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SCOT A. MILLER & ASSOCIATES

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OFFICE OF THE SECRETARIAT

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

February 3, 2000

COMMENT

Dear Ms. Webb,

I am writing in opposition to the CME proposal to increase the speculative position limits in the live cattle contract. Neither the spot month or non-spot month increases will enhance the contract's usefulness as a risk management tool.

I am an introducing broker whose clientele is mainly cattle feeders and producers. These hedgers need a contract that has a reasonably predictable basis and convergence.

The increased liquidity in the spot month that was argued for when the limit was raised from 300 to 600 in 1998 has not materialized, so why would a further increase in position limits improve liquidity?

The rollover of positions prior to come-down on first notice day for delivery has become such a large force in the market that it can almost overshadow any other market forces. This problem will be exacerbated if the non-spot limit is increased.

The leverage provided by current spot month position limits is excessive when compared to actual deliverable supplies.

The contract was not designed to be used for cattle procurement. More importantly, the delivery recipients have usually not been legitimate longs (i.e. packers).

The CME has not been responsive to the needs of the cattle-feeding industry regarding heifer delivery or adjusting weight limits for live delivery. Many cattle industry organizations are opposed to the rising of speculative position limits.

Thank you for your serious consideration of my opposition to the proposed contract changes.

Sincerely,

Scot A. Miller

Scot A. Miller

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