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COMMENT
CL-07315

From: bill.ham@comcast.net
Sent: Tuesday, April 13, 2010 1:54 PM
To: secretary <secretary@CFTC.gov>
Subject: Proposed Speculative Position Limits on Energy

William Ham
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April 13, 2010

David Stawick
Secretary, Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Dear Mr. Stawick:

I am writing in support of the CFTC's Proposed Federal Speculative Position Limits that will reestablish speculative position limits on major energy commodities. This rule will provide stability to the marketplace and help prevent future price bubbles. The CFTC must quickly approve a strong rule to protect America's struggling economy. Wall Street's speculative trading in oil not only hurts the economy, but hurts every American who pays excessive prices at the pump, for groceries, home heating oil and everything related to transportation.

While the impact is felt more severely in a recession a recession only exacerbates the problem. A recession is only one reason to curb energy and other types of speculation that directly affect the public. Supply and demand should set the prices in a free market (with minimal necessary controls to prevent 'collateral damage' such as excessive pollution). When the government allows third parties not directly involved in the creation, delivery, and/or consumption of the commodity to interfere with this free market seriously bad things happen to most of us.

The time and money required to implement significant alternative (to petroleum and other fossil fuels) energy schemes precludes these theoretically competitive forces from operating effectively to control speculation in fossil fuels. For the most part there is an inelastic market for fossil fuels largely because of this giant barrier to change. This provides a seductive environment for power/money driven speculation. If one can control even a small part of the pricing in this inelastic market exorbitant profits can be made.

With this kind of temptation it becomes mandatory that regulatory bodies like yours step in forcefully and quickly.

Your committee has the ability, position, and duty to take the advocacy position for the country and its citizens above that of opportunistic third parties who have personal profit or power as motives.

Our tax dollars were used to bail out large Wall Street firms when they were on the brink of bankruptcy. It is these same institutions that pushed the price of gasoline well past $4 per gallon in 2008 by gambling on oil and continue to profit at every American's expense.

Paradoxically, this increase in energy prices acts as a tax to both the individual and the economy: (1) must be paid to function or continue to operate, (2) produces minimal identifiable value to the 'taxpayer', (3) cannot be practically avoided, and (4) directly removes money from the economy along with the multiplying and stimulative effects it would otherwise have.

Rampant oil speculation by large Wall Street trading firms has resulted in extreme volatility in energy markets and unwarranted price spikes in recent years. Given that supplies are at record highs and demand remains weak, fundamentals cannot explain recent price hikes and destructive price swings. Unless the CFTC adopts the proposed rule, markets will continue to fluctuate wildly.

Position limits existed in energy markets until 2001 and currently apply to agricultural commodities. CFTC should use its existing experience to regulate position limits of speculators and prevent excessive concentration in the energy markets, while ensuring that exemptions to these limits afforded to real physical players such as fuel cooperatives, public utilities, truckers and airlines are not exploited by big banks and billionaire investors.

Energy consumers desperately need true market driven stability in the marketplace. The public needs to regain some of its trust in regulatory agencies. I encourage the CFTC to adopt the Proposed Federal Speculative Position Limits before volatile fuel prices further harm the country's already weakened economy and credibility.

Sincerely,

William Ham
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