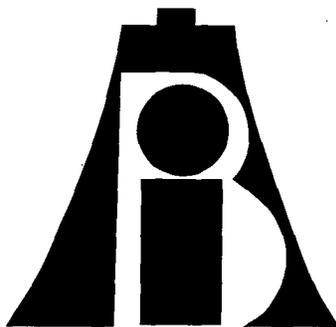


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## INDEPENDENT BAKERS ASSOCIATION

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[www.independentbaker.com](http://www.independentbaker.com)

### COMMENT

December 10, 2007

David Stawick, Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

#### Re: Speculative Position Limits

Dear Secretary Stawick:

I am Chairman of the Independent Bakers Association, a trade association with offices in Washington and which represents over 400 mostly family owned wholesale bakeries and allied industry trades. We are alarmed at your proposal to drastically increase the speculative position limits; in the case of wheat they are more than double!

Numerous articles have appeared lately lamenting the disruptive influence that speculators are having on the commodity markets. As of the 4<sup>th</sup> Quarter of 2006, there was \$170 billion dollars invested in commodities by hedge funds and pension funds. You could buy the entire annual wheat crop for only 10% of that much money.

Your proposal would allow one fund to buy 11,100 contracts (55,500,000 bushels) in one month. That is 11% of the entire crop of spring wheat which could be purchased by only one entity. What if three funds do the same thing – now those three funds own 33% of the spring wheat crop.

Currently, the funds own 50% of the entire U.S. wheat crop. Your proposal would accelerate an already bad situation where the market shows all the signs of manipulation by a few huge funds.

We know from Economics 101 the price is affected by supply and demand and allowing trades of this magnitude only will give enormous power and clout to the big funds to influence the market. If they can buy or sell 11% of the annual spring wheat crop in one day, you know the price is going to gyrate.

Your website claims the mission of the Commodity Futures Trading Commission (CFTC) is to *“protect marketing participants against fraud, manipulation and abusive trade practices.”*

In reading further about the commodity markets regulated by the CFTC, several examples are given about a farmer protecting the price of his commodity before harvest; one of the main purposes of the commodity markets. Tell me about a farmer who needs to sell 55 million bushels of wheat in a month since his current limit is only 25 million bushels. He must have a big farm – at 36 bushels per acre, he must farm 1,500,000 acres (that’s about half the size of Connecticut).

It is obvious that the real purpose of this proposal is to allow speculators to gain even more control over the markets and make huge profits on the backs of consumers who are already paying higher food prices.

I urge you on behalf of the baking industry and the millions of the consumers who are suffering from this unreasonable speculation, to leave the limits in place.

Yours truly,



*fn:* John F. Popp  
Chairman

cc: IBA Board of Directors