

From: Brian Wright <bwright@berkeley.edu>
Sent: Monday, April 26, 2010 2:32 PM
To: secretary <secretary@CFTC.gov>
Subject: submission regarding proposals with respect to revision certain position limits with respect to energy contracts
Attach: CFTC.doc

Dear Secretary,

Please see attached letter which I wish to submit as a comment regarding proposals with respect to revision certain position limits with respect to energy contracts.

Sincerely

Brian Wright
Professor
ARE, UC Berkeley



Professor Brian D. Wright
Department of Agricultural and Resource Economics
207 Giannini Hall
Berkeley CA 94720
(510) 642-9213

25 April, 2010

Mr. David Stawick
Secretary
Commodity Futures Trading Commission
1155 21st. Street, NW
Washington, DC 20581

Dear Mr. Stawick,

On January 26 the Commission issued a notice regarding proposals with respect to revision certain position limits with respect to energy contracts.

I do not have time to make a full response. However, I have reviewed the very relevant submission of Dr. Philip Verleger.

I agree with Dr. Verleger that there is no evidence that index traders caused increased price volatility recently. Indeed I strongly suggest that careful attention be paid to his argument that increased stockholding induced by index funds when prices are low, and sales when prices are high, help moderate prices during shortages such as the heating oil demand spike last winter.

Further, experience suggests that restricting market participation could lead to inefficient integration and concentration of energy suppliers. Indeed the availability of derivatives, as noted by Verleger, has facilitated the growth of specialized refining corporations, which have purchased facilities previously owned by integrated petroleum corporations.

Sincerely,

A handwritten signature in cursive script that reads "Brian D. Wright".

Brian D. Wright

Professor