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**COMMENT**

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(28)

Jean A. Webb, Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre, 1155 21<sup>st</sup> NW  
Washington, DC 20581

**Received CFTC  
Records Section**

11/20/2002

Dear Ms. Webb,

I strongly support the Chicago Mercantile Exchanges decision to lower from 600 to 300 contracts the speculative position limit in the expiring contract. The increase in 1998 did not have the support of industry organizations at that time nor does it now. It has had the effect of impeding convergence of cash and futures.

As economically deliverable supplies have decreased due to existing weight specifications becoming more restrictive as slaughter weights are increasing, feeders are unable to utilize heifers in the delivery process and a lack of convergence occurs. This will certainly threaten the effectiveness of the Live Cattle Contract as a risk management tool.

Since January of 2000 slaughter weights have been historically large. Heifers have not been allowed to be utilized in the delivery process and convergence has been challenged. This lack of convergence makes the contract an ineffective tool to be used by either producers wanting a short hedge or packers who may want to contract for future delivery with producers.

The contract in its present form is not a satisfactory product for me as a producer to utilize as an effective part of my risk management package. Futures contracts were developed for producers and users to manage price risk. With the recent, and continued losses in the cattle industry many lenders are requiring hedges or options to obtain financing. Without improvements in the Live Cattle Contract, to increase hedge participation, the existing contract provides no economic benefit for the public or the industry and is difficult for me to include as a part of my risk.

I believe the CME proposal to change the spot month speculative limit should be strongly supported and, in addition, consideration given to increasing deliverable weight limits and allowing heifer delivery to increase the deliverable supply

Lee Borck, President  
Kansas Beef Marketing Group Cooperative

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