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COMMENT

Received CFTC
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11/13/02

Webb, Jean A.

From: secretary
Sent: Wednesday, November 13, 2002 1:39 PM
To: Webb, Jean A.; Colbert, Edward W.
Subject: FW: CME Amendment to Live Cattle Futures

-----Original Message-----
From: George Enloe [mailto:george1@amarillobrokerage.com]
Sent: Wednesday, November 13, 2002 1:07 PM
To: secretary@cftc.gov
Cc: Jeff Stolle
Subject: CME Amendment to Live Cattle Futures Contract

Dear Ms. Webb,

I support the CME proposed amendment to the Live Cattle Futures contract to reduce the spot month speculative position limit from 600 to 300 and hope the CME will continue to make changes to the contract that will "squeezing" the spot contract and make the contract more viable for the legitimate hedger. Changes to this contract are overdue and the hedger and non hedger have suffered much loss as a result. Basis has been abnormally wide for some time now and it only encourages overfeeding and results in less leverage and larger loss for the cattle feeding industry. The yearly average basis in the spot month has been negative since 1994 and cattle feeders have lost an unprecedented amount of equity in the same period. The hedger cannot begin to predict basis in the spot month when he cannot deliver enough cattle to satisfy the few who would squeeze the contract by taking delivery and sending the cattle back to feed. This contract was designed to be a finished cattle contract, not a feeder cattle contract. If change is not made soon, including heifer delivery, I fear that the legitimate hedger will seek other means of eliminating risk that does not include the CME. My understanding has always been that futures contracts were created to allow the ag producer to transfer market risk and assume a marginal and predictable basis risk. In 23 years of helping cattle feeders manage risk, I have never seen a less predictable or more volatile basis than with the current Live Cattle contract.

Sincerely.

George Enloe,
Amarillo Brokerage Company