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February 7, 2000

COMMENT

Ms. Jean Webb, Secretary
Commodity Futures Trading Commission
3 Lafayette Center, 21st Street, NW
Washington, DC 20581

Dear Ms. Webb:

I am writing this letter in strong opposition to the Chicago Mercantile Exchange (CME) request for expansion of spot month Live Cattle speculative trading limits. We believe this request to be in direct conflict with the ability of the producer to utilize CME Live Cattle contracts to provide price risk management tools (and legitimate price discovery). By all appearances, the CME is attempting to increase the utilization of the contract by speculators and other non-producers solely by making the contract more susceptible to violent price and basis fluctuations. In fact, the CME has refused to even consider requests by several industry associations to reduce the volatility in the contract by expanding the deliverable supply (i.e. heifer delivery) of Live Cattle.

The likelihood of producers in total possessing an adequate supply of uncommitted, deliverable Live Cattle to "keep the contract honest" as it approaches expiration is highly unlikely. In addition, even if this supply was available, current logistical capacity from both a transportation and receiving facility standpoint are inadequate to handle the numbers of cattle necessary to offset any "squeeze" attempt by a major speculator. Many producers who have attempted to deliver cattle in the last few years can relate stories of financial losses incurred when a much smaller population was tendered for delivery as compared to what is probable if limits were to be expanded. At a time when the whole U.S. agricultural economy is in such a precarious position, I believe it would be irresponsible for the CFTC to approve any expansion in limits which would put the producer at further risk.

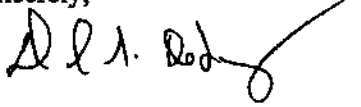
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We have talked to many producers and customers of our feedyards who feel the "Fast Track" approach the CME has requested is simply an attempt to thwart reasonable discussion and scientific research and evaluation of the proposal. It is our heartfelt opinion that any discussion of speculative limits should entail a reduction rather than an increase in these position limits.

Sincerely,

A handwritten signature in black ink, appearing to read "D.S. DeLaney", with a long, sweeping horizontal stroke extending to the right.

David S. DeLaney
General Manager

DSD:gj