



Received CFTC
Records Section

11/14/02

02-13
(65)

November 13, 2002

COMMENT

Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre, 1155 21st Street NW
Washington, D. C. 20581

Re: CME Proposed Amendment To Spot Month Speculative Limits

Dear Secretary Webb:

I voice my concern to the recent proposed rule change at the CME and view it as an unfair advantage to the short hedger in the cattle market. Forcing spec longs from the market while the large feedlots and packers are able to remain short clearly gives them an unnecessary advantage in establishing prices. The battleground for prices certainly doesn't stop at the feedyard, these prices are the benchmark in establishing the market for the entire beef industry. It seems unjust for the advantaged short hedged futures market player to, in essence, set prices for feeder calves, bull sales, unhedged fat cattle, and entire registered and commercial cow/calf business in general.

I am not a feedlot operator, but as a 24-year managing partner in Wehrmann Angus, New Market, Virginia, I am more than just a little familiar with the cattle industry. I presently serve as national president of the Beef Improvement Federation, was BIF's Seedstock Producer of the Year in 1997, as well as a former board member of the American Angus Association. We have marketed bulls, females and embryos throughout the United States and many foreign countries; our clientele spans registered and commercial breeders from coast to coast. This proposed rule change, if passed, will be costly to the industry at a time when we have been struggling, at best, for a number of years. It seems to spell unnecessary hardship for nearly everyone involved except those short in the market; how can that be fair? To make matters worse, I understand it has also been suggested we need to increase weight specifications on deliverable cattle. We have been trying to address consumer preferences for less fat and moderate portion size for at least twelve to fifteen years and have made enormous documented progress, increasing beef demand in the process. There has been ample press this year about plentiful heavy weight cattle in feedyards and what a shame it is so many received docks and discounts. Now the CME is saying this should be the amended norm to strive for, what an insult.

I ask the CFTC to consider the consequences of such swift moves by the CME and vote against such action. There should at least be ample discussion and study from the many facets of the beef cattle business before the short hedger is handed the destiny and livelihood of cattle producers and owners in every state.

Sincerely,

Richard McClung, Jr.
Wehrmann Angus
13789 North Valley Pike
New Market, Va. 22844
(540)896-6546 or 896-5232