



ADAMS LAND & CATTLE CO. RECEIVED
C.F.T.C.

P.O. Box 485
Broken Bow, NE 68822

Office (308) 872-6494
FAX (308) 872-6498

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COMMENT

OFFICE OF THE SECRETARIAT

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February 4, 2000

Jean A. Webb, Secretary
Commodity Futures Trading Commission
Three LaFayette Centre, 21st Street NW
Washington, D.C. 20581

Re: CME Speculative Position Limits

Dear Ms. Webb,

We are a large cattle feeder that uses CME futures as a risk management tool. Over the years, I have been impressed with the Commission's philosophy of improving and evolving the contracts to facilitate both the hedger and the speculator.

Currently there is one recommendation on the table that does not follow the Commission's past philosophy as it only helps the speculative position. I strongly oppose the CME's recommendation of increasing the speculative position from 600 to 900 contracts in the spot month. I also recommend CFTC to reverse back to the previous June 98' level of 300 contracts in the spot month.

As a tool for a hedger, the contract needs to have a predictable basis and convergence. The probability of those two criteria is vastly reduced as the speculative position (spot month) moves from 300 to 900. Physical delivery future contracts that are too large can not perform efficiently and should be set in relation to the estimate of deliverable supply (i.e., currently the speculative limits are excessive when compared to the true deliverable supply). This condition has the potential to create for the CFTC an unmanageable crisis during deliveries and long term demise of the contract.

If the continued direction of the Commission is in favor of the speculators, the hedger will exit the use of the CME as a tool. Currently, the pendulum is moving in that direction. Deliverable capacity and deliverable supply are both far more limiting than indicated by the CME analysts (nothing to do with functional operations). Also, the longs solely determine how the delivery is made, i.e., live or carcass. This pendulum needs to be allowed to swing back to the center.

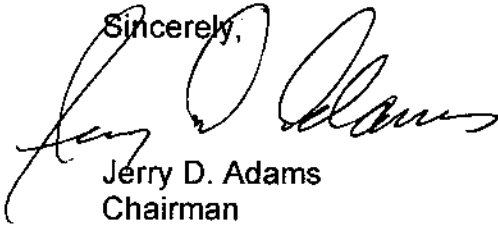
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I would like to make another recommendation that would help facilitate for the Commission for the viability of the contracts. That is allowing the heifer delivery as part of the deliverable supply. This is part of the "normal" cattle supply (including price being even with steers) in the Industry and would increase the deliverable supplies creating a more predictable basis and convergence.

I appreciate the CFTC's time and consideration into the above recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry D. Adams". The signature is written in a cursive, flowing style with a large initial "J".

Jerry D. Adams
Chairman