

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: Susan Grelling

Submitter Email

Submitter Organization: Land O'Lakes, Inc.

Submitter Job Title: Vice President Commodity Risk Management

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Submitter comment: David A. Stawick, Secretary Commodities Futures Trading Commission Three Lafayette Centre, 1155 21st Street, NW. Washington, DC 20581 RE: CME Proposal to Increase Daily Price Limits in CBOT Corn Futures Land O'Lakes wishes to align itself with the comments submitted by the National Council of Farmer Cooperatives in response to the CME's proposal to increase the daily price limits in CBOT corn futures from \$0.30 per bushel to \$0.40 per bushel. We join NCFC in opposing the proposal. Land O'Lakes is a farmer-owned cooperative with headquarters in St. Paul, MN. We represent the interests of about 3,000 dairy farmers who are members of the cooperative and whose milk we market. We also manufacture and distribute agricultural inputs, including livestock feed, to farmers and ranchers across the nation. In total, the Land O'Lakes cooperative system represents about 300,000 members. We rely on futures markets to hedge the commercial risk inherent to agricultural production, processing and marketing. Given that perspective, we believe that the proposed increase in price limits to \$0.40 and \$0.60 is unwarranted at this time, and we have significant concerns with the proposal. The current daily price limits on corn futures contracts allow for rational market movements. We believe that increasing the daily limits would be detrimental to hedgers for two reasons.

- It will increase margin costs – in both variable and potentially initial margin requirements – which will squeeze end-users' working capital. This would be at a time when many individuals and entities using the futures market for risk management already face considerable capital challenges. Also, the likelihood that an increase would not be restricted to corn, but rather would be extended in the future to other commodities such as soybeans and wheat, would exacerbate that situation.
- It also will increase market volatility at a time when there are already significant swings in commodity prices. The ability to "reset" the market after exceeding reasonable trading limits provides a circuit breaker to prevent overly "irrational" market movements. We appreciate consideration of our views. Sincerely, Susan Grelling Vice President Commodity Risk Management

Submitter IP Address: