

# FuturesCom



## Spring Hog Outlook

**"Among the hazards of speculation the happening of the unexpected --I might even say the unexpectable - ranks high. There are certain chances that the most prudent man is justified in taking - chances that he must take if he wishes to be more than a mercantile mollusk--"**  
**Reminiscences of a Stock operator.**

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### Spring Hog Outlook

March 27<sup>th</sup> , 2009 10:00 AM

The All Important USDA March 1 Hogs and Pigs report will be released today after the close.

The March 1 all-hogs-and-pigs estimate falls in a range from 96.1% to 98.5% of a year ago, or average of 96.9%. 97.9% is the average kept-for-breeding number, from a 97.0% to 98.5% range. The gueestimate for kept for market is 96.8% with a range of 95.9% to 98.6%.

Gilt retention data indicates the June / August farrowing intentions will down only 1% from a year ago. Which is a smaller a summer farrowings number most think . FuturesCom Estimates a 98.% kept-for-breeding estimate. Anywhere between two and three percent down on the breeding herd would mean the breeding herd changed very little compared to 12 months earlier with the December number.

However If the hog producers are going to tighten hog supplies in coming months as much from last year as indicated by the Last quarterly pig crop (December Hogs and Pigs) the hog market is likely to get a larger seasonal rally in price this year than normal.

On the average barrows and gilts on a national basis in June was 23 % higher on average than March for the last five years. Importantly , we are beginning to notice packers are getting close to the spring reduction in slaughter indicated by the December Hogs and Pigs.

If the herd is only down two percent it means there is a high probability for the fourth quarter 2009 slaughter to be close to 2008 and slaughter growth might to be reduced enough to lift prices to near \$70 for the carcass on the cash in the second quarter and the low to mid-70s in the third quarter if demand holds..

This means that June and July Hogs have a chance to test the upper price ranges seen a few weeks back.. So we are going to go out on a limb and remain long into the Pig Crop and buy July to add as the seasonality favors a move to the upside.

## July Hog Seasonal



Who knows maybe families will stay home , Grill and enjoy the back yard during this period of economic distress .. **Stay tuned for Flashes and Updates**

**A Ship in Harbor is Safe...But that is not what ships are built for --**

**Happy Trading!**

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**March 27 10:55 AM South Florida Beach Time**

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