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Ms. Eileen Donovan
Acting Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st Street, NW
Washington, DC 20581

Re: Comprehensive Review of the Commitments of Traders Reporting Program
Federal Register Notice, June 21, 2006, Volume 71, No. 119, pp 35627-35632

Dear Madam Secretary:

The undersigned organizations are writing on behalf our farmer-members to comment on the Commission's Comprehensive Review of the Commitments of Traders Reporting Program, as published in the Federal Register on June 21, 2006.

We are pleased the Commission is reviewing this important program, and welcome the opportunity to provide these comments.

The Commitments of Traders (COT) Reports are a great asset to all users of agricultural futures and options. As indicated in the Commission's Federal Register release, the COT Reports are one of the most visited areas of the CFTC's web sites. This activity is indicative of the importance of the reports to all market users.

COT Reports are especially important to agricultural producers. The easy availability of this information is one of the great levelers of the market playing field between small and large market players. This is critical for individual agricultural producers who do not have the time or resources to follow the futures markets that commercial users or speculative traders do.

For these and many other reasons, we strongly oppose the elimination of the COT Reports.

Generally speaking, producers feel as if those who actually deal in commodities in some way – those who buy, sell, or at sometime own title to the commodity – should be readily identifiable in the COT reports. Determining the positions and activities of these “traditional commercial” traders, or hedgers, is key to producers' marketing strategies and profitability.

As was alluded to in your Federal Register release, the market behavior of each of these participants varies, and the more information that producers have, the better they are able to determine and separate what they believe to be “real, cash market effects” from other factors driving futures market prices. After all, it is these real cash market prices on which producers must depend for their livelihoods.

In fact, the combining of traditional commercial hedgers who handle the physical commodity with those hedgers that are investing in commodities on behalf of their clients can negatively impact the utility of the COT reports and even be misleading. This is not a healthy situation for farmers who are trying to understand the factors driving cash market price movements.

Information regarding each of these and many other factors is important to being able to determine what factors are driving changes not only in absolute prices, but also in the basis for commodity prices. The determination of basis and basis changes is also critical to the ability of producers to market their commodities in a fashion designed to maximize their returns.

As important as this data is, it is critical that producers be able to readily see the *CHANGE* in these and other market factors from one report to the next. In this context, producers have an almost insatiable desire for information, as does any other market player. The difference is that individual producers are at a pronounced informational disadvantage compared to major commercial traders and market professionals such as swaps dealers and hedge fund managers (including so called “non-traditional commercials”). The COT Reports help to level the playing field, a little bit, back in the direction of the producers. We urge the Commission to continue to develop the reports to protect the interests of producers from the non-transparency that can result from the activity of non-traditional commercial trading entities in these markets.

Providing more detail in the COT report – specifically, differentiating fund or other investment activity from traditional “commercial” activity – is critically important to our farmer-members, who need the added transparency to make appropriate business and hedging decisions. In our view, all market participants should have access to information that will enable them to understand and interpret what it is that’s moving price.

The existence of the COT reports already acts as evidence of the need to make market information readily available to producers on a timely basis. Because the reports are publicly available to all concerned, any unfair informational advantages will be reduced as the reports are published more frequently with more information. Thus, we urge that the reports be published more often, on as close to a real time basis as is practicable.

We understand that CFTC has some concern about whether a new “Non-traditional Commercial” category might reveal information about individual traders’ or firms’ positions and strategies. However, we believe that the Commission can use its considerable intellectual capital to construct reporting regimes that maximize public information while minimizing these concerns. We strongly believe that the added transparency in the COT reports would benefit all market participants and serve producers and the public well.

We would briefly sum up the views of our producer members on these important matters as follows:

1. The Commitment of Traders Reports are one of the Commission’s most useful tools in assisting producers to design and execute their marketing plans.
2. We oppose the elimination of the Reports.

3. We urge the Commission to refine the reports to enable and empower producers and other market participants to readily determine buy/sell activity in the markets, and to readily distinguish between activity by traditional commercial traders and other traders, including so-called “non-traditional commercials”.
4. We urge that the reports should be published as frequently as possible with as much readily accessible information and detail as possible and practicable.
5. Daily reporting should be the goal to which the Commission should currently aspire to in this regard.
6. The reports should be biased toward providing more market information and transparency whenever possible.

Thank you again for your initiative in carrying out this important review, and for your consideration of our views.

Sincerely,

American Soybean Association
National Association of Wheat Growers
National Barley Growers Association
National Corn Growers Association
National Cotton Council
National Farmers Union
National Sorghum Producers
US Canola Association
USA Rice Federation
US Rice Producers Association