The Honorable Rostin Behnam  
Chair  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st St. NW  
Washington, DC 20581

Dear Chair Behnam:

We write to express our concern regarding the recent volatility in commodities markets and its effect on working families. As our nation continues to emerge from the global pandemic, our economic recovery has experienced widespread job creation and record-low unemployment.1 Despite notable gains in wages for workers,2 however, rising costs continue to inflict financial pain on families across the country.3 Supply chain bottlenecks,4 corporate price gouging,5 destructive climate events,6 and Vladimir Putin’s war on Ukraine have all contributed to skyrocketing food and energy prices over the last year.7 And yet, while American families are struggling with rising prices,8 Wall Street traders are raking in record profits.

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3 NPR, “Families are continuing to have to deal with the effects of inflation,” A Martínez and Scott Horsely, August 10, 2022, https://www.npr.org/2022/08/10/1116688950/families-are-continuing-to-have-to-deal-with-the-effects-of-inflation.


trading these very commodities. According to one report, 100 of the biggest banks by revenue earned a record $18 billion from commodities trading in 2022, “benefit[ting] from rising prices and market dislocations as the world economy lurched in and out of Covid restrictions” and as the Russian invasion of Ukraine “triggered some of the most dramatic commodity price moves in history.” Excessive speculation in the commodities markets has the potential to worsen the financial pressure on families and exacerbate inflation. Indeed, last month, you stated during an interview that “… there is a global commodity crisis going on. Our markets are impacted. We have to make sure the markets are transparent, fair, and orderly, and reflective of price discovery and, you know, supply and demand. And there is a lot of stress in the market.” The Commodity Futures Trading Commission (CFTC, the Commission) has a responsibility to protect American families by fulfilling its mission “to promote the integrity, resilience, and vibrancy of the U.S. derivatives markets through sound regulation and ensure that consumers are not paying more for everyday necessities due to excessive speculation.

According to a recent report issued by The World Bank, “commodity markets are facing an unprecedented array of pressures, lifting some prices to all-time highs.” Indeed, in March 2022, food prices were 84 percent higher than they had been in April 2020. That same month, fertilizer prices had risen by 220 percent over their April 2020 lows, and one barrel of Brent crude oil had risen 55 percent over its December 2021 price. While these commodities have been defined by high prices in recent months, their trade has also been characterized by extreme volatility. In late January, prices for “expiring natural-gas futures contracts shot up 46%, the biggest daily gain on record.” As The Wall Street Journal writes, “the timing and sharpness of the move – and the few trades involved – suggest speculators trapped in wrong-way bets on the direction of prices raced to buy futures at the 11th hour to settle trades. Known as a short-squeeze, the situation can produce sharp gains with little connection to market fundamentals.”

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10 Id.
11 Id.
15 Id.
16 Id.
18 Id.
everyday people. “Since many sales to residential gas customers are linked to futures prices, the sharply higher futures mean a big increase in what many Americans had to pay for heat and electricity in February.”20

While some commodity prices have eased in recent months,21 the CFTC has a responsibility “to protect the integrity of the commodity futures markets, to ensure that prices reflect the legitimate forces of supply and demand, and to combat excess speculation and manipulation.”22 The global commodity market remains highly volatile – the Organization of Petroleum Exporting Countries, along with Russia and other oil-producing allies, have announced that they intend to cut oil production targets by 2 billion barrels a day, resulting in a three-week price high for the commodity.23 Across the country, the downward trend of gas prices is beginning to reverse.24 With families continuing to struggle with the sharply rising prices of food and other household necessities,25 it is even more urgent that the Commission achieve these ends.

As Commissioner Christy Goldsmith Romero recently proposed, the CFTC can “ensure that American families are not paying artificially increased prices due to excess speculation” by “conduct[ing] a series of deep-dive studies in key commodities markets, starting with those that have been experiencing the most recent stress—natural gas, crude oil, and wheat” to “study whether prices are being determined by market fundamentals26 rather than through fraud, manipulation, or other factors. Such studies would strengthen the CFTC’s work to protect American families from artificially high prices and ensure it is using its tools to identify “any factor that might contribute to increased food, energy, and metal costs.”27 Moreover, such studies would “lead to greater public and market confidence that [derivatives] markets are serving their price discovery and risk management functions and prioritizing the interests of the farmers, ranchers, and producers who provide food, fiber and fuel for the world”28 and American families.

To gain more information about how the Commission intends to use its data and authorities to protect American families from the whims of overzealous Wall Street traders, we request that you provide responses to the following questions by November 3, 2022.

1. To what extent does the Commission believe excessive speculation may be contributing to rising commodity prices in key sectors?

2. Does the Commission have plans to conduct a study of the extent to which price increases in key commodities markets such as natural gas, crude oil, and wheat have been affected by excessive speculation?

20 Id.
27 Id.
28 Id.
a. If so:
   i. Which commodities will this study focus on?
   ii. What drivers of pricing and market volatility will this study examine?
   iii. What is the timeline on which the Commission plans to complete this study?
   iv. Does the Commission have plans to make the results of this study public?
      If not, will you commit to making the results public?

b. If not:
   i. Will you commit to directing the Commission to conduct and publish an independent study of the extent to which rising commodity prices and market volatility have been driven by excessive speculation?

3. Does the Commission have plans to implement a regularized system for understanding and sharing information regarding the mechanisms by which commodity pricing and market volatility impact everyday Americans?

Thank you for your attention to this important matter.

Sincerely,

Elizabeth Warren
United States Senator

Cory A. Booker
United States Senator