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OFFICE OF THE SECRETARIAT

June 22, 2000

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

Re: Proposed Amendments to CBOT Maximum Daily Price Fluctuation Limits

To whom it may concern:

Arkansas Farm Bureau would like to register its objection to the proposed increase in daily limits for the agricultural commodities (corn, oats, rough rice, soybeans, soybean meal, soybean oil, and wheat) traded on the CBOT. Farm Bureau's policy states in part "We will support changes in current futures contracts if research shows that, in the long-run they will result in maintaining or increasing liquidity of the market. . ."

There is no research to indicate the proposed changes will do this, in fact, it is highly likely that market volatility would result in less use by producers. Producers are already reluctant users of commodity futures and options on futures. Anything that increases potential volatility and increases the premium price of options will make it harder and more expensive for producers to use these tools as a part of their marketing strategy.

The increase in daily limits will increase margin requirements, again making it more expensive for producers. The existing contract limits and provisions for expansion of the maximum daily price fluctuations under specified circumstances offer sufficient market liquidity, while protecting producers from increased volatility.

The fact that the merger of CBOT and the EurexAlliance creates computer problems should not be used as justification for increasing daily limits. The solution should be reprogramming to utilize the existing limits and remove the associated problem of having to manually cease trading if one contract hits the limit.

Your consideration of the opposition of Arkansas Farm Bureau to these proposed changes would be greatly appreciated.

Sincerely,
Gene Martin
Gene Martin
Senior Market Analyst

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