

secretary

From: Steve Young
Sent: Tuesday, May 03, 2011 6:16 PM
To: secretary
Subject: CBOT Corn Price Limits

Members of the CFTC

I am writing in response to the CME's request to raise daily limit on corn from 30 cents per session to 50 cents per session. I am a Grain Merchandiser for Grainland Cooperative in Holyoke, CO. We handle approximately 15 million bushel of corn per crop year from our member/owners. As a commercial grain operation and we are very disciplined in the operating of our hedging program. As a result of the discipline we have large futures positions during many times of the years due to our producers taking advantage of pricing opportunities.

As we have seen many times in the last two years the market will make limit moves one day only to reverse and go the opposite direction the next day. Much of this volatility is the result of emotion of speculators and/or undisciplined hedgers trying to guess the next move of the market. This is certainly within the prerogative of these traders to make their guesses, but the result of this market volatility to our line of credit, to make margin calls, is sometimes stretched very far very quickly. We have a good relationship with our bank but the magnitude of the credit levels, especially if the limits are increase, very difficult to manage on a daily basis.

We would highly recommend that the CFTC deny the CME's request in increase the daily limit move to 50 cents but rather keep the limit at 30 cents. The futures markets are not to fluctuate wildly with every rumor or forecast but to give the market a place to lay off risk and help with reasonable price discovery. If we do have times of limit moves in the market with options and swaps there are still ways for participants that are determined to find a price in excess of the limit to make deals that will give them those prices without subjecting the large hedging segment of the market to increased dollars of margin.

Thank you for considering my thoughts.

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