Dear Secretary Webb,

I am a U.S. cattle producer who opposes the CME's proposal to increase the maximum daily price limit of the live cattle futures market to $3 per hundredweight.

I instead support the recommendations of the National Cattlemen's Beef Association that would increase the daily price limit from $1.50 per hundredweight to $2 per hundredweight with the ability for the CME to expand the daily limit to $3 if the market closes at the limit two consecutive days. NCBA's proposal would allow the weekly market to move $13 which is $2 less than the potential $15 per week move suggested by the CME. The limit of $2 on a daily basis should allow the market to trade more effectively than the current $1.50 limit which has led to an increasing number of days where the market is locked at the limit.

The NCBA proposal strikes a good compromise between the existing limit and the CME proposal.

NCBA engaged thoroughly in an open fashion with CME representatives at NCBA's annual business meeting in Phoenix last month. After hearing all of CME's arguments in favor of expanding the limit to $3 per hundredweight, NCBA members discussed the pertinent issue of having a $3 daily move. In the end it was decided by a majority vote of NCBA members to reject CME's proposal and instead focus on the merits of implementing a $2 daily increase with allowances for expanding to $3 should the market close at the limit on two consecutive days.

By raising the daily limit to $3, many true hedgers will be exposed to even greater risks in the market. This will prohibit some hedgers from using the market for what it was intended.

Warmest regards,

Joe Pollard
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