The Chicago Mercantile Exchange opened trading in live cattle "futures" on November 30, 1964. The trading unit for these futures is 25,000 pounds of steers per contract, on a live-weight basis.

There are two standard contracts. The A contract specifies delivery of steers weighing 1,000 to 1,150 pounds, with estimated yield requirements of 61 percent. The B contract calls for steers weighing 1,151 to 1,300 pounds estimated to yield 62 percent.

**Based on USDA Grades**

Both contracts call for Choice grade or better cattle, but provisions are made for delivering lower grades at appropriate price differentials. U. S. Department of Agriculture personnel will grade the cattle and estimate yields in cases of actual delivery.

Initial contracts call for delivery in the months of April, June, August, and October, 1965. The primary delivery point is at the Union Stockyards in Chicago, but delivery also may be made at the Omaha Union Stockyards. Deliveries in Omaha will be discounted 75 cents per hundredweight below the price at which the futures contract was traded.

Many Arizona feeders and ranchers (Continued on Next Page)
are asking how live beef futures can help them. Theoretically, the greatest advantage would be to the feeder who could "hedge" the sale of fat cattle at the time he places feeder steers or heifers in the feedlot. The feeder "hedging" by selling one or more futures contracts at the time he places the cattle on feed. He then can buy back his futures contracts when he sells the fat cattle.

If the cash price of fat cattle drops, presumably the futures price will drop also, and losses on the cash sale will be offset by gains on the futures. On the other hand, the feeder will not get any advantage of price increases, since gains on the cash sale would be offset by losses on the futures.

**Needs Stable Market**

It should be noted that in order for live beef futures to be a good "hedge," the futures market and the fat cattle market must be in a fairly stable relationship. That is to say, the futures market for the "near" delivery month and the fat cattle market for Choice grade steers should exhibit a fairly constant price differential.

This may not be the case for Arizona feeders. Only time will tell whether the difference between the price of Choice grade 1,000 to 1,150 pound steers in Chicago and the near month futures prices remains fairly stable.

From the standpoint of feeders in Arizona, another shortcoming is that the delivery point on futures contracts is Chicago, while most Arizona-fed cattle are slaughtered in Los Angeles. Although there is a generally stable relationship between prices on the Los Angeles market and prices at Chicago, the relative positions of these markets have shifted at various times. Arizona feeders would be in a better position to "hedge" against price changes if there were provisions in the futures contracts for delivery at Los Angeles.

**Traders Not Cattle Buyers**

It should be pointed out that most individuals who trade in futures markets are not interested in the actual "commodity." However, if a "speculator" wishes, he can hold the contract to delivery time. If some buyers demand delivery, then some seller or sellers will have to deliver the commodity or buy back their "contracts." Thus, any person who sells a futures contract should realize that there is a possibility of being called upon to either make delivery or buy back his contract at a substantial loss.

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**"Women's Week"**

**Next June 7 - 11**

Ladies, you're invited to go "back to school" at the University of Arizona in Tucson this summer. Extending the invitation is Miss Jean Stewart, state leader in home economics extension.

In the past, the summer program for women has been called "The Town and Country Life Conference." This year, says Miss Stewart, the event also will be called "University Week for Women." The 1965 program now is scheduled for June 7-11.

The program is sponsored by the County Homemaker Councils of Arizona, women of the Arizona Farm Bureau, the Cowbelles (auxiliary of the Arizona Cattle Growers Association), Cotton Wives, the Dairy Industry, Federated Women's Clubs, Wool Growers Auxiliary, Bureau of Indian Affairs, and The University of Arizona.

Representatives of the sponsoring groups will meet March 15 in Phoenix to complete plans for the June program.

**FRENCH FRIES GAIN**

Sales of frozen French fried potatoes have risen by 269 per cent during the past five years, reports the USDA.

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**4 Young Arizonans Go To Washington Meeting**

Four of Arizona's most outstanding 4-H Club boys and girls have been selected to represent the state at the National 4-H Conference in Washington, April 25-30.

They are Michael D. Brown, 17, son of Mr. and Mrs. Lester C. Brown of Kearny, Pinal County; Carol Face, 17, daughter of Mr. and Mrs. Al Face of Yuma; Arlene Theresa Zepeda, 18, daughter of Mr. and Mrs. L. C. Zepeda of Superior; and Paul Scott, 17, son of Mr. and Mrs. D. R. Scott of Morenci.

Ray Weick, acting state 4-H leader, said that being selected to attend this conference is the highest state honor offered in 4-H Club work.

The event is held to report 4-H goals and achievements to the national leaders and the general public and to recognize the 50th anniversary of extension work, of which 4-H is a part.

"The delegates will learn more about important national issues and problems facing the American people today; increase their understanding of democratic values and citizenship responsibilities as adults; and achieve a greater appreciation of the nation's capital — its monuments and shrines," said Weick.

Michael's sponsor for the trip is Arizona Public Service of Phoenix; Carol will be sponsored by the Arizona Cotton Growers Association; Arlene's sponsor is the Salt River Project, Phoenix; and Paul will be sponsored by the Maricopa County Implement Dealers Association.