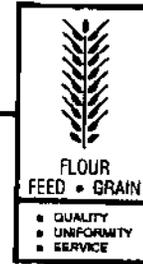


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The Mennel Milling Company

Since 1886

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Rostoria, Ohio 44830
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Fax (419) 436-5150



COMMENT

VIA FAX TO: 202=418=5521
Hard Copy to Follow

Ms. Jean A. Webb, Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street N.W.
Washington, D.C. 20581

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1998 DEC 23 AM 11:00
COMMODITY FUTURE

RE: Amendments to Grain Futures Contracts Proposed by C.B.O.T.

Dear Ms. Webb:

Thank you for the opportunity to comment on the proposed changes to the wheat delivery contract on the Chicago Board of Trade.

The Mennel Milling Company is the tenth largest wheat flour miller in the United States and utilizes the Chicago Board of Trade as a hedging tool in its business. As such, viable and reliable futures markets are critical to our business.

Specifically, we will address each of the five questions asked by the C.F.T.C. and will then comment on other parts of the proposal which are not addressed in the five questions.

1. As a general rule, in normal crop years, we believe that the available deliverable supplies under the proposed contract would be sufficient to prevent or diminish price manipulation, market congestion or the abnormal movement of wheat in interstate commerce. However, in an abnormal year, such as 1996, when the soft red winter wheat crop in the areas surrounding the soft wheat delivery points was contaminated by fungal growth which caused vomitoxin, adequate supplies of wheat capable of being milled into flour meeting F.D.A. quality specifications was not available. As regulatory requirements for food grade sanitation and other safety factors increase, delivery specifications for wheat should reflect food grade wheat quality rather than feed grade quality.

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2. We are not uncomfortable with the proposed differentials between delivery points because domestic and export supply and demand sets the cash price for wheat at Toledo and St. Louis; relativity to Chicago is no longer the issue.

3. To the best of our knowledge, no Spring wheat has been delivered in Chicago since the late 1940's. We believe this to be a non-issue and do not see delivery of Spring under present circumstances.

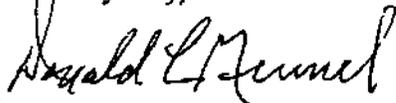
4. We strongly support the proposed amendment concerning loadout of grain against warehouse receipts to be consistent with best practices for keeping delivery efficient.

5. Consolidation by Cargill and Continental is reflective of a general trend across all industries throughout the world. While Continental has been a primary supplier of hard red winter wheat to Mennel and Cargill has not, we obviously have some concerns; however, we have excellent relationships with Cargill and respect them as a competitor, supplier and customer. We have observed the purchase of the A.G.P. elevators in Ohio by Cargill and, while they have not announced all of their plans for all of the elevators, the transition has appeared to be orderly and has not unduly restricted marketability by producers. We assume that the proper regulatory agencies will review concentration and any anti-trust issues.

Not addressed in the above five questions, but of critical importance to the trade is the proposal to reduce speculative position limits of March and May wheat contracts during the final five trading days. We strongly support these moves because of historical trends in years in which wheat supply carryovers have been exceedingly tight. We also support the proposed changes to change the final trading day to the business day before the 15th of the calendar month.

Again, thank you for the opportunity to comment.

Yours very truly,



Donald L. Mennel
President