

**Received CFTC
Records Section**

Dawn Cattle Feeders, Inc.

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February, 15, 2000

COMMENT

CFTC

To Whom it May Concern:

I am writing concerning your pending rule changes in the Live Cattle Contract concerning position limits. As a producer that relies on this contract for hedging purposes, we have been alarmed by the ability of a few larger trader's to prevent convergence in the Live Cattle. If the speculative limits in the spot month are raised from 600 to 900, we don't see any reason for this lack of convergence to improve and would expect that it would only get worse. If, however, in exchange for a position limit increase we would be allowed to add heifers to the cash delivery specifications of the contract, this would negate much of the negative impact on convergence. It would then be the responsibility of the producer to react to weak basis markets with more cash deliveries. As we see it this erratic basis is the number one problem with the Live Cattle Contract, and any steps taken by the commission should be to try and alleviate this condition.

We appreciate the opportunity to comment concerning this proposed rule change.

Sincerely,

Guy Walker, Pres.

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