

LIVESTOCK AND AGRICULTURE

Livestock:

- ▣ Live cattle
- ▣ Feeder cattle
- ▣ Lean hogs
- ▣ Pork bellies

Agricultural commodities:

- ▣ Grains
- ▣ Oilseeds
- ▣ Softs

Grains and Oilseeds

- ▣ Corn
- ▣ Soybeans
- ▣ Wheat

- ▣ Softs
- ▣ Cocoa
- ▣ Coffee
- ▣ Cotton
- ▣ Orange Juice
- ▣ Sugar

Lean Hogs

Global Lean Hog Production

China is far and away the world's largest producer of hogs; the next nine largest producers together do not equal what China produces. However, the demand for pork in China outpaces the supply, and that makes China a net importer of pork. Total global annual hog production is approximately 100 million tons.

The United States is the world's largest exporter of hogs, followed by Denmark, the world's second largest producer of hogs, and then Taiwan. The states with the highest production are Iowa, North Carolina, Minnesota, and Illinois. The biggest market for American lean pork is Japan, with Canada, Mexico, Russia, Hong Kong, Korea, China, and Britain all key export markets. Other major producers of hogs are Brazil, Canada, and Russia.

Global Lean Hog Consumption

Although China is the world's largest consumer of pork, it is not the largest consumer on a per capita basis. That honor goes to Denmark. The other four countries that complete the top five list are Spain, Hong Kong, Germany, and Hungary. China is the country with the ninth highest per capita consumption of pork. Canada, the United States, and Britain make the list at numbers 11, 12, and 13, respectively.

CME Futures Contract Specifications

Trading Unit (1 Contract): 40,000 pounds

Price Quotation: U.S. dollars per pound

Minimum Price Fluctuation: \$0.0001 per pound (\$4 per contract)

Trading Hours (CST): 10:05 a.m. to 2:00 p.m.

Trading Months: February, April, May, June, July, August, October,
December

Last Trading Day: Tenth business day of the contract month

Trading Symbol: LH

Pork Belly (frozen)

CME Futures Contract Specifications

Trading Unit (1 Contract): 40,000 pounds

Price Quotation: U.S. dollars and cents per pound.

Minimum Price Fluctuation: \$0.0001 per pound (\$4 per contract).

Trading Hours (CST): 9:10 a.m. to 1:00 p.m.

Trading Months: February, March, May, July, August

Trading Symbol: PB

Live Stock

CME Futures Contract Specifications

Trading Unit (1 Contract): 40,000 pounds

Price Quotation: U.S. dollars per pound

Minimum Price Fluctuation: \$0.00025 per pound (\$10 per contract)

Trading Hours (EST): 10:05 a.m. to 2:00 p.m.

Trading Months: February, April, June, August, October, December

Last Trading Day: Last business day of the contract month

Trading Symbol: LC

Feeder cattle

CME Futures Contract Specifications

Trading Unit (1 Contract): 50,000 pounds

Price Quotation: U.S. dollars per pound

Minimum Price Fluctuation: \$0.0001 per pound (\$5.00 per contract)

Trading Hours (CST): 9:05 a.m. to 1:00 p.m.

Trading Months: January, March, April, May, August, September, October,
November

Last Trading Day: Last Thursday of the contract month (barring holidays)

Trading Symbol: FC

Grains and Oilseeds

Corn

Figure 10-1. Top Corn Producing Countries

Rank	Country	Percentage of Total Global Production
1	United States	40.5%
2	China	18.9%
3	Brazil	5.1%
4	Mexico	3.0%
5	Argentina	2.9%
6	Indonesia	2.2%
7	France	1.9%
8	India	1.7%
9	South Africa	1.7%
10	Italy	1.6%

Figure 10-2. Top Corn Consuming Countries

Rank	Country	Percentage of Total Global Consumption
1	United States	41.5%
2	China	25.7%
3	Brazil	7.4%
4	Mexico	5.2%
5	Japan	3.2%
6	India	2.5%
7	Canada	2.2%
8	Egypt	2.2%
9	South Korea	1.9%
10	South Africa	1.7%

SOURCE: United States Department of Agriculture

Soybeans

Soybeans can be classified as vegetables or oils, depending on the extracts produced after processing. The five major postprocessing extracts of soybeans are the following:

- *Soybean meal*: This extract constitutes approximately one-third of the total soybean supply. Most of the soybean meal produced is used in feedlots, but some is processed into soybean flour.
- *Soybean flour*: This extract is made from soybean meal and is the starting material for the production of soy protein isolate because of its 48 percent protein content.
- *Soybean oil*: This extract constitutes about one-fifth of the total soybean supply and sometimes is used to produce ethanol. Soybean oil is used in the production of many culinary products, including cooking oils, mayonnaise, margarine, salad oils, and shortening. Soybean oil consists of 85 percent unsaturated fat and 15 saturated fat. Many liquid industrial products use soybean oil as a base component.
- *Soybean nut butter*: This extract is very similar to peanut butter but uses soybeans as the base component.
- *Infant formula*: Soy is used in infant formula for babies who are lactose-intolerant and allergic to the proteins in cow's milk.

Figure 10-3. Top Soybean Producing Countries

Rank	Country	Percentage of Total Global Production
1	United States	36.2%
2	Brazil	27.4%
3	Argentina	17.9%
4	China	8.3%
5	India	3.7%
6	Paraguay	2.1%
7	Canada	1.2%
8	Bolivia	1.0%
9	Indonesia	0.4%
10	Russia	0.2%

SOURCE: Production Estimates and Crop Assessment Division, FAS, USDA

Soybeans: CBOT Futures Contract Specifications

Trading Unit (1 Contract): 5,000 bushels

Price Quotation: U.S. dollars per bushel

Minimum Price Fluctuation: \$0.0025 per bushel (\$12.50 per contract)

Trading Hours (CST): 10:30 a.m. to 2:15 p.m.

Trading Months: January, March, May, July, August, September, November

Last Trading Day: Business day before the fifteenth calendar day of the contract month

Trading Symbol: Open Auction: S; Electronic: ZS

Soybean Meal: CBOT Futures Contract Specifications

Trading Unit (1 Contract): 100 tons

Price Quotation: U.S. dollars and cents per ton

Minimum Price Fluctuation: \$0.10 per ton (\$10 per contract)

Trading Hours (CST): 9:30 a.m. to 1:15 p.m.

Trading Months: January, March, May, July, August, September, October, December

Last Trading Day: Business day before the fifteenth calendar day of the contract month

Trading Symbol: Open Auction: SM; Electronic: ZM

Wheat

Figure 10-4. Top Wheat Producing Countries

Rank	Country	Percentage of Total Global Production
1	China	22.3%
2	India	17.1%
3	United States	16.3%
4	Russia	8.7%
5	Australia	6.1%
6	Canada	5.6%
7	Pakistan	4.7%
8	Turkey	4.4%
9	Argentina	3.5%
10	Kazakhstan	3.1%

SOURCE: United States Department of Agriculture

Wheat is produced for three primary reasons: as a feedstock (approximately 45 percent of use), for human consumption (approximately 41 percent), and for industrial purposes (approximately 14 percent). In terms of human consumption, the top use for wheat is the production of flour.

Wheat is a popular cash crop for three important reasons. First, it grows well in mild environments even when the growing season is relatively short. Second, wheat produces an ample yield per acre. Third, wheat yields quality flour—wheat flour—that is essential for many popular baking products. However, for the first time in history, acreage devoted to wheat cultivation is declining—even though yields are rising owing to new technologies—as a result of declining population growth rates.

The primary classifications of wheat traded in the United States are hard red spring (primarily used for bread and hard baked goods), hard red winter (primarily used for bread and hard baked goods and as an adjunct to other flour), soft red winter (primarily used for cakes, pie crusts, biscuits, and muffins), hard white (primarily used for bread and brewing), and soft white (primarily used for pie crusts and pastries). Since hard wheats are more difficult to process and red wheats may need bleaching, soft and white wheats typically are priced higher than hard and red wheats.

Global Wheat Consumption

The two nations that consume the most wheat per year are China and India, which have populations of over a billion people each. Next on the list are Russia, the United States, Pakistan, Turkey, Egypt, Brazil, and Ukraine. On a per capita basis, China and India do not make the top 10. At the top of that list is Australia, where the average person eats an amount equal to 110 gallons of wheat per year. Rounding out the top 10 are Russia, Turkey, Canada, Ukraine, Algeria, Iran, Morocco, Egypt, and Pakistan. The United States is eleventh on this list from the U.S. Department of Agriculture.

CBOT Futures Contract Specifications

Trading Unit (1 Contract): 5,000 bushels

Price Quotation: U.S. dollars and cents per bushel

Minimum Price Fluctuation: \$0.0025 per bushel (\$12.50 per contract)

Trading Hours (CST): 9:30 a.m. to 1:15 p.m.

Trading Months: March, May, July, September, December

Last Trading Day: Business day before the fifteenth calendar day of the contract month

Trading Symbol: Open Auction: W; Electronic: ZW

Softs

Cocoa

Figure 10-5. Top Cocoa Producing Countries

Rank	Country	Percentage of Total Global Production
1	Ivory Coast	37.4%
2	Ghana	20.7%
3	Indonesia	12.7%
4	Cameroon	5.0%
5	Nigeria	4.6%
6	Brazil	4.5%
7	Ecuador	3.4%
8	Columbia	1.6%
9	Mexico	1.4%
10	Dominican Republic	1.4%

SOURCE: International Cocoa Organization

Global Cocoa Consumption

The top two countries in the world for consumption are the Netherlands and the United States. By far the most popular product from cocoa is chocolate. The emperor of the Aztecs, Montezuma II, is said to have demanded 50 pitchers of cocoa a day.

NYBOT/ICE Futures Contract Specifications

Trading Unit (1 Contract): 10 metric tons (22,046 pounds)

Price Quotation: U.S. dollars per ounce

Minimum Price Fluctuation: \$1.00 per ton (\$10 per contract)

Trading Hours (EST): 8:00 a.m. to 11:50 a.m.

Trading Months: March, May, July, September, December

Last Trading Day: Eleven business days before the last business day of the delivery month

Trading Symbol: CO or CC

Coffee

Figure 10-6. Largest Coffee Producing Countries

Rank	Country	Percentage of Total Global Production
1	Brazil	28.8%
2	Vietnam	13.6%
3	Colombia	10.6%
4	Indonesia	6.0%
5	Ethiopia	4.9%
6	India	4.1%
7	Mexico	3.7%
8	Guatemala	3.4%
9	Honduras	3.0%
10	Peru	2.7%

SOURCE: International Coffee Organization

Global Coffee Consumption

Four companies dominate the coffee trade and often are referred to in the industry as the Big Four. Accounting for over 50 percent of the coffee trade, these companies are Kraft, Nestlé, Sara Lee, and Procter & Gamble. The Big Four companies prefer Robusta coffee beans because of its lower price. Smaller companies focus on the high-end coffee trade and therefore typically offer Arabica coffee beans.

On a per capita basis, Norway is the largest consumer of coffee; the average person there consumes nearly 11 kilograms per year. Next on the list are the Scandinavian countries Finland, Denmark, and Sweden. The first non-European country to make the list of top coffee consumers per capita is the United States at number 12, where the average person consumes about 3 kilograms per year.

NYBOT/ICE Futures Contract Specifications

Trading Unit (1 Contract): 37,500 pounds

Price Quotation: U.S. dollars per pound

Minimum Price Fluctuation: \$0.0005 per pound (\$18.75 per contract)

Trading Hours (EST): 8:30 a.m. to 12:30 p.m.

Trading Months: March, May, July, September, December

Last Trading Day: Eight business days before the last business day of the
delivery month

Trading Symbol: KC

Cotton

Figure 10-7. Largest Cotton Producing Countries

Rank	Country	Percentage of Total Global Production
1	China	29.0%
2	United States	19.9%
3	India	14.2%
4	Pakistan	9.5%
5	Brazil	5.0%
6	Turkey	4.8%
7	Greece	1.9%
8	Syria	1.5%
9	Australia	1.5%
10	Mali	1.2%

SOURCE: United States Department of Agriculture

NYBOT/ICE Futures Contract Specifications

Trading Unit (1 Contract): 50,000 pounds

Price Quotation: U.S. dollars per pound

Minimum Price Fluctuation: \$0.0001 per pound (\$5 per contract)

Trading Hours (EST): 10:30 a.m. to 2:15 p.m.

Trading Months: March, May, July, October, December

Last Trading Day: Seventeen business days before the end of the spot month

Trading Symbol: CT

Orange Juice

Global Orange Production

The largest producer of oranges is Brazil, accounting for twice the production of the number two producer, the United States. In the United States, the state of Florida is the leading producer of oranges, although a sizable amount comes from California. Brazil produces approximately 18 million tons annually, and the United States produces about 8.3 million tons. Other top producers include Mexico, India, Italy, China, and Spain. Since nearly all the oranges harvested in the United States are consumed domestically, Brazil is the dominant player in the export trade, accounting for about 80 percent of supply.

NYBOT/ICE Futures Contract Specifications

Trading Unit (1 Contract): 15,000 pounds

Price Quotation: U.S. dollars per pound

Minimum Price Fluctuation: \$0.0005 per pound (\$7.50 per contract)

Trading Hours (EST): 6:00 a.m. to 12:30 p.m.

Trading Months: January, March, May, July, September, December

Last Trading Day: Fourteenth business day before the last business day of the month

Trading Symbol:

- FCOJ-A (Florida/Brazil): OJ
- FCOJ-B (World): OB

Suger

Global Sugar Production

Most sugarcane is grown in India, Cuba, and Brazil—the world's largest sugar producer—and sugar beets are grown principally in Asia, Europe, and Australia. Both sugar beets and sugarcane are produced in the United States, where most sugarcane is cultivated in Hawaii, Florida, and Louisiana, whereas sugar beets are cultivated in California.

Global Sugar Consumption

China and India are the top two consumers of sugar. However, Brazil tops the per capita sugar consumption list because of its use of sugar-based ethanol to fuel automobiles. Mexico, Australia, and Russia complete the list of the top consumers of sugar on a per capita basis. There is a strong positive correlation between sugar consumption and per capita income. Countries with higher per capita incomes tend to have higher per capita sugar consumption because sugar is a nonstaple food and is considered more of a luxury item. Addressing basic food needs is more pressing for people with lower incomes.

NYBOT/ICE Futures Contract Specifications

Trading Unit (1 Contract): 112,000 pounds

Price Quotation: U.S. dollars per ounce

Minimum Price Fluctuation: \$0.01 per pound (\$11.20 per contract)

Trading Hours (EST): 8:10 a.m. to 12:30 p.m.

Trading Months:

- Sugar #11 (World): March, May, July, October
- Sugar #14 (USA): January, March, May, July, September, November

Last Trading Day: Last business day of the month before delivery month

Trading Symbol:

- Sugar #11 (World): SB
- Sugar #14 (USA): SE

Thank you