

secretary

From: NoReply@cftc.gov
Sent: Wednesday, July 20, 2011 4:17 PM
To: secretary
Subject: CFTC Public Comment on IF 10-016

A comment has been submitted on IF 10-016

Submitter Name: Mr.Ken Morrison

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Submitter Organization:Morrison On The Markets LLC

Submitter Job Title:President

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Submitter comment: I support the proposal and request by the CME Group to increase the daily trading limits for corn futures to 40 cents. Due in large part to the changed fundamentals of corn, price relationships among competing crops have also changed to warrant the increase. The changed fundamentals has not only resulted in increased volatility and more frequent price disruptions in 2011 but, in turn, it has had indirect adverse market distortions on competing crops such as soybeans and Chicago Wheat. For example, the price ratio of soybeans that historically has been @ 2.25:1, has tightened in favor of corn to @ 2:1. When corn price limits of 30 cents are met even as soybeans continue to trade within their 70-cent limit, it presents a dilemma for corn hedgers and traders unable to execute their corn hedging until trading and price discovery resumes in corn. There have also been occasions when traders and hedgers were unable to execute futures transactions in corn so they resort to the wheat markets that remain trading within their 60 cent limits. Those opposing the 40-cent limit may not fully recognize the additional transaction costs that results when price discovery in corn is disrupted. Synthetic options offer the sophisticated traders an alternative during those times but, at the peak of volatility when futures prices are halted due to limits, options are often the most expensive form of hedging. Those who oppose the proposed 40-cent limit in corn should ask themselves a basic question? Do they prefer a transparent continuous price trade and price discovery environment that will result from a more realistic daily price limit in corn futures OR do they prefer, during times of price disruption, to rely on a handful of synthetic option writers where price discovery is both expensive and less transparent? The answer should be obvious. Please approve the 40-cent limit for corn. Submitter IP Address: