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RECORDS SECTION
February 13, 2004

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

COMMENT

Dear Secretary Webb:

The Nebraska Cattlemen association (NC) appreciates the opportunity to comment on the Chicago Mercantile Exchange's (CME) proposed expansion of the daily trading limits for Live Cattle and Feeder Cattle futures contracts from \$1.50 to \$3.00 per cwt. NC understands that this proposed change by the CME reflects a response to the very volatile market conditions that have occurred over the last few months as cattle and beef markets have worked through a rally to all-time high prices and a steep decline due to historic "extra-market" factors.

Nebraska Cattlemen members took an active role in the discussion of this issue at the recent National Cattlemen's Beef Association (NCBA) convention, and we appreciate the CME's willingness to allow the nation's cattle producers to discuss the proposed changes and offer collective and individual comments following the discussion. NC members agreed with the vast majority of their colleagues gathered in Phoenix that a doubling of the daily price limit is not warranted at this time.

NC concurs with the exchange that previously existing limits have not been able to accommodate the volatile market conditions of the last few months, and that some modification is necessary to allow the Live Cattle and Feeder Cattle futures markets to continue to function as effective risk management mechanisms. However, NC members are very concerned such a drastic change could bring about greater economic risk to cattle producers and many have indicated they may cease to use the contracts or significantly reduce their use if the proposed change is implemented.

As an alternative to the CME request, NC supports increasing the daily price limit from \$1.50 per cwt to \$2 per cwt with the ability for the CME to expand the daily limit to \$3 if the market closes at the limit for two consecutive sessions. Under such a policy, the market could move \$13 on a weekly basis, which is \$2 less than the \$15 per week allowed under the CME proposal. We think such a move would be a suitable compromise between the existing limit and the CME proposal.

NC looks forward to continuing to work with CFTC and the exchange to insure that these contracts remain viable risk management mechanisms for producers, and the Association appreciates your consideration of our concerns regarding this issue.

Respectfully,

Greg Ruehle
Executive Vice President