

Received CFTC
Records Section

11/15/02



JACKSON COUNTY FARM BUREAU
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November 14, 2002

COMMENT

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

Dear Ms. Webb,

I write to you in support of speculative limits being reduced from 600 contracts to 300 contracts during the delivery period. As a younger cattle feeder of only 400 head per year I need the ability to manage risk. We feed similar numbers of steers and heifers so it is almost impossible to deliver on my futures contracts. A negative basis of \$3 to \$4 per cwt. in the spot month doesn't make the live cattle contract a useful risk management tool.

The live cattle contract should be a reflection of the cattle being fed, not a manipulation of price discovery by a very few large speculators. The misinformed might suggest a rising tide raises all boats, but the packers still only pay what the market will bear. On October 11, 2002 I received \$65.05/cwt. For my steers and heifers, when the October futures were trading \$68-69/cwt.. October futures were not a reflection of the market place.

The live cattle contract needs further adjustments to reflect the cattle being produced by America's farmers and ranchers. I continually produce quality steers weighing 1,300 to 1,400 lbs. And I am not able to reduce my risk by delivering them against my hedge. If my cattle were too large or over fed, the packers would discount them instead of paying premiums for them. Quality cattle should be deliverable. Futures contracts are a reflection of the market and should not be used to control the size of the cattle being fed.

Please approve the changes of the speculative limits in the spot month. Please also review the size and sex specifications of the live cattle futures contracts.

Sincerely,

T. Bruce Mershon
President
Jackson County Farm Bureau

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