

Confessions Of A Commodities Broker

Recent Reports Give Clues To Commodities

David Rogers

USDA has just released some mighty interesting statistics on this year's domestic livestock slaughter. At least they should be of interest to anyone who grows corn, buys red meat at the supermarket or raises livestock for meat (and North Carolina ought to be doing a lot more of that than we are).

Commercial production of red meat in the United States totaled over 2.9 billion pounds in May, 2% above a year ago but 10% below May 1974, according to the Crop Reporting Board in Washington, D.C. Total red meat output for January through May 1976 was 4% above 1975.

By individual components the changes were as follows: Beef, up 9%; veal, up 13%; pork, down 6%; lamb and mutton, down 10%. Commercial meat production includes slaughter in federally inspected and other plants, but excludes animals slaughtered on farms.

Beef production totaled nearly 2 billion pounds, 6% above May last year and 1% over May 1974. Cattle kill totaled 3,237,500 head, up 3% from last year and 6% above May 1974. Live weight per head averaged 1,023 pounds, 18 pounds above May 1975 but 41 pounds

below 1974.

There were 56 million pounds of veal produced in May, 5% below the 59 million pounds produced in May 1975. Calf slaughter at 366,000 head was down 1% from a year ago and 79% above the May 1974 total. Live weight per head averaged 272 pounds compared with 286 for May 1975 and 253 pounds for May 1974.

Pork production totaled 879 million pounds in May, 6% below a year ago and 30% less than May 1974. Hog kill totaled 5,331,400 head, 6% below last year and 29% less than May 1974. Live weight per head averaged 238 pounds, two pounds under May 1975 and seven pounds less than May 1974.

There were 23 million pounds of lamb and mutton produced in May, a decline of 26% from a year earlier. Sheep and lamb slaughter totaled 447,600 head, down 30% from a year ago and 35% under May 1974.

North Carolina's share of the national totals for the period January through May of 1976 place it well below the median in the livestock industry. During this five-month span, Tar Heel cattle farmers raised 92,000 head for slaughter for a total live weight of 83,110,000

pounds, up from the figures of 79,100 and 70,016,000 for the five months in 1975.

Commercial calf slaughter in our state came to 3,500 head and 857,000 pounds, as compared to January-May 1975 figures of 2,400 head and 584,000 pounds. In hog raising, we do a bit better, bringing to market 724,000 head for 162,914,000 pounds in the first five months of this year—about the same as the 1975 figures of 725,000 head and 162,578,000 pounds live weight.

These increased production numbers translate into heavier marketings, which inevitably weigh down on prices. Commodity futures price levels, particularly in live cattle, are near seasonal lows—thereby creating a most attractive opportunity for speculators as well as hedging meat-users such as fast food chains and groceries.

The December '76 live cattle contract ought to test its low of 43.10 once more, and at that point I would suggest a gradual accumulation of long positions for the well-margined account. The idea is dependent upon a surge of demand, fueled by continued economic recoveries, and attracted by current low prices, rather than any marked shortages of supply. Look to take profits in September.

But at all times, while this market continues to grope for its bottom, be cautious! Perhaps a few lines from the Labor Department's farm safety pamphlet—you know, the one that prompted so much ridicule from cattlemen that OSHA officials had to withdraw it—would be appropriate.

As we endeavor to choose the proper entry points for our cattle position, we had best remember that, "Hazards are one of the main causes of accidents. A hazard is anything that is dangerous," and "Be careful that you do not fall into the manure pits."

Estate Planning

Spouse May 'Disinherit' Children

Earl Fitzgerald, CPA, CLU

A reader writes that her father died and left no will. He left a widow and 10 children. His estate consisted primarily of land.

Since the deed to the land was made out to husband and wife jointly, the wife inherited the land by operation of the deed. Such a deed takes precedence over state intestate laws in determining who is the next owner.

The reader further indicated there is great disappointment because the mother, who took title to the farm by operation of the survivorship under the deed, has since then conveyed the land to two of the children. That in effect disinherited the other eight children.

The question now is what recourse, if any, do the other eight children have to recoup their rights to their share of the land.

It is not the intent of this column to provide personal advice, since every case must be reviewed individually by a competent adviser who can become familiar with all of the facts. It is felt that the problem here described is such a familiar one that comments are in order. Some assumptions are necessary, and the ideas presented must necessarily be in generalities.

Many people intentionally write no will, because they think a deed in joint names is adequate. They might also have a checking account in joint names, because they believe the proceeds will be left where they want them to be.

Other property which will pass in this manner includes U.S. savings bonds when they have joint names on them. It is also customary for life insurance policies to have a named beneficiary to receive the proceeds.

All too often we learn that a widow has been impressed to favor one or more children following the death of their father and husband, leaving the others who are rightful heirs without an inheritance. This is legal and within the rights of the widow, since she owns the land outright.

She may convey it during her lifetime to

whomever she chooses under almost any circumstances she chooses. Ususally, no recourse can be taken by those who were not parties to the mother's generosity.

However, if it can be proven to a court that the land was transferred under duress or pressure unduly exerted, or if it was transferred under a fraudulent scheme or one which cheated her, then a court might reverse such a deed. Ordinarily, it would be hard to win such a suit.

Another cause of action might be in the case of a threat on her life, when a conveyance was not made by her in her right state of mind and it was not her genuine desire and intent for only two to have the land. Here, the plaintiff must present clear and convincing evidence of her insanity to have the court reverse such an act.

This is presented with the thought that such family disputes can be prevented by preparing a will, which would clearly state the intention of the father and mother.

When there is any doubt about the wife being easily swayed, the land title should be changed so the land can be left to her during her lifetime and then to the children in equal shares. This would require that her name be removed from the deed.

When it is the desire for the children living on the land to ultimately own the land, then other property may be left to the children not directly involved in earning their living from the land. When other property is not readily available, life insurance is often used to create that other property in an adequate amount to even up the inheritance for each of the children.

The moral is that planning is for everybody—at all living standards. To leave a well-prepared will is to express love and concern for those around you. This includes men with wives whose names are on the deeds—and widows who survive. This includes any person 18 and over, married and not married.

Compendium

(Continued from page 1)

WFMY and the *Greensboro Daily News* and *Record* for about \$15 million in 1965, with about \$7.5 million of that for the TV station. Harte-Hanks publishes 24 daily and 39 weekly newspapers and owns two TV stations.

...Charges against former Republican congressman **James C. Gardner Jr.** and Wilmington insurance salesman **Peter MacQueen** have been dismissed in New Hanover Superior Court. Both were charged with state securities laws violations. Judge Perry Martin ruled the securities laws did not apply to a motel venture involving the defendants.

...Spending on **clothing and footwear** in the United States will rise 12.5% this year over 1975, according to a Standard & Poor's prediction. That was good news for the state's textile, apparel and shoe industries.

...North Carolina Democratic gubernatorial candidate **George Wood** proposed a tax revision plan last week aimed at raising income taxes for affluent individuals and corporations. Wood also proposed eliminating the intangibles tax and increasing the inheritance tax exemption from \$10,000 to \$60,000. Wood's plan would raise taxes on individuals earning more than \$30,000 a year and corporations with net income over \$50,000, and eliminate the \$15,000 tax exemption on dividends received from North Carolina corporations.