

The breeder of 8H2054 Shelmar-Acres Valiant Virgil is Shellenberger Bros. of Mount Joy. This young bull is sired by S-W-D Valiant. His dam is Shelmar-Acres Pete Pandora-VG, with an index of +997M and +30F. Her top record to date is at 4-9y, when she produced 29,620M and 1,046F in 365 days. Her EX dam has two records over 20,000M.

All Atlantic sires are available to local dairymen by calling the cooperative's toll-free 24-hour phone number, 800/732-0391.

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