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COMMENT

secretary

From: Gary Knecht [knecfarm@apci.net]
Sent: Sunday, July 23, 2000 10:07 PM
To: secretary@cftc.gov
Subject: Re: Proposed amendments to the CBOT's maximum daily price fluctation limits

Dear Secretary Webb:

Disastrous, Devastating, Destructive!!! That is how I see the CBOT plan to alter the current daily price limit structure for the commodities I produce. Raising the price limits in order to limit the number of times when trading would need to be halted is not the answer. Such action would only increase the volatility when in a volatile market and further reduce the value of the CBOT as a price discovery tool. It would significantly increase the financial exposure of farmers, elevators, and processors.

As you are probably aware, the agricultural economy is experiencing some of the worst times in history. The last thing we need is more chaos in the market place at a time when it is complicated enough to use the CBOT as a price discovery tool. I can remember in the 1970's and early 1980's when the markets reached their daily limits several times. When the limits were expanded it did not stop the markets from reaching their limit the following day and many times the markets opened limit up or down and stayed there for that day. Such action can be devastating when trying to market one's commodity, especially with the higher limits.

I feel, as do many others, that the launch of the new trading system should be delayed until the computer software can be programmed to handle daily price limits. This is the only sound rationale thing to do. The alternative will only create additional disruption and chaos in the grain trade. Technology is great but when it moves so fast it passes us by, it becomes a vicious monster waiting to gobble up anything and everything in its' path.

I urge your support in recommending the current daily price limit structure for corn, soybeans, and wheat remain as they are. This is vital until the computer software used to control the joint electronic trading system between the CBOT and Eurex markets is able to electronically implement daily price limits. Thank you for your consideration of this crucial matter. I eagerly await your reply.

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