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COMMENT

Farmland National Beef Packing Co.  
10100 N. Executive Hills Blvd.  
Kansas City, MO 64153

Jean A. Webb, Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre, 21<sup>st</sup> Street, NW  
Washington, D.C. 20581

**Received CFTC  
Records Section**

RE: CME Speculative Position Limits

Dear Ms. Webb:

Per the proposed increase in spot month CME Live Cattle speculative position limits, National Beef Packing Co. opposes such an increase from the current 600 contracts to 900 contracts in the spot month.

Like any other futures contract, the most important functions is liquidity, predictable basis and basis convergence. Given current growth in open interest, liquidity does not appear to be a problem, particularly following the most recent speculative position increase to 600 contracts. However, continued expansion in speculative limits during the delivery period has the potential to distort basis convergence. Distorted basis predictability and convergence will ultimately reduce usage of the contract for its original and continued purpose.

Compounding the risk of reduced bona fide live cattle futures usage is the trend to smaller supplies of deliverable cattle. Despite the recent increase in the top weight range, deliverable supplies are declining due to a smaller trending cattle supply, alliances, marketing agreements and a reduced number of feeders who have the knowledge and experience to willingly participate in futures based risk management and delivery process.

Thank you.

Art Wagner  
VP of Cattle Procurement  
Farmland National Beef Packing Co.

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