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# Do cointegrated commodities bubble together? The case of hog, corn, and soybean

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## Abstract

Hog, corn, and soybean meal futures are shown to be cointegrated, reflecting the close intrinsic relationship of corn and soybean meal as the primary feed for hogs. Applying a recent technique to date-stamp pricing bubbles we further show that bubbles in feed do not appear to be associated with bubbles in the price of hogs. Instead there are temporary deviations in the spread between hog and feed, but the long-term cointegration relationship leads to a reversion towards the common trend. This finding sheds new insight into the price behaviour of commodities that depend for input costs on other commodities.

**Keywords:** hog spread, multiple bubbles, commodities, cointegration

**Jel Classification:** C22, G13, Q14

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