Commodity Futures Trading Commission
Office of External Affairs
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581
202.418.5080

Statement

Statement of Commissioner Jill Sommers, Commodity Futures Trading Commission Headquarters

April 22, 2008

In recent months, prices of futures contracts for many agricultural commodities traded on U.S. exchanges have been unusually volatile and have reached or exceeded levels that have not been seen since the 1970s. Fundamental economic factors such as the rising production of corn-based ethanol and other bio-fuels, tight grain supplies, and the declining value of the U.S. dollar help explain recent market developments.

Some argue that increased participation in futures markets by investors is driving prices above levels that can explained by economic fundamentals and is creating a lack of convergence between futures and cash prices. Others point out that convergence problems may be due to futures contract terms or conditions or delivery cost and capacity issues. Whatever the cause, it appears that increased futures price volatility and uncertainty about basis relationships has raised the cost of hedging.

This agency is tasked with ensuring that U.S. futures markets serve their price discovery role while providing a useful hedging tool to market participants. I take that responsibility very seriously. This is a complex situation and I think it is important that we consider all the objective evidence carefully.

The Agriculture Markets Roundtable is an opportunity to hear and discuss the views and observations of a broad spectrum of agricultural market participants and officials from the CFTC, U.S. Department of Agriculture, Farm Credit Administration, and the Federal Reserve System. This is an important step in the process as we evaluate the possible causes and look for sensible solutions.