

Lean Hog Basis

Table 1. Western Corn Belt lean hog basis, 2006-2009 for the 51 to 52 percent lean carcass contract (\$/cwt/carcass)

| Market period | Contract for basis | 3-yr avg futures | 2006 basis | 2007 basis | 2008 basis | 2009 basis | 3-yr avg basis | Standard deviation |
|---------------|--------------------|------------------|------------|------------|------------|------------|----------------|--------------------|
| Jan-1st half | February | 59.51 | -7.07 | -4.62 | -8.11 | -6.69 | -6.47 | 2.85 |
| Jan-2nd half | February | 58.24 | -4.33 | -2.25 | -5.07 | -1.56 | -2.96 | 1.89 |
| Feb-1st half | February | 60.62 | -1.22 | -1.07 | -1.99 | -0.41 | -1.16 | 1.44 |
| Feb-2nd half | April | 64.90 | -1.06 | -3.04 | -4.10 | -1.16 | -2.76 | 2.22 |
| Mar-1st half | April | 61.33 | -1.02 | -5.36 | -4.83 | | -3.73 | 2.49 |
| Mar-2nd half | April | 59.72 | -3.74 | -5.45 | -5.12 | | -4.77 | 1.21 |
| Apr-1st half | April | 59.43 | -3.16 | -3.27 | -1.93 | | -2.79 | 1.41 |
| Apr-2nd half | June | 70.61 | -2.79 | -7.05 | -5.26 | | -5.03 | 3.37 |
| May-1st half | June | 73.45 | -2.00 | -2.48 | 0.26 | | -1.41 | 1.64 |
| May-2nd half | June | 72.64 | -0.68 | -0.61 | 0.35 | | -0.31 | 2.13 |
| June-1st half | June | 72.96 | -1.51 | -2.43 | -3.12 | | -2.36 | 1.40 |
| June-2nd half | July | 74.20 | 2.79 | 1.69 | -1.24 | | 1.08 | 2.50 |
| Jul-1st half | July | 71.61 | -2.78 | -1.37 | -1.29 | | -1.82 | 1.29 |
| Jul-2nd half | August | 73.36 | -1.26 | -2.98 | 0.82 | | -1.14 | 2.40 |
| Aug-1st half | August | 76.44 | 0.10 | -1.47 | -0.89 | | -0.76 | 1.87 |
| Aug-2nd half | October | 68.92 | 5.95 | -2.72 | 6.47 | | 3.23 | 5.33 |
| Sep-1st half | October | 66.99 | 1.14 | -3.39 | 2.32 | | 0.02 | 2.75 |
| Sep-2nd half | October | 64.70 | -0.08 | -0.47 | 1.32 | | 0.26 | 1.65 |
| Oct-1st half | October | 62.87 | -0.20 | -1.39 | -0.04 | | -0.54 | 1.84 |
| Oct. 2nd half | December | 58.05 | 0.10 | -0.37 | 1.36 | | 0.36 | 1.99 |
| Nov-1st half | December | 57.09 | -2.28 | -4.25 | -3.12 | | -3.22 | 2.14 |
| Nov-2nd half | December | 57.88 | -2.04 | -5.51 | -5.07 | | -4.21 | 2.30 |
| Dec-1st half | December | 58.13 | -2.43 | -1.67 | -2.96 | | -2.35 | 1.72 |
| Dec-2nd half | February | 60.90 | -4.17 | -8.47 | -10.31 | | -7.65 | 3.08 |

Note:

- Basis is calculated as Cash - Futures. A negative sign means that futures are greater than cash.
- Cash price is a weighted average base price.
- Market periods were divided as follows: 1st half includes the first 10 trading days of the month, 2nd half includes all remaining days in the month.
- 68% of the time the basis is expected to fall within plus or minus one standard deviation of the average basis.

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