

COMMODITY MARKETS OVERSIGHT COALITION

An Alliance of Derivatives End-Users & Reform Advocates

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COALITION RELEASES LIST OF OVER 50 STUDIES SHOWING EFFECTS OF SPECULATION ON ENERGY, FOOD PRICES

Market Behavior Result of Speculation and Financialization, Studies Find

WASHINGTON, D.C. – Unprecedented volatility and price bubbles in commodity trading markets are most likely due to financialization and excessive speculation, and not necessarily economic fundamentals of supply and demand, according to a recently compiled list of studies, reports and academic analyses.

These studies were conducted within the last five years, and especially during or immediately after the commodity price bubble of 2007-08, by various government, financial and academic organizations ([available here](#)).

“We continue to hear some members of Congress and regulators suggest there have been no studies into the harmful effects of unrestrained commodity speculation, but it is just not true,” said Jim Collura, a spokesman for the Commodity Markets Oversight Coalition (CMOC), which released the list.

“This list is but a sampling of the many studies and reports that have expressed alarm over the influx of speculative dollars into commodities markets,” said Collura.

He said that the financialization of commodities trading and massive influx of speculative capital over the past decade has skewed the price discovery function of the markets and made it difficult for commodity-dependent businesses and end-users to hedge.

The 2010 Dodd-Frank Act included reforms of derivative trading, including commodity futures, options and swaps. Regulators at the Commodity Futures Trading Commission (CFTC) are currently engaged in rulemakings to implement these reforms, including a rule that would impose speculation limits on commodity trades. The deadline for comments is March 28.

“It is important that the CFTC get this right and pass a meaningful rule with teeth, and we are watching closely,” said Collura.

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The Commodity Markets Oversight Coalition is an independent, non-partisan and non-profit alliance of groups that represents commodity-dependent industries, businesses and end-users, including average American consumers, that rely on functional, transparent and competitive commodity derivatives markets as a hedging and price discovery tool. The Coalition advocates in favor of government policies that promote stability and confidence in the commodities markets, that seek to prevent fraud, manipulation and excessive speculation, and that preserve the interests of bona fide hedgers and consumers.

The complete list of studies can be found online here:

<http://www.nefactioncenter.com/PDF/evidenceonimpactofcommodityspeculation.pdf>