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McClure Farms

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COMMENT

Monday June 19, 2000

Ms. Jean A. Webb, Secretary
Commodity Futures Trading Commission
Three Lafayette Center
21st Street, NW
Washington, DC 20581

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R.E. Proposed amendments to CBOT maximum daily price limits

Dear Ms. Webb,

As a grain farmer from Northwest Ohio who uses the Chicago Board of Trade to manage our price risk, I would like to comment on the proposed changes to increase the daily price limits on futures contracts.

Our farm consists of 2500 acres of Corn, Soy beans, and Wheat owned and operated by my wife Lisa and I, my dad and mom and our children. We usually plant about 1100 acres of soybeans, 650 acres of corn, and 650 acres of wheat. As I thought about these limit changes I wondered how much our equity could change on one days limit move. Using average yields I found that in one trading day my farms equity could change \$47,850 nearly 10% of one years crop value at today's market prices. I believe in the open outcry method of establishing true market value but keeping the limits at their present level would prevent farmers from being driven out of the market while cooler heads prevail.

I depend on the Chicago Board of Trade as a tool to help manage the risk on my farm but I believe that the proposed limit increases will make the market too volatile for many farmers to use the price hedges. Major changes in volatility could have the effect of the very market created so that values would not such huge and uncertain swings.

I believe that an equitable market should have a good mix of non-commercial, commercial and non-reportable (farmer, small investor) traders involved to remain healthy. I'm afraid rule changes such as the proposed limit change could upset that mix.

I strongly urge you to delay implementation of the proposal until other aucnues have been more deeply explored. During this difficult time in agriculture it would be very disappointing to see one of our best risk-management tools "priced" out of the producers reach.

Thank you,
Terry McClure

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