

**WESTERN CORNBELT LEAN HOG BASIS, 2002-2004\***  
**FOR THE 51-52% LEAN CARCASS CONTRACT**  
**(\$/CWT/ CARCASS)**

| <u>Market Period</u> | <u>Contract For Basis</u> | <u>Three Year Basis Low</u> | <u>More Negative 15% of Time</u> | <u>Expected Basis</u> | <u>More Positive 15% of Time</u> | <u>Three Year Basis High</u> |
|----------------------|---------------------------|-----------------------------|----------------------------------|-----------------------|----------------------------------|------------------------------|
| Jan- 1st half        | February                  | -11.77                      | -9.16                            | -6.49                 | -3.83                            | -2.54                        |
| Jan- 2nd half        | February                  | -5.67                       | -3.99                            | -2.12                 | -0.25                            | 1.26                         |
| Feb- 1st half        | February                  | -3.53                       | -2.97                            | -2.31                 | -1.66                            | -0.68                        |
| Feb- 2nd half        | April                     | -9.21                       | -8.88                            | -5.36                 | -1.85                            | 2.02                         |
| Mar- 1st half        | April                     | -9.10                       | -7.94                            | -4.39                 | -0.84                            | 2.59                         |
| Mar- 2nd half        | April                     | -7.58                       | -6.17                            | -3.24                 | -0.32                            | 1.43                         |
| Apr-1st half         | April                     | -5.28                       | -4.09                            | -3.21                 | -2.32                            | -1.65                        |
| Apr- 2nd half        | June                      | -12.04                      | -9.39                            | -6.01                 | -2.62                            | 0.48                         |
| May-1st half         | June                      | -5.80                       | -3.92                            | -2.13                 | -0.34                            | 1.16                         |
| May- 2nd half        | June                      | -6.18                       | -4.58                            | -2.01                 | 0.56                             | 3.27                         |
| Jun- 1st half        | June                      | -5.64                       | -3.77                            | -2.46                 | -1.16                            | -0.36                        |
| Jun- 2nd half        | July                      | -4.27                       | -1.97                            | 0.93                  | 3.84                             | 8.30                         |
| Jul- 1st half        | July                      | -6.04                       | -3.76                            | -1.96                 | -0.16                            | 0.83                         |
| Jul- 2nd half        | August                    | -5.36                       | -1.35                            | 1.30                  | 3.95                             | 5.01                         |
| Aug- 1st half        | August                    | -3.74                       | -2.90                            | -1.28                 | 0.34                             | 2.87                         |
| Aug- 2nd half        | October                   | -7.44                       | -0.94                            | 3.81                  | 8.56                             | 9.42                         |
| Sep- 1st half        | October                   | -9.28                       | -5.83                            | -0.50                 | 4.84                             | 8.06                         |
| Sep- 2nd half        | October                   | -1.12                       | -0.27                            | 2.38                  | 5.02                             | 6.61                         |
| Oct- 1st half        | October                   | -3.23                       | -2.89                            | -0.96                 | 0.98                             | 2.31                         |
| Oct- 2nd half        | December                  | -9.17                       | -7.17                            | -3.66                 | -0.15                            | 2.12                         |
| Nov- 1st half        | December                  | -7.48                       | -6.60                            | -4.73                 | -2.85                            | -1.23                        |
| Nov- 2nd half        | December                  | -9.32                       | -7.68                            | -4.48                 | -1.28                            | -0.36                        |
| Dec- 1st half        | December                  | -4.03                       | -3.08                            | -2.20                 | -1.32                            | -0.94                        |
| Dec- 2nd half        | February                  | -13.17                      | -11.75                           | -8.29                 | -4.83                            | -3.21                        |

\*Iowa-Southern Minnesota Lean Hog Basis calculated from January 1 2002, to September 30, 2004, and October 1, 2001, to December 31, 2003.

1/ Basis is calculated as Cash-Futures. A negative sign means that futures are greater than cash.

2/ Market periods were divided as follows: 1st half consists of the 1st 10 trading days of the month, 2nd half includes all remaining days in the month.

3/ Values for the more negative 15% and more positive 15% columns are figured as one standard deviation from the expected basis. Basis is expected to be outside of these values approximately 15% of the time.

**Prepared by John Lawrence, Extension Economist, and Rachel Smith, undergraduate assistant.**

### 3 Year Average Basis and One Standard Deviation

