

		Page
<i>For Your Information</i>	Preface.....	2
	How to Interpret Seasonal Pattern & Seasonal Average Charts	3
	How to Interpret a Strategy Sheet	4
<i>Lean Hogs</i>	Section Index.....	5
	Nearby Monthly Chart: Lean Hogs (1981-2010)	5
	CME Futures & Options Contract Specifications	6
	How to Calculate the Lean Hog Index™	7
	Nearby Weekly Chart: Lean Hogs (2001-2010)	7
	Seasonal Pattern, Average, and Weekly Continuation Charts	8
	Seasonal & Spread Strategies	22
<i>Cattle/Hog Spreads</i>	Section Index	47
	Seasonal Pattern and Weekly/Monthly Continuation Charts	48
	Spread Strategies	56
<i>Cash & Basis</i>	Section Index	73
	Historical Cash & Basis: Seasonal Charts	74
<i>Historical Daily</i>	Section Index	77
	Lean Hogs Historical Daily Charts	78
	Cattle/Hog Spread Historical Daily Charts	92
<i>Miscellaneous</i>	Section Index	113
	How to Interpret Bull/Bear and Volatility Charts	114
	Lean Hogs Daily Trading Statistics	115
	Bull/Bear & Historical Volatility Charts	116
	Chronological Summary	123

(Charts current through December 2010.)



The Moore Research Center, Inc. (MRCI), located on 73 secluded acres outside Eugene, Oregon, is sought for its futures market analysis, combining many years of intensive computerized study and the experience of real-time trading. Our hardware and software both are constantly upgraded, giving MRCI the speed and depth of capability to study price movement that we believe are state-of-the-art for the industry.

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Knowledge is the foundation essential to making consistently successful decisions. Would a prudent businessman market product or purchase raw material without first researching profit and cost potential? Would a successful trader/investor jump at a “hot tip” or a story in *The Wall St. Journal*? Or would he look before he leaped?

The purpose of this publication is to quantify price history in the hog futures markets and in spreads between hogs and live cattle, offer it from a variety of relevant perspectives, and present it in a format useful to those whose commerce is substantially affected by fluctuations in pork and beef prices. Not only traders but producers, processors, buyers, and other business executives throughout the industry are encouraged to examine the following thoroughly, for seasonality can be a primary component in price movement.

Seasonal Patterns

Nearly all markets — real estate, T-Bills, cash hogs, grain futures — are affected by various fundamental forces, many of which are seasonal in nature. Such forces as weather, fiscal calendars, Treasury refundings, even specific characteristics of futures contracts (such as delivery and expiration) tend to recur and influence, to one degree or another, certain markets every year. As any market responds to a series of annually recurring factors, seasonal price patterns tend to evolve.

Daily seasonal patterns, both the 15- and most recent 5-year, are derived from and a composite of historical daily price activity in the specific contract being considered. The numerical index to the right of the chart reflects a historical tendency to reach its seasonal high (100) or low (0) at a given time.

Weekly continuation charts are also contract-specific. They are intended to illustrate historical relative value, turning points, and long-term trends for particular hedging, spread, and trading strategies.

Seasonal average charts depict historical spread relationships. Per industry standard, spread charts are plotted by subtracting the sell side (the “short leg”) from the buy side (the “long leg”). Thus, the short leg functions as the 0-line, with the resultant chart depicting the fluctuation of the long leg above and below the short leg [from which are derived such quotes as “\$2 over” (a premium) or “\$1.50 under” (a discount)].

Windows of Opportunity

From these seasonal patterns, one can derive a seasonal approach to both cash and futures markets that is designed to anticipate, enter, and capture recurrent price trends as they emerge and exit before they are “realized.” Within these patterns may exist well-defined seasonal tops, bottoms, and trends.

Moore Research Center, Inc. (MRCI) computer programs have analyzed trends that have recurred in the same direction during a similar period of time in at least 80% of the last 15 years. Thus, each 80%-or-more historically reliable strategy is valid as a potential trading idea.

However, ***past performance is not necessarily indicative of future results.*** Seasonal strategies in this publication are quantifiably, historically factual but necessarily presented without the benefit of any current analysis of technical or fundamental conditions. Thus, such historical strategies are meant to be starting points rather than trading recommendations.

Lean Hog Price Conversions

The transition to Lean Hogs began with the February 1997 contract. In order to provide historical perspective on lean hogs, prices actually traded in Live Hog futures contracts have been converted. Therefore, all historical daily and weekly continuation charts herein reflect lean-hog equivalent prices.

Daily seasonal pattern charts, updated through December 2010, will look exactly the same using either lean or live hog data. The overall seasonal behavior in Lean Hogs will presumably exhibit characteristics similar to those for Live Hogs although minor exceptions may evolve, for instance, as a result of changing from delivery to cash settlement.

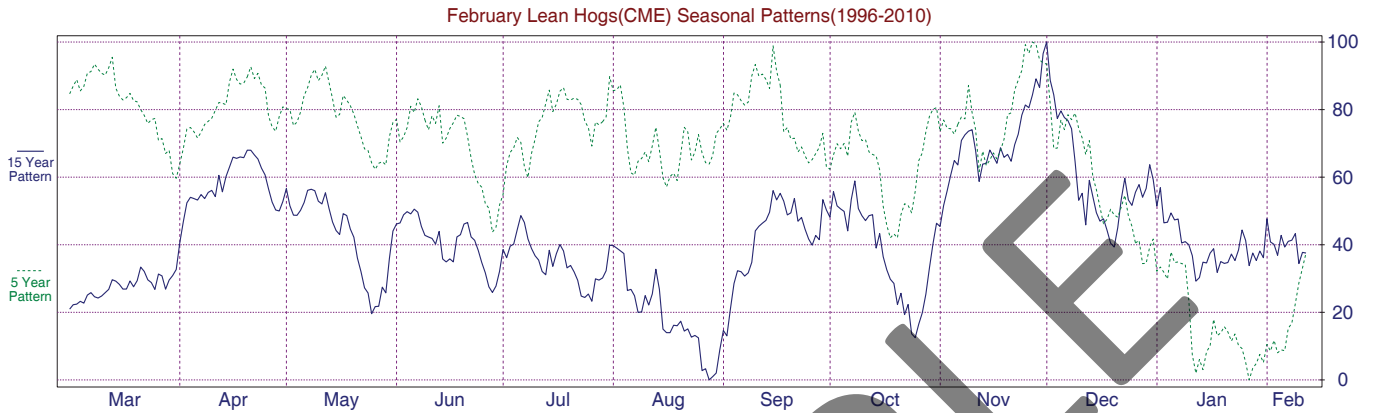
Likewise, seasonal spread average charts reflect Lean Hog differences. All historical trading and spread strategies also depict lean-hog equivalent values.

Cattle/Hog Spreads

The unfortunate demise of pork bellies futures provided a fitting opportunity to combine seasonal research on lean hogs with that on tradable cattle/hog spreads. Further, you will find historical daily charts of various cattle/hog spreads for the last 24 years.

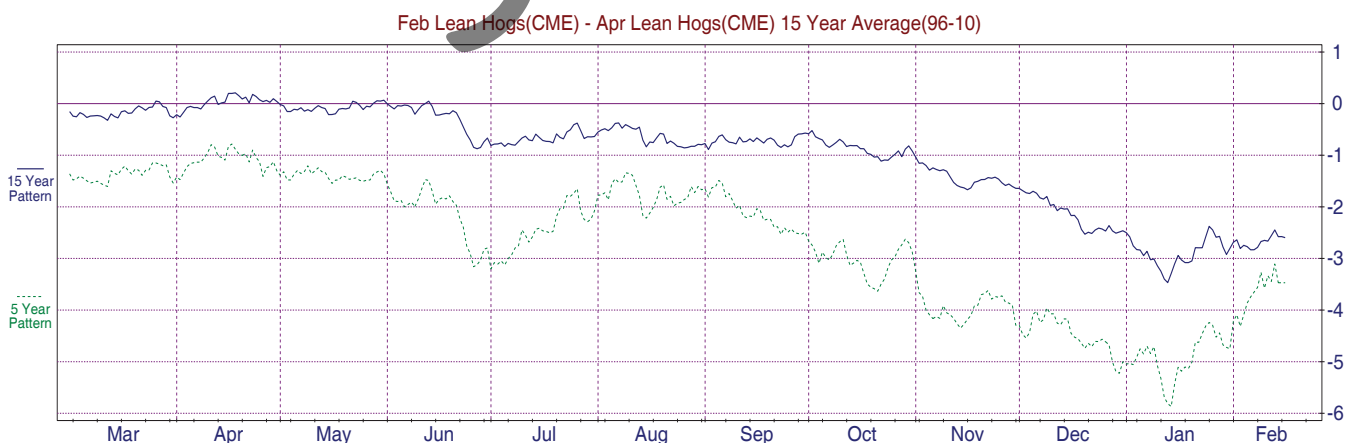
Each chart consists of two aspects of a market's seasonal pattern—the most recent 15-year (solid line) and its most recent 5-year (dotted line), December 2010 contracts inclusive. Thus, any evolution in the pattern may be perceived, as well as trends, tops, and bottoms coincident to both. The numerical index to the right measures the greatest historical tendency for the market to make a seasonal high (100) or low (0) at a given time.

Besides illustrating the more obvious seasonal tops, seasonal bottoms, and seasonal trends, these patterns also suggest certain cause/effect phenomena which may present secondary opportunities. For instance, do smaller but well-defined breaks/rallies typically precede certain events, such as Thanksgiving or the expiration of a lead contract? If so, does there exist an implied opportunity? ❖



Further perspective on the behavior of spreads may be gained from their *seasonal average charts*, which portray their averaged difference. Per industry standard, the price of the latter-named contract (the sell side) is subtracted from the price of the former (the buy side).

On the chart, then, the contract on the sell side is represented by the 0-line, the reference around which the contract on the buy side fluctuates. From these *seasonal spread average* charts one can get a sense not only of seasonal trading patterns but also of “normal” spread premiums and discounts. ❖



Unique MRCI strategy sheets present each historically reliable seasonal trade with a table of its relevant detail. Traders are encouraged to evaluate each strategy individually; some may be more speculative in nature than others. To detect a trade, MRCI's computer system scrutinizes the last 15 years (when available) of historical price data for those trends recurrent, with a minimum reliability of 80%, during similar time windows. Those strategies are then subjected to further criteria established for average profit and duration of time window. (Special reports may present strategies with duplication/overlap and trading in "spot month" contracts that have commercial application.) Once discovered and initially evaluated, a trading strategy is outlined and its crucial data tabulated and presented in the following format for closer analysis.

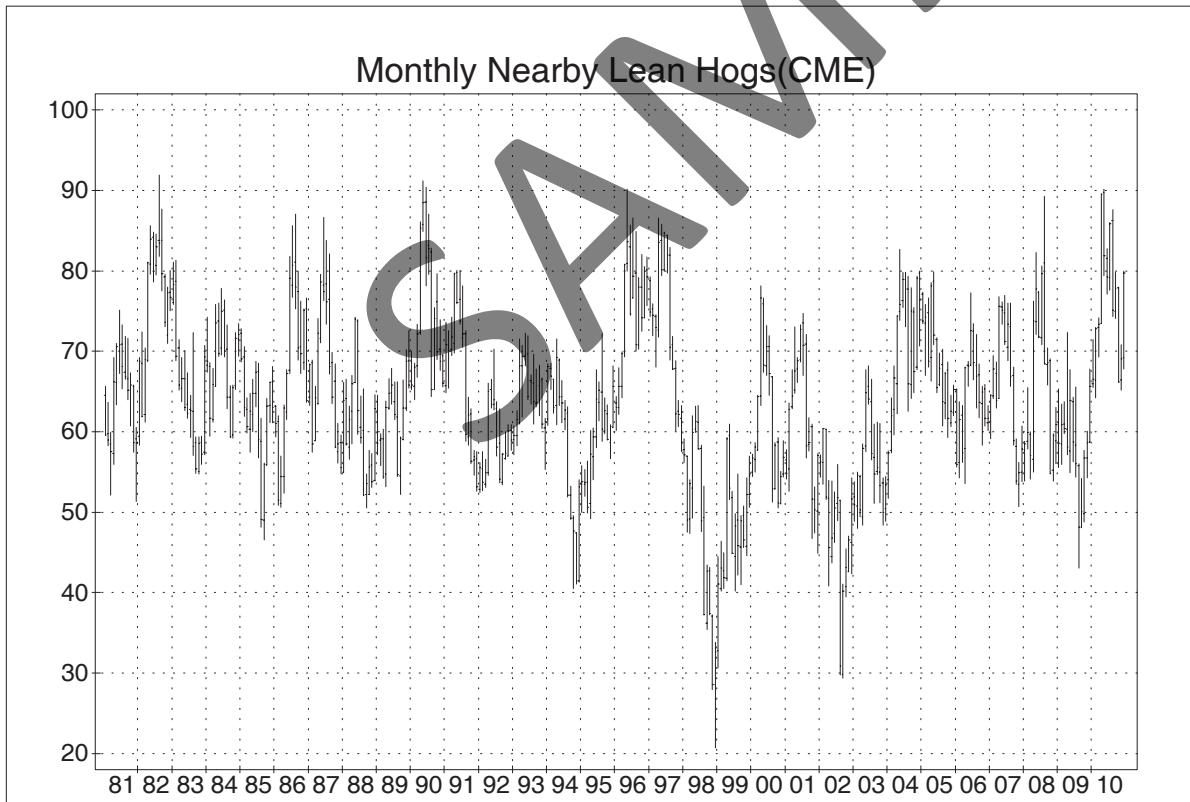
Reading the Table & Methodology

For each contract year studied, the table lists entry date and price, exit date and price, and the ultimate profit or loss. Entry and exit prices are definitively based on the *settlement price* of the dates listed, as are profit and loss values. If an optimized trade date fell on a weekend or holiday, entry was considered to have been made on the *following trading day* with exit on the trading day *prior*. In order to represent historical fact and the full extent of relevant price movement, these strategy sheets do not utilize equity protection methods (STOPS). Thus, the table encourages further evaluation by providing peak equity and worst drawdown dates and the amount of each.

The bottom section of the table calculates the strategy's historical reliability and overall average results. Because of certain inherent limitations in applying historical strategies to current market conditions, **MRCI urges all traders to employ proper money-management techniques at all times.** ❖

Moore Research Center, Inc.		Lean Hogs(CME)—August								
Buy on approximately 01/27 - Exit on approximately 04/20							Contract Size: 40,000 lbs			
CONT YEAR	BUY DATE	BUY PRICE	EXIT DATE	EXIT PRICE	PROFIT	PROFIT AMOUNT	BEST EQUITY DATE	BEST EQUITY AMOUNT	WORST EQUITY DATE	WORST EQUITY AMOUNT
2010	01/27/10	74.50	04/20/10	85.40	10.90	4360.00	04/16/10	4700.00	02/01/10	-500.00
2009	01/27/09	71.58	04/20/09	73.93	2.35	940.00	02/13/09	1948.00	02/24/09	-220.00
2008	01/28/08	76.50	04/18/08	76.92	0.42	168.00	02/04/08	1808.00	04/01/08	-2632.00
2007	01/29/07	73.67	04/20/07	76.80	3.13	1252.00	03/09/07	1832.00	01/30/07	-108.00
2006	01/27/06	64.30	04/20/06	65.97	1.67	668.00	03/03/06	1000.00	04/10/06	-472.00
2005	01/27/05	70.45	04/20/05	76.25	5.80	2320.00	04/01/05	2548.00	02/10/05	-520.00
2004	01/27/04	58.20	04/20/04	68.22	10.02	4008.00	04/12/04	5220.00	02/17/04	-480.00
2003	01/27/03	57.70	04/17/03	59.35	1.65	660.00	03/13/03	940.00	02/04/03	-320.00
2002	01/28/02	60.70	04/19/02	54.37	-6.33	-2532.00	02/08/02	720.00	04/11/02	-4480.00
2001	01/29/01	58.85	04/20/01	65.22	6.37	2548.00	04/16/01	2660.00		
2000	01/27/00	63.10	04/20/00	69.55	6.45	2580.00	04/20/00	2580.00	02/23/00	-592.00
1999	01/27/99	54.82	04/20/99	57.62	2.80	1120.00	04/13/99	1172.00	03/15/99	-140.00
1998	01/27/98	62.05	04/20/98	58.45	-3.60	-1440.00			03/16/98	-3420.00
1997	01/27/97	74.95	04/18/97	82.35	7.40	2960.00	04/18/97	2960.00	03/19/97	-1700.00
1996	01/29/96	64.62	04/19/96	72.09	7.47	2988.00	04/19/96	2988.00	01/31/96	-324.00
Percentage Correct		87								
Average Profit on Winning Trades					5.11	2044.00	Winners		13	
Average Loss on Trades					-4.97	-1986.00	Losers		2	
Average Net Profit Per Trade					3.77	1506.67	Total trades		15	
<small>HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS. RESULTS NOT ADJUSTED FOR COMMISSION AND SLIPPAGE.</small>										

	Page
<i>Futures & Options Specifications & the Lean Hog Contract</i>	
CME Lean Hog Futures & Options Contract Specifications	6
How to Calculate the Lean Hog Index™	7
<i>Seasonal Pattern, Seasonal Average and Weekly Continuation Charts</i>	
Feb; Feb <u>vs.</u> Apr, Jun, Jul	8
Apr; Apr <u>vs.</u> Jun, Jul, Aug	10
Jun; Jun <u>vs.</u> Jul, Aug, Oct	12
Jul; Jul <u>vs.</u> Aug, Oct, Dec	14
Aug; Aug <u>vs.</u> Oct, Dec, Feb	16
Oct; Oct <u>vs.</u> Dec, Feb, Apr	18
Dec; Dec <u>vs.</u> Feb, Apr, Jun	20
<i>Strategies</i>	
Strategy Summary	22
Strategy Detail Tables	24



Lean Hogs

	Seasonal Strategy	Entry Date	Exit Date	Win Pct	Win Years	Loss Years	Total Years	Average Profit	Ave Pft Per Day	Pg No
1	Buy Jul Lean Hogs(CME) Sell Feb Lean Hogs(CME)	1/02		87	13	2	15	477	43/11	24
2	Buy Jun Lean Hogs(CME) Sell Apr Lean Hogs(CME)	1/05		100	15	0	15	502	17/30	24
3	Buy Jul Lean Hogs(CME) Sell Apr Lean Hogs(CME)	1/07		93	14	1	15	1867	20/93	25
4	Buy Jul Lean Hogs(CME) Sell Apr Lean Hogs(CME)	1/22		93	14	1	15	1555	20/78	25
5	Buy Lean Hogs(CME)—August	1/27		87	13	2	15	1507	18/84	26
6	Buy Aug Lean Hogs(CME) Sell Apr Lean Hogs(CME)	2/07		87	13	2	15	1294	22/59	26
7	Buy Lean Hogs(CME)—August	2/24		87	13	2	15	1233	22/57	27
8	Buy Aug Lean Hogs(CME) Sell Apr Lean Hogs(CME)	2/25		87	13	2	15	990	24/41	27
9	Buy Aug Lean Hogs(CME) Sell Apr Lean Hogs(CME)	3/15		87	13	2	15	887	34/26	28
10	Buy Lean Hogs(CME)—August	3/15		87	13	2	15	1136	30/38	28
11	Buy Lean Hogs(CME)—July	3/26		93	14	1	15	1037	40/26	29
12	Buy Jul Lean Hogs(CME) Sell Apr Lean Hogs(CME)	3/27		93	14	1	15	603	60/10	29
13	Buy Lean Hogs(CME)—July	4/06		87	13	2	15	551	37/15	30
14	Sell Lean Hogs(CME)—August	4/23		87	13	2	15	762	21/37	30
15	Buy Lean Hogs(CME)—June	4/29		80	12	3	15	627	48/13	31
16	Sell Lean Hogs(CME)—July	5/11		100	15	0	15	1288	76/17	31
17	Sell Lean Hogs(CME)—October	5/12		100	15	0	15	901	64/14	32
18	Sell Lean Hogs(CME)—June	5/12		80	12	3	15	1129	63/18	32
19	Buy Aug Lean Hogs(CME) Sell Jun Lean Hogs(CME)	5/24		100	15	0	15	539	49/11	33
20	Sell Lean Hogs(CME)—August	6/20		87	13	2	15	673	75/9	33
21	Sell Lean Hogs(CME)—August	6/23		87	13	2	15	674	96/7	34
22	Buy Oct Lean Hogs(CME) Sell Jul Lean Hogs(CME)	6/23		87	13	2	15	807	37/22	34
23	Buy Aug Lean Hogs(CME) Sell Oct Lean Hogs(CME)	7/31		93	14	1	15	670	52/13	35

Note: These trade strategies have worked with historical consistency. No representation is being made that they will work this year or in the future. Please check current market fundamentals and technical conditions before considering these trades. This information is not a recommendation to buy or sell at this time, but merely a historical presentation of trade strategies. Past results are not necessarily indicative of future results. No representation is being made that an account will or is likely to achieve profits or incur losses similar to those shown.

SEASONAL TENDENCIES ARE A COMPOSITE OF SOME OF THE MORE CONSISTENT COMMODITY FUTURES SEASONALS THAT HAVE OCCURRED OVER THE PAST 15 YEARS. THERE ARE USUALLY UNDERLYING FUNDAMENTAL CIRCUMSTANCES THAT OCCUR ANNUALLY THAT TEND TO CAUSE THE FUTURES MARKETS TO REACT IN A SIMILAR DIRECTIONAL MANNER DURING A CERTAIN CALENDAR PERIOD OF THE YEAR. EVEN IF A SEASONAL TENDENCY OCCURS IN THE FUTURE, IT MAY NOT RESULT IN A PROFITABLE TRANSACTION AS FEES, AND THE TIMING OF THE ENTRY AND LIQUIDATION MAY IMPACT ON THE RESULTS. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT HAS IN THE PAST OR WILL IN THE FUTURE ACHIEVE PROFITS UTILIZING THESE STRATEGIES. NO REPRESENTATION IS BEING MADE THAT PRICE PATTERNS WILL RECUR IN THE FUTURE. HYPOTHETICAL PERFORMANCE RESULTS HAVE MANY INHERENT LIMITATIONS, SOME OF WHICH ARE DESCRIBED BELOW. NO REPRESENTATION IS BEING MADE THAT ANY ACCOUNT WILL OR IS LIKELY TO ACHIEVE PROFITS OR LOSSES SIMILAR TO THOSE SHOWN. IN FACT, THERE ARE FREQUENTLY SHARP DIFFERENCES BETWEEN HYPOTHETICAL PERFORMANCE RESULTS AND THE ACTUAL RESULTS SUBSEQUENTLY ACHIEVED BY ANY PARTICULAR TRADING PROGRAM. ONE OF THE LIMITATIONS OF HYPOTHETICAL PERFORMANCE RESULTS IS THAT THEY ARE GENERALLY PREPARED WITH THE BENEFIT OF HINDSIGHT. IN ADDITION, HYPOTHETICAL TRADING DOES NOT INVOLVE FINANCIAL RISK, AND NO HYPOTHETICAL TRADING RECORD CAN COMPLETELY ACCOUNT FOR THE IMPACT OF FINANCIAL RISK IN ACTUAL TRADING. FOR EXAMPLE, THE ABILITY TO WITHSTAND LOSSES OR ADHERE TO A PARTICULAR TRADING PROGRAM IN SPITE OF TRADING LOSSES ARE MATERIAL POINTS WHICH CAN ALSO ADVERSELY AFFECT ACTUAL TRADING RESULTS. THERE ARE NUMEROUS OTHER FACTORS RELATED TO THE MARKETS IN GENERAL OR TO THE IMPLEMENTATION OF ANY SPECIFIC TRADING PROGRAM WHICH CANNOT BE FULLY ACCOUNTED FOR IN THE PREPARATION OF HYPOTHETICAL PERFORMANCE RESULTS AND ALL OF WHICH CAN ADVERSELY AFFECT ACTUAL TRADING RESULTS. RESULTS NOT ADJUSTED FOR COMMISSION AND SLIPPAGE.