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secretary

From: Donald R. Davis [d.r.davis@mail.utexas.edu]
Sent: Monday, July 10, 2006 6:07 PM
To: secretary
Subject: COT reports comments

COMMENT

Responses to the Commission's Questions that I Am Able to Answer:

1.(a) How do traders use the COT information on commercial positions?

I use this to judge their view of the market and their potential influence on the cash market.

1.(b) How do they use the COT information on non-commercial positions?

I use this to judge their view of the market and their potential influence on the cash market.

1(c) In particular, with respect to information on non-commercial positions, what information or insights do traders gain from the COT reports regarding the possible impact of futures trading on the underlying cash market?

I look at both their total interest and their net long position. I also look separately at their short position.

4. Should the Commission continue to publish the COT reports?

Yes, of course.

8. If the data in the COT reports are made subject to further, and finer, distinctions, should the reports be revised for all commodities, or only for those physical commodity markets in which non-traditional commercials participate?

Only for the markets with significant non-traditional participants.

9. If a non-traditional commercial category were added to markets in physical commodities, what should be done with financial commodities, where "non-traditional commercials" would be essentially an empty category (since, in financial commodities, swap dealers would fall within the pre-existing "commercial" category)?

Make a new category for

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those non-tractional participants

Other topics or issues relevant to the COT reports.

I recommend that open interest in spread trades be reported for the "Commercial" category, as is currently done for the "Non-Commercial" category.

Donald R. Davis
300 E. Riverside Dr. Apt. 239
Austin, TX 78704-1303