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secretary

From: Mike Dawson [mike.dawson@hughes.net]
Sent: Thursday, January 17, 2008 2:09 PM
To: secretary
Subject: Proposed Revision of Federal Speculative Position Limits"

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OFFICE OF THE SECRETARIAT

COMMENT

The proposed increases in the Federal Speculative Position Limits would cause commodity prices to escalated dramatically, even more so than they already have. There are so many commodities already trading far above what is warranted by their respective fundamentals. For example; soybean oil prices are at record high levels even though U.S. stocks are at historically high levels; crude oil prices are at historically high levels even though the supply/demand fundamentals have not changed. The Saudi Arabian Oil Minister stated at his meeting with President Bush two days ago that \$25 to \$30 of current crude oil prices are a result of speculation. In the past year, prices of these commodities have increased to record high levels primarily due to speculators:

- Crude oil up 57%
- Gasoline up 55%
- Heating Oil up 66%
- Wheat up 77%
- Corn up 40%
- Soybeans up 76%
- Soybean Oil up 75%

This kind of broad based increase in price is due primarily to a huge influx speculative moneys into commodities and not purely a reflection of fundamentals. To increase the Federal Speculative Position Limits would further exacerbate an already painful situation for those who use or consume these commodities. While our Federal Reserve is trying to control any threat of inflation, the last thing our CFTC should be doing is promoting inflation through higher food and fuel prices paid by consumers. We must be mindful of the original purposes of our futures markets. They were originally designed as a mechanism for farmers and producers to hedge their future sales and purchases. Today's commodity markets are barely a reflection of that.

Again, please do not raise the Federal Speculative Position Limits.

Thank you for your consideration.

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