COMMENT

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secretary

From: jackheim [jackheim@udata.com]
Sent: Thursday, January 17, 2008 6:28 PM
To: secretary
Cc: Todd Kemp
Subject: Revision of Federal Speculative Position Limits

Mr. David Stawick, Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street NW.
Washington, DC 20581
Fax: 202-418-5521
Email: secretary@cftc.gov

Re: Revision of Federal Speculative Position Limits

Dear Mr. Secretary:

Walton Agri-Service, Inc. has been involved in the origination, storing and merchandising of grain in northwest Ohio for over 75 years. This company would like to convey our position on the Commodity Futures Trading Commission (CFTC) proposal to increase federal speculative position limits, published November 21, 2007 in the Federal Register.

Our company is and has been a traditional hedger of corn, soybeans and soft red wheat where we rely on the efficiency and predictable performance of U.S. futures markets and contracts to manage our inventories and price risk associated with this ownership. We also assist our farmer-customers in the agronomic and marketing decisions of their production and forward pricing of these commodities.

Our company believes that it is inappropriate to increase federal speculative position limits and recommend delaying any increases as we try to digest current market disruptions. We would recommend that our industry, NGFA, the exchanges and CFTC to collaborate on needed analysis on the potential impact of spec limit increases.

This analysis needs to address: 1) the hedge exemptions for pension funds and institutional investors 2) swaps 3) is the reporting of these funds correct? 4) the lack of convergence 5) increased volatility, and 6) is the river delivery market working? or is it a barge only delivery process? As a traditional hedger, asking for specific analysis to be done in these areas seems to be the prudent thing to do, especially related to futures volatility and impacts on cash/futures convergence.

In talking to others; other country elevator managers, larger commercials, processing companies, NGFA and others etc., there seems to be a tone of difficulty that all of us are having in debating these proposals. It appears to me that all of these groups plus the CFTC must continue to work closely to find real solutions to all of these issues and not to rush into something that will increase uncertainty.

Currently, this uncertainty is coming from several major factors and have driven futures levels significantly higher recently. Strong demand growth from the biofuels sector, tight global stocks for agricultural commodities, and the rush of investment capital into the agricultural futures market is causing the lack of convergence and is forcing volatility into the futures markets which is not being reflected into the cash markets. This is fundamentally wrong and is causing volatility concerning risk management from convergence plus financial heart-burn.

Is the current market unbalanced? By this I mean, have we turned the corner on the way that we use to think where
the CBOT traditionally was used for price discovery and risk transfer of physical commodities. Or, has the CBOT

become another Stock Market for big business money and Global demand for something different of a "Hedge" that potentially removes it's vital function of price discovery and risk management from the marketplace. Does this
long hedge meet the true definition and purpose in a marketplace that seems to be serving two totally different players? If this long cannot be delivered, exported or feed, is this contract operating in a free & open market environment.

Until the CFTC and the exchanges adequately address the lack of convergence with changes in contract design, we oppose the increasing of speculative limits and believe that the uncertainties are too great currently to warrant adoption of the spec limit proposal.

Walton Agri-Service being a member of the NGFA, appreciates the strong working relationship that the NGFA has with
the CFTC and the role that the Commission plays in oversight of futures markets. We feel that these issues facing
our industry will be hard to work through but feel that the CFTC, the exchanges, NGFA and others will help to ensure
that futures markets remain an effective tool for traditional hedgers.

Sincerely,

Jack Heim
General Manager
Walton Agri-Service, Inc.