

WERTHCO LAND AND CATTLE
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February 15, 2000

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Records Section

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

By FAX: (202) 418-5521

COMMENT

Dear Ms. Webb:

Wertheim Cattle Company and Werthco Land and Cattle have three operating ranches in Eastern New Mexico. Typically feeder steers and heifers are placed in the feed yard at Farwell, Texas for fattening and these cattle are then sold as fat cattle. We are small operators feeding approximately 2,000 head of heifers and steers each year. We use live cattle futures to hedge our position, and have delivered under the futures contract. This was done in 1999.

I wish to express my opposition to the Chicago Mercantile Exchange increasing the contracts one speculator may have from 600 to 900 contracts in the spot month. It would seem preferable to a producer to reduce the speculative limit to the previous limit of 300 contracts. We use these contracts as a means of risk management. It is to our advantage when the cash market and the futures market act as closely as possible to reduce the basis risk. Anything that causes a convergence between the cash price and the futures price to be great is to our disadvantage.

It seems to me that it would be best to create a physical delivery futures contract that performs efficiently in comparison to the actual number of cattle available for delivery in a particular month. In our case, when we deliver we find that the delivery election "live" versus "carcass" has been exercised by the individual with the long position. We feel it would be to our advantage to be able to deliver to the packer as carcass beef.

As you know, the livestock production business has been very difficult. Anything that can be done to permit the rancher and the beef producer to reduce one of its risks will help the cattlemen.

I will appreciate your consideration to not approve this change.

Sincerely,



Robert Wertheim

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