

secretary

From: NoReply@cftc.gov
Sent: Wednesday, May 18, 2011 11:57 AM
To: secretary
Subject: CFTC Public Comment on IF 10-016

A comment has been submitted on IF 10-016

Submitter Name: Scott Stabbe

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Submitter comment: To: CFTC As a Commercial Grain Customer I would like to voice my concern over the proposed limit changes to the corn contract as stated in S-5733. The statement in the proposal that the CME wants to enhance price discovery and risk management in light of the current levels of price and volatility is somewhat misleading. Since it looks like we need to go back to the old limits instead of increasing the limits if the idea is to decrease the volatility. So if the limits were to be left at their current levels or even go back to the old limits the market would have time to digest any issues, news, or reports and take a breather before going off the rails on an excessive move higher or lower. Now if the limits are raised and we have some major news whether positive or negative it naturally gravitates immediately to that limit. So if the market had time to let things settle down we would not have nearly as violent swings. Although the downside of this plan is that it would limit the number of trades and cut down the revenue stream for the CME on those days. The essence of the increased volatility has been somewhat self inflicted as the definition of a Speculator and a Hedger have been changed or modified over the last few years and seems to have been a major ingredient to the increased volatility. As we now have more Funds and what I would call Speculators circumventing the CFTC Regulations for spec position limits by backdooring the system. The sheer volume of money they can move in and out of the market on a daily basis is just astounding and granted it has been a boom for trading volume for the CME. But in the end has damaged the price discovery that was always the main mission of the CBOT and the Grain Industry it served. Lately it seems the volume of trades has been the main driving force and the ability to handle that volume of outside money moving in and out of the market. In the end Fundamentals will usually win out but in the meantime we have the excessive volatility and strange price swings. I am not naïve enough that I do not understand that the CME has their financial performance of the company as the ultimate goal. But in the end if it ruins the mission of the market and the ability of the Industry to use the Exchange does it open the door for the Industry to look for alternatives? Necessity is the mother of invention. So after all this I would again like to state that I do not believe that raising the daily limits is in the best interest of the Grain Industry and will only add to the volatility in the corn market and make actual price discovery that much more difficult. Thank you for your time and attention. Submitter IP Address: