

# Pork Cutout futures

CME Pork Cutout futures and options (PRK) are specifically designed to give the pork industry tailored risk-management tools on the cutout. These contracts are cash-settled to the CME Pork Cutout Index and complement CME Lean Hog (HE) futures and options.

## KEY BENEFITS

- A tool for hog producers, packers, processors, wholesalers, importers, and exporters to specifically tailor their risk management strategies around pork cutout values
- Allows market participants to monitor and manage the spread differential between Lean Hogs and the Pork Cutout
- Available for trading on CME Globex and block trading via CME ClearPort

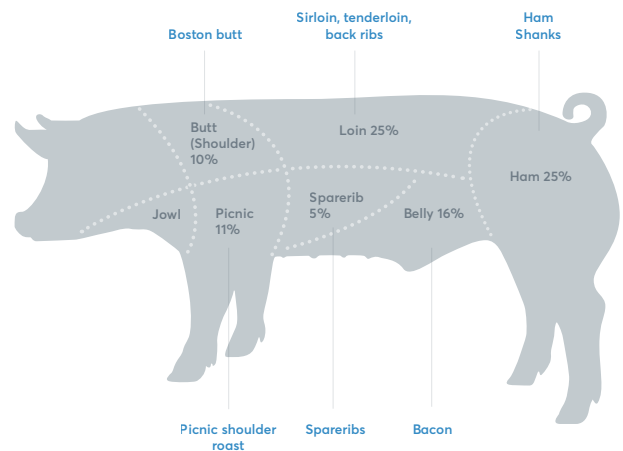
## KEY CONTRACT FEATURES

At 40,000 pounds per contract, the Pork Cutout (PRK) futures and options contracts are equivalent in size to the existing Lean Hog (HE) futures and options. PRK futures and options are traded in U.S. cents per pound, with a tick size of \$0.00025 per pound (\$10 per contract). PRK is financially settled to the CME Pork Cutout Index. The contract months and trading hours align with the Lean Hog (HE) listings.

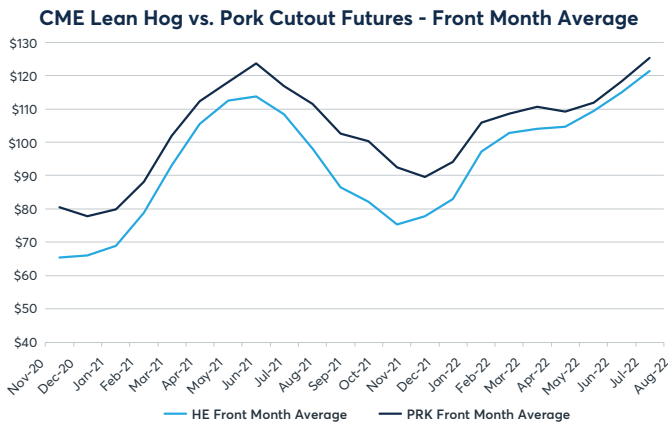
## SPREAD TRADING

Access calendar spread trading and intercommodity spread trading between Pork Cutout and Lean Hog contracts on both CME Globex and CME ClearPort. Margin offsets are also available.

## UNDERSTANDING THE PORK CUTOUT



Source: USDA



CONTRACT TITLE	PORK CUTOUT FUTURES	OPTIONS ON PORK CUTOUT FUTURES
CONTRACT UNIT	40,000 pounds	
PRICE QUOTATION	U.S. Cents per pound	
TRADING HOURS	CME Globex: Monday - Friday: 8:30 a.m. - 1:05 p.m. CT Pre-Open: 8:00 am - 8:29.59 am & 2:30 pm - 4:00 pm	
COMMODITY CODE	PRK	PRK
CME RULEBOOK CHAPTER	156	156A
CONTRACT MONTHS	Contracts listed for the months of February, April, May, June, July, August, October, and December	
MINIMUM PRICE INCREMENTS	\$0.00025 per pound (\$10 per tick)	Full Tick: \$0.00025 per pound (\$10) Half Tick: \$0.000125 per pound (\$5)
OPTION TYPE	-	American
STRIKE PRICE LISTING PROCEDURES	-	Strikes listed for 50% of the underlying settlement price above and below the at-the-money strike at \$0.02 per pound increments in all months and additional strikes listed for 25% of the underlying settlement price above and below the at-the-money strike at \$0.01 per pound increments in the nearest 3 months.
EXERCISE PROCEDURE	-	Any business day that the option is traded until 5:30 p.m. CT
TERMINATION OF TRADING	Trading terminates on the 10th business day of the contract month.	
SETTLEMENT METHOD	Financially settled to the CME Pork Cutout Index.	
POSITION LIMITS	1,000 contracts net long or short in any single month.	
	350 contracts net long or short as of the close of trading on the fifth business day of the contract month.	
REPORTABLE LEVEL	25 contracts	
BLOCK TRADE MINIMUM	5 contracts	
BLOCK TRADE REPORTING WINDOW	5 minutes	15 minutes
CME GLOBEX MATCHING ALGORITHM	F: First In, First Out (FIFO)	

For more information visit us at [cmegroup.com/porkcutouts](https://cmegroup.com/porkcutouts)

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