

# r9frife Ax

## *Memorandum*

To: Jean A. Webb, Secretary, CFTC



Date: December 11, 2003

From: Randy Blach, Executive Vice President, Cattle-Fax

Re: Response to CME proposal to expand the daily price limits on Live cattle and Feeder cattle from \$1.50/cwt. to \$3.00/cwt.

With the recent number of limit moves in the Live Cattle and Feeder Cattle futures contracts, it has become obvious that daily price limits need to be evaluated. However, we question the need to double the daily price range from \$1.50 to \$3.00/cwt. The move to a \$3 trading range would in essence allow futures markets to potentially move \$15/cwt. in a week. This magnitude of price volatility has only been experienced one time in the cash markets during the last 30 years.

We would encourage the CFTC to evaluate whether a \$3 daily price limit is necessary or if a \$2.00 - \$2.50/cwt. daily price range would be adequate to allow the market to do an efficient job of price discovery.

Sincerely,



Randy Blach

