BEALL INVESTMENT SERVICES, LLC.

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February 3, 2003
Jean A. Webb, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21ᵗ Street, NW
Washington, DC 20581

COMMENT

Reference: CME Live Cattle Amendments

Dear Ms. Webb:

The Live Cattle contract needs to be reflective of the current industry standards. That is why I am in support of the increase in the maximum average of live cattle to 1350 pounds and the individual up to 1400 pounds, however that is not enough. The weight of a live animal to be compared with the same specs seen on the carcass delivery would be 1500 pounds meeting the current specs of 63.5 yield.

I was in 100% support of the reduction of the spot month speculative limits from 600 down to 300 that was approved last fall, however, I am NOT in support of raising the spot month speculative limits back up to 450 contracts. I feel that by raising the spec limit, it would lead to market that does not reflect the underlying cash market. If the limits that a speculator can hold are more than some of the largest cattle feeders out there would lead to a more volatile market with more basis risk that market risk at times. We need to have a futures market that can be used as a viable hedging tool for the industry, and this amendment would take the contract in the wrong direction.

We use the futures markets to manage the risk of feeding cattle. The cattle contract today does not accurately reflect the changing face of the cattle industry, nor does it provide cattle feeders with an accurate tool to manage risk. The contract needs to allow more deliverable cattle, than it would level the playing field with hedgers and speculators, which intern would limit the basis risk currently seen in the market place.

Thank you for the opportunity to comment on this important issue.

Sincerely,

Rex Beall
Manager