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COMMENT

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secretary

From: Sid Love [sidneyl@everestkc.net]
Sent: Thursday, January 17, 2008 6:50 PM
To: secretary
Subject: Proposed Revision of Federal Speculative Position Limits

The original purpose of grain futures was to converge physical cash markets and futures in delivery months to give farmers a place to sale and buyers a chance to source physical cash they needed. Since speculative position limits were doubled a few years ago, the convergence of cash and futures has become more difficult. If the speculative limits are doubled again, as proposed for corn and wheat and about 32 % for soybeans, the convergence of cash and futures will be even more difficult.

In my view, the further the divergence of futures with cash increases, the less that futures and the underlying agricultural commodity are related, except in name only.

Perhaps a more prudent approach, at this time of record high futures, would be to slowly increase speculative position limits, if they must be increased. Otherwise, you run the risk of sharply higher food price inflation, which will fall most on our consumers who can afford it least.

Thank you for the opportunity to make these comments.

Sincerely,
Sid Love

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