Tyson

Received CFTC
Records Section
1/28/08

RICHARD L. BOND
PRESIDENT & CHIEF
EXECUTIVE OFFICER

07-14
(27)

COMMENT

January 17, 2008

RECEIVED
C.F.T.C.
2008 JAN 28 PM 2:59
OFC. OF THE SECRETARIAT

Mr. David Stawick, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Proposed Revision of Federal Speculative Position Limits

Dear Mr. Stawick,

On behalf of Tyson Foods, Inc., thank you for the opportunity to present comments on the proposed revision of Federal speculative position limits for agricultural commodities. Our company does not support this proposal. Tyson is one of the country's largest corn and soybean meal end-users. As noted by our competitors and the National Chicken Council (NCC), it is vital that the financial markets reflect the fundamentals of the supply and demand for the grain markets. That does not exist today. Based on the current money flows into agricultural commodities, we believe that allowing these increased limits will further encourage monies to flow into grains. This in turn will cause increased distorted price action and a continued increase in unwarranted volatility for end-users like us.

We are disturbed by the size of the proposed change in the Federal speculative position limits. There are ample opportunities for speculators to participate in these commodity markets. As it is, price distortions exist in the market that the CFTC has not addressed. Because of the heightened interest in commodities as an investment vehicle, the expected convergence between the physical and futures is not occurring. The futures prices relative to the physical contract is not accurately reflecting the cash-market carrying charges – one of the reasons to utilize this derivative instrument for our risk management practices. End-users hedge their exposures using the financial markets based on the implicit assumption that the payoff profile between the physical and financial does not breakdown and that they are positively correlated. That does not exist today across all these grain markets.

The combined impact of increasing limits for the speculator and exempting the index funds from speculative limits (addressed in another proposed rulemaking by the CFTC) would cause increased price volatility from which only the exchanges themselves will benefit. The effectiveness of utilizing these financial instruments to hedge our inputs will be further impaired.

In sum, if the proposal to increase speculative limits is adopted, it will not be beneficial to the end user community.

If you have further comments, please feel free to contact me.

Sincerely,