

From: ELINOR GULVE <llantar@sbcglobal.net>
Sent: Friday, February 4, 2011 1:12 PM
To: CapMargin <CapMargin@CFTC.gov>
Subject: Margin requirements on oil contracts

My congressman, Duncan Hunter Jr., gave me this email address to make a comment on your margin requirements on oil futures (and, in effect, other commodity futures contracts as well).

As a citizen of the U.S. and the World, it is disturbing to me, the minimum amount of margin required to hold and control a large commodity position, especially oil). Hedging was originally designed for farmers and producers of goods but with the shenanigans of the Fed currently providing way to much capital and printing money like crazy, everbody is looking for a place to speculate.

The Federal govt and its agencies and banks have distinguished themselves from the rest of the world by the leverage they allow speculators. Have we not learned the lessons of 2006-2011 simply from the housing debacle? Leverage as you know is a double-edged sword but with so much capital sloshing around in the world, this is becoming very dangerous.

2-6% margin requirements on these contracts is way way to low. I propose and immediate raise to 25% and within a year after that we should be at 50% (which is the current margin requirement for the stock market) while the Fed prints all this excess money and increases our monetary base by gigantic amounts. All this is driving other commodities such as ag products to unbelievable heights and causing turmoil all over the world.

I remember when ex-president George W. Bush asked Goldman Sachs to drop the price of oil by changing its emphasis on oil in its commodity index. It worked but really showed the world that speculation is a very unusual capital tool that has many impacts in the world. The less catering to the speculator (most especially at this time), the better for the world. I AM aware the Fed may want it in its current form to materialize a fake recovery but that doesn't make it a correct policy. Our govt is being run by quants who have proven to be wrong over and over at great cost to the republic. Please, please change your thinking on this topic and act independently of the idiots (ignorant politicians and quants) in currently in charge of the worst balance sheet ever seen on this planet!

Respectfully yours,

Chris Gulve
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