

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: Mrs. Virginia ANobbe

Submitter Email

Submitter Organization: Falmouth Farm Supply

Submitter Job Title: Grain Merchandiser

Submitter Address: P.O. Box 170 Falmouth, IN 46127

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Submitter City: Falmouth

Submitter State: Indiana

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Submitter comment: To whom it may concern: Re: Proposed changes in Corn trading limit Dear Sirs; The purpose of this letter is to bring to your attention my concerns relative to the impact the Agricultural Community could see if Corn trading limits are raised. Currently, agricultural commodity markets are both exciting and frightening. The activity of Index Fund monies, which were largely responsible for the extreme market movements in 2008, certainly left a lasting impression on the grain elevators that hedge purchases for price protection. During that year, we experienced immense margin requirements. Granted, speculator monies are necessary for liquidity and price discovery, margin pressure and capital requirements were intensified because of expanded limits. In effect then, many elevators were forced to sell owned inventory at reduced basis levels to continue to meet those margin calls, therefore limiting opportunities for profit for their companies. The local grain elevator is vital to the success and future of the American Producer. We here at Falmouth Farm Supply strive to offer our customers competitive pricing, delivery options and market knowledge. With a corn market that can move 50 cents in a session, and trade within a dollar range, it forces us as a grain elevator to secure alternative ways to protect our purchases. These alternatives typically add costs, therefore reducing the final amount of profit to the American Farmer. As the Merchandiser at this commercial grain elevator, it is my occupation to be sure this elevator is profitable while managing risk. Our borrowing needs have expanded from \$5 million to \$20 million since 2008, and those in the financial industry are reluctant to continue lending on unsubstantiated market volatility. The expansion of limits would only serve to place a hardship and force my marketing decisions to be based on "availability of capital" to meet margin requirements rather than profit calculations based on spreads, carry and basis values. Thank you for taking time to read this letter, and it is my firm opinion that an increase in trading limits in corn would only serve to further depress the Agricultural Sector and promote more volatility and risk in a profession already fully dependant upon excessive outside factors. The American Farmer is the only producer of goods that cannot attach a retail price to his product; his only option is to take what is offered. Can we in good conscience take away the last line of defense? Sincerely, Ginny Nobbe
Grain Merchant Submitter IP Address: