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11/12/02

Webb, Jean A.

From: secretary
Sent: Tuesday, November 12, 2002 9:23 AM
To: Webb, Jean A.; Colbert, Edward W.
Subject: FW: Comments on Changes to Live Cattle Futures

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-----Original Message-----

From: Mike Leheska [mailto:mikelcheska@amarillobrokerage.com]
Sent: Monday, November 11, 2002 5:07 PM
To: secretary@cftc.gov
Subject: Comments on Changes to Live Cattle Futures Contract

Jean A. Webb, Secretary
 Commodity Futures Trading Commission
 Three Lafayette Center, 1155 21st Street, NW
 Washington, DC 20581

COMMENT

Dear Ms. Webb:

I strongly support the Chicago Mercantile Exchange proposed amendment to the Live Cattle Futures contract to reduce the spot month speculative position limit from six hundred to three hundred contracts effective with the December 2002 Live Cattle Futures Contract.

-Spot month speculative limits are grossly disproportional to a deliverable supply constrained by location, lack of cattle feeders who use the contract, breed, sex, weight, transportation, inspection capabilities as well as other obstacles to deliver.

-Because basis for the Live Cattle Futures contract has been extremely volatile, unpredictable, and has failed to converge during the delivery period, feedlot producers are loosing the effectiveness of using futures as a means for risk management.

-The Chicago Mercantile Exchange must also address deliverable weights and heifer delivery in addition to reducing the speculative position for convergence to occur in the spot month.

I applaud the CME for recognizing the problems with the Live Cattle Futures contract and for taking the first steps in improving it so that it can still be used as a tool for risk management. It is very encouraging to see that the CME is not only willing to make changes to make the Live Cattle Futures contract more functional, but also that they are willing to make these changes with the December 2002 contract.

Respectfully,

Michael Leheska
 Amarillo Brokerage, Amarillo, TX

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