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Received CFTC
Records Section
11/14/02

COMMENT

November 14, 2002

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

Reference: CME Live Cattle Speculative Limit Amendment

Dear Ms. Webb:


We strongly support the CME proposed amendments to reduce the spot month speculative position limits from 600 back down to 300 contracts. We also support this change going into affect in the 2003 contract, not the 2002 contract.

We use the futures markets to manage the risk of feeding cattle. The cattle contract today does not accurately reflect the changing face of the cattle industry, nor does it provide cattle feeders with an accurate tool to manage risk. We feel that lowering the spec limits back down to 300 contracts in the spot month is a step in the right direction in limiting the volatility and helping to force convergence on expiration. Over the last few years, there has been more basis risk than market risk. The need for a futures contract that can be used as a viable hedging vehicle is more important today than ever.

The cattle contract is also used as a guide to price live cattle and also in purchasing feeder cattle, further highlighting the need for an accurate depiction of the current market conditions.

The proposed reduction in the spot month spec limits will decrease the current basis risk therefore assist in the convergence of the futures price to the cash price, which will promote more use by cattle feeders that currently do not use the contract as a risk management tool.

Sincerely,



Rex Beall
Manager

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