



Commodity Futures Trading Commission

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Statement

Opening Statement of Commissioner Jill Sommers Before the CFTC Agricultural Advisory Committee (As Prepared for Delivery)

July 29, 2008

Good morning. Thank you Commissioner Dunn for holding this important meeting.

These are extraordinary times in the agricultural commodity markets. Our mission is to make sure that agricultural futures markets are discovering prices and are providing an opportunity for producers and commercial entities to hedge price risk.

We have devoted significant time and effort this year to examining conditions in the agricultural futures markets. On April 22 the Commission held a special Agriculture Forum which brought together government, academic and industry experts to discuss these important issues. On June 3 the Commission announced a series of agricultural market initiatives to improve oversight of the futures markets and to bring greater transparency to the marketplace.

Today's meeting of the Agricultural Advisory Committee is the latest step in this ongoing process. I am looking forward to the discussion, particularly regarding convergence between futures and cash prices. Some argue 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.

Throughout this process we have received valuable input from a wide array of people who have a tremendous amount of experience and knowledge of the agricultural futures markets. I appreciate their input. It is extremely valuable to the Commission. Thank you all for taking time out of your busy schedules to participate in the discussion. I look forward to the dialogue today.